THINK DIFFERENT. BE DIFFERENT.

DIFFERENT STARTS HERE.

CorporateAmerica
CREDIT UNION
DIFFERENT STARTS HERE™

2016 ANNUAL REPORT

CorporateAmerica
CREDIT UNION
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ANNUAL REPORT 2016

35th Annual Meeting

Destin, FL • April 26, 2017

AGENDA

I. **Ascertainment that 15 members are present to provide a quorum**
II. **Consent Agenda**
   - Report of the Chairman & President
   - Report of the Treasurer
   - Report of the Supervisory Committee
   - Report of the Loan Officer
   - Minutes of the 2015 Annual Meeting
III. **Comments from the Chairman**
IV. **Comments from the President**
V. **Unfinished business**
VI. **New business other than elections**
VII. **Elections**
VIII. **Adjournment**

Section I: Financial Reports

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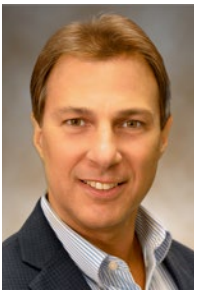
Report of the Chairman and President



You've heard the cliché, "It's a journey, not a destination." Those words directly apply to our mindset at CACU regarding improving everything we do for you – we will never be satisfied! In 2016, we focused on three major objectives:

- Modernize payment system platforms
- Maintain competitiveness
- Maintain financial stability

We "moved the needle" in all three areas of focus, yet as stated above, we will never be satisfied. The word "satisfied" is synonymous with "complacent" in our minds.

Modernize Payment System Platforms

On September 23, 2016, phase 1 of Same Day ACH became effective and CACU was ready to process under the new rules and provide assistance to credit unions adapting to the modernized rules. Two more phases are imminent, with NACHA posted effective dates of September 29, 2017, and March 16, 2018. You can count on our ACH team of experts to be prepared to assist under the new rules that provide for payments to move faster.

Our domestic wire platform, International wire platform, and coin & currency ordering system were all modernized providing for quick and secure processing. Additionally, Single Sign-On was installed at CACU, adding a layer of data security to our systems while creating easier and faster access for credit union users. We have also upgraded data connection capabilities by transitioning from a primary data source with a single back-up to a primary data source with four back-up data connections ready for immediate access. Much time and energy was spent during 2016 advancing technology!

Maintain Competitiveness

We are different. Capital is not required for membership at CACU. A Perpetual Contributed Capital (PCC) holder or not, you enjoy all membership rights, the same access to all products and services, and the same competitive pricing on payment products and investment rates! You also have voting rights and qualify for a Board or Committee seat. If you are a PCC holder, you were rewarded with a 50 basis point bonus dividend in 2016.

Our Super 30 account, an account requiring 30-day notice to withdraw funds, is very popular around the nation. We consistently offer a Super 30 account that outperforms the Fed. CD specials were also popular last year and will continue to be offered. Our rates compared very favorably when compared to products with similar structures!

Financial Stability

A significant regulatory change that impacts all corporates went into effect in October 2016. A revised formula for calculating a corporate credit union's leverage ratio, a term synonymous with capital ratio, is now used that reduces the amount of PCC that may be included in the calculation. In other words, a GAAP capital leverage ratio no longer equals a regulatory capital leverage ratio. CACU continues to hold all PCC defined as capital under GAAP, yet effective in October of 2016, may not include all of it in ratio calculations. As of December 31, 2016:

- CACU's regulatory leverage ratio = 4.41%
- CACU's GAAP leverage ratio = 4.86%
- "Well Capitalized" under Reg 704 = 5% minimum

Another regulatory threshold for corporates during the year was a requirement to exceed a 1% retained earnings ratio by the end of October. CACU exceeded this threshold in advance of the deadline and as of December 31, 2016, CACU's level was 1.2%.

Looking Forward

Assisting you in offering competitive and modern products to your members is a priority at CACU. We are proud to partner with VSoft Corporation to provide an innovative platform combining mobile, online and RDC into one product, no matter what device you are using. This is just one example of many initiatives underway in our ongoing efforts to advance technology on your behalf. Additionally, management and the Board of Directors determined it was time to modernize yet another system at CACU – our core processing platform. The conversion will take place in the summer of 2017 when we transition to the VSoft Corporation CoreSoft product. Leveraging the partnership between CACU and a fintech like VSoft will allow us to jointly deliver a highly customized platform that gives us the ability to create efficiencies internally as well as make our members' experience with CACU more efficient.

Different Starts Here

We may not be the flashiest corporate credit union around, or have the swankiest offices, or offer the most expensive door prizes at credit union events; however, we will work to support our members in any way you need us - roll our sleeves up, get our hands dirty, and help your credit union succeed in any way we can. We commit to a work ethic as strong as any you will find as we focus on your needs. We believe this to be our "different" and we hope that you do too. Thank you for the opportunity to work for you and excel.

Respectfully,

Monte J. Hill, Chairman

Pete Pritts, President/CEO

Report of the Treasurer

As a result of hard work and dedication from management and staff, CACU continues to thrive as one of only 11 corporate credit unions in the nation. Adapting to a dynamic economy, member needs, and evolving technology, CACU remains focused, diligent, and effective!

Description	Regulatory Minimum	CACU's Ratio	
GAAP Leverage Ratio	4.00%	4.86%	
Regulatory Lev. Ratio	4.00%	4.41%	5% considered "Well Capitalized" per Reg 704
Retained Earnings	1.00%	1.20%	
Tier 1 RBC Ratio	4.00%	15.68%	
Total RBC Ratio	8.00%	18.06%	
Base NEV Ratio	3.00%	5.21%	
NEV Ratio – Shock scenario	2.00%	4.78%	

A major regulatory provision took effect in October 2016, as corporate credit unions were required to reduce the amount of Perpetual Contributed Capital (PCC) included in regulatory leverage ratio calculations. Even though the PCC remains intact at CACU and is considered capital under GAAP, our regulatory leverage ratio was reduced from 4.86% to 4.41% overnight. This regulatory provision applies to all corporate credit unions.

The Board of Directors continues to monitor performance and is confident in the future of CACU. The Board is also aware of the fact that our success is driven by you member owners. We appreciate your continued support as we strive to be your strategic partner of choice. CACU ended 2016 with $2.4 billion in assets, 489 members, 202 capital accounts, 182 credit unions using item processing, 140 using ACH origination and/or receipt and 156 credit unions using branch capture and proof of deposit programs. The membership at CACU continues to demonstrate remarkable loyalty, support and confidence in this organization. The Board of Directors, management & staff are very grateful for the trust exhibited.

Management, staff and the Board of Directors at CACU strive each day to ensure Corporate America Credit Union is a safe and sound corporate credit union positioned to serve you far into the future – thank you for this opportunity!

Respectfully submitted,

Joey Hand, Secretary/Treasurer

Report of the Supervisory Committee

It has been a pleasure to chair the Supervisory Committee at Corporate America Credit Union along with Nancy Kline from Fire Police City County Federal Credit Union and our newest Committee member Karen DeLuca from America's First Federal Credit Union for the year 2016.

The two primary objectives of the Supervisory Committee are to ensure that financial reporting requirements are met and that the practices, procedures and internal controls safeguard members' assets.

For the year 2016, the Supervisory Committee engaged the accounting firm of Crowe Horwath LLP to assist in the fulfillment of these objectives.

The accounting firm performed an opinion audit as of December 31, 2016, and rendered an unqualified opinion on Corporate America's financial statements as of that date. This opinion is included in the Annual Report. In addition to the annual opinion audit, Crowe Horwath LLP examined internal controls over financial reporting as of December 31, 2016, and determined Corporate America maintained effective internal controls over financial reporting. Corporate America also has an internal auditor that follows an audit plan based on an annual risk assessment which is approved by the Committee. The NCUA and ACUA jointly performed their examination in April of 2016 and had contact visits during the course of the year.

The Supervisory Committee would like to take the opportunity to thank management and staff for their full cooperation during the year.

Respectfully submitted,

Doug Key, Chairman

Nancy Kline, First Vice Chairperson
Karen DeLuca, Member

Report of the Loan Officer

The Loan Officer granted 1,510 loans totaling $796,232,672 during 2016. Aggregate Member Advised Lines of credit to 330 members were $2,265,934,047. Cash held on balance sheet, liquid marketable securities, and tested sources of funds provide for approximately $2.1 billion of liquidity to be raised at Corporate America Credit Union. Having the ability to quickly cover 92% of our position, we are positioned to be responsive to member needs should a severe liquidity event occur.

Respectfully submitted,

Pete Pritts, Loan Officer

Board of Directors

MONTE J. HILL
Chairman
Family Savings CU

BRADLEY A. LONG
First Vice Chairman
First Florida CU

GARY FAIRLEY
Second Vice Chairman
Jackson Area FCU

JOEY HAND
Secretary/Treasurer
eCO CU

JANE BOYSEN
Director
Alabama Rural Electric CU

KIM BURKETT
Director
TVA Community CU

GEORGE GLASSER
Director
Memorial Employees FCU

HEATH HARRELL
Director
Guardian CU

JOYCE HARRISON
Director
Mobile Postal Employees CU

Board of Directors

DENNIS HOLTHAUS
Director
Achieva CU

MARK JOHNSON
Director
Naheola CU

BLANE MINK
Director
APCO Employees CU

STEVE NIX
Director
AlaTrust Credit Union

TANGELA SOUDERS
Director
Wiregrass FCU

Supervisory Committee

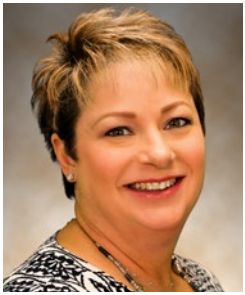
DOUG KEY
Supervisory Committee
Chairman
Mutual Savings CU

NANCY KLINE
Supervisory Committee
First Vice Chairperson
Fire Police City
County FCU

KAREN DeLUCA
Supervisory Committee
Member
America's First FCU

Corporate America Staff

PETE PRITTS
President/CEO



LISA COFFEY
Chief Operations Officer

DAVE FILBY
Chief Investment Officer

LAUREN HOWLE
Chief Strategy Officer

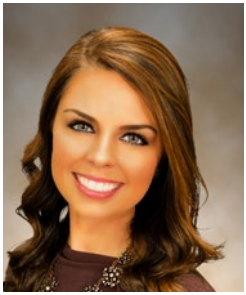
RACHEL DODSON
VP Accounting

DONALD EAGEN
VP Information Technology

TREY RUDDER
VP Strategic Balance Sheet Management

Corporate America Staff

PENNY SWINDLE
Risk Officer

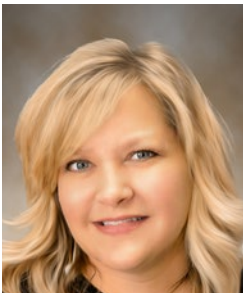


KAYLA BARNETT
HR Director

TERESA COHEN
Product
Implementation
Leader

GINA MURRAY
Risk and Resource
Specialist

DANNY CROSBY
Physical Assets/
Security Specialist



LAURA FILASEK
Board Liaison
Executive Assistant

MALLORY WEAR
National Sales
Director

MEMBER ALLIANCE GROUP
Standing: Elizabeth Ogle, Member Advisor;
Gisli Magnusson, Member Advisor; Ashley Daniels,
Marketing & Communications Leader
Seated: Tanya DeVlieger, Member Investment Director;
Denise Hill, Member Investment Director
Not Pictured: Hillary Harrell, Member Advisor
Support Specialist

INVESTMENTS
Allyson Gilbert, Investment Portfolio Analyst;
Allison Cobb, Investment Credit Analyst
Not Pictured: Darcy Morrison, Senior Investment
Credit Analyst

CAROL GLOVER
Internal Auditor

ACCOUNTING
Kellanee Beavers, Accountant
Brittany Walters, Accounting Leader

RUSS HOLMES
Information Security Director

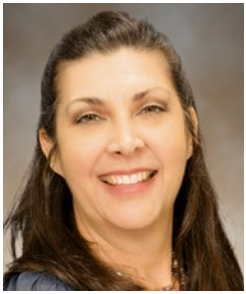
INFORMATION TECHNOLOGY
Shane St. John, IT Director; George McGeehan, IT Specialist; John Basco, Network Administrator; Luke Lang, Systems Administrator; Mori Jammeh, IT Specialist
Not Pictured: Paul Simpson, Software Administrator

ALM
Jackie Walker, Liquidity Director
Joe Rodgers, ALM Director/Senior Analyst

ALISON DAGNAN
Operations Leader

MEMBER SERVICE REPRESENTATIVES
Lisa Johnson, Ashley Campbell-Jones, Sharon Childs,
Lenora Davis, Jill Felton
Not Pictured: Victoria Hamm

MICHAEL KENNEDY
Electronic Payments Director



JENNY EDGEWORTH
Electronic Payments Leader

MARY ANN SPIEGEL
Project Management Director

RAVEN JOHNSON
ACH Leader

ELECTRONIC PAYMENT SPECIALISTS - BRANCH CAPTURE
Tonya Jackson, Wanda Bearden, Anita Burke, Lisa Chimento

ELECTRONIC PAYMENTS SPECIALISTS - SHARE DRAFTS
Trent Kirk, Carolyn Thornton, David Short, Sheryll Wilson

Call to Order

First Vice Chairman Brad Long called the thirty-fourth annual meeting of Corporate America Credit Union to order at 8:07 a.m. Central at the Hilton Sandestin Beach Golf Resort & Spa in Destin, FL.

Recording Secretary

First Vice Chairman Long appointed Ms. Gina Self, Board Liaison/ Executive Assistant, as Recording Secretary.

Parliamentarian

First Vice Chairman Long appointed Mr. Douglas Key with Mutual Savings Credit Union as Parliamentarian.

Invocation

Second Vice Chairman Gary Fairley gave the invocation.

Pledge of Allegiance

Second Vice Chairman Fairley requested everyone stand for the Pledge of Allegiance.

Attendance

First Vice Chairman Long determined that a quorum was present.

Introduction of Board

First Vice Chairman Long introduced the Board of Directors of Corporate America Credit Union.

Introduction of Supervisory Committee

First Vice Chairman Long introduced the Supervisory Committee of Corporate America Credit Union.

Approval of Consent Agenda

First Vice Chairman Long referred to the Consent Agenda, containing the Report of the Chairman and President on pages 4 and 5, Report of the Treasurer on page 6, Report of the Supervisory Committee on page 7, Report of the Loan Officer on page 7, and the Minutes of the 2014 Annual Meeting held on April 28, 2015, on pages 16-19.

It was unanimously VOTED: that the Consent Agenda, including the minutes of the previous meeting be accepted as presented.

Comments from the First Vice Chairman

First Vice Chairman Long stated that 2015 had some interesting economic developments that provided an opportunity to debate if events were good or bad for our economy. The broader stock market indices showed ups and downs during 2015, ending the year relatively flat. Promptly we experienced a correction as we entered January of 2016. The Fed's FOMC Committee boosted short-term rates by 25 basis points late in 2015. In most cases, market interest rate hikes increase yield for credit union investment portfolios. However, some say the increase will drive the U.S. economy into recession in the near future. Regardless of economic and world events, Corporate America must consistently serve our member credit unions.

In closing, First Vice Chairman Long expressed gratitude to the membership for their continuing confidence in Corporate America and for the opportunity to be their corporate credit union. He stated Corporate America's goal would continue to be helping member credit unions serve their members.

Comments from the President

First Vice Chairman Long called upon President Pete Pritts for his comments. President Pritts stated Corporate America took many steps in 2015 to deliver products to serve the needs of our member credit unions. Modernization of payment systems platforms was a priority, and Corporate America's ACH, coin & currency, international wire, and mobile banking platforms were all updated. Investment options were also provided for members. Corporate America continues to pay an above market rate on our Super 30 account, an account requiring a 30-day notice for withdrawal that ended the year paying 65 basis points. The Super 30 account has proven to be a differentiator in the market and very valuable to our member credit unions across the nation. Corporate America also continues to offer monthly CD specials for credit unions looking for longer term investment options. Marketable securities and brokered CDs are also available for purchase. Liquidity options are also necessary, and Corporate America has partnered with LoanStreet to offer member credit unions a mechanism to automate and standardize the syndication and purchase of loans. Experts at LoanStreet are

available to assist with compliance of the applicable rules and regulations associated with loan participation as well as improving or creating a program at your credit union.

In closing, President Pritts offered appreciation for the opportunity to work for member credit unions and for their support, adding that our staff strives to operate behind the scenes adding to their success. Corporate America wants our member credit unions to win by receiving excellent products and services from us, and then we win by maintaining the opportunity and privilege to work for them.

Unfinished Business

None.

New Business

First Vice Chairman Long called upon the Nominating Committee Chairperson Blane Mink to give the report. Nominating Committee Chairman Mink began by introducing the other members of the Nominating Committee: Jane Boysen and Dennis Holthaus. He thanked the Committee for assisting in the nominations.

He then presented the slate of candidates as chosen by the Committee:

BOARD OF DIRECTORS

Position	Term	Nominee	Credit Union
Director	3 Years	Gary Fairley	Jackson Area Federal Credit Union
Director	3 Years	Joyce Harrison	Mobile Postal Employees Credit Union
Director	3 Years	Monte Hill	Family Savings Credit Union
Director	3 Years	Steve Nix	AlaTrust Credit Union

SUPERVISORY COMMITTEE

Position	Term	Nominee	Credit Union
Sup. Comm.	1 Year	Nancy Kline	Fire Police City County Federal Credit Union
Sup. Comm.	3 Years	Karen DeLuca	America's First Federal Credit Union

Nominating Committee Chairman Mink stated no nominations by petition had been received and as such, the nominees announced were elected by acclamation.

Nominating Committee Chairman Mink congratulated the elected Directors and Supervisory Committee Members. First Vice Chairman Long thanked the Nominating Committee for their work.

Introduction of Business Partners

First Vice Chairman Long introduced the Business Partners in attendance.

Years of Service Recognition

President Pritts recognized Kim Burkett for 10 years of service with Corporate America.

Adjournment

First Vice Chairman Long asked for a motion to adjourn. The meeting was duly adjourned at 8:32 a.m. Central.

Bradley A. Long
First Vice Chairman

Joey Hand
Secretary/Treasurer

Section II: Corporate America Credit Union and Subsidiaries Consolidated Financial Statements

For The Years Ended December 31, 2016 and 2015

The management of Corporate America Credit Union (the "Corporate") is responsible for preparing the Corporate's annual financial statements in accordance with generally accepted accounting principles; for establishing and maintaining an adequate internal control structure and procedures for financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the NCUA 5310 - Corporate Credit Union Call Report; and for complying with the Federal laws, if applicable, State laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure.

The management of the Corporate has assessed the Corporate's compliance with the Federal and if applicable, State laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure during the fiscal year that ended on December 31, 2016. Based upon its assessment, management has concluded that the Corporate complied with the Federal laws and, if applicable, State laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure during the fiscal year that ended on December 31, 2016.

The Corporate's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory reporting purposes, i.e., NCUA 5310 – Corporate Credit Union Call Report. The Corporate's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporate; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory reporting purposes, and that receipts and expenditures of the Corporate are being made only in accordance with

authorizations of management and directors of the Corporate; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the Corporate's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Corporate's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the NCUA 5310 – Corporate Credit Union Call Report, as of December 31, 2016, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 2013 Internal Control – Integrated Framework.

Based upon its assessment, management has concluded that, as of December 31, 2016, the Corporate's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the NCUA 5310 – Corporate Credit Union Call Report, is effective based on the criteria established in the 2013 Internal Control – Integrated Framework.

Corporate America Credit Union

Pete Pritts, President/CEO

Rachel Dodson, VP - Accounting

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

Supervisory Committee and Board of Directors
Corporate America Credit Union
Birmingham, Alabama

Report on Internal Control Over Financial Reporting - We have audited Corporate America Credit Union's (the "Corporate") internal control over financial reporting as of December 31, 2016, based on criteria established in the *Internal Control—Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) relevant to reporting objectives for the express purpose of meeting the regulatory requirements of Regulation 704.15 of the National Credit Union Administration (NCUA).

Management's Responsibility for Internal Control Over Financial Reporting - Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying management's assessment of internal control over financial reporting.

Auditor's Responsibility - Our responsibility is to express an opinion on the Corporate's internal control over financial reporting based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Definition and Inherent Limitations of Internal Control Over Financial Reporting - The Corporate's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Regulation 704.15 of the National Credit Union Administration, our audit of Corporate's internal control over financial reporting included controls over the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and with the instructions to the consolidated financial statements for NCUA-5310 (Corporate Credit Union Call Report). An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion - In our opinion, Corporate America Credit Union maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in the ***Internal Control—Integrated Framework*** (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) relevant to reporting objectives for the express purpose of meeting the regulatory requirements of Regulation 704.15 of the Nation Credit Union Administration (NCUA).

Other Matter - This report is intended solely for the information and use of management, the Supervisory Committee, the Board of Directors, others within the organizations and the National Credit Union Administration and is not intended to be and should not be used by anyone other than these specified parties.

Report on Financial Statements - We also have audited, in accordance with auditing standards generally accepted in the United States of America, the 2016 consolidated financial statements of Corporate America Credit Union, and our report dated March 20, 2017, expressed an unmodified opinion on those consolidated financial statements.

Atlanta, Georgia
March 20, 2017

Crowe Horwath LLP

Crowe Horwath LLP

Independent Auditors' Report

Crowe Horwath LLP
Independent Member Crowe Horwath International

To the Supervisory Committee and Board of Directors
Corporate America Credit Union
Birmingham, Alabama

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Corporate America Credit Union and Subsidiaries (the Corporate), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Corporate America Credit Union and Subsidiaries as of December 31, 2016 and 2015, and the results of their operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements
We also have audited in accordance with auditing standards generally accepted in the United States of America, Corporate America Credit Union and Subsidiaries' internal control over financial reporting as of December 31, 2016, based on criteria established in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) relevant to reporting objectives for the express purpose of meeting the regulatory requirements of Regulation 704.15 of the Nation Credit Union Administration (NCUA) and our reported dated March 20, 2017 expressed an unmodified opinion.

Crowe Horwath LLP

Crowe Horwath LLP

Atlanta, Georgia
March 20, 2017

Consolidated Statements of Financial Condition

DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$621,744,056	$ 827,496,708
Investments		
Securities available-for-sale (Note 2)	1,755,759,580	1,683,095,934
Federal Home Loan Bank stock	9,536,800	9,050,000
Loans to members (Note 3)	11,037,828	14,230,699
Accrued interest receivable	6,394,884	4,993,299
Property and equipment, net (Note 4)	2,738,415	2,914,735
Accounts receivable principal payment	10,783,037	7,159,891
Other assets	1,908,945	1,905,579
Credit union owned life insurance	-	16,869,170
National Credit Union Share Insurance Fund	907,886	911,898
Total Assets	$ 2,420,811,431	$ 2,568,627,913
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' share and capital accounts (Note 5)	$ 2,120,554,565	$ 2,283,801,265
Borrowings from the FHLB (Note 6)	170,000,000	170,000,000
Accrued interest payable	2,123,324	1,698,125
Accounts payable and accrued expenses	2,098,440	2,294,439
Total Liabilities	2,294,776,329	2,457,793,829
Members' Equity, Substantially Restricted		
Perpetual paid-in capital	100,095,520	100,095,520
Undivided earnings	32,676,300	23,091,581
	132,771,820	123,187,101
Accumulated other comprehensive loss	(6,736,718)	(12,353,017)
Total Members' Equity	126,035,102	110,834,084
Total Liabilities and Members' Equity	$ 2,420,811,431	$ 2,568,627,913

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Interest Income		
Interest on investments	$ 34,044,919	$ 22,182,865
Interest on loans	173,439	113,889
	34,218,358	22,296,754
Interest Expense		
Members' share and non-perpetual capital accounts	11,172,564	5,045,727
Borrowed funds	7,537,060	7,263,595
	18,709,623	12,309,322
Net Interest Income	15,508,735	9,987,432
Non-interest Revenues (Expenses):		
Item processing fees	2,312,296	2,345,936
Financial service fees and other income	4,480,926	4,112,744
Costs of financial services	(1,115,618)	(1,105,492)
(Losses) gains on sales of securities	(271,153)	748,586
Gains on disposals of assets	8,000	23,388
	5,414,451	6,125,162
Non-interest Operating Expenses:		
Compensation and benefits	6,305,984	5,796,980
Occupancy and operations	1,562,629	1,403,443
Other	2,216,900	2,038,754
	10,085,513	9,239,177
Net Income	$ 10,837,673	$ 6,873,417

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Net income	$ 10,837,673	$ 6,873,417
Other comprehensive income (loss)		
Less reclassification adjustment for (gains) losses realized in net income	271,153	(748,586)
Net unrealized holding gains (losses) on available-for-sale securities arising during the year	4,845,315	(9,955,110)
Net gain (loss) on defined benefit plan funded benefit status	302,492	(1,168,842)
Reclassification adjustment for amortization of net accumulated losses included in net periodic pension cost	197,339	130,812
Other comprehensive income	5,616,299	(11,741,726)
Comprehensive income (loss)	$ 16,453,972	$ (4,868,309)

See accompanying notes to consolidated financial statements.

	Perpetual Paid-In Capital
Beginning Balance, January 1, 2015	$ 100,095,520
Dividends on perpetual paid-in capital	-
Net income	-
Change in fair value of securities available-for-sale	-
Defined benefit plan adjustment	-
Ending Balance, December 31, 2015	100,095,520
Dividends on perpetual paid-in capital	-
Net income	-
Change in fair value of securities available-for-sale	-
Defined benefit plan adjustment	-
Ending Balance, December 31, 2016	$ 100,095,520

See accompanying notes to consolidated financial statements.

Changes in Members' Equity

DECEMBER 31, 2016 AND 2015

Undivided Earnings	Accumulated Other Comprehensive Loss	Total
$ 16,968,880	$ (611,290)	$ 116,453,110
(750,716)	-	(750,716)
6,873,417	-	6,873,417
-	(10,703,697)	(10,703,697)
-	(1,038,030)	(1,038,030)
23,091,581	(12,353,017)	110,834,084
(1,252,954)	-	(1,252,954)
10,837,673	-	10,837,673
-	5,116,468	5,116,468
-	499,831	499,831
$ 32,676,300	$ (6,736,718)	$ 126,035,102

Consolidated Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Operating Activities		
Net income	$ 10,837,673	$ 6,873,417
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	383,245	410,793
Net amortization (Accretion) of investment premiums\discounts	17,855,911	15,106,028
(Gain) loss on sale of securities	271,153	(748,586)
Gain on disposal of assets	(8,000)	(14,160)
Gain on sale of CUSOs	-	(9,228)
Earnings on credit union owned life insurance	(418,311)	(171,879)
Increase in accrued interest receivable	(1,401,585)	(746,047)
Increase in receivables and other assets	(3,126,681)	(2,455,622)
Increase in accrued interest payable	425,199	399,488
Increase (decrease) in accrued liabilities	(195,999)	1,443,063
Cash provided by operating activities	24,622,605	20,087,267
Investing Activities		
Purchases of property and equipment	(221,925)	(548,336)
Proceeds from disposal of property and equipment	23,000	27,160
Net decrease (increase) in loans to members	3,192,871	(8,739,638)
Purchases of securities available-for-sale	(1,112,794,661)	(931,705,703)
Proceeds from sales and redemptions of AFS securities	468,298,821	321,142,628
Proceeds from principal repayments on AFS securities	558,821,600	372,188,392
Proceeds from sale of CUSO	-	9,228
Purchases of credit union owned life insurance	(608,766)	(16,697,291)
Proceeds from sales of credit union owned life insurance	17,896,247	-
Decrease (increase) in NCUSIF deposit	4,012	(16,446)
Net (purchases) sales of FHLB stock	(486,800)	257,500
Cash used by investing activities	(65,875,601)	(264,082,506)

(Continued)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Financing Activities		
Net increase (decrease) in member accounts	(163,246,700)	544,627,404
Dividends on perpetual paid-in capital	(1,252,956)	(750,716)
Cash provided (used) by financing activities	(164,499,656)	543,876,688
Increase (decrease) in cash and cash equivalents	(205,752,652)	299,881,449
Cash and cash equivalents at beginning of year	827,496,708	527,615,259
Cash and cash equivalents at end of year	$ 621,744,056	$ 827,496,708
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 18,284,424	$ 11,909,835
CUSO income taxes paid	-	117,926
Supplemental Disclosure of Non-cash Investing Activities:		
Net change in unrealized gains on AFS securities	$ 5,116,468	$ (10,703,697)
Defined benefit plan adjustment to AOCI	(499,831)	1,038,030

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: Corporate credit unions are not-for-profit cooperatives that make up the corporate credit union system. The primary purpose of corporate credit unions is to assist their natural-person credit union members in the financial services market. Corporate America Credit Union ("Corporate America" or "the Corporate"), an Alabama state chartered credit union, was established to operate as a corporate credit union for the purpose of meeting its members' liquidity and investment needs as well as providing settlement and other financial services. Corporate America's members consist of credit unions located across the nation, primarily within Alabama. Corporate America's board of directors is composed of current executive management from the Corporate's member credit unions. Corporate America is regulated by the Alabama Credit Union Administration (ACUA) and insured by the National Credit Union Administration (NCUA).

Corporate America's wholly-owned subsidiary, SmartSource Solutions, LLC, was formed for the purpose of providing web development, hosting, and content management services and offering online solutions for members and the credit union industry.

Subsequent Events: Management has evaluated subsequent events through March 20, 2017, the date on which the financial statements were available to be issued.

Principles of Consolidation: The consolidated financial statements include the accounts of Corporate America Credit Union and its wholly-owned subsidiary, SmartSource Solutions, LLC. All significant intercompany accounts and transactions have been eliminated.

Financial Statement Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically management has made assumptions in estimating the fair values of financial investments, in the assessment of other-than-temporary impairment of investments and in the amortization and accretion of premiums and discounts on investments subject to prepayment risks. Actual results could differ from those estimates.

Concentration of Credit Risk: Corporate America may be exposed to credit risk since the majority of the Corporate's business activity is with its members who are primarily credit unions located across the nation, primarily within Alabama. Corporate America makes loans to these member credit unions; substantially all of the borrowing credit unions' assets, excluding residential real estate loans, are secured as collateral. Periodic credit reviews are made in order to assist the Corporate in determining the appropriate levels of allowance for doubtful accounts. Corporate America has certain member credit unions which maintain significant deposit balances. Deposits of the top five members aggregated 13% of total member deposits at December 31, 2016 and 20% of total member deposits at December 31, 2015.

Financial instruments which potentially subject the Corporate to concentrations of credit risk include cash and cash equivalents, investments, and loans to members. Cash and cash equivalents are placed with the Federal Reserve and the Federal Home Loan Bank and, at times, deposits may exceed federally insured limits. Investments consist primarily of debt obligations of the U.S. Government or its agencies or other asset-backed securities and Federal Home Loan Bank stock.

Cash and Cash Equivalents: For purposes of statement of financial condition classification and the statement of cash flows, cash and cash equivalents include cash on deposit, cash items in the process of collection and amounts due from correspondent depository institutions with maturities less than 90 days. Cash flows from loans and FHLB investments, members' accounts and borrowed funds are reported net in the statement of cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Securities: Investment accounting practices have been adopted as follows:

Available-for-Sale: Government and government agency bonds, government sponsored enterprises, mortgage-backed securities, private label commercial mortgage pass-through securities, other asset-backed securities and mutual fund investments are classified available-for-sale when the Corporate anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value.

Unrealized gains and losses on securities available-for-sale are recognized as direct increases or decreases in accumulated other comprehensive loss. Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities, except for mortgage-backed securities where prepayments are anticipated.

Gains and losses on the sale of securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

Corporate America follows the accounting guidance related to recognition and presentation of other than temporary impairment (OTTI), which is primarily codified in FASB ASC 320-10. This guidance specifies that (a) if a company does not have the intent to sell a debt security prior to recovery and (b) it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other than temporarily impaired unless there is a credit loss. When an entity does not intend to sell the security and it is more likely than not the entity will not have to sell the security before recovery of its cost basis; it will recognize the credit component of an OTTI of a debt security in earnings and the remaining portion in other comprehensive income. There was no OTTI as of December 31, 2016 and 2015.

In accordance with this OTTI guidance, for debt securities that the Corporate intends to sell or would more likely than not be required to sell before the expected recovery of the amortized cost basis, OTTI is recognized in earnings as the difference between the security's amortized cost basis and fair value. For debt securities that management has no intent to sell and believes that it more likely than not will not be required to sell prior to recovery, only the credit loss component of the impairment is recognized in earnings, while the fair value loss is recognized in accumulated other comprehensive loss. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security as projected based on cash flow projections. See Note 2 to the Consolidated Financial Statements for disclosures related to Corporate America's investment in securities and other than temporary impairments.

Federal Home Loan Bank Stock: Corporate America's investment in stock of the Federal Home Loan Bank ("FHLB") is accounted for at cost because it does not have a readily determinable fair value and because its ownership is restricted. At December 31, 2016 and 2015, the Corporate maintains the minimum investment required by the FHLB, which amounted to $9,536,800 and $9,050,000, respectively. Management evaluates the FHLB stock annually for impairment based on the ultimate recoverability of the cost basis in the FHLB stock.

Loans to Members: Loans to members consist of settlement loans, demand loans and term loans. Loans to members are stated at the unpaid principal amount outstanding, net of any related allowance for loan losses. Interest rates charged on settlement and demand loans are at a variable rate. Term loans are advanced at fixed rates. Interest income is accrued on the daily balance outstanding at the rate in effect. Loans to members are secured by substantially all of the member's assets excluding residential real-estate loans.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The allowance for loan losses is based on management's evaluation of the collectability of the loans. The evaluation of management includes consideration of prior loan-loss experience, the results of internal review procedures, the current financial condition of the borrower, the quality of the collateral and current economic conditions affecting the inherent collection risks of the loan portfolio. The accrual of interest is discontinued when management believes that the collection of interest is doubtful. Corporate America has not historically incurred loan losses. At December 31, 2016 and 2015, management determined that all loans were collectable and, therefore, no allowance for loan losses was recorded.

Property and Equipment: Land is carried at cost. Building, leasehold improvements, furniture, fixtures, and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization is calculated over the estimated useful lives of the assets (typically ranging from 2 to 30 years) using the straight-line method.

Credit Union Service Organization (CUSOs) Equity Investments: CUSOs are entities created to serve credit unions and are subject to review by the NCUA. The Corporate is a less than 20% owner in Primary Financial Company, LLC and Core Network Processing, LLC, both of which are CUSOs. As of December 31, 2016 and 2015, the stock in Primary Financial Company, LLC and Core Network Processing, LLC are reported in other assets at the equity value of $261,313 and $251,859 and $145,149 and $130,044, respectively. Management evaluates CUSO stock annually for impairment. The Corporate's consolidated wholly-owned subsidiary, SmartSource Solutions, LLC is a CUSO.

Credit Union Owned Life Insurance: The Corporate has purchased life insurance policies on certain key executives. Credit union owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

National Credit Union Share Insurance Fund: The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with NCUA regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to 1% of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the NCUA Board.

Deferred Settlement Balances: Deferred settlement balances primarily consist of uncollected cash items such as uncollected cash letters and net ACH transactions that have not cleared the Federal Reserve Bank.

Members' Accounts: Members' shares are subordinated to all other liabilities of the Corporate upon liquidation. Interest on members' accounts is based on available earnings at the end of an interest period and is not guaranteed by the Corporate. Interest rates on members' accounts are set by management, as authorized by Corporate America's Board of Directors, based on an evaluation of current and future market conditions.

Members' Equity - Perpetual Contributed Capital and Perpetual Paid-in-Capital: As of December 31, 2016 and 2015, Corporate America had the following perpetual contributed capital and perpetual paid-in-capital outstanding:

- PIC III is a non-voting class of membership equity investment in Corporate America that is perpetual non-maturing and non-cumulative. As of December 31, 2016 and 2015, $85,320,000 in PIC III was outstanding with no stated maturity.
- PCC I is a non-voting class of membership equity investment in Corporate America that is perpetual non-maturing and non-cumulative. As of December 31, 2016 and 2015, $8,180,817 in PCC I was outstanding with no stated maturity.
- PCC II is a non-voting class of membership equity investment in Corporate America that is perpetual non-maturing and non-cumulative. As of December 31, 2016 and 2015, $6,594,703 in PCC II was outstanding with no stated maturity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effective October 20, 2011, the Revised Corporate Part 704 Rule established new capital types. The term "perpetual contributed capital" (PCC) replaced "paid-in-capital" (PIC) for any new issuances. The shares that were issued prior to the rule revision will remain classified as paid-in-capital.

For financial statement presentation at December 31, 2016 and 2015, PIC III, PCC I and PCC II accounts are classified as substantially restricted equity and dividend payments are recorded as a reduction of equity.

Perpetual paid-in-capital (PIC III) is a separate subordinate, non-voting class of membership equity investment in Corporate America that is perpetual non-maturing and non-cumulative. Payment of dividends and repayment of principal is subordinate to all share certificate accounts and all previous issues of paid-in-capital accounts (PIC I & PIC II). PIC III accounts are wholly at-risk and are not subject to share insurance coverage by the NCUSIF, were offered at the discretion of Corporate America, are callable only at the option of Corporate America with prior permission from both the NCUA and the ACUA, may not be pledged in whole or in part, and are available to cover losses that exceed the Corporate's retained earnings. In the event of liquidation, funds in the PIC III accounts are payable only after satisfaction of all liabilities including perpetual contributed capital and all previously issued paid–in-capital.

Perpetual Contributed Capital (PCC I) is a subordinate, non-voting class of membership equity investment in Corporate America that is perpetual non-maturing and non-cumulative. Payment of dividends and repayment of principal is subordinate to all liabilities of the liquidation estate including uninsured obligations to shareholders and the NCUSIF but not including contributed capital accounts issued before January 18, 2011. However, paid-in-capital that is used to cover losses in a calendar year previous to the year of liquidation has no claim against the liquidation estate. PCC I accounts are not subject to share insurance coverage by the NCUSIF or other share or deposit insurance, were offered at the discretion of Corporate America, are callable only at the option of Corporate America with prior permission from both the NCUA and ACUA, may not be pledged against borrowings, and are available to cover losses that exceed the Corporate's retained earnings. In the event of liquidation, any claims made by the holders of PCC I will be subordinate to all other claims, including uninsured obligations to shareholders and the NCUSIF, but not including contributed capital accounts issued before January 18, 2011.

Perpetual Contributed Capital (PCC II) is a subordinate, non-voting class of membership equity investment in Corporate America. Payment of dividends and repayment of principal with respect to Corporate America Perpetual Contributed Capital II is subordinate to all liabilities of the liquidation estate including uninsured obligations to shareholders and the NCUSIF except contributed capital accounts issued before January 18, 2011. However, paid–in-capital that is used to cover losses in a calendar year previous to the year of liquidation has no claim against the liquidation estate. PCC II has no scheduled maturity date and is not redeemable except upon call by Corporate America and subject to maintenance of capital levels mandated by the NCUA, the ACUA, and the capital plan as set forth by the Board of Directors of Corporate America Credit Union from time to time. In order to call PCC II, Corporate America would have to have prior permission from both the NCUA and the ACUA. PCC II accounts are callable on a pro-rata basis across an issuance class.

Members' Equity - Undivided Earnings: Undivided Earnings represents the balance of retained earnings which is available for dividends.

Members' Equity – Reserves: Corporate America is required by the NCUA and ACUA to maintain corporate and special reserves which are calculated in accordance with applicable federal and state regulations. The amounts in these reserves are not available for dividends. (See Note 7 - Regulatory Capital)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: Corporate America is exempt from federal income taxes under provisions of the Internal Revenue Code, Section 501. The State of Alabama imposes a 6.5% excise tax on the taxable income of state-chartered credit unions. The Corporate's subsidiaries are subject to federal and state income taxes. Subsidiary income taxes are accounted for using the asset and liability approach, the objective of which is to recognize the amount of taxes payable or refundable for the current year. Any deferred tax assets or liabilities for future tax consequences have not been recognized and are immaterial to the consolidated financial statements. Subsidiary accrued income tax payable for the year end December 31, 2016 and 2015 amounted to $5,358 and $83,103, respectively.

Based on the guidance from the provisions of FASB ASC 740, *Income Taxes*, associated with uncertainty in income tax positions, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. Based on this guidance, management has assessed whether there were any uncertain tax positions that may give rise to income tax liabilities and has determined that as a state-chartered credit union, Corporate America is subject to unrelated business income tax. Corporate America is a state-chartered credit union described in Internal Revenue Code (IRC) Section 501(c) (14). As such, Corporate America is exempt from federal taxation of income derived from the performance of activities that are in furtherance of its exempt purposes. However, IRC Section 511 imposes a tax on the unrelated business income (as defined in Section 512 and Section 514) derived by state-chartered credit unions. The specific application of Section 512 to the various activities conducted by state-chartered credit unions has been a point of contention between state-chartered credit unions and the IRS for many years. During 2007, the Internal Revenue Service (IRS) issued a series of Technical Advice Memoranda (TAM) to a number of state-chartered credit unions located throughout the country. In these TAMs the IRS ruled that certain products and services are subject to taxation as unrelated business income. Certain credit unions have contested the IRS TAM rulings in court. Recent judgments have been in favor of the credit unions.

Corporate America has assessed its activities and any potential federal income tax liability. Corporate America believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. In the opinion of management, any liability arising from federal taxation of activities deemed to be unrelated to its exempt purposes is not expected to have a material effect on the Corporate's financial position or results of operation. Corporate America has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits requiring recognition in the consolidated financial statements.

The taxing authorities have the ability to assess taxes, penalties and interest for any years for which no tax return was filed. In the opinion of management, the potential tax liability and any potential additional liability resulting from the taxing authorities imposing taxes, penalties, and interest on the taxes due is not expected to have a material effect on the Corporate's financial position or results of operations. Years 2014 through 2016 are subject to audit by Federal and State tax authorities.

Retirement Plan: Pension expense is the net of service and interest cost, return on plan assets and amortization of gains and losses not immediately recognized. Employee 401(k) and profit sharing plan expense is the amount of matching contributions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comprehensive Loss: Comprehensive loss consists of net income and other comprehensive income (loss). Other comprehensive loss includes unrealized gains and losses on securities available-for-sale and changes in the funded status of defined benefit plan assets. At December 31, 2016 and 2015, accumulated other comprehensive loss was comprised of the following:

	2016	2015
Unrealized gains (losses) on securities available-for-sale	$ (5,558,839)	$ (10,675,307)
Defined benefit plan related adjustments	(1,177,879)	(1,677,710)
Accumulated other comprehensive loss	$ (6,736,718)	$ (12,353,017)

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Off-Balance-Sheet Credit Related Financial Instruments: In the ordinary course of business, the Corporate has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

Adoption of New Accounting Standards and Newly Issued Not Yet Effective Accounting Standards: *ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)."* In May 2015, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) and in August 2015 issued ASU 2015-14 Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date which amended existing guidance related to revenue from contracts with customers. This amendment supersedes and replaces nearly all existing revenue recognition guidance, including industry-specific guidance, establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. In addition, this amendment specifies the accounting for some costs to obtain or fulfill a contract with a customer. These amendments are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early application is permitted only as of annual reporting periods beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which the entity first applies the guidance of ASU 2014-09. The amendments should be applied retrospectively to all periods presented or retrospectively with the cumulative effect recognized at the date of initial application. Management has evaluated ASU 2014-09 and does not believe that adoption of this ASU will have a significant impact as a majority of the Corporate's revenue is derived from financial instruments.

ASU 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (An Amendment of the FASB Accounting Standards Codification)." Issued in January 2016, ASU 2016-01 is intended to enhance the reporting model for financial instruments to provide users of financial statements with improved decision-making information. The amendments of ASU 2016-01 include: (i) requiring equity investments, except those accounted for under the equity method of accounting or those that result in the consolidation of an investee, to be measured at fair value with changes in fair value recognized in net income; (ii) requiring a qualitative assessment to identify impairment of equity investments without readily determinable fair values; (iii) eliminating the requirement to disclose the method and significant assumptions used to estimate the fair value for financial instruments measured at amortized cost on the balance sheet; (iv) requiring the use of the exit price notion when measuring the fair value of financial instruments for disclosure purposes; (v) requiring an entity that has elected the fair value option to measure the fair value of a liability to present separately in other comprehensive income the portion of the change in the fair value resulting from a change in the instrument-specific credit risk; (vi) requiring separate presentation of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements and (vii) clarifying that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available for sale securities in combination with the entity's other deferred tax assets. The amendments of ASU 2016-01 are effective for interim and annual periods beginning after December 15, 2018. The Corporate is currently evaluating the impact of this new accounting standard on the consolidated financial statements.

ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." Issued in June 2016, ASU 2016-13 will add FASB ASC Topic 326, "Financial Instruments-Credit Losses" and finalizes amendments to FASB ASC Subtopic 825-15, "Financial Instruments-Credit Losses." The amendments of ASU 2016-13 are intended to provide financial statement users with more decision-useful information related to expected credit losses on financial instruments and other commitments to extend credit by replacing the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The amendments of ASU 2016-13 eliminate the probable initial recognition threshold and, in turn, reflect an entity's current estimate of all expected credit losses. ASU 2016-13 does not specify the method for measuring expected credit losses, and an entity is allowed to apply methods that reasonably reflect its expectations of the credit loss estimate. Additionally, the amendments of ASU 2016-13 require that credit losses on available for sale debt securities be presented as an allowance rather than as a write-down. The amendments of ASU 2016-13 are effective for interim and annual periods beginning after December 15, 2020. Earlier application is permitted for interim and annual periods beginning after December 15, 2018. The Corporate is currently evaluating the impact of this new accounting standard on the consolidated financial statements.

ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." Issued in August 2016, ASU 2016-15 provides guidance to reduce the diversity in practice of how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments of ASU 2016-15 provide guidance on eight specific cash flows: (i) debt prepayment or debt extinguishment costs; (ii) settlement of zero-coupon bonds; (iii) contingent consideration payments made after a business combination; (iv) proceeds from the settlement of insurance claims; (v) proceeds from the settlement of corporate-owned life insurance policies, including credit union-owned life insurance policies; (vi) distributions received from equity method investees; (vii) beneficial interests in securitization transactions and (viii) separately identifiable cash flows and application of the predominance principle. The amendments of ASU 2016-15 are effective for interim and annual periods beginning after December 15, 2018. Management has evaluated the amendments of ASU 2016-15 and does not believe that adoption of this ASU will impact the Corporate's existing presentation of the applicable cash receipts and cash payments on its consolidated statements of cash flows.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or members' equity.

NOTE 2 - INVESTMENT SECURITIES - AVAILABLE-FOR-SALE

The amortized cost and estimated fair value of available-for-sale investments as of December 31, 2016 and 2015 are as follows:

December 31, 2016

Securities Available-for-Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government Agency or GSE:				
CMOs	$ 82,945,509	$ 67,910	$ (1,269,020)	$ 81,744,399
Mortgage-backed securities: Residential	-	-	-	-
Agency	927,594	-	(2,841)	924,753
SBA loan pools	834,340,608	2,537,542	(4,047,036)	832,831,114
	918,213,711	2,605,452	(5,318,897)	915,500,266
Asset-backed securities				
FFELP backed student loans	238,992,068	291,605	(3,370,009)	235,913,664
Non FFELP student loans	20,631,781	331,485	-	20,963,265
Non FFELP other assets loans	583,482,712	1,021,480	(1,119,954)	583,384,239
	843,106,561	1,644,570	(4,489,963)	840,261,168
Total Available-For-Sale	$ 1,761,320,272	$ 4,250,022	$ (9,808,860)	$ 1,755,761,434

December 31, 2015

Securities Available-for-Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government Agency or GSE:				
CMOs	$ 128,793,343	$ 96,761	$ (3,013,463)	$ 125,876,641
Mortgage-backed securities: Residential	2,486,023	-	(44,316)	2,441,707
Agency	6,169,483	-	(57,217)	6,112,266
SBA loan pools	717,561,453	2,965,732	(3,026,707)	717,494,126
	855,010,302	3,062,493	(6,141,703)	851,924,740
Asset-backed securities				
FFELP backed student loans	303,088,951	166,162	(5,627,233)	297,627,880
Non FFELP student loans	18,189,514	-	(270,736)	17,918,778
Non FFELP other assets loans	517,483,239	453,356	(2,317,646)	515,624,536
	838,761,704	619,518	(8,215,615)	831,171,194
Total Available-For-Sale	$ 1,693,772,006	$ 3,682,011	$ (14,357,318)	$ 1,683,095,934

Proceeds from sales and calls of investments classified as available-for-sale were $468,298,818 and $319,636,228 the years ended December 31, 2016 and 2015, respectively. Gains and losses on the sales and calls of these investments are as follows:

	2016	2015
Realized gains	$ 1,333,354	$ 906,112
Realized losses	(1,604,507)	(157,526)
	$ (271,153)	$ 748,586

The related unrealized loss of $5,558,839 included in other comprehensive income remained in other comprehensive income, to be amortized out of other comprehensive income with an offsetting entry to interest income as a yield adjustment through earnings over the remaining term of the securities.

NOTE 2 - INVESTMENT SECURITIES - AVAILABLE-FOR-SALE (Continued)

There was no other-than-temporary impairment recognized in accumulated other comprehensive income during 2016 or 2015.

U.S. Government Agency or Government Sponsored Enterprises: At December 31, 2016, Corporate America's available-for-sale portfolio was comprised of approximately 52% in debt obligations of U.S Government Agencies or Government Sponsored Enterprises (GSEs). Approximately 9% of these agency securities were comprised of mortgage obligations (CMOs and MBS) that were either issued by a U.S. Government Agency such as the Government National Mortgage Association (Ginnie Mae) or GSEs such as the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac). GSEs are independent organizations generally considered to be of high credit quality that are in part sponsored by the U.S. Government and generally carry an implicit guarantee. In addition, approximately 91% of the agency portfolio at December 31, 2016 consisted of Small Business Administration (SBA) loan pools that are fully guaranteed by the full faith and credit of the U.S. Government and are considered to have the highest credit quality.

Non-Agency Securities: At December 31, 2016, non-agency securities were comprised almost entirely by asset-backed securities with senior structures that contain multiple credit enhancements including subordination, cross/over-collateralization and yield spreads. Additionally, as of December 31, 2016, approximately one-quarter of the Corporate's asset-backed securities are collateralized by student loans that are insured 97% by the Federal Family Education Loan Program (FFELP).

As of December 31, 2016 and 2015, the Corporate's non-agency securities consisted of:

	2016		
Underlying Collateral	Amortized Cost	Estimated Fair Value	Unrealized Gain/(Loss)
FFELP Backed Student Loans			
Structured term security	$ 184,994,490	$ 181,919,664	$ (3,074,826)
Auction rate security	53,997,578	53,994,000	(3,578)
	238,992,068	235,913,664	(3,078,404)
Non FFELP student loans	20,631,781	20,963,265	331,484
Non FFELP other assets loans	583,482,712	583,384,239	(98,473)
	604,114,493	604,347,504	233,011
	$ 843,106,561	$ 840,261,168	$ (2,845,393)

	2015		
Underlying Collateral	Amortized Cost	Estimated Fair Value	Unrealized Gain/(Loss)
FFELP Backed Student Loans			
Structured term security	$ 248,298,482	$ 242,993,183	$ (5,305,298)
Auction rate security	54,790,469	54,634,697	(155,773)
	303,088,951	297,627,880	(5,461,071)
Non FFELP student loans	18,189,514	17,918,778	(270,736)
Non FFELP other assets loans	517,483,239	515,618,949	(1,864,290)
	535,672,753	533,537,727	(2,135,026)
	$ 838,761,704	$ 831,165,607	$ (7,596,097)

NOTE 2 - INVESTMENT SECURITIES - AVAILABLE-FOR-SALE (Continued)

Maturity of Available-for-Sale Securities: The amortized cost and fair value of available-for-sale investment securities at December 31, 2016 and 2015, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

December 31, 2016	Amortized Cost	Estimated Fair Value
U.S. Government Agency or GSE:		
Collateralized mortgage obligations:		
Due in five to ten years	$ 2,205,234	$ 2,235,661
Due after ten years	80,740,275	79,508,738
	82,945,509	81,744,399
Mortgage backed securities:		
Due in five to ten years	-	-
	-	-
Agency:		
Due in one to five years	927,594	924,753
Due in five to ten years	-	-
	927,594	924,753
SBA loan pools:		
Due in one to five years	28,862,667	28,893,142
Due in five to ten years	190,440,968	189,726,375
Due after ten years	615,036,973	614,211,597
	834,340,608	832,831,114
Asset-backed securities:		
Due in one to five years	483,701,829	483,524,593
Due in five to ten years	211,139,883	208,840,708
Due after ten years	148,264,849	147,895,867
	843,106,561	840,261,168
	$ 1,761,320,272	$ 1,755,761,434

December 31, 2015	Amortized Cost	Estimated Fair Value
U.S. Government Agency or GSE:		
Collateralized mortgage obligations:		
Due in one to five years	$ 1,357,360	$ 1,358,962
Due in five to ten years	4,000,786	4,054,578
Due after ten years	123,435,197	120,463,101
	128,793,343	125,876,641
Mortgage backed securities:		
Due in five to ten years	2,486,023	2,441,707
	2,486,023	2,441,707
Agency:		
Due in one to five years	1,169,483	1,158,201
Due in five to ten years	5,000,000	4,954,065
	6,169,483	6,112,266
SBA loan pools:		
Due in one to five years	15,504,664	15,406,592
Due in five to ten years	174,516,495	175,034,895
Due after ten years	527,540,293	527,052,639
	717,561,452	717,494,126
Asset-backed securities:		
Due in one to five years	439,628,972	438,641,656
Due in five to ten years	215,647,210	211,374,016
Due after ten years	183,485,523	181,155,522
	838,761,705	831,171,194
	$ 1,693,772,006	$ 1,683,095,934

NOTE 2 - INVESTMENT SECURITIES - AVAILABLE-FOR-SALE (Continued)

Securities pledged at year-end 2016 and 2015 had a carrying amount of $251,632,566 and $320,587,320 and were pledged to secure public deposits and repurchase agreements.

At year-end 2016 and 2015, there were holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of members' equity. Those securities are listed below:

December 31, 2016 Issuer:	Total Fair Value	Members' Equity
**COLLE 2007-2 A1	$ 29,683,469	24%
NDFMT 2014-1A A	29,567,498	23
COMET 2016-A7 A7	28,513,110	23
AXIS 2016-1A A	27,866,742	22
FORDF 2016-5 A2	26,051,188	21
**SLMA 2008-5 A4	25,900,951	21
NFMOT 2016-1A A1	25,343,573	20
AFIN 2015-2 A2	25,014,903	20
NAVMT 2016-1 A	23,653,252	19
**ACCSS SERIES 2002-1 CLASS A3	22,944,000	18
**SLMA 2008-9 A	22,419,590	18
FCAT 2016-3 A2	22,320,924	18
CRART 2016-2 A2	22,002,642	17
**SLMA 2013-2 A	21,482,928	17
CAALT 2015-2A A	21,473,806	17
WFNMT 2015-C A	20,142,197	16
GMALT 2016-1 A2B	20,014,322	16
GMALT 2016-3 A4	18,839,363	15
**NORTHSTAR ED FIN INC SER A-3	18,400,000	15
**USBR 2015-1 A	16,900,805	13
**NAVSL 2015-2 A2	15,477,635	12
**ELAB 2013-1A A1	14,917,448	12
GEDFT 2015-2 A	14,886,705	12
SYNCT 2016-1 A	14,058,622	11
HERTZ 2015-2A A	13,866,734	11
CFII 2016-2A A1	13,464,969	11

December 31, 2015 Issuer:	Total Fair Value	Members' Equity
NDFMT 2014-1A A	$ 30,450,000	27%
**SLMA 2008-5 A4	29,674,133	27
**COLLE 2007-2 A1	29,618,073	27
CRART 2015-3 A2	29,117,729	26
GEDFT 2015-2 A	27,686,963	25
**SLMA 2008-9 A	26,697,352	24
**SLMA 2013-2 A	25,018,991	23
EFF 2015-1 A2	23,915,287	22
CRART 2014-4 A3	23,914,003	22
**ACCSS SERIES 2002-1 CLASS A3	22,944,000	21
SDART 2015-2 A2B	22,832,404	21
CARMX 2015-1 A2	22,046,905	20
**SLMA 2008-3 A3	21,790,000	20
**USBR 2015-1 A	21,746,735	20
CAALT 2015-2A A	21,262,013	19
CARMX 2015-3 A2B	20,494,369	18
**ELAB 2013-1A A1	19,723,553	18
AMCAR 2015-2 A2B	19,544,514	18
**NORTHSTAR ED FIN INC SER A-3	18,200,000	16
SOFI 2015-C A2	17,918,778	16
**SLMA 2013-6 A2	15,785,451	14
**NAVSL 2015-A2	15,252,958	14
FCAT 2015-1 A	14,711,907	13
FCAT 2015-3 A	14,578,251	13
WOLS 2015-A A2A	13,938,285	13
HERTZ 2015-2A A	13,808,203	12

NOTE 2 - INVESTMENT SECURITIES - AVAILABLE-FOR-SALE (Continued)

CRART 2014-1 A4	13,801,968	12
ACAR 2015-3 A	13,432,480	12
CAALT 2014-1A A	12,945,271	12
AMCAR 2012-3 C	12,866,299	12
LRF 2015-1 A2	12,464,901	11

** Collateralized by student loans that are insured 97% by the U.S. Government through the Federal Family Education Loan Program (FFELP)

There are no holdings of securities of any one issuer, other than the U.S. Government and its agencies, that exceed 25% of regulatory capital and the Corporate is in full compliance with NCUA rules and regulations as prescribed by Part 704.6.

Temporarily Impaired Securities: Information pertaining to securities available-for-sale with gross unrealized losses at December 31, 2016 and 2015 aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2016						
U.S. Government Agency or GSE:						
Federal agency securities	$ 924,753	$ (2,841)	$ -	$ -	$ 924,753	$ (2,841
CMO's	63,225,190	(1,245,081)	4,643,959	(23,939)	67,869,149	(1,269,020
SBA loan pools	242,407,327	(1,636,571)	176,516,645	(2,410,465)	418,923,973	(4,047,036
MBS's	-	-	-	-	-	-
	306,557,270	(2,884,493)	181,160,604	(2,434,404)	487,717,874	(5,318,897
Non-agency securities:						
FFELP backed student loans	305,121	(15)	211,827,667	(3,369,994)	212,132,788	(3,370,009
Non-FFELP student loans	-	-	-	-	-	-
Non-FFELP other assets loans	192,398,750	(1,099,609)	10,873,972	(20,344)	203,272,722	(1,119,954
	192,703,871	(1,099,624)	222,701,639	(3,390,338)	415,405,510	(4,489,963
Total	$499,261,141	$ (3,984,117)	$403,862,243	$ (5,824,742)	$903,123,384	$ (9,808,860
December 31, 2015						
U.S. Government Agency or GSE:						
Federal agency securities	$ 4,954,065	$ (45,935)	$ 1,158,201	$ (11,282)	$ 6,112,266	$ (57,217
CMO's	52,104,634	(807,036)	57,070,251	(2,206,427)	109,174,885	(3,013,463
SBA loan pools	314,733,184	(2,331,657)	36,945,422	(695,050)	351,678,605	(3,026,707
MBS's	-	-	2,441,707	(44,316)	2,441,707	(44,316
	371,791,883	(3,184,628)	97,615,581	(2,957,075)	469,407,463	(6,141,703
Non-agency securities:						
FFELP backed student loans	135,157,070	(1,440,149)	147,815,679	(4,187,084)	282,972,749	(5,627,233
Non-FFELP student loans	17,918,778	(270,736)	-	-	17,918,778	(270,736
Non-FFELP other assets loans	445,797,657	(2,156,646)	18,361,779	(160,999)	464,159,436	(2,317,646
	598,873,505	(3,867,531)	166,177,458	(4,348,083)	765,050,963	(8,215,615
Total	$970,665,388	$ (7,052,159)	$ 263,793,039	$ (7,305,158)	$1,234,458,426	$ (14,357,318

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. Consideration is given to many factors including (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) whether or not the Corporate intends or will be required to sell the security prior to recovery of its cost basis. In analyzing an issuer's financial condition, management considers many factors, including whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of the issuer's financial condition.

NOTE 2 - INVESTMENT SECURITIES - AVAILABLE-FOR-SALE (Continued)

Government Agency/Sponsored Enterprises Debt Securities: The decline in fair values of Corporate America's agency and GSE debt securities are primarily attributable to interest rate changes and changes in credit spreads and do not reflect the underlying credit quality and expected performance of Corporate America's holdings. Additionally, the contractual terms of the investments do not permit the issuers to settle the securities at a price less than the amortized cost basis of the investments. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because Corporate America does not intend to sell the investments and it is not more likely than not that the Corporate will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, Corporate America does not consider these investments to be other than temporarily impaired at December 31, 2016.

Non-Agency Asset-Backed Securities: The unrealized losses associated with Corporate America's non-agency asset-backed securities are primarily driven by interest rate changes, changes in credit spreads and the failed auction process of auction rate securities (ARS) and do not reflect the underlying credit quality and expected performance of Corporate America's holdings. At December 31, 2016, substantially all of Corporate America's non-agency asset-backed securities are High-Grade to AAA-rated senior structures and contain multiple credit enhancements including subordination, cross/over-collateralization and yield spreads. Furthermore, 28% of these asset-backed securities (including all auction rate securities) are collateralized by student loans that are insured 97% by the U.S. Government through the Federal Family Education Loan Program (FFELP).

There has not been a successful auction process for the Corporate's ARS since the beginning of the economic crisis in early 2008. While these securities generally have long-term nominal maturities that exceed one year, historically under the normal auction process, the interest rates would reset periodically in scheduled auctions (generally every 7-35 days). Due to the auction failures, Corporate America has realized higher interest rates for many of these ARS than it would have otherwise. Although the Corporate has been receiving interest payments at these generally higher rates, the related principal amounts will not be accessible until a successful auction occurs, a buyer is found outside of the auction process, the issuer calls the security, or the security matures according to contractual terms. Corporate America does not currently expect to liquidate any auction rate securities going forward through the normal auction process.

At December 31, 2016, the estimated fair values of the Corporate's auction rate securities were approximately $3,578 lower than their amortized cost (0.01% depreciation). Management attributes the decline in fair value to 1) the complexities of the instruments in projecting interest rates and cash flows, 2) the infrequent trading of identical or similar securities, and 3) the long term nominal maturities of the securities. No credit issues have been identified that cause management to believe the declines in fair value are other-than-temporary. Based on this evaluation and based on the fact that management does not intend to sell the investments and it is not more-likely-than-not that the Corporate will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Corporate does not consider the declines in fair value to be other-than-temporary as of December 31, 2016.

Other-Than-Temporary Impairment (OTTI): Management routinely performs internal reviews of investment securities to determine whether other-than-temporary impairment has occurred. While all securities are considered, the securities primarily impacted by OTTI analysis are non-agency securities (including but not limited to those whose fair value is less than their amortized cost basis). Management utilizes models to help determine whether an other-than-temporary impairment has occurred on an analyzed security. Management also considers a number of factors, including 1) the bond's overall structure and underlying collateral, 2) whether the security or collateral are issued or backed by the federal government or its agencies, 3) whether down-grades by bond rating agencies have occurred, 4) other credit enhancements such as credit spreads

NOTE 2 - INVESTMENT SECURITIES - AVAILABLE-FOR-SALE (Continued)

and over collateralization, 5) general market and economic conditions, as well as 6) whether or not the Corporate intends or will be required to sell a security prior to recovery of its cost basis. For securities that project potential principal and interest losses, management further evaluates securities for OTTI using models that incorporate various inputs and assumptions, the most significant of which are prepayment, default rate and loss severity assumptions. If management determines that a security's position will be subject to a write-down or loss, the expected credit loss is recorded as a charge to earnings. As of December 31, 2016, all of the Corporate's non-agency asset-backed securities at year end were Investment Grade to AAA rated by more than one credit rating service. As result of its OTTI analysis at December 31, 2016 and December 31, 2015, management determined that there were no securities other-than-temporarily impaired due to risk of credit default.

NOTE 3 - LOANS TO MEMBERS

The summary of the major categories of loans at December 31, 2016 and 2015 was as follows:

	2016	2015
Loans to members:		
Fixed-rate term loans:	$ 3,912,750	$ 10,250,000
Settlement lines of credit	7,125,078	3,980,699
	$ 11,037,828	$ 14,230,699

There were no past-due, impaired, restructured or nonaccrual loans and management determined that all loans to member credit unions were collectible in full and therefore no allowance for loan losses was deemed necessary as of December 31, 2016 and 2015. Management considers loan balances to a single member greater than 20% of total loans to have a concentration. At December 31, 2016, Corporate had two loans to two members totaling $6,961,920 (63% of total loans) at interest rates of 2.00% and 1.25%. Due to the limited nature of lending, the Corporate does not have an internal risk rating system for loans.

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of the Corporate's property and equipment as of December 31, 2016 and 2015 is as follows:

	2016	2015
Land	$ 459,127	$ 459,127
Building	2,272,715	2,239,506
Furniture and equipment	2,635,864	2,523,135
	5,367,706	5,221,768
Less accumulated depreciation	(2,629,291)	(2,307,033)
Property and equipment, net	$ 2,738,415	$ 2,914,735

Depreciation expense for the years ended December 31, 2016 and 2015 amounted to $383,245 and $410,792, respectively.

NOTE 5 - MEMBERS' SHARE AND CAPITAL ACCOUNTS

Members' share and capital accounts are summarized as follows:

	Balance	Dividend and Interest Expense
December 31, 2016		
Share accounts	$ 1,850,823,017	$ 8,601,050
Non-perpetual contributed capital account (NCA)	6,001,886	14,338
Non-perpetual paid-in-capital accounts (PIC I & II)	5,668,704	5,811
Member share certificates	258,060,958	2,551,365
	$2,120,554,565	$11,172,564
December 31, 2015		
Share accounts	$2,078,276,344	$ 3,446,114
Non-perpetual contributed capital account (NCA)	19,090,522	19,355
Non-perpetual paid-in-capital accounts (PIC I & II)	5,668,704	5,654
Member share certificates	180,765,695	1,574,604
	$2,283,801,265	$ 5,045,727

Share accounts are comprised of settlement and overnight shares that are available on demand and other short term liquidity accounts that require 30-day notice for withdrawal. Typically share account dividends accrue daily and are paid monthly. Share certificates typically have specific maturities and dividend rates. Dividend payments on share certificates vary depending on type and the length of maturity. Share certificates can be redeemed by members prior to maturity at fair value, as determined by Corporate America. Dividend rates are set by management, as authorized by Corporate America's Board of Directors, based on an evaluation of current and future market conditions. During December 2016 and 2015, the Corporate increased rates by 25 bps in conjunction with the Federal Open Market Committee's increase of Interest on Excess Reserves increasing interest expense on share accounts.

The composition of share certificates at December 31, 2016 and 2015 were as follows:

Certificates	2016	2015
Fixed-rate term	$ 142,044,958	$128,790,195
Fixed-rate structured	116,016,000	51,975,500
	$ 258,060,958	$180,765,695

Fixed-rate term certificates have a term of one day up to five years with rates changing daily and fixed-rate structured certificates are issued with a series of call dates and coupon rates.

Scheduled contractual maturities of share certificates as of December 31, 2016 are as follows:

Years Ending December 31,	Amount
2017	$ 95,577,195
2018	44,277,763
2019	103,608,000
2020	10,248,000
2021	4,350,000
	$ 258,060,958

NOTE 5 - MEMBERS' SHARE AND CAPITAL ACCOUNTS (Continued)

The aggregate amount of members' share and savings accounts in excess of $250,000 at December 31, 2016 and 2015 was $2,131,902,438 and $2,291,728,304, respectively.

Member Contributed Capital under Revised Corporate Rule 704
Effective October 20, 2011, the Revised Corporate Part 704 Rule established new capital types. The term "perpetual contributed capital" (PCC) replaced "paid-in-capital" (PIC) and the term "nonperpetual capital account" (NCA) replaced the term "membership capital account" (MCA). Under the revised rule, MCAs that were not converted to NCAs or PCC by October 20, 2011, were put on notice by the Corporate and, to the extent not needed to cover operational losses, returned to the member at the end of the notice period. (See also Note 7 - Regulatory Capital and Revised Corporate Rule 704).

Non-perpetual Capital Accounts (NCA) - have an indefinite term with a minimum withdrawal notice of five years; are not insured by the NCUSIF or other share or deposit insurers; cannot be pledged against borrowings; and are available to cover losses that exceed the Corporate's retained earnings, all capital accounts issued before January 18, 2011 and perpetual capital accounts issued on or after January 18, 2011. Any such losses would be distributed pro rata, at the time the loss is realized, among NCA account holders. To the extent that NCA funds are used to cover losses, the Corporate is prohibited from restoring or replenishing the affected accounts under any circumstance. In the event of liquidation, the holders of NCAs will claim equally; these claims will be subordinate to all other claims (including uninsured obligations to shareholders and NCUSIF claims), but not including contributed capital accounts issued before January 18, 2011 or perpetual capital accounts issued on or after January 18, 2011. However, NCAs that are used to cover losses in a calendar year previous to the year of liquidation have no claim against the liquidation estate.

Non-Perpetual Paid-In-Capital Accounts (PIC I & PIC II) - Non-perpetual PIC accounts were offered at the discretion of Corporate America, are not subject to share insurance coverage by the NCUSIF, are callable only at the option of the Corporate with prior permission from both the NCUA and the ACUA, and may not be pledged in whole or in part. Paid-in-capital share deposits are available to cover losses that exceed retained earnings, and in the event of liquidation, funds in the PIC I and PIC II accounts are payable only after satisfaction of all liabilities including NCAs and perpetual contributed capital (PCC), , but not including perpetual paid-in-capital (PIC III). As of December 31, 2016, Corporate America's non-perpetual paid-in-capital consisted of two separate issuances.

- PIC I, issued January 1, 1998 with a maturity date of December 31, 2017; $5,264,008 and $5,264,008 outstanding as of December 31, 2016 and 2015, respectively.

- PIC II, issued June 29, 2001 with a maturity date of June 28, 2021, $404,696 and $404,696 outstanding as of December 31, 2016 and 2015.

For financial statement presentation, PIC I and PIC II are classified as member deposit account liabilities due to the fact that they are non-perpetual.

NOTE 6 - FEDERAL HOME LOAN BANK BORROWINGS

The Corporate maintains a line of credit with the Federal Home Loan Bank (FHLB) of Atlanta from which it obtains structured collateralized advances. As of December 31, 2016 and 2015, the Corporate had total outstanding advances of $170,000,000 for each year. The maximum credit available at December 31, 2016 and 2015 was $703,012,500 and $560,453,000, respectively; this amount is evaluated and adjusted monthly based on the size of the Corporate's assets. At December 31, 2016 and 2015, the advances are collateralized by investments with market values totaling $476,299,816 and $260,548,133, respectively.

NOTE 6 - FEDERAL HOME LOAN BANK BORROWINGS (Continued)

A summary of the outstanding advances are as follows:

December 31, 2016	Balance	Current Interest Rate	Contractual Maturity Date	Next Option Date	Rate Reset	Interest Payment Frequency
European Convertible (**)	$ 10,000,000	4.31500%	06/29/2018	N/A	Fixed	Quarterly
Fixed Rate Advance	10,000,000	4.71000%	06/29/2018	N/A	Fixed	Quarterly
Fixed Rate Advance	20,000,000	4.67000%	08/01/2018	N/A	Fixed	Quarterly
Fixed Rate Advance	20,000,000	4.70000%	08/01/2018	N/A	Fixed	Quarterly
Fixed Rate Advance	25,000,000	4.56700%	08/27/2018	N/A	Fixed	Quarterly
Floating to Fixed (*)	15,000,000	5.01750%	04/03/2020	N/A	Quarterly	Quarterly
Floating to Fixed (*)	10,000,000	5.00000%	04/03/2020	N/A	Quarterly	Quarterly
Floating to Fixed (*)	50,000,000	3.73500%	04/04/2017	N/A	Quarterly	Quarterly
Floating to Fixed (*)	10,000,000	3.46000%	04/04/2017	N/A	Quarterly	Quarterly
	$ 170,000,000					

December 31, 2015	Balance	Current Interest Rate	Contractual Maturity Date	Next Option Date	Rate Reset	Interest Payment Frequency
European Convertible (**)	$ 10,000,000	4.31500%	06/29/2018	N/A	Fixed	Quarterly
Fixed Rate Advance	10,000,000	4.71000%	06/29/2018	N/A	Fixed	Quarterly
Fixed Rate Advance	20,000,000	4.67000%	08/01/2018	N/A	Fixed	Quarterly
Fixed Rate Advance	20,000,000	4.70000%	08/01/2018	N/A	Fixed	Quarterly
Fixed Rate Advance	25,000,000	4.56700%	08/27/2018	N/A	Fixed	Quarterly
Floating to Fixed (*)	15,000,000	5.01750%	04/03/2020	N/A	Quarterly	Quarterly
Floating to Fixed (*)	10,000,000	5.00000%	04/03/2020	N/A	Quarterly	Quarterly
Floating to Fixed (*)	50,000,000	3.73500%	04/04/2017	N/A	Quarterly	Quarterly
Floating to Fixed (*)	10,000,000	3.46000%	04/04/2017	N/A	Quarterly	Quarterly
	$ 170,000,000					

(*) The Corporate restructured these advances during 2013 and the interest rate converted from floating to fixed on 4/03/2015 (maturing 4/03/2020) & 4/06/2015 (maturing 4/04/2017). There were no fees associated with these modifications.

(**) 10 year / 7 year European Convertible has a conversion option after the 7th year that allows the FHLB to 1) extend the advance to the contractual maturity at the same fixed rate or 2) terminate the advance at the conversion date.

NOTE 7 - REGULATORY CAPITAL

Corporate America is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional, discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporate's financial statements. The regulatory capital standards are set forth by the NCUA in Part 704 of the NCUA Rules and Regulations. The revised corporate rule Part 704 became effective on October 21, 2011. Among other things, the revised final rule modified the corporate credit union capital requirements to make them more consistent with the Basel 1 capital requirements imposed by banking regulators on banks. The revised final rule 704 establishes a new capital structure, including risk-based capital requirements and established prompt corrective action (PCA) requirements for corporate credit unions.

The revised final rule 704 replaced the 4% minimum total capital ratio with three minimum capital ratios:

NOTE 7 - REGULATORY CAPITAL (Continued)

- Leverage ratio (4% to be adequately capitalized) (5% to be well capitalized) - The 4% leverage ratio became effective on October 21, 2013 and is defined as the ratio of Tier 1 core capital to moving daily average net assets (MDANA).

- Tier 1 risk-based capital ratio (4% to be adequately capitalized) (6% to be well capitalized) - Tier 1 core capital is defined as the sum of retained earnings and perpetual contributed capital. The Tier 1 risked-based capital ratio is defined as the ratio of Tier 1 capital to the moving monthly average net risk-weighted assets (MMANRA).

- Total risk-based capital ratio (8% to be adequately capitalized) (10% to be well capitalized) - The total risk-based capital ratio is defined as the ratio of total capital (retained earnings, perpetual contributed capital (PCC) or nonperpetual capital (NCA) to moving monthly average net risk-weighted assets (MMANRA)).

Failure to meet any of these three minimum ratios triggers a capital restoration plan requirement and potentially other new PCA provisions. The new capital requirements are being phased-in over ten years. The first significant phase-in date was October 21, 2011, which was when the new minimum risk based capital ratios and an "interim" leverage ratio became effective. The next significant phase-in date was October 21, 2013, which was when the new regulation required a minimum 45 basis points of retained earnings in conjunction with total Tier 1 capital of at least 4%. In 2016, corporates were required to have a 1% retained earnings ratio; after ten years, in 2020, the new regulation requires a 2% retained earnings ratio.

As part of the new capital requirements, the final revised 704 rule also contains contributed capital conversion requirements. Effective October 20, 2011, the revised 704 rule established new capital types that are different from the old Part 704. The term “perpetual contributed capital” (PCC) replaced “paid-in-capital” (PIC) and the term “nonperpetual capital account” (NCA) replaced the term “membership capital account” (MCA). Under the new rule, membership capital accounts (MCAs) that were not converted to NCAs or PCC by October 2011 were put on notice by the corporate and, to the extent not needed to cover operational losses, returned to the member at the end of the notice period. Under the revised final 704 rule, non-perpetual contributed capital (NCAs) and non-perpetual paid-in-capital qualify as Tier 2 capital.

As of December 31, 2016, the most recent NCUA Call Reporting period, the Corporate was categorized as “adequately capitalized” based on the Leverage ratio and “well capitalized” based on the Tier 1 and Total risk-based capital ratios under the regulatory framework for prompt corrective action. To remain categorized as “adequately capitalized” or “well capitalized”, the Corporate will have to maintain minimum Total risk-based, Tier 1 risk-based, and Leverage ratios as disclosed in the table below. There are no conditions or events since the most recent notification that management believes have changed the Corporate’s prompt corrective action category.

NOTE 7 - REGULATORY CAPITAL (Continued)

The Corporate's actual and required capital amounts and ratios are as follows:

December 31, 2016	Actual Amount	Actual Rate	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Rate	To Be Considered Well Capitalized Amount	To Be Considered Well Capitalized Rate
Leverage capital (Tier 1 core capital to MDANA)	$132,365,358	4.41%	$108,840,090	≥4.0%	$136,050,112	≥5.0%
Tier 1 risk-based capital (Tier 1 core capital to MMANRA)	132,365,358	15.68%	30,451,271	≥4.0%	45,676,906	≥6.0%
Total risk-based capital (Total capital to MMANRA)	137,519,373	18.06%	60,902,541	≥8.0%	76,128,176	≥10.0%
Retained earnings (Retained earnings to MDANA)	32,676,336	1.20%	12,244,510	≥1.0% (*)	N/A	N/A

December 31, 2015	Actual Amount	Actual Rate	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Rate	To Be Considered Well Capitalized Amount	To Be Considered Well Capitalized Rate
Leverage capital (Tier 1 core capital to MDANA)	$122,805,200	5.15%	$95,291,345	≥4.0%	$119,114,182	≥5.0%
Tier 1 risk-based capital (Tier 1 core capital to MMANRA)	122,805,200	20.56%	23,890,504	≥4.0%	35,835,756	≥6.0%
Total risk-based capital (Total capital to MMANRA)	128,091,884	21.45%	47,781,008	≥8.0%	59,726,260	≥10.0%
Retained earnings (Retained earnings to MDANA)	23,091,604	0.97%	10,720,276	≥1.0% (*)	N/A	N/A

(*) RE ratio requirement increases to 2% in 2020.

Additional Regulatory Capital Information:	2016	2015
Moving daily average net assets (MDANA)	$ 2,721,002,244	$2,382,283,633
Moving monthly average net risk-weighted assets (MMANRA)	761,281,764	$ 597,262,596
PCC/PIC III perpetual	$ 100,095,520	$ 100,095,520
PIC I & II non-perpetual (unamortized)	364,226	404,696
NCA (unamortized)	4,789,789	6,166,092
	$ 105,249,535	$ 106,666,308

NOTE 7 - REGULATORY CAPITAL (Continued)

Net Economic Value (NEV) and Operating Authority Levels

In addition to the regulatory capital requirements, Part 704 also establishes minimum Net Economic Value (NEV) and NEV ratio thresholds as well as various levels of operating authority based upon the level of investment authority sought by the corporate credit union and authorized by the NCUA Board. Under the revised Part 704, Corporate America has obtained "Base-Plus" operating authority. As such, NEV sensitivity is limited to a 20% change from base and the NEV ratio must be greater than the minimum required ratio of 2%. If any violation of these regulatory limits persists for 30 calendar days, a detailed, written action plan that sets forth the time needed and means by which it intends to correct the violation must be submitted to NCUA. The Corporate's NEV measures as of December 31, 2016 were as follows:

	Actual	Part 704 NEV Requirements
NEV Ratio	5.21%	≥ 2.0%
% NEV Change (+) 300 bp (*)	(9.52) %	(20)%

The Corporate's NEV measures as of December 31, 2015 were as follows:

	Actual	Part 704 NEV Requirements
NEV Ratio	4.10 %	≥ 2.0%
% NEV Change (+) 300 bp (*)	(9.16)%	(20)%

NOTE 8 - TRANSACTIONS WITH AFFILIATES

The Board of Directors of the Corporate is comprised of employees of member credit unions. During the years ended December 31, 2016 and 2015, the Corporate entered into numerous transactions with these member credit unions. The transactions were based on the individual credit union's investment and liquidity needs and their approved line-of-credit agreements. Management is of the opinion that these transactions were made in accordance with existing regulations and were consummated on terms equivalent to those that prevail in arm's length transactions.

As of December 31, 2016 there were no loans outstanding to these member credit unions. As of December 31, 2015 there was one loan outstanding to these member credit unions in the amount of $1,310,995. Deposits from these member credit unions at December 31, 2016 and 2015 amounted to $260,057,408 and $383,404,307, respectively.

NOTE 9 - RETIREMENT PLANS

Defined Benefit: The Corporate's defined benefit pension plan, as of December 31, 2016, covers substantially all of its full-time employees that were employed as of February 2, 2013. Effective February 2, 2013, Corporate America amended the pension plan to eliminate future benefit accruals. The benefits earned through February 2, 2013 will not be affected by the change and will be paid in accordance with the terms of the plan. The plan provides payment to participants at varying retirement dates. The plan benefits payable are generally determined based on length of service and employee compensation.

Information about the plan's funded status and amounts recognized in the Corporate's financial statements for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Change in projected benefit obligation		
Benefit obligation at beginning of year	$ 2,246,827	$ 1,442,377
Service cost	-	-
Interest cost	89,873	93,933
Assumption changes	(9,234)	-
Actuarial (gain) loss	(291,405)	1,038,854
Benefits paid	-	(328,337)
Benefit obligation at end of year	$ 2,036,061	$ 2,246,827
Accumulated benefit obligation at end of year	$ 2,036,061	$ 2,246,827
Change in plan assets		
Fair value of plan assets at beginning of year	$ 1,315,154	$ 1,668,820
Actual return on plan assets	80,762	(25,329)
Employer contribution	562,000	-
Expenses	-	-
Benefits paid	-	(328,337)
Fair value of plan assets at end of year	$ 1,957,916	$ 1,315,154
Funded status	$ (78,145)	$ (931,673)
Amounts recognized in statement of financial position		
Noncurrent liabilities	$ (78,145)	$ (931,673)
Total amount recognized	$ (78,145)	$ (931,673)
Amounts recognized in accumulated other comprehensive income		
Net loss	$ 1,177,879	$ 1,677,710
Total amount recognized	$ 1,177,879	$ 1,677,710
Components of net periodic pension cost		
Service cost	$ -	$ -
Interest cost	89,873	93,933
Expected (return) on plan assets	(78,909)	(92,404)
Amortization of net loss	197,339	130,812
Net periodic pension cost	$ 208,303	$ 132,341

NOTE 9 - RETIREMENT PLANS (Continued)

Other amounts recognized in other comprehensive income		
Net loss (gain)	$ (293,258)	$ 1,168,842
Prior service cost	-	-
Assumption changes	(9,234)	-
Amortization of net (loss)	(197,339)	(130,812)
Total recognized in other comprehensive income	$ (499,831)	$ 1,038,030
Total recognized in net periodic benefit cost and other comprehensive income	$ (291,528)	$ 1,170,371
Assumptions at year end		
Weighted average discount rate	4.00%	4.00%
Expected long-term return on plan assets	6.00%	6.00%
Rate of increase in future compensation levels	0.00%	0.00%
Cash flows		
Expected contributions for period beginning 1/1/2017		$ -
Expected benefit payments for period beginning:		
2017		$ 199,149
2018		102,116
2019		23,058
2020		20,584
2021		212,892
Five years thereafter		933,833

The estimated net loss and transition asset for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are $90,396 and $0.

Basis used to determine discount rate - The discount rate is determined using the Citigroup Pension Liability Index as of December 31, 2016.

Basis used to determine long term rate of return on assets - Expected long-term return on plan assets is determined by applying historical average investment returns from published indexes relating to the current allocation of assets in the portfolio.

Description of investment policies and strategies - The Corporate's overall investment strategy is to safeguard the benefits they are obligated to pay to the employees. The pension fund is invested in broadly diversified funds to attempt to achieve a long term annual average rate of return equal to approximately 6% while maintaining a reasonable volatility level.

The fair values of the Corporate's pension plan assets at December 31, 2016 and 2015, by asset category are as follows:

	Total	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2016				
JH LS Balance Active Strategy	$ 261,462	$ 261,462	$ -	$ -
JH LS Moderate Active Strategy	1,073,734	1,073,734	-	-
JH LS Conservative Active Strategy	622,720	622,720	-	-
	$ 1,957,916	$ 1,957,916	$ -	$ -

NOTE 9 - RETIREMENT PLANS (Continued)

December 31, 2015				
JH LS Balance Active Strategy	$ 245,164	$ 245,164	$ -	$ -
JH LS Moderate Active Strategy	745,609	745,609	-	-
JH LS Conservative Active Strategy	324,381	324,381	-	-
	$ 1,315,154	$ 1,315,154	$ -	$ -

Level 1 Inputs – The JH LS Balance Active Strategy, JH LS Moderate Active Strategy and JH LS Conservative Active Strategy growth are mutual funds in which the valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

401(k) Plan: The Corporate sponsors a profit sharing 401(k) retirement plan covering substantially all employees. Under the plan, the Corporate matches the first 5% of the participant's deferral. The Corporate's expenses related to this plan for the years ended December 31, 2016 and 2015 totaled $167,183 and $132,571, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Financial Instruments With Off-Balance-Sheet-Risk: The Corporate, in the normal course of business, is party to conditional commitments to meet the investment and liquidity needs of member credit unions and to reduce its overall exposure to fluctuations in interest rates. These commitments represent financial instruments to extend credit which are primarily advised lines of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of financial condition. The contract or notional amounts of those instruments reflect the extent of involvement the Corporate has in particular classes of financial instruments. The Corporate's exposure to credit loss is represented by the notional amount of those instruments. The Corporate uses the same credit policies in making commitments as it does for on-balance-sheet instruments. The Corporate requires collateral or other security to support financial instruments with credit risk. As of December 31, 2016 and 2015, unfunded commitments under advised lines of credit approximate to $2,255,009,399 and $2,299,830,753, respectively.

Commitments under revolving lines of credit are subject to the member credit unions meeting certain requirements set by the Corporate at the time advances are required. Since many commitments are never fully drawn, the total committed amount does not necessarily represent future cash requirements. Management evaluates each member's creditworthiness on a case-by-case basis. Advances are secured by substantially all of the member's assets excluding residential real estate loans.

Lawsuits: The Corporate was not party to any legal actions as of December 31, 2016.

NOTE 11 - FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of Fair Value: Corporate America uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with FASB ASC 820, *Fair Value Measurements*, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Corporate's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

NOTE 11 - FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair value accounting guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy: In accordance with fair value guidance, Corporate America groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or model-derived valuations whose inputs are observable or whose value drivers are observable. This category generally includes Corporate America's U.S. Government agency and government sponsored mortgage-backed and asset-backed securities, and non-agency student loan asset-backed securities.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity); unobservable inputs reflect management's own assumption about the inputs used in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation. This category primarily consists of the Corporate's auction rate securities (ARS) collateralized by FFELP-backed student loans.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following methods and assumptions are used by the Corporate in estimating the fair value of its financial assets and financial liabilities on a recurring basis:

NOTE 11 - FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Level 2 Fair Value Measurements - Corporate America's available-for-sale securities, excluding auction rate securities, are valued primarily by third party pricing services. The fair values of these securities are determined on a recurring basis by obtaining quoted prices from nationally recognized pricing vendors (Level 2) or by using pricing models that utilize significant observable inputs such as matrix pricing. Matrix pricing is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities, which is a Level 2 input. Security values were determined by computing an average of the prices/values provided by the third party services.

Level 3 Fair Value Measurements - are based on inputs that are unobservable and significant to the overall valuation. Level 3 fair value measurements include security types that do not have readily determinable fair values and/or are not priced by independent data sources. Corporate America's available-for-sale securities measured using Level 3 fair value measurements consisted almost entirely of auction rate securities (ARS) for which the auction process has been in a state of continuous failure since early 2008. As a result of the auction failures, Corporate America's ARS do not have a readily determinable fair value. To estimate their fair value, Corporate America obtains Indications/prices from a third-party that specializes in less liquid securities. Valuation methods employed by this third party include 1) discounted cash flow model valuations, where the expected cash flows of each security is discounted to the present value using a yield that incorporates compensation for credit, illiquidity, and other risk factors and 2) market comparable methods, where each security is valued based on indications, from the secondary market, of what discounts buyers demand (and sellers will accept) when transacting in similar auction rate securities.

Fair values of available-for-sale securities that are measured on a recurring basis at December 31, 2016 and 2015 are as follows:

	Total	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2016				
CMO	$ 81,744,399	$ -	$ 81,744,399	$ -
SBA	832,831,114	-	832,831,113	-
Agency	924,753	-	924,753	-
MBS: Commercial	-	-	-	-
MBS: Residential	-	-	-	-
	915,500,266	-	915,500,266	-
Asset-backed:				
Non-ARS	786,267,168	-	756,583,699	29,683,469
ARS	53,994,000	-	-	53,994,000
	840,261,168	-	756,583,699	83,677,469
	$ 1,755,761,434	$ -	$ 1,672,083,965	$ 83,677,469

NOTE 11 - FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

	Total	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015				
CMO	$ 103,836,616	$ -	$ 103,836,616	$ -
SBA	717,494,126	-	717,494,126	-
Agency	6,112,266	-	6,112,266	-
MBS: Commercial	22,040,025	-	22,040,025	-
MBS: Residential	2,441,707	-	2,441,707	-
	851,924,740	-	851,924,740	-
Asset-backed:				
Non-ARS	776,536,497	-	746,918,424	29,618,073
ARS	54,634,697	-	-	54,634,697
	831,171,194	-	746,918,424	84,252,770
	$ 1,683,095,934	$ -	$ 1,598,843,164	$ 84,252,770

The table below presents additional information for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	December 31,	
	2016	2015
Balance, beginning of year	$ 84,252,769	$ 84,605,485
Purchases	-	1,005,000
Sales	-	-
Settlements	-	-
Total realized/unrealized losses recognized in:		
Net income (OTTI)	-	-
Other comprehensive income (loss)	(575,300)	(1,357,715)
Transfers in (out) of level 3	-	-
Balance, end of year	$ 83,677,469	$ 84,252,770

Quantitative Information about Level 3 Fair Value Measurements: The table below provides an overview of the valuation techniques and significant unobservable inputs used in those techniques to measure financial instruments that are classified within Level 3 of the valuation hierarchy. The range of sensitivities that management utilized in its fair value calculations is deemed acceptable in the industry with respect to the identified financial instruments.

NOTE 11 - FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

	Level 3 Fair Value as of December 31, 2016	Valuation Technique	Significant Unobservable Input	Range (Discount)	Weighted Average Discount
Asset-backed securities:					
Non-Auction rate securities	$ 29,683,469	Discounted cash flow	Multiple factors, including but not limited to, current operations, financial conditions, cash flows, evaluation of business management and financial plans, and recently executed company transactions related to the investee companies	2.706% - 2.707 %	2.707 %
Auction rate securities	$ 53,994,000	Discounted cash flow	Multiple factors, including but not limited to, current operations, financial conditions, cash flows, evaluation of business management and financial plans, and recently executed company transactions related to the investee companies	(3.828)% -0.624%	0.044%

	Level 3 Fair Value as of December 31, 2015	Valuation Technique	Significant Unobservable Input	Range (Discount)	Weighted Average Discount
Asset-backed securities:					
Non-Auction rate securities	$ 29,618,073	Discounted cash flow	Multiple factors, including but not limited to, current operations, financial conditions, cash flows, evaluation of business management and financial plans, and recently executed company transactions related to the investee companies	2.886% - 2.888 %	2.888 %
Auction rate securities	$ 54,634,697	Discounted cash flow	Multiple factors, including but not limited to, current operations, financial conditions, cash flows, evaluation of business management and financial plans, and recently executed company transactions related to the investee companies	(5.72)% -2.678%	0.284%

NOTE 11 - FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions were used by the Corporate in estimating fair value disclosures for financial instruments:

Cash and cash equivalents - The carrying amounts reported in the statements of financial condition for cash and cash equivalents approximate those assets' fair values.

Investment securities - Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or using pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes and credit spreads. See discussion of investment securities above.

Loans to members - The carrying amount is a reasonable estimate of fair value as the interest rate on these loans generally reset to market on a monthly basis and the fixed rate loan is currently at a market rate.

Accrued interest receivable - The carrying amounts of accrued interest receivable approximates the fair values.

Borrowings from FHLB - The carrying amount of variable rate borrowings approximates their fair value. For fixed rate borrowings, fair values are determined by discounting the remaining payments due using incremental borrowing rates for similar obligations.

Accrued interest payable - The carrying amounts of accrued interest payable approximates the fair values.

Members' Accounts - The carrying amount of daily shares and certificates approximates fair value as the balances are due upon demand or re-price frequently based on current market rates. For fixed-term share certificates, the fair value is estimated by discounting the future cash flows using rates currently available for similar share certificates. For certificates that do not have fixed terms, including membership shares and paid-in-capital shares, the fair values were estimated based on fair values of the assets associated with the member accounts. These values were adjusted for the present value of the estimated earnings.

Commitments to extend credit **-** Fair values of the Corporate's commitments to extend credit are based on the remaining terms of the agreements and the counterparties' credit standing.

The Corporate has no financial instruments that are held or issued for trading purposes.

The carrying values and estimated fair values of the Corporate's financial instruments as of December 31, 2016 and 2015 are as follows:

	2016		2015	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets:				
Cash and cash equivalents	$ 621,744,056	$ 621,744,056	$ 827,496,710	$ 827,496,710
AFS securities	1,755,759,580	1,755,759,580	1,683,095,934	1,683,095,934
Loans to members	11,037,828	11,037,828	14,230,699	14,230,699
Accrued interest receivable	6,394,884	6,394,884	4,993,299	4,993,299
Financial liabilities:				
Members' accounts	2,120,554,565	2,205,828,717	2,283,801,265	2,370,686,858
Line of credit with FHLB	170,000,000	177,457,255	170,000,000	182,876,666
Accrued interest payable	2,123,324	2,123,324	1,698,125	1,698,125

NOTE 12 – SUPPLEMENTAL INFORMATION

Additional information relating to the non-interest operating expenses for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Compensation and benefits		
Compensation	$ 4,781,440	$ 4,434,439
Pension plan costs	422,696	298,552
Payroll taxes	349,218	328,956
Insurance	752,629	735,033
	6,305,984	5,796,980
Occupancy		
Building and equipment maintenance	720,116	632,611
Casualty and liability insurance	199,317	195,066
Depreciation expense	383,245	410,793
Communications	206,602	110,035
Other occupancy	53,349	54,938
	1,562,629	1,403,443
Other Operating		
Professional and outside services	1,094,389	898,440
Advertising and promotions	184,182	181,302
Travel and conference expense	272,092	241,484
Other office operating	382,956	385,601
Examination fees	208,842	169,471
Educational expenses	28,492	16,766
Stationary and supplies	44,439	35,973
CUSO income taxes	-	117,926
Association dues	7,651	10,050
Other	(6,143)	(18,258)
	2,216,900	2,038,755
Total Operating Expenses	$ 10,085,513	$ 9,239,178

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