CORPORATE CENTRAL CREDIT UNION
FINANCIAL SOUNDNESS REPORT

August 2017

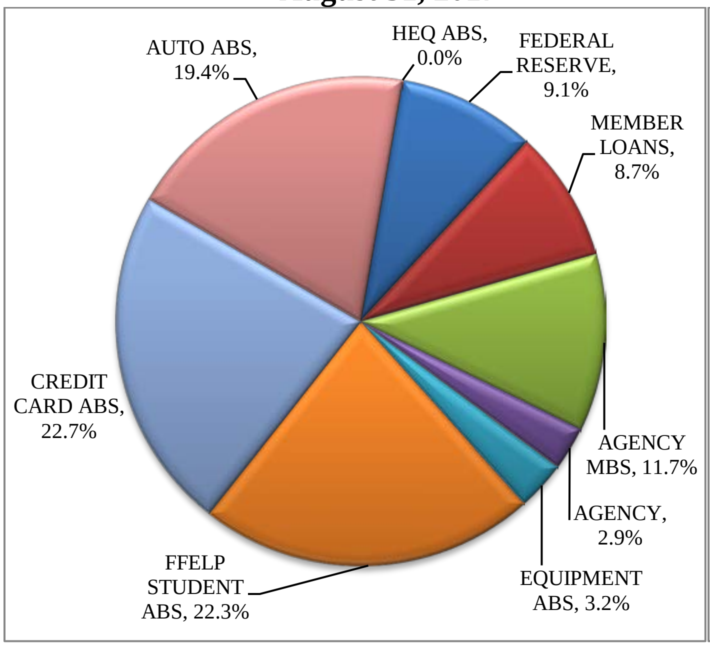
This monthly report is intended to provide transparency regarding Corporate Central Credit Union's key financial measurements. The report is a supplement to the monthly financial statements and other due diligence material that can be found in the Due Diligence Center of our website – corpcu.com.

Diversification

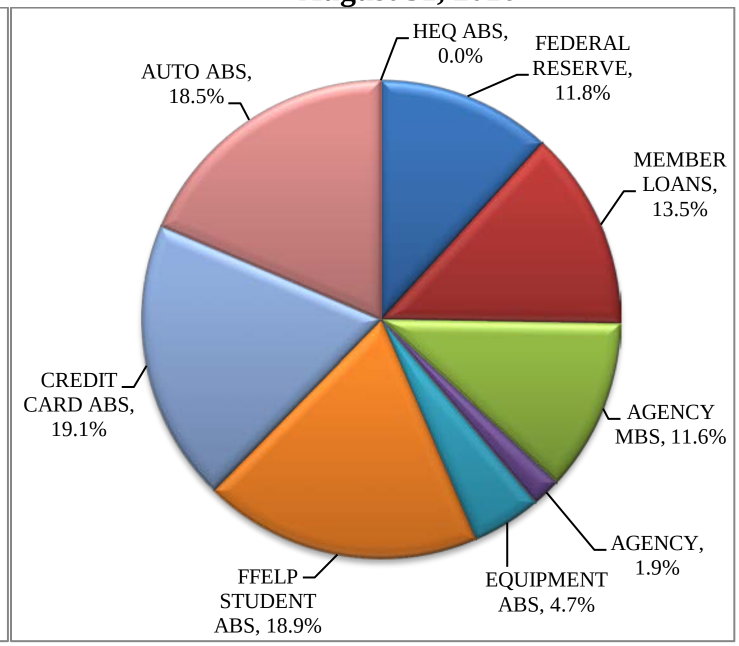
As of August 31, 2017, Corporate Central had 9.1% of the investment and loan portfolio in deposits at the Federal Reserve. Investments in credit card asset-backed securities (ABS) represented 22.7%, FFELP student loan ABS, which are comprised of student loan-backed securities that are at least 97.0% guaranteed by the Department of Education, accounted for 22.3%, auto loan ABS represented 19.4%, and equipment ABS represented 3.2% of the portfolio. Agency mortgage-backed securities (MBS) represented 11.7%, agency debentures represented 2.9%, member loans comprised 8.7%, and Home Equity ABS accounted for less than 0.04% of the total portfolio.

Corporate Central's Portfolio Breakdown Year over Year

August 31, 2017

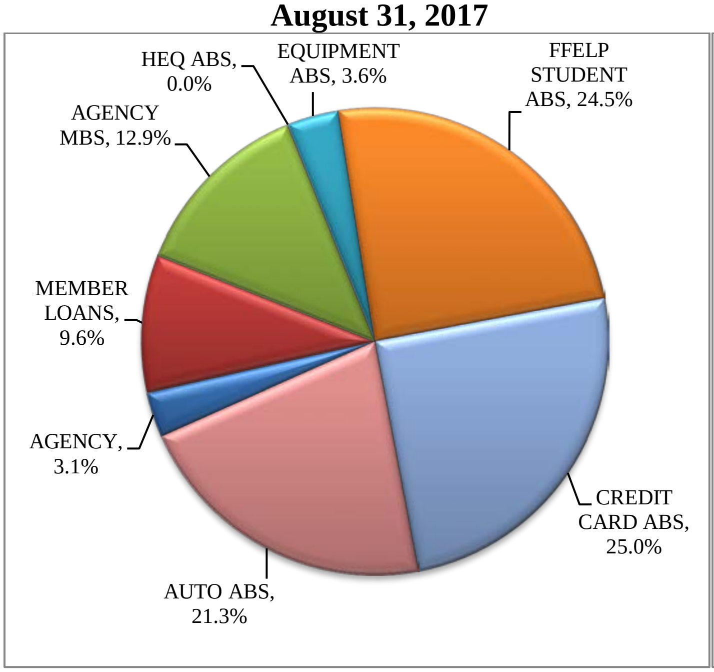


August 31, 2016

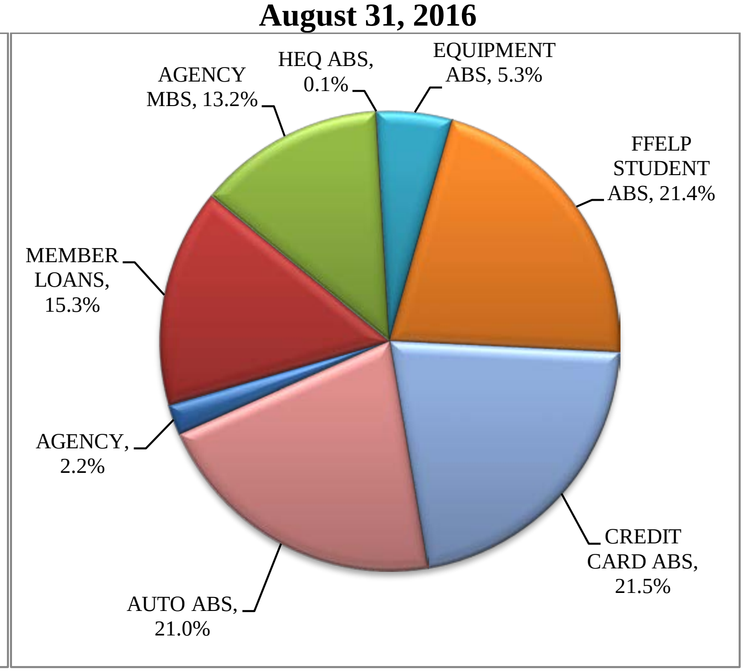


Corporate Central's Portfolio Breakdown (Excluding Cash) Year over Year

August 31, 2017



August 31, 2016



The risk rating breakdown and unrealized gain of $3,459,538 on our investment portfolio can be seen below.

Marketable Securities as of August 31, 2017

	Book Value	Market Value	Unrealized G/L
U.S. Gov't/Agency	$198,531,087	$198,533,654	$2,567
Minimal Amount of Credit Risk	$923,193,894	$926,712,956	$3,519,062
More than a Minimal Amount of Credit Risk	$550,790	$488,699	($62,091)
Totals	$1,122,275,771	$1,125,735,309	$3,459,538

Corporate Central's Capital Position as of August 31, 2017

	08/31/17 Actual Capital	Regulatory Adjusted Capital	Capital Ratios	Risk-Based Capital***	Regulatory Requirements– Well Capitalized Levels	
					Current	10/20/20
Retained Earnings	$50,943,559	$50,943,559	3.55%	7.37%	1.5% RE	2.5% RE
Perpetual Contributed Capital (PCC)	$101,368,752	$80,059,300	5.58%	11.58%		
Tier 1 (Core) Capital*	$152,312,311	$131,002,859	9.13%	18.94%	5% Core & 6% (RB)	5% Core & 6% (RB)
Tier 2 Capital	$51,680,468	$72,989,920				
Total Capital**	$203,992,779	$203,992,779	14.01%	29.50%	10% (RB)	10% (RB)

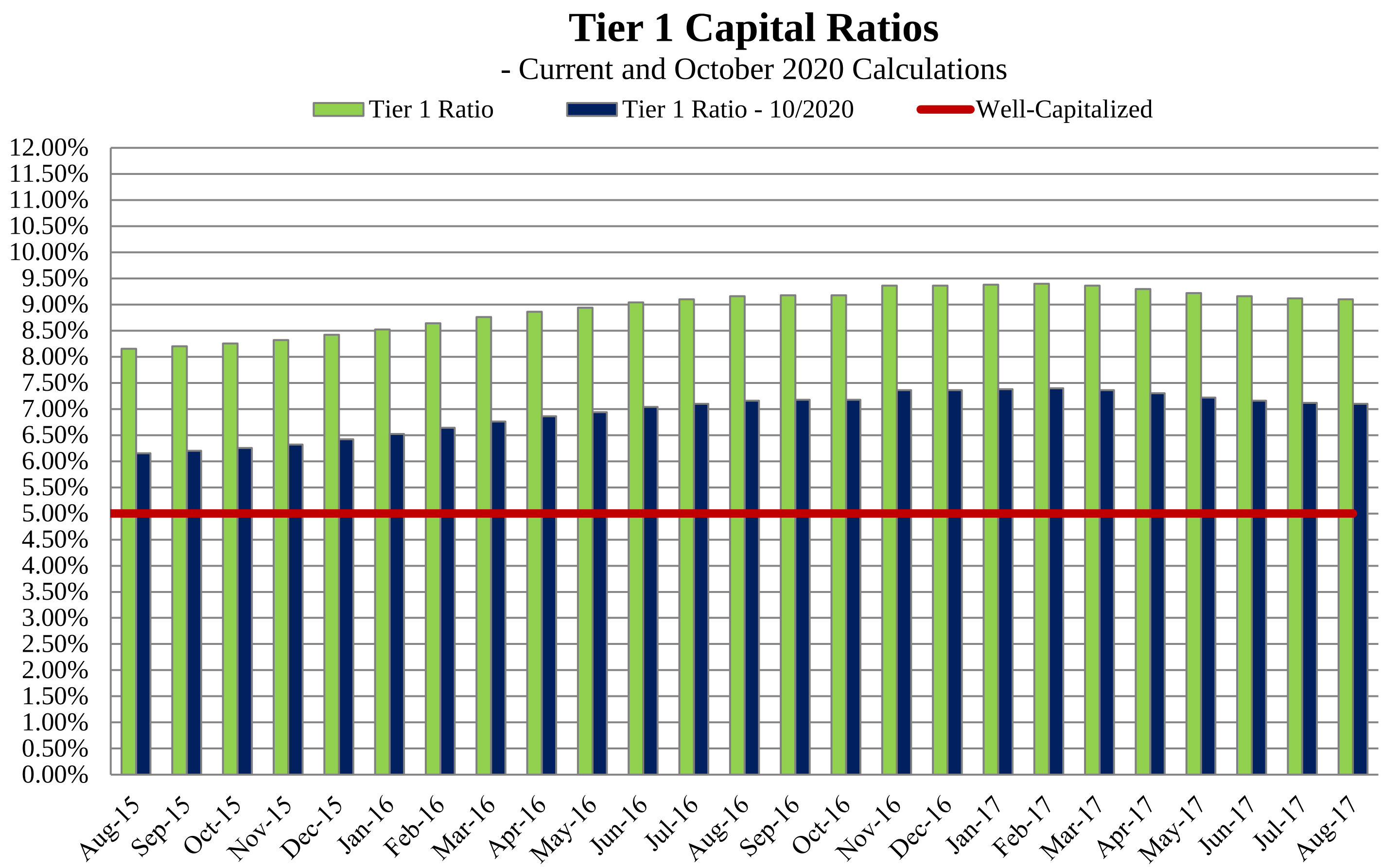
*Tier 1 Capital ratio is the regulatory adjusted Tier 1 capital divided by the adjusted 12-month moving Daily Average Net Assets (DANA), which removes the PCC adjustment amount from the 12-month DANA.
**Total Capital ratio is the regulatory Total Capital divided by 12-month moving Daily Average Net Assets (DANA).
***Risk-based (RB) capital ratios are regulatory adjusted capital divided by 12-month average, month-end Risk-Based Assets (RBA).

*Adjusted 12-Month DANA - $1,434,477,603 **12-Month DANA - $1,455,787,055 ***12-Month Average RBA - $691,559,731

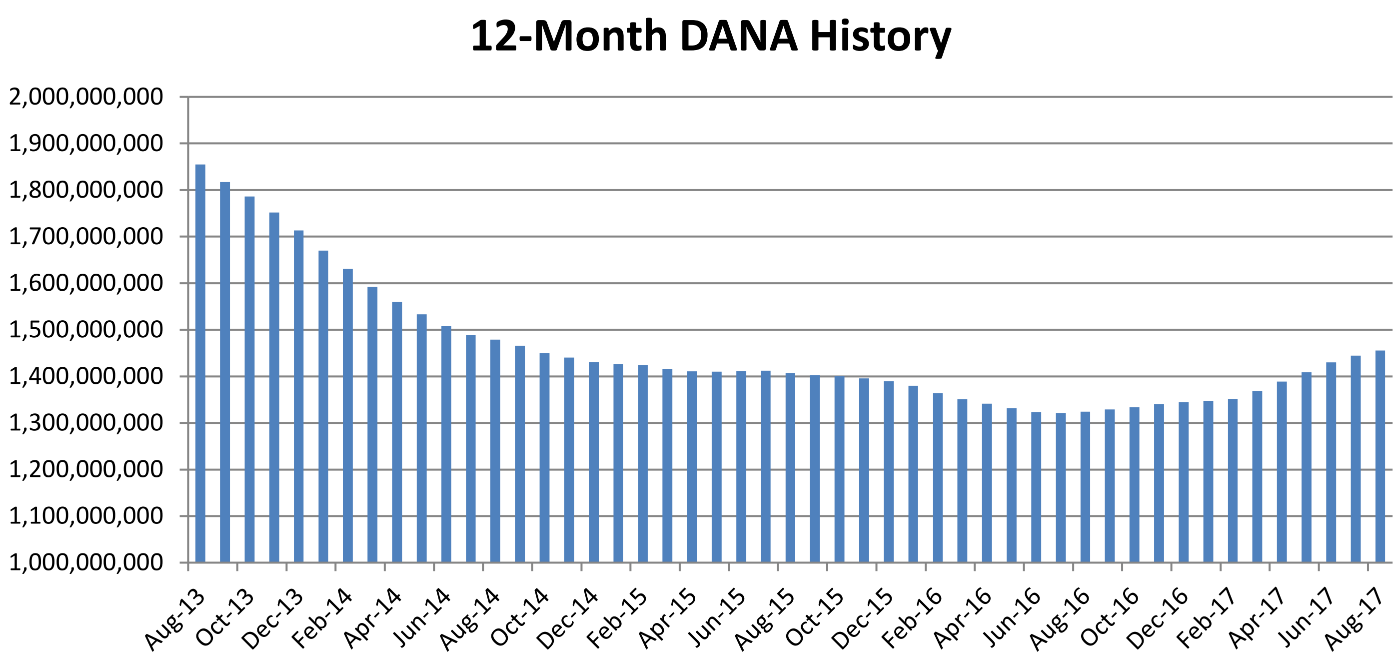
In October 2016, the calculation in NCUA Rules & Regulations Part 704 that is used to determine the Tier 1 (Core) Capital Ratio for corporate credit unions changed. This more stringent requirement, and additional changes that are currently scheduled to occur in 2020, has been discussed in prior months' Financial Soundness Reports. The capital amounts are shown above in two columns as actual and regulatory adjusted figures, and the capital ratios shown are calculated on a regulatory basis.

As we discussed in last month's report, on July 3, 2017, NCUA proposed changes to regulation 12 CFR Part 704 – Corporate Credit Unions, and the comment period for these changes closed on September 1, 2017. The proposed amendments to the regulation would remove the changes currently set to take place in 2020 and would allow for corporate credit unions to include all member PCC in the Tier 1 Capital Ratio once the corporate's Retained Earnings Ratio is above 2.50%. Corporate Central currently has the highest Retained Earnings Ratio of all corporate credit unions at 3.55%, which means the proposed changes would allow for Corporate Central to include all our member PCC immediately. The regulation would also make positive changes to the recognition of Retained Earnings acquired in a merger of corporate credit unions. While this doesn't currently impact Corporate Central, it is also a positive adjustment. These changes, if implemented, would likely go into effect by the end of 2017 or early 2018.

Corporate Central is in a position of strength versus the current regulatory capital requirements and will continue to work to ensure that it is solidly positioned to remain above the well-capitalized requirements, which can be seen below.



In addition to growth in retained earnings, some of the increase in the Tier 1 Capital Ratio that has occurred over the past few years can be attributed to the decrease in Corporate Central's 12-month DANA, which is the denominator in the capital ratio calculations. This decline, as can be seen below, has been the result of the changing liquidity cycle, which has impacted our members' liquidity levels. This trend has reversed course in recent months, and it is likely to continue over the near-term; and Corporate Central must look ahead to ensure it is well-positioned for the longer-term growth trends and turnaround that are likely to occur in DANA levels over time as the liquidity cycle changes. This will become increasingly important if the changes to the regulatory capital requirements occur again in 2020.



Corporate Central's interest rate risk levels and economic value of capital as measured by Net Economic Value (NEV) and NEV Ratio remain well within regulatory limits as can be seen below.

Corporate Central's Net Economic Value (NEV) as of July 31, 2017

	Net Economic Value (NEV)*	% Change	Regulatory Limit	NEV Ratio	Regulatory Minimum
+300 Basis Points	$206,666,543	0.89%	-20.00%	11.86%	2.00%
Base Case	$204,853,175	0.00%	0.00%	11.68%	2.00%
-100 Basis Points	$204,217,900	-0.31%	-10.00%	11.62%	2.00%

*NEV is the fair value (FV) of assets in each scenario minus the FV of liabilities in that scenario, and is considered the economic value of capital. Perpetual Contributed Capital (PCC) and Non-perpetual Capital (NCA) are considered capital in the NEV calculation.

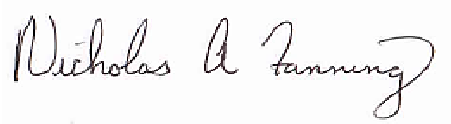
Additionally, Corporate Central's liquidity position remains strong. The large majority of available liquidity is in the form of cash and marketable securities. However, Corporate Central also has external lines of credit that can be used as necessary to meet members' liquidity needs, which can be seen in the table below.

Liquidity Sources as of August 31, 2017

	Total	Available
Cash	$124,155,145	$124,155,145
Marketable Securities*	$515,852,702	$464,267,432
External Lines of Credit	$614,046,326	$556,046,326
Totals	$1,254,054,173	$1,144,468,903

*Market value of securities not pledged for other borrowings/lines of credit. Available amount is assumed to be 90% of market value.

View our latest financial information and critical due diligence material on our Due Diligence Center of our website (corpcu.com). Please do not hesitate to contact us with any questions or to request additional information.



Nicholas A. Fanning, CFA
SVP/Chief Financial Officer