



CORPORATE CENTRAL CREDIT UNION FINANCIAL SOUNDNESS REPORT

October 2022

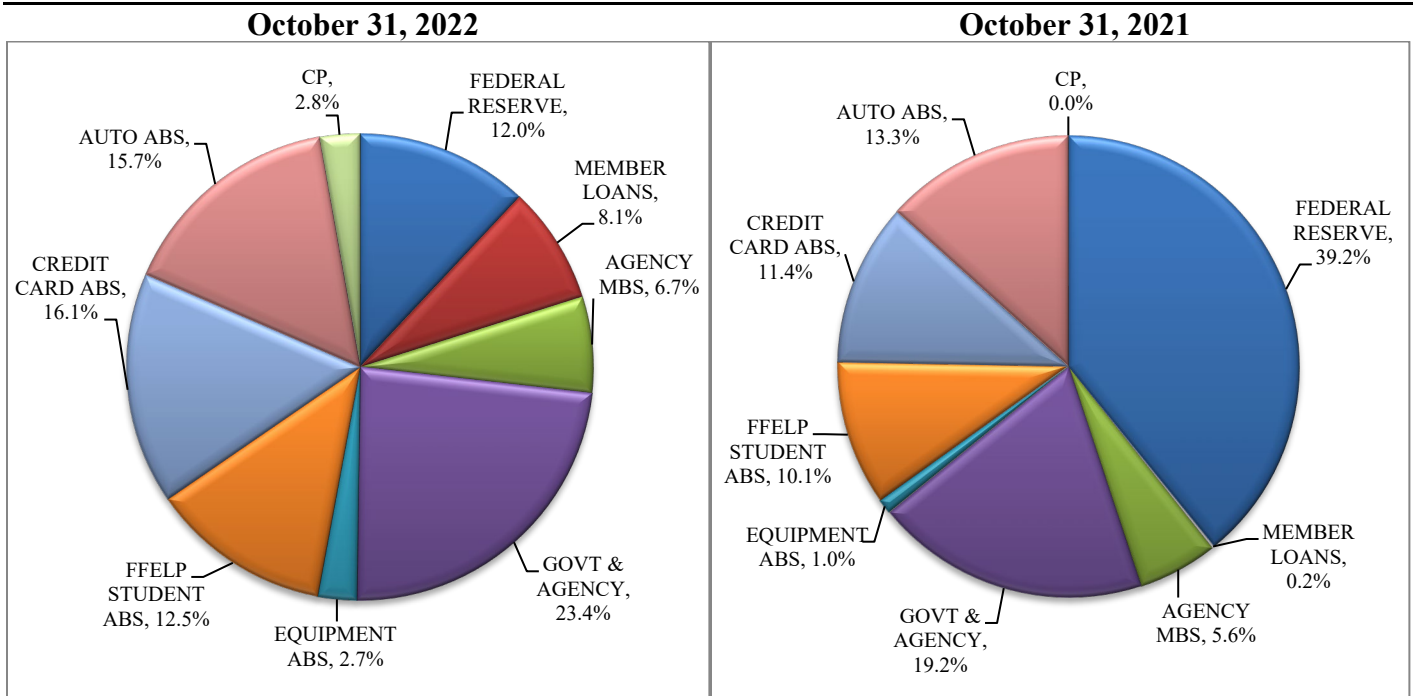
This monthly report is intended to provide transparency regarding Corporate Central Credit Union's key financial measurements. The report is a supplement to the monthly financial statements and other due diligence material that can be found in the Due Diligence Center of our website – corpcu.com.



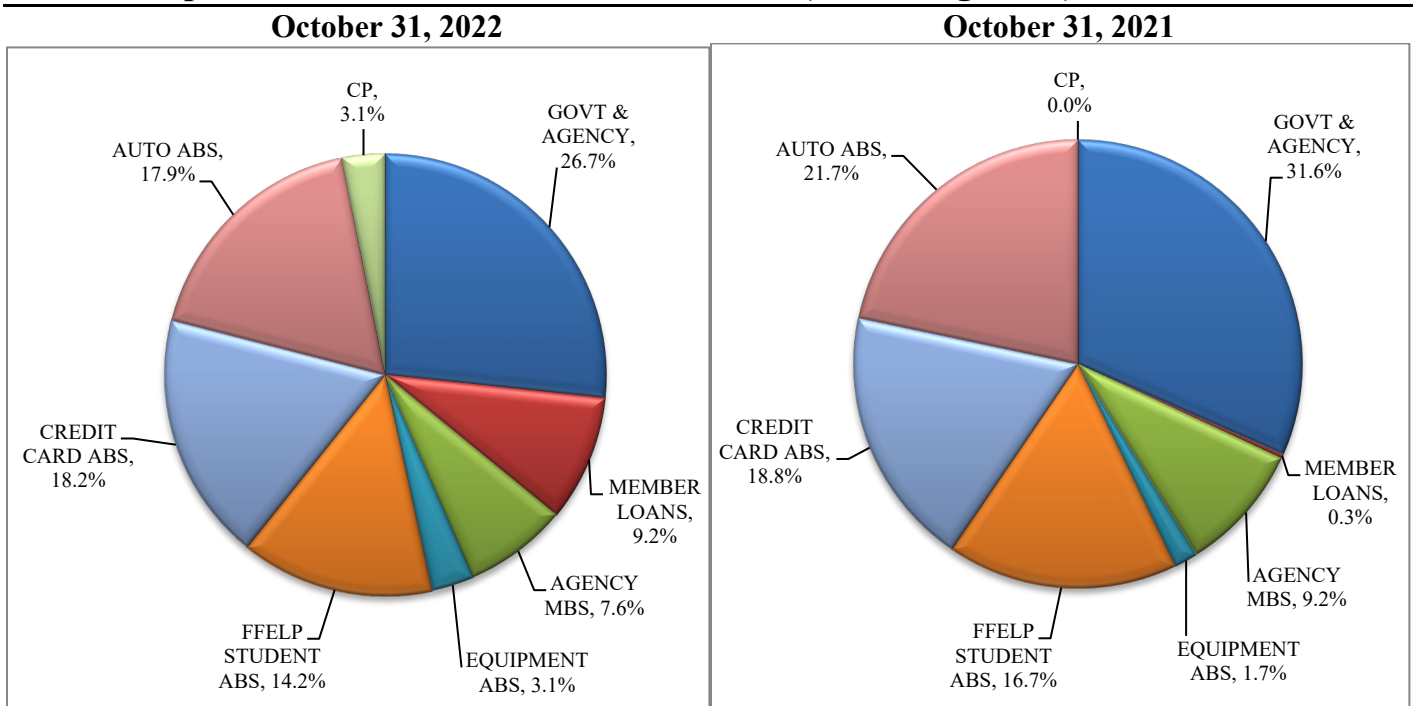
Diversification

As of October 31, 2022, Corporate Central had 12.0% of the investment and loan portfolio in deposits at the Federal Reserve. Investments in credit card asset-backed securities (ABS) represented 16.1%, 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 12.5%, auto loan/lease ABS represented 15.7%, and equipment ABS represented 2.7% of the portfolio. Commercial Paper (CP) represented 2.8%, agency mortgage-backed securities, including agency commercial mortgage-backed securities (MBS) represented 6.7%, government & agency debentures represented 23.4%, member loans comprised 8.1%, and Home Equity ABS accounted for less than 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 loss of (\$75,268,622) on our investment portfolio can be seen below. Corporate Central classifies all marketable securities holdings as Available-For-Sale (AFS), which means all investments are marked-to-market monthly. This year, market yields have soared higher at the fastest pace in nearly 40-years as the Fed has hiked interest rates and expectations of the extent and timing of additional Fed hikes has increased. This has resulted in a decline in market values and an increase in unrealized losses throughout this year.

Marketable Securities as of October 31, 2022

	Book Value	Market Value	Unrealized G/L
U.S. Gov't/Agency	\$849,012,687	\$819,013,004	(\$29,999,683)
Minimal Amount of Credit Risk	\$1,411,342,679	\$1,366,083,157	(\$45,259,522)
More than a Minimal Amount of Credit Risk	\$196,810	\$187,393	(\$9,417)
Totals	\$2,260,552,176	\$2,185,283,554	(\$75,268,622)

Corporate Central's Capital Position as of October 31, 2022

	10/31/22 Capital	Capital Ratios*	Risk-Based Capital**	Regulatory Requirements—Well Capitalized Levels	
				Current	Benchmark
Retained Earnings	\$151,487,753	4.36%	10.43%	1.50% RE	2.50% RE
Perpetual Contributed Capital (PCC)	\$117,850,396	3.39%	8.12%		
Tier 1 (Core) Capital*	\$269,338,149	7.75%	18.55%	5% Core & 6% (RB)	
Tier 2 Capital	\$47,996,425	1.38%	3.31%		
Total Capital**	\$317,334,574	9.13%	21.86%	10% (RB)	

*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 - \$3,474,833,670

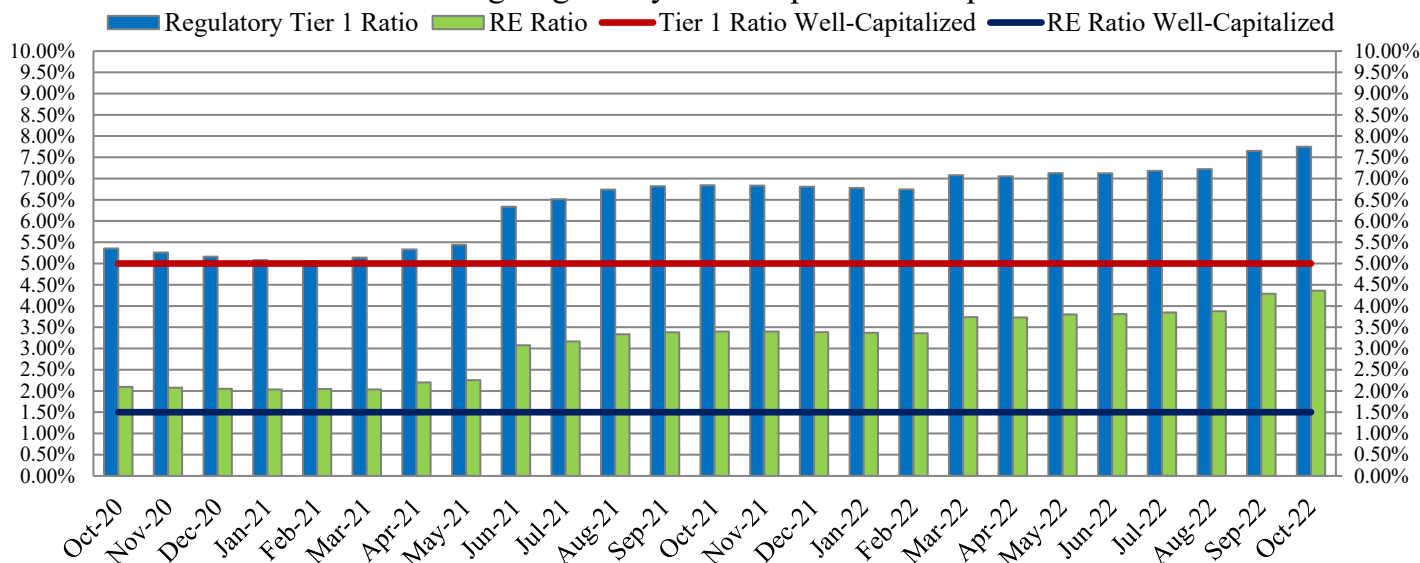
**12-Month Average RBA - \$1,451,917,715

The graph below includes the Tier-1 Capital Ratios and RE Ratios and the regulatory well-capitalized requirements for each measurement.

Beginning in 2020, Corporate Central launched a multidimensional strategy to support our capital ratios during the period of unprecedented deposit and asset growth driven by the pandemic. The strategy has resulted in a total increase in Tier 1 capital of \$103.8 million, or 62.7%, since the beginning of 2020 in addition to redirecting approximately \$5 billion in deposits into off-balance sheet products over that same timeframe, which allowed Corporate Central to remain well-capitalized throughout this extraordinary period. Deposit levels due to the pandemic have declined considerably in recent months. Corporate Central will continue to work hard to ensure that it is solidly positioned in relation to requirements.

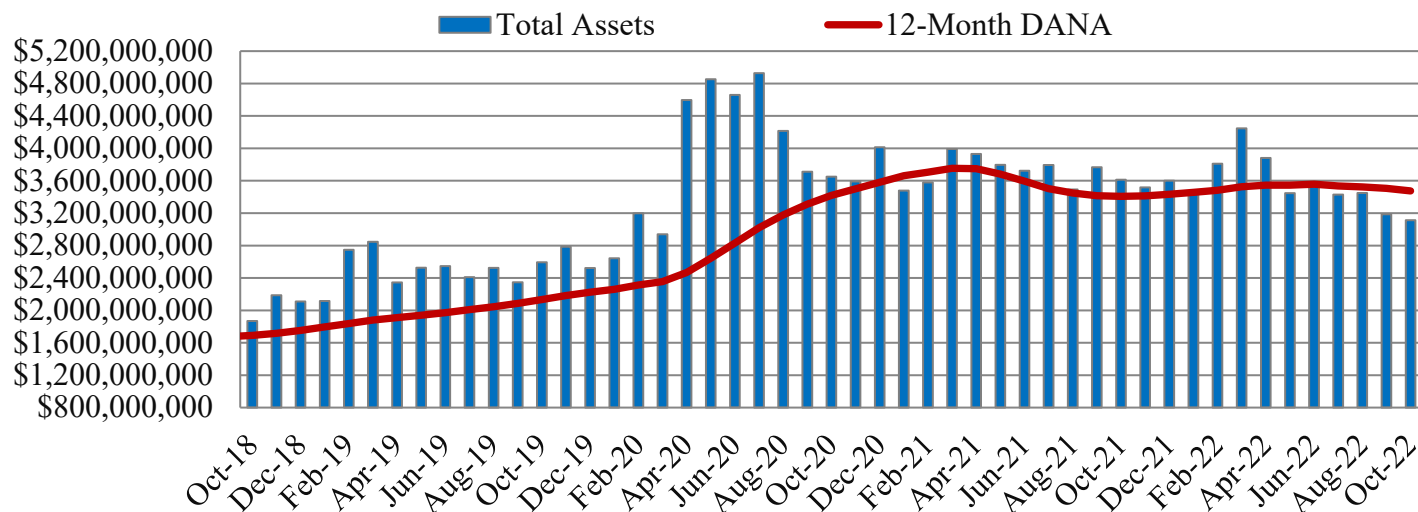
Tier 1 Capital & Retained Earnings Ratios

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 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 membership growth and the changing liquidity cycle driven by the pandemic and economic environment, which has impacted our members’ liquidity levels. Corporate Central had extraordinary asset growth as member deposits surged due to significant government stimulus payments and a substantial drop in consumer borrowing and spending during the pandemic. Deposits have been trending lower in recent months but remain abnormally high. Corporate Central continues to redirect deposits into off-balance sheet products, but to a lesser extent the second half of this year as credit union lending has strengthened.

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 September 30, 2022

	Net Economic Value (NEV)*	% Change	Regulatory Limit	NEV Ratio	Regulatory Minimum
+300 Basis Points	\$246,357,503	-10.33%	-20.00%	7.89%	2.00%
Base Case	\$274,734,806	0.00%	0.00%	8.62%	2.00%
-200 Basis Points	\$296,851,347	8.05%	-15.00%	9.18%	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, 2022

	Total	Available
Cash	\$339,800,264	\$339,800,264
Marketable Securities*	\$1,385,899,287	\$1,247,309,359
External Lines of Credit	\$845,368,694	\$595,368,694
Totals	\$2,571,068,245	\$2,182,478,317

*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