Corporate One
FEDERAL CREDIT UNION

Unaudited Financial Statements

May 2023

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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 May 2023. Our May 2023 5310 report can be found at https://www.corporateone.coop/About/Financials. In addition, our 2022 Annual Report can be found on our public website.

Year to date through May 2023, we recorded $29.0 million in net income and our retained earnings exceed $295.8 million. As of May 31, 2023, we hold total regulatory capital of $516.3 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 9.28 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 understand that one of the primary purposes of a corporate credit union is to provide liquidity to our members. Accordingly, we constantly monitor our members' demands on our liquidity and evaluate the adequacy of our liquidity sources. We maintain diversified sources of funds, which provide approximately $3.8 billion in borrowing capacity. On a quarterly basis, we test our ability to access our borrowing facilities to ensure those sources of funds are available when needed. In addition, we buy 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, the Central Liquidity Fund, and the Federal Reserve's new Bank Term Funding Program. If your credit union needs liquidity, call us.

Corporate One took very little interest rate risk prior to the recent historic increase in interest rates by the Federal Open Market Committee, so our balance sheet is positioned to benefit from this rising rate environment. The measure of interest rate risk is net economic value (NEV) and as a corporate credit union, our ability to take interest rate risk is limited by regulation. In fact, our NEV ratios are well below regulatory limits and can be found on page eight of this report.

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	**May 31, 2023**	**May 31, 2022**
Cash and cash equivalents	$ 671,121,109	$ 1,115,124,626
Other short term investments	699,054,635	225,290,975
Investments in financial institutions	63,293,800	60,127,260
Securities available for sale, at fair value	3,084,596,174	4,331,431,189
Loans	269,281,754	26,951,035
Accrued interest receivable	28,814,690	5,863,950
Goodwill	3,395,730	3,395,730
Other assets	92,695,934	96,224,712
TOTAL ASSETS	4,912,253,826	5,864,409,477
Liabilities and Members' Equity		
Liabilities:		
Settlement and regular shares	3,669,145,254	4,805,844,512
Share certificates	486,968,738	472,237,749
Borrowed funds	220,000,000	130,000,000
Dividends and interest payable	4,011,973	909,272
Accounts payable and other liabilities	50,985,185	25,053,953
TOTAL LIABILITIES	4,431,111,150	5,434,045,486
Members' equity:		
Perpetual contributed capital	226,992,520	224,251,579
Retained earnings	295,851,934	237,869,724
Accumulated other comprehensive loss	(41,701,778)	(31,757,312)
TOTAL MEMBERS' EQUITY	481,142,676	430,363,991
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 4,912,253,826	$ 5,864,409,477

Consolidated Statements of Income (unaudited)

	Five Months Ended May 31, 2023	Five Months Ended May 31, 2022
Interest Income:		
Investments	$103,769,106	$18,620,347
Loans	5,141,278	172,293
Total Interest Income	108,910,384	18,792,640
Dividend And Interest Expense:		
Shares	74,987,309	7,235,649
Borrowed funds and other	11,216,199	622,263
Total Dividend And Interest Expense	86,203,508	7,857,912
Net Interest Income	22,706,876	10,934,728
Non-Interest Income	6,373,497	6,277,251
Salaries and employee benefits	12,235,891	11,390,188
Office operations and occupancy expense	3,448,154	3,611,492
Other operating expenses	815,121	1,037,828
Total Operating Expenses	16,499,166	16,039,508
Net (Loss) Gain on Financial Instruments:		
Net (loss) gain on sales of securities	(442,866)	144,125
Net (Loss) Gain on Financial Instruments	(442,866)	144,125
Gain on US Central estate settlement	16,853,740	33,764,637
Net Income	$28,992,081	$35,081,233

Consolidated Statements of Comprehensive Income (Loss) (unaudited)

	Five Months Ended May 31, 2023	Five Months Ended May 31, 2022
Net Income	$ 28,992,081	$ 35,081,233
Other comprehensive income (loss) :		
Change in net unrealized loss (gain) on available-for-sale securities	24,542,581	(45,953,114)
Change in net unrealized (gain) loss on cash flow hedge	(869,831)	2,511,732
Reclassification adjustment recognized in earnings for net interest on daily market accounts	543,834	(52,077)
Reclassification adjustment recognized in earnings for net loss (gain) on sales of securities	442,866	(144,125)
Total other comprehensive income (loss)	24,659,450	(43,637,584)
Comprehensive Income (Loss)	$ 53,651,531	$ (8,556,351)

Consolidated Statement of Changes in Members' Equity for the Five Months Ended May 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		28,992,081		28,992,081
Other comprehensive income			24,659,450	24,659,450
Issuance of PCC	900,000			900,000
Dividends on PCC, net		(2,533,633)		(2,533,633)
Balance at May 31, 2023	$ 226,992,520	$ 295,851,934	$ (41,701,778)	$ 481,142,676

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 May 31, 2023.

	May 31, 2023
Retained earnings ratio	5.31%
Leverage ratio*	9.28%
Tier 1 risk-based capital ratio	26.69%
Total risk-based capital ratio	26.69%
NEV ratio	9.88%

* 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 May, our 5310 reports an 9.27% leverage ratio.

Corporate One Federal Credit Union

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