



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

**January 2021**

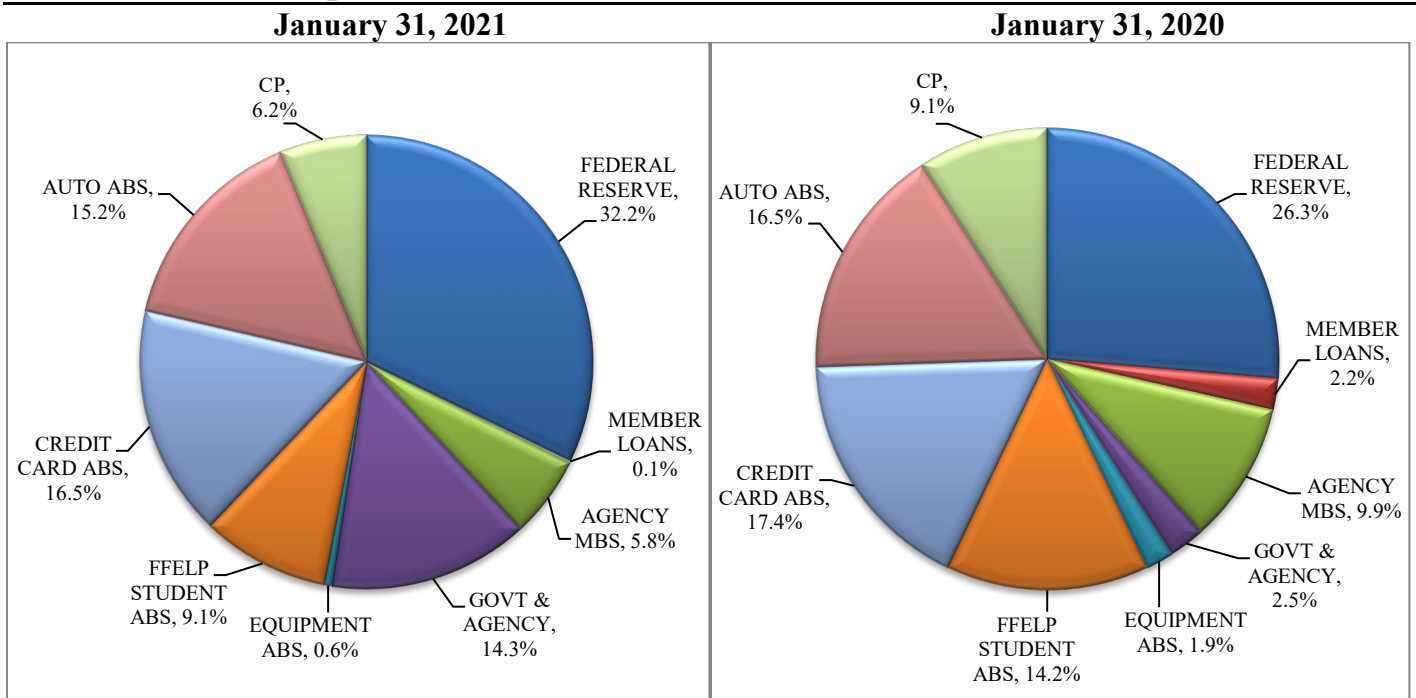
This monthly report is intended to provide transparency regarding Corporate Central Credit Union's key financial measurements. The report is a supplement to the monthly financial statements and other due diligence material that can be found in the Due Diligence Center of our website – [corpcu.com](http://corpcu.com).



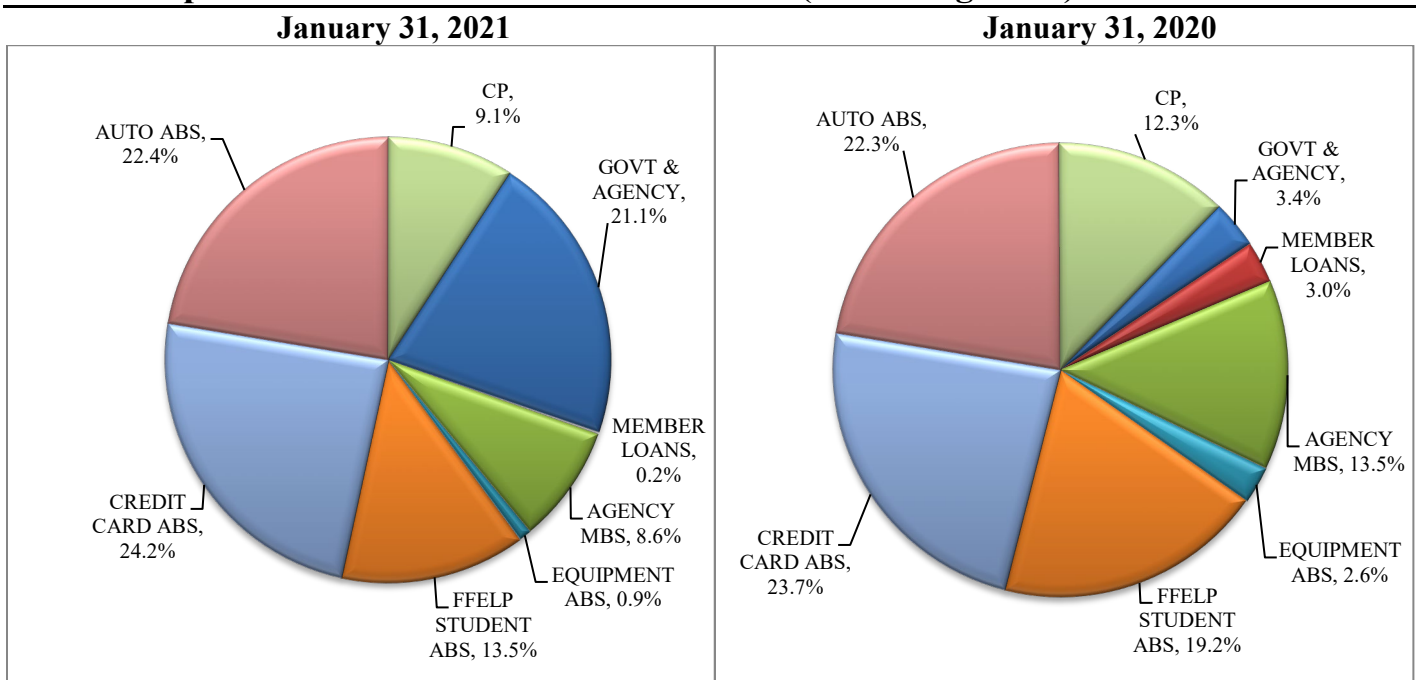
## Diversification

As of January 31, 2021, Corporate Central had 32.2% of the investment and loan portfolio in deposits at the Federal Reserve. Investments in credit card asset-backed securities (ABS) represented 16.5%, 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 9.1%, auto loan/lease ABS represented 15.2%, and equipment ABS represented 0.6% of the portfolio. Commercial Paper (CP) represented 6.2%, agency mortgage-backed securities, including agency commercial mortgage-backed securities (MBS) represented 5.8%, government & agency debentures represented 14.3%, member loans comprised 0.1%, and Home Equity ABS accounted for approximately 0.01% 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 \$11,138,909 on our investment portfolio can be seen below. Market dislocations due to the COVID-19 pandemic caused valuations on most investment types to drop last year. The quick actions by the Fed helped to stabilize markets and improvements have continued to be seen since that time.

## Marketable Securities as of January 31, 2021

	Book Value	Market Value	Unrealized G/L
U.S. Gov't/Agency	\$616,310,881	\$618,726,760	\$2,415,879
Minimal Amount of Credit Risk	\$1,456,905,991	\$1,465,637,604	\$8,731,613
More than a Minimal Amount of Credit Risk	\$281,545	\$272,962	(\$8,583)
<b>Totals</b>	<b>\$2,073,498,417</b>	<b>\$2,084,637,326</b>	<b>\$11,138,909</b>

## Corporate Central's Capital Position as of January 31, 2021

	01/31/21 Capital	Capital Ratios*	Risk-Based Capital**	Regulatory Requirements—Well Capitalized Levels	
				Current	Benchmark
Retained Earnings	\$74,603,374	2.04%	5.02%	1.50% RE	2.50% RE
Perpetual Contributed Capital (PCC)	\$111,365,845	3.04%	7.49%		
Tier 1 (Core) Capital*	\$185,969,219	5.08%	12.51%	5% Core & 6% (RB)	
Tier 2 Capital	\$46,302,271	1.26%	3.12%		
<b>Total Capital**</b>	<b>\$232,271,490</b>	<b>6.34%</b>	<b>15.63%</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 - \$3,661,305,510

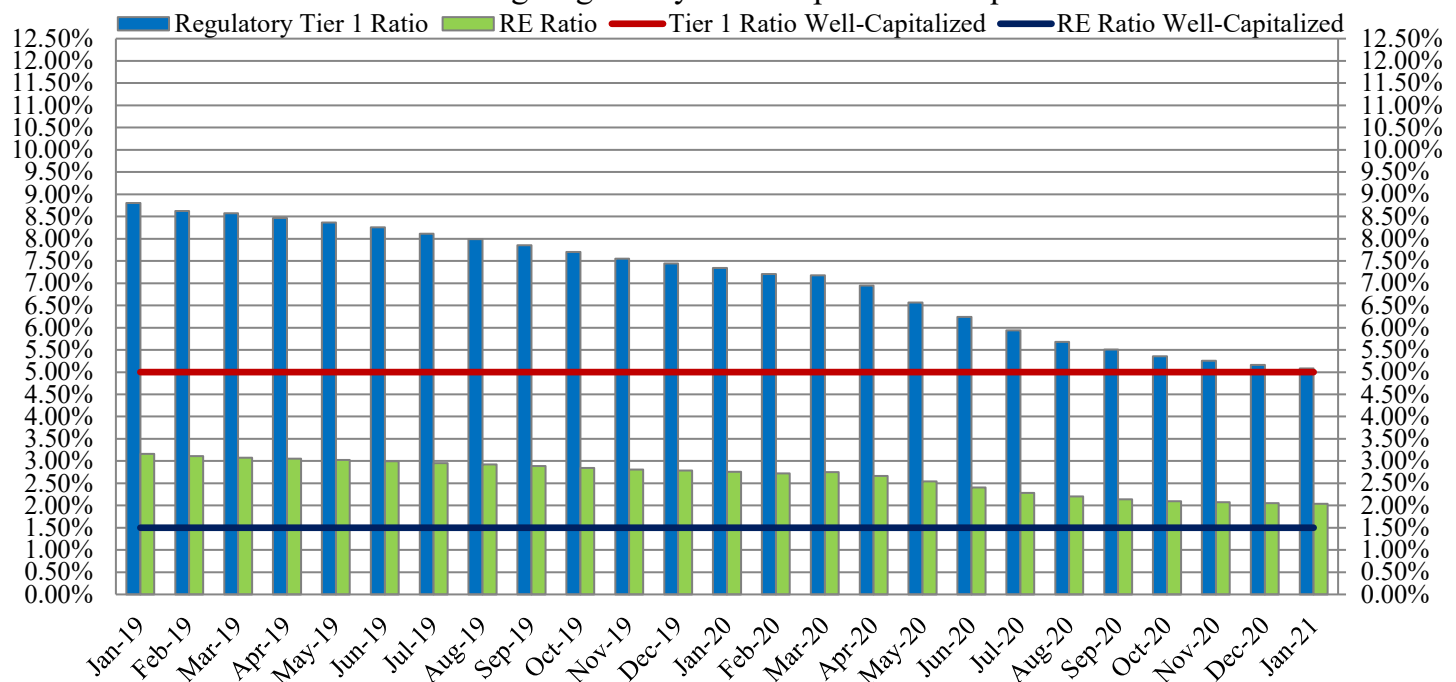
\*\*12-Month Average RBA - \$1,486,340,400

NCUA regulations allow corporate credit unions to include all member PCC in the Tier 1 Capital Ratio if the corporate's Retained Earnings (RE) Ratio is above 2.50%. Any required exclusion of PCC is based on a calculation measuring the relationship between the PCC and RE Ratios. As a result of Corporate Central's growth in retained earnings and DANA, an exclusion of PCC is not required if the RE Ratio is below 2.50%. The graph below includes the Tier-1 Capital Ratios and RE Ratios and the regulatory well-capitalized requirements for each measurement.

Corporate Central will continue to work hard to ensure that it is solidly positioned in relation to requirements. Substantial deposit growth due to the pandemic continues to be a challenge and has driven capital ratios lower throughout 2020.

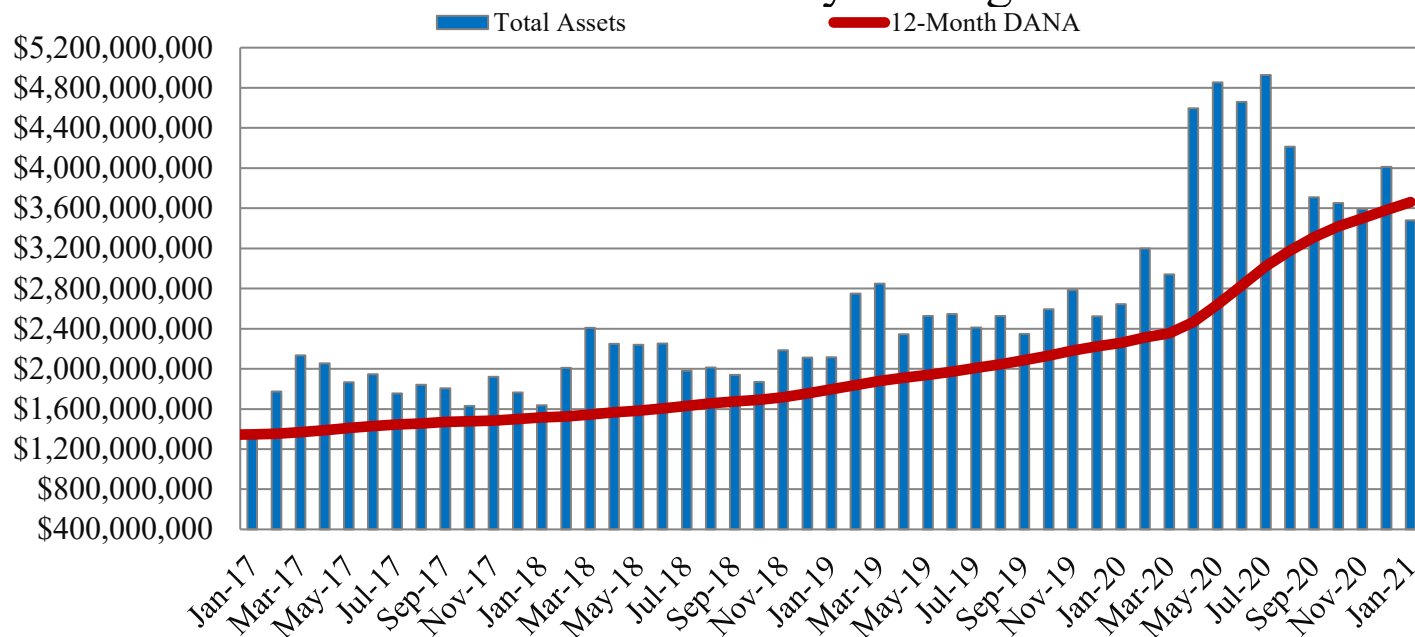
## Tier 1 Capital & Retained Earnings Ratios

Including Regulatory Well-Capitalized Requirements



In addition to growth in retained earnings and PCC, much of the change in the Tier 1 Capital Ratio over the previous few years can be attributed to growth 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 membership growth and the changing liquidity cycle, which has impacted our members' liquidity levels. Corporate Central has had extraordinary asset growth as member deposits surged due to significant government stimulus payments and a substantial drop in consumer borrowing and spending due to the pandemic, and deposits have remained abnormally high in recent months.

## Total Assets & 12-Month Daily Average Net Assets



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 December 31, 2020

	Net Economic Value (NEV)*	% Change	Regulatory Limit	NEV Ratio	Regulatory Minimum
<b>+300 Basis Points</b>	\$233,124,858	-0.40%	-20.00%	5.83%	2.00%
<b>Base Case</b>	\$234,059,701	0.00%	0.00%	5.83%	2.00%
<b>-100 Basis Points</b>	N/A	N/A	N/A	N/A	N/A

\*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 January 31, 2021

	Total	Available
<b>Cash</b>	\$986,628,980	\$986,628,980
<b>Marketable Securities*</b>	\$1,257,080,283	\$1,131,372,255
<b>External Lines of Credit</b>	\$853,748,161	\$853,748,161
<b>Totals</b>	\$3,097,457,424	\$2,971,749,396

\*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 (corpccu.com). Please do not hesitate to contact us with any questions or to request additional information.

Nicholas A. Fanning, CFA  
SVP/Chief Financial Officer