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 March 2020, CACU is not required to reallocate from Tier 1 to Tier 2 capital as a result of the calculation.

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 March 31, CACU breached the regulatory limits for NEV and max % decline of NEV in the up 300 bps scenario due to suffering bond prices at the trough of the market. Each of these ratios was cured mid-April as a result of improving market conditions positively impacting unrealized losses.

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 March 2020, we remain within policy/regulatory limit as shown in the table to the left.

Liquidity
As of March 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 $3.3 billion could be raised in a short period of time, if needed, to address a severe liquidity event.