Corporate One
FEDERAL CREDIT UNION

Unaudited Financial Statements

February 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 February 2023. Our February 2023 5310 report can be found at https://www.corporateone.coop/About/Financials. In addition, our 2022 audited consolidated financial statements and footnotes can be found on our public website.

Year to date through February 2023, we recorded $4.9 million in net income, resulting in retained earnings exceeding $274.3 million. As of February 28, 2023, we hold total regulatory capital of $493.9 million, which in addition to retained earnings includes $226.1 million of Perpetual Contributed Capital (PCC) from our member credit unions. This capital results in a leverage ratio of 8.39 percent, exceeding the NCUA's Regulation 704 well-capitalized level of five percent. This strong capital level supports our balance sheet and underscores 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 $3.6 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 this 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. Said another way, on February 28, 2023, 85 percent of our assets and 77 percent of our liabilities are floating rate, so, as interest rates increase, our assets reprice upward, and we are able to increase the rates paid to our members on the deposits they hold with 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	**February 28, 2023**	**February 28, 2022**
Cash and cash equivalents	$ 1,728,486,387	$ 1,472,544,042
Other short term investments		108,221,590
Investments in financial institutions	63,034,300	60,375,260
Securities available for sale, at fair value	3,389,967,578	4,852,832,256
Loans	291,928,205	20,150,685
Accrued interest receivable	24,185,993	4,059,587
Goodwill	3,395,730	3,395,730
Other assets	104,890,158	90,053,119
TOTAL ASSETS	5,605,888,351	6,611,632,269
Liabilities and Members' Equity		
Liabilities:		
Settlement and regular shares	3,754,138,705	5,780,203,439
Share certificates	498,294,402	382,981,749
Borrowed funds	850,000,000	
Dividends and interest payable	2,787,628	647,023
Accounts payable and other liabilities	41,753,352	18,365,828
TOTAL LIABILITIES	5,146,974,087	6,182,198,039
Members' equity:		
Perpetual contributed capital	226,092,520	224,251,579
Retained earnings	274,293,330	203,565,717
Accumulated other comprehensive (loss) income	(41,471,586)	1,616,934
TOTAL MEMBERS' EQUITY	458,914,264	429,434,230
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 5,605,888,351	$ 6,611,632,269

Consolidated Statements of Income (unaudited)

	Two Months Ended	
	February 28, 2023	**February 28, 2022**
Interest Income:		
Investments	$40,440,138	$5,475,816
Loans	2,137,893	71,973
Total Interest Income	42,578,031	5,547,789
Dividend And Interest Expense:		
Shares	26,212,699	1,248,485
Borrowed funds and other	7,629,729	202,359
Total Dividend And Interest Expense	33,842,428	1,450,844
Net Interest Income	8,735,603	4,096,945
Non-Interest Income	2,510,867	2,407,753
Salaries and employee benefits	4,796,082	4,340,442
Office operations and occupancy expense	1,329,983	1,413,614
Other operating expenses	253,336	145,821
Total Operating Expenses	6,379,401	5,899,877
Net Gain on Financial Instruments:		
Net gain on sales of securities		144,125
Net Gain on Financial Instruments		144,125
Net Income	$4,867,069	$748,946

Consolidated Statements of Comprehensive Income (Loss) (unaudited)

	Two Months Ended February 28, 2023	Two Months Ended February 28, 2022
Net Income	$ 4,867,069	$ 748,945
Other comprehensive income (loss) :		
Change in net unrealized loss on available-for-sale securities	24,708,273	(10,851,180)
Change in net unrealized gain on cash flow hedge	(18,685)	759,925
Reclassification adjustment recognized in earnings for net interest on daily market accounts	200,054	(27,958)
Reclassification adjustment recognized in earnings for net gain on sales of securities		(144,125)
Total other comprehensive income (loss)	24,889,642	(10,263,338)
Comprehensive Income (Loss)	$ 29,756,711	$ (9,514,393)

Consolidated Statement of Changes in Members' Equity for the Two Months Ended February 28, 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		4,867,069		4,867,069
Other comprehensive income			24,889,642	24,889,642
Dividends on PCC, net		32,775		32,775
Balance at February 28, 2023	$ 226,092,520	$ 274,293,330	$ (41,471,586)	$ 458,914,264

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 February 28, 2023.

	February 28, 2023
Retained earnings ratio	4.66%
Leverage ratio*	8.39%
Tier 1 risk-based capital ratio	22.86%
Total risk-based capital ratio	22.86%
NEV ratio	8.31%

* 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 February, our 5310 reports an 8.38% leverage ratio.

Corporate One Federal Credit Union

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