JUNE 2020
FINANCIAL CONDITION REPORT

CorporateAmerica
CREDIT UNION
DIFFERENT STARTS HERE™
Asset Quality
Corporate America’s investment strategy is one of purchasing high quality permissible securities with senior cash flow structures to provide competitive returns. CACU conducts detailed due diligence in assessing credit risk in non-government guaranteed positions. At the end of June, 54.69% of the portfolio is government backed, 42.34% is rated AAA/AA+, 2.15% is rated AA/AA-, and less than 1% is rated below AA-.

Capital
As of June 2020, Corporate America Credit Union (“CACU”) continues to exceed the minimum capital requirements. As of June 30, our Tier 1 Capital Ratio is 4.98% and remains well above the regulatory requirement of 4.00%. The Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio greatly exceed the minimum requirements. This is primarily due to the higher concentration of government and agency holdings within the investment portfolio that carry a 0% to 20% risk weighting. Regulatory provisions for corporate credit unions place CACU in the “adequately capitalized” category.

Net Economic Value (NEV)
The Corporate’s interest rate risk exposure is measured by using net economic value (NEV) and a NEV ratio. The primary risk measurement is the decline of net economic value in the up 300 basis point scenario. As of June 30, we remain within regulatory limits as evidenced in the table to the right. Interest rate risk is monitored and reported to the Board on a monthly basis.

Weighted Average Life (WAL)
Weighted Average Life (WAL) of Financial Assets measures the life of all assets including investment, loans and cash. Adjusted Weighted Average Life (AWAL) is adjusted for a 50% slowdown in prepayments on investments. As of June 2020, we remain within policy/regulatory limit as shown in the table to the left.

Liquidity
As of June 2020, total advised lines of credit to member credit unions were approximately $2.4 billion. Combining cash held, tested sources of liquidity and liquid marketable securities, over $5 billion could be raised in a short period of time, if needed, to address a severe liquidity event.

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**Tier 1 Capital Calculation**
The 704 regulatory definition of Tier 1 capital requires corporates to “deduct any amount of PCC received from federally insured credit unions that causes PCC minus retained earnings, all divided by moving daily average net assets, to exceed two percent when a corporate credit union’s retained earnings ratio is less than two and a half percent.” As of June 2020, CACU is not required to reallocate from Tier 1 to Tier 2 capital as a result of the calculation.

**Net Economic Value (NEV)**
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**Measurement**  | **June 2020** | **March 2019** | **Policy/Regulation Limit**
---|---|---|---
Tier 1 Capital (Regulatory) | 4.98% | 5.84% | 4.00%
Tier 1 Risk-Based Capital Ratio | 13.59% | 14.38% | 4.00%
Total Risk-Based Capital Ratio | 13.97% | 14.79% | 8.00%

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**Measurement**  | **June 2020** | **March 2019** | **Regulatory Limit**
---|---|---|---
Max % Decline NEV (up 300 bp) | -14.30% | -21.06% | -20.00%
Base NEV | 2.89% | 2.70% | 2.00%
Minimum NEV Ratio | 2.49% | 2.14% | 2.00%

**Weighted Average Life (WAL)**
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**Measurement**  | **June 2020** | **March 2019** | **Policy/Regulation Limit**
---|---|---|---
WAL Financial Assets | 1.52 | 1.65 | 2.00
AWAL Financial Assets | 1.85 | 1.98 | 2.25

**Liquidity**
As of June 2020, total advised lines of credit to member credit unions were approximately $2.4 billion. Combining cash held, tested sources of liquidity and liquid marketable securities, over $5 billion could be raised in a short period of time, if needed, to address a severe liquidity event.

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**Liquidity**
As of June 2020, total advised lines of credit to member credit unions were approximately $2.4 billion. Combining cash held, tested sources of liquidity and liquid marketable securities, over $5 billion could be raised in a short period of time, if needed, to address a severe liquidity event.