



Unaudited Financial Statements

October 2023

Table of Contents

Letter from CFO	3
Consolidated Balance Sheet.....	4
Consolidated Statements of Income	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statement of Changes in Members' Equity	7
Capital Ratios and NEV	8

For further information, please contact:

Denise Brown, Executive Vice President, Chief Financial Officer, 866/692-6771 ext. 9367 or
Tammy Cantrell, Executive Vice President, Chief Product Strategist, 866/692-6771 ext. 9312.

Dear Members,

Please find attached to this letter our unaudited financial statements and regulatory ratios for October 2023. Our October 2023 5310 report, as well as our 2022 Annual Report, can be found at <https://www.corporateone.coop/About/Financials>.

Earnings from operations are expected to be at record levels in 2023, and to express our gratitude to our members we have waived most of our fees related to our payment solutions for the fourth quarter of this year. Year to date through October 2023, we recorded \$53.3 million in net income, and our retained earnings exceed \$314.2 million. As of October 31, 2023, we hold total regulatory capital of \$534.6 million, which in addition to retained earnings includes \$227.0 million of Perpetual Contributed Capital (PCC) from our member credit unions. This capital results in a leverage ratio of 10.36 percent, exceeding the NCUA's Regulation 704 well-capitalized level of five percent. Our strong capital levels support our balance sheet and underscore our financial stability.

We recognize that liquidity in the credit union network remains a concern for many credit unions and we stand ready to provide liquidity options to our members as they need them. We consistently monitor our members' demands on our liquidity and evaluate the adequacy of our liquidity sources. We maintain diversified sources of funds, which provide approximately \$3.0 billion in borrowing capacity. Quarterly, we test our ability to access our borrowing facilities to ensure those sources of funds are available when needed. In addition, our securities portfolio contains highly rated securities with readily determined market values that are all classified as available for sale and can be sold or borrowed against to generate liquidity. We maintain robust processes to monitor our top depositors and limit the maximum any one credit union can deposit with us. By diversifying our membership deposit base, we are mitigating the impact of sudden withdrawals by larger depositors. We also assist our members with accessing liquidity through other means, such as non-member brokered CD issuance, and the Central Liquidity Fund. If your credit union needs liquidity, call us.

Thank you to all our members for your ongoing support. If you have any questions about our financial condition, please feel free to contact me at dbrown@corporateone.coop or 866/692-6771, ext. 9367.

Sincerely,

Denise Brown

Executive Vice President, Chief Financial Officer

Consolidated Balance Sheets (unaudited)

CORPORATE ONE FEDERAL CREDIT UNION CONSOLIDATED BALANCE SHEETS

Assets	October 31, 2023	October 31, 2022
Cash and cash equivalents	\$ 1,086,850,522	\$ 1,427,011,545
Investments in financial institutions	66,021,800	97,221,660
Securities available for sale, at fair value	2,870,774,832	3,708,628,278
Loans	219,324,782	188,343,551
Accrued interest receivable	27,946,366	15,010,177
Goodwill	3,395,730	3,395,730
Other assets	104,558,557	108,699,309
TOTAL ASSETS	4,378,872,589	5,548,310,250
Liabilities and Members' Equity		
Liabilities:		
Settlement and regular shares	3,100,525,997	3,666,350,931
Share certificates	425,872,000	391,187,114
Borrowed funds	308,000,000	1,025,000,000
Dividends and interest payable	4,292,178	1,195,069
Accounts payable and other liabilities	43,499,911	37,010,787
TOTAL LIABILITIES	3,882,190,086	5,120,743,901
Members' equity:		
Perpetual contributed capital	226,992,520	226,092,520
Retained earnings	314,236,172	271,293,598
Accumulated other comprehensive loss	(44,546,189)	(69,819,769)
TOTAL MEMBERS' EQUITY	496,682,503	427,566,349
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 4,378,872,589	\$ 5,548,310,250

Consolidated Statements of Income (unaudited)

	Ten Months Ended	
	<u>October 31, 2023</u>	<u>October 31, 2022</u>
Interest Income:		
Investments	\$210,004,431	\$73,637,256
Loans	10,477,378	1,906,890
Total Interest Income	220,481,809	75,544,146
Dividend And Interest Expense:		
Shares	151,805,859	41,659,352
Borrowed funds and other	20,633,123	9,044,510
Total Dividend And Interest Expense	172,438,982	50,703,862
Net Interest Income	48,042,827	24,840,284
Non-Interest Income	12,112,158	12,936,299
Salaries and employee benefits	25,071,880	22,994,405
Office operations and occupancy expense	7,017,317	7,331,104
Other operating expenses	1,784,969	1,969,212
Total Operating Expenses	33,874,166	32,294,721
Net (Loss) Gain on Financial Instruments:		
Net (loss) gain on sales of securities	(989,666)	144,125
Net (Loss) Gain on Financial Instruments	(989,666)	144,125
Gain on US Central estate settlement	28,008,370	63,427,029
Net Income	\$53,299,523	\$69,053,016

Consolidated Statements of Comprehensive Income (Loss) (unaudited)

	Ten Months Ended	
	<u>October 31, 2023</u>	<u>October 31, 2022</u>
Net Income	\$ 53,299,523	\$ 69,053,016
Other comprehensive income (loss) :		
Change in net unrealized gain (loss) on available-for-sale securities	20,352,096	(85,821,939)
Change in net unrealized gain on cash flow hedge	1,651,172	4,409,154
Reclassification adjustment recognized in earnings for net interest on daily market accounts	(1,177,895)	(143,131)
Reclassification adjustment recognized in earnings for net loss (gain) on sales of securities	989,666	(144,125)
Total other comprehensive income (loss)	21,815,039	(81,700,041)
Comprehensive Income (Loss)	\$ 75,114,562	\$ (12,647,025)

Consolidated Statement of Changes in Members' Equity for the Ten Months Ended October 31, 2023 (unaudited)

	Perpetual Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance At January 1, 2023	\$ 226,092,520	\$ 269,393,486	\$ (66,361,228)	\$ 429,124,778
Net income		53,299,523		53,299,523
Other comprehensive income			21,815,039	21,815,039
Issuance of PCC	900,000			900,000
Dividends on PCC, net		(8,456,837)		(8,456,837)
Balance at October 31, 2023	<u>\$ 226,992,520</u>	<u>\$ 314,236,172</u>	<u>\$ (44,546,189)</u>	<u>\$ 496,682,503</u>

Capital Ratios and NEV

The NCUA Rules and Regulations, Part 704, provides the rules for governing corporate credit unions. The rules include the capital framework, definitions for various capital instruments, and the capital ratios a corporate credit union must meet.

The following table presents the ratios, definitions of the numerators, and denominators for each of the ratios and the required minimum levels for well-capitalized and adequately capitalized designations under the regulation. The definitions of the numerators are simplifications, as the regulation contains certain adjustments to each capital calculation.

	Numerator	Denominator	Well capitalized	Adequately capitalized
Leverage ratio	Tier 1 Capital***	MDANA*	5.00%	4.00%
Tier 1 risk-based capital ratio	Tier 1 Capital***	MDANRA**	6.00%	4.00%
Total risk-based capital ratio	Total Capital***	MDANRA**	10.00%	8.00%
NEV ratio	Fair Value of Assets less Fair Value of Liabilities	Fair Value of Assets	2.00%	2.00%

*Moving Daily Average Net Assets (NCUA Rules and Regulations §704.2 allows for the deductions from Tier 1 capital to also be deducted from MDANA)

**Moving Daily Average Net Risk Weighted Assets

***As defined by the NCUA Rules and Regulations §704.2

The following summarizes Corporate One's capital and NEV ratios as of October 31, 2023.

October 31, 2023	
Retained earnings ratio	6.08%
Leverage ratio*	10.36%
Tier 1 risk-based capital ratio	32.25%
Total risk-based capital ratio	32.25%
NEV ratio	11.50%

* NCUA Rules and Regulations §704.2 allows for the deductions from Tier 1 capital to also be deducted from MDANA for use in the Leverage ratio calculation. However, one such deduction was not built into the 5310 calculations, which can result in a slightly different leverage ratio. For October, our 5310 reports an 10.34% leverage ratio.



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