



## **CORPORATE CENTRAL CREDIT UNION FINANCIAL SOUNDNESS REPORT**

**October 2018**

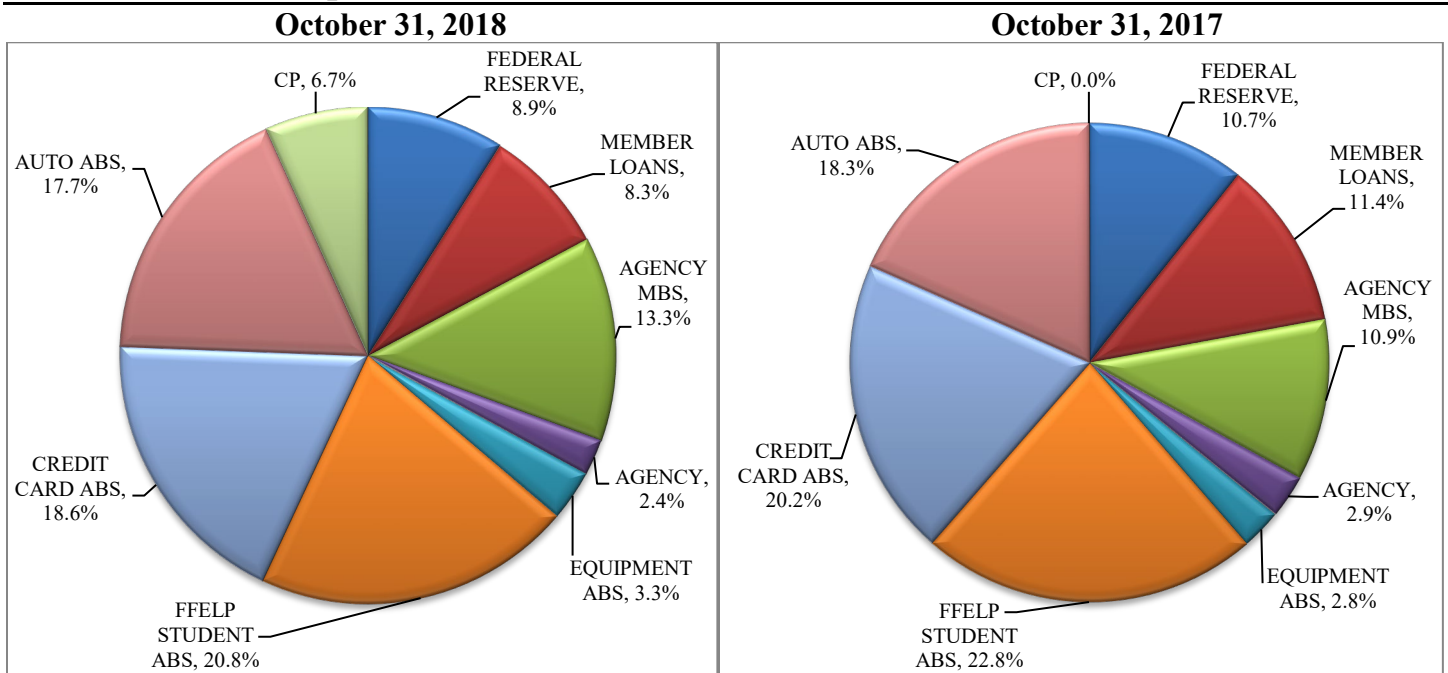
This monthly report is intended to provide transparency regarding Corporate Central Credit Union's key financial measurements. The report is a supplement to the monthly financial statements and other due diligence material that can be found in the Due Diligence Center of our website – [corpcu.com](http://corpcu.com).



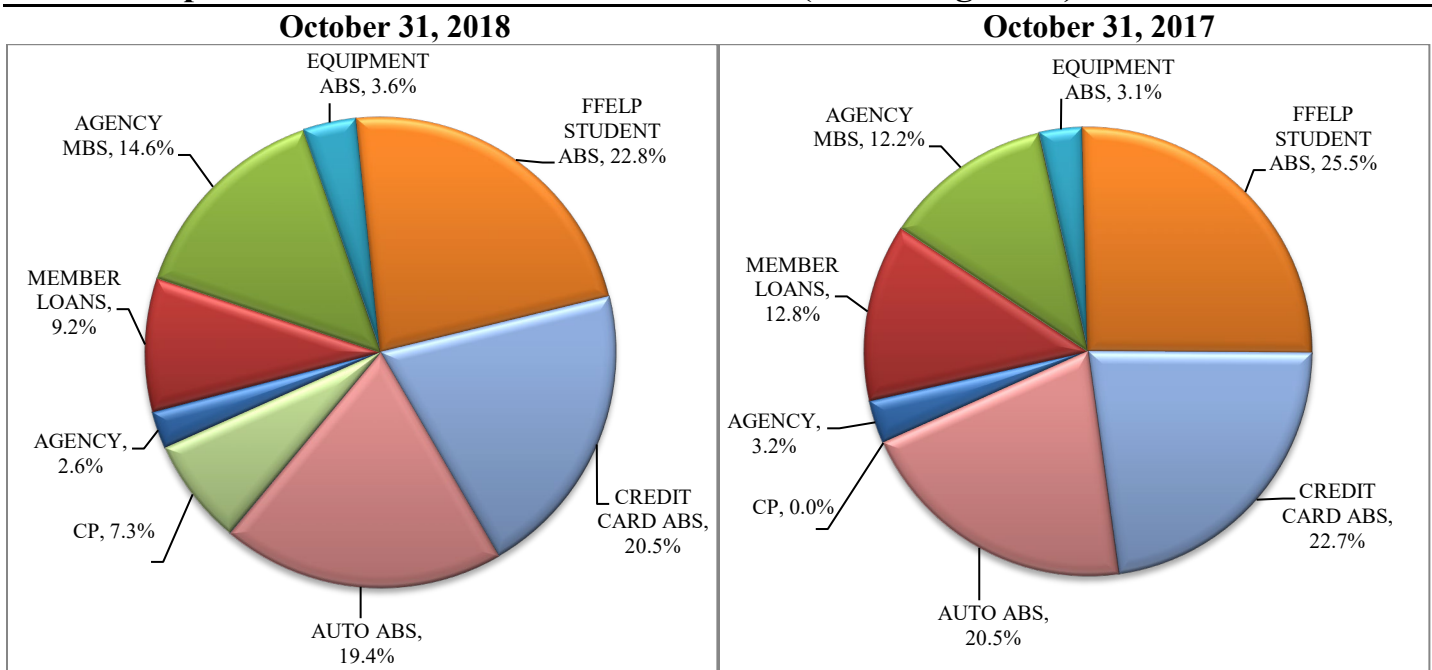
## Diversification

As of October 31, 2018, Corporate Central had 8.9% of the investment and loan portfolio in deposits at the Federal Reserve. Investments in credit card asset-backed securities (ABS) represented 18.6%, 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 20.8%, auto loan/lease ABS represented 17.7%, and equipment ABS represented 3.3% of the portfolio. Commercial Paper (CP) represented 6.7%, agency mortgage-backed securities, including agency commercial mortgage-backed securities (MBS) represented 13.3%, agency debentures represented 2.4%, member loans comprised 8.3%, and Home Equity ABS accounted for approximately 0.03% of the total portfolio.

### Corporate Central's Portfolio Breakdown Year over Year



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



The risk rating breakdown and unrealized gain of \$3,241,383 on our investment portfolio can be seen below

## Marketable Securities as of October 31, 2018

	Book Value	Market Value	Unrealized G/L
U.S. Gov't/Agency	\$234,736,369	\$234,651,201	(\$85,168)
Minimal Amount of Credit Risk	\$1,005,906,608	\$1,009,251,232	\$3,344,624
More than a Minimal Amount of Credit Risk	\$409,370	\$391,298	(\$18,072)
<b>Totals</b>	<b>\$1,241,052,347</b>	<b>\$1,244,293,731</b>	<b>\$3,241,384</b>

## Corporate Central's Capital Position as of October 31, 2018

	10/31/18 Capital	Capital Ratios*	Risk-Based Capital**	Regulatory Requirements—Well Capitalized Levels	
				Current	Benchmark
Retained Earnings	\$55,982,274	3.31%	6.80%	1.5% RE	2.5% RE
Perpetual Contributed Capital (PCC)	\$101,368,643	6.00%	12.31%		
Tier 1 (Core) Capital*	\$157,350,917	9.31%	19.11%	5% Core & 6% (RB)	
Tier 2 Capital	\$49,023,343	2.90%	5.95%		
<b>Total Capital**</b>	<b>\$206,374,260</b>	<b>12.21%</b>	<b>25.06%</b>	<b>10% (RB)</b>	

\*Capital ratios are capital divided by 12-month moving Daily Average Net Assets (DANA).

\*\*Risk-based (RB) capital ratios are capital divided by 12-month average, month-end Risk-Based Assets (RBA).

\*12-Month DANA - \$1,690,257,203

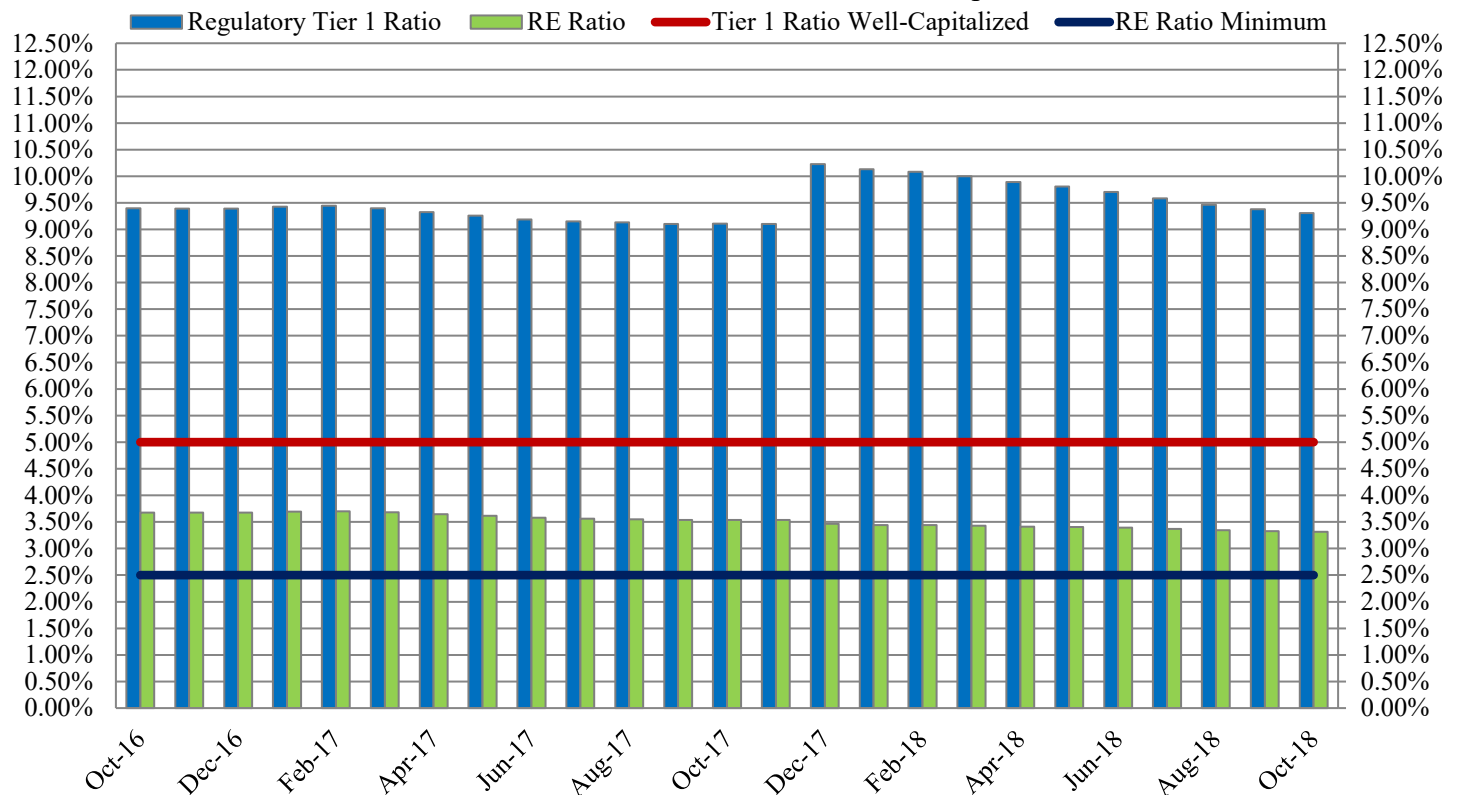
\*\*12-Month Average RBA - \$823,458,133

NCUA regulations allow 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 a Retained Earnings Ratio of 3.31%, which means all member PCC can be included in the Tier 1 Capital calculation. The Tier 1 Capital Ratio graph below includes the Retained Earnings Ratio and the 2.50% benchmark requirement for all PCC to be included.

Corporate Central remains in a position of strength versus the 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.

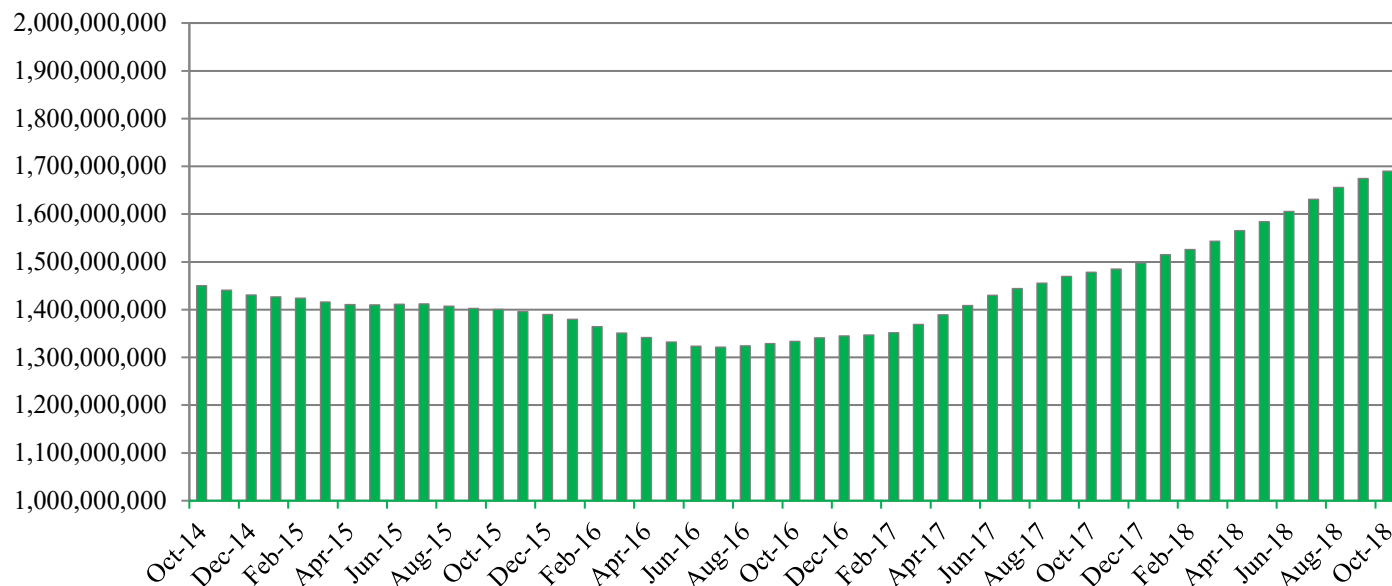
## Tier 1 Capital Ratio

Minimum RE Ratio to Include All PCC in Tier 1 Capital is 2.50%



In addition to growth in retained earnings and regulatory changes that occurred in October 2016 and December 2017, some of the change in the Tier 1 Capital Ratio that has occurred over the previous few years can be attributed to changes in Corporate Central's 12-month DANA, which is the denominator in the capital ratio calculations. These changes, as can be seen below, have mainly been the result of the changing liquidity cycle, which has impacted our members' liquidity levels, and membership growth.

## 12-Month DANA History



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 September 30, 2018

	Net Economic Value (NEV)*	% Change	Regulatory Limit	NEV Ratio	Regulatory Minimum
<b>+300 Basis Points</b>	\$209,997,609	0.64%	-20.00%	10.88%	2.00%
<b>Base Case</b>	\$208,652,786	0.00%	0.00%	10.76%	2.00%
<b>-200 Basis Points</b>	\$207,108,099	-0.74%	-20.00%	10.65%	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 majority of available liquidity is in the form of cash and marketable securities. However, Corporate Central has external lines of credit that can be used as required.

### Liquidity Sources as of October 31, 2018

	Total	Available
<b>Cash</b>	\$134,052,397	\$134,052,397
<b>Marketable Securities*</b>	\$543,640,841	\$489,276,757
<b>External Lines of Credit</b>	\$704,801,755	\$633,801,755
<b>Totals</b>	\$1,382,494,993	\$1,257,130,909

\*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.

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SVP/Chief Financial Officer