



Unaudited Financial Statements

August 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 August 2023. Our August 2023 5310 report, as well as our 2022 Annual Report, can be found at <https://www.corporateone.coop/About/Financials>.

Year to date through August 2023, we recorded \$37.0 million in net income, and our retained earnings exceed \$301.0 million. As of August 31, 2023, we hold total regulatory capital of \$521.4 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 9.79 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 continue to 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 \$3.2 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, the Central Liquidity Fund, and the Federal Reserve's new Bank Term Funding Program. 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	August 31, 2023	August 31, 2022
Cash and cash equivalents	\$ 834,498,617	\$ 1,018,029,143
Investments in financial institutions	61,805,800	97,221,660
Securities available for sale, at fair value	3,031,841,499	4,044,984,894
Loans	268,472,579	161,947,387
Accrued interest receivable	30,844,607	12,435,444
Goodwill	3,395,730	3,395,730
Other assets	97,203,536	109,395,342
TOTAL ASSETS	4,328,062,368	5,447,409,600
Liabilities and Members' Equity		
Liabilities:		
Settlement and regular shares	3,067,200,033	3,414,029,514
Share certificates	424,873,000	561,094,122
Borrowed funds	298,000,000	1,025,000,000
Dividends and interest payable	3,582,159	1,386,196
Accounts payable and other liabilities	42,518,310	30,044,585
TOTAL LIABILITIES	3,836,173,502	5,031,554,417
Members' equity:		
Perpetual contributed capital	226,992,520	225,192,520
Retained earnings	301,015,387	239,053,118
Accumulated other comprehensive loss	(36,119,041)	(48,390,455)
TOTAL MEMBERS' EQUITY	491,888,866	415,855,183
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 4,328,062,368	\$ 5,447,409,600

Consolidated Statements of Income (unaudited)

	Eight Months Ended	
	<u>August 31, 2023</u>	<u>August 31, 2022</u>
Interest Income:		
Investments	\$168,749,767	\$46,613,137
Loans	8,304,011	852,866
Total Interest Income	177,053,778	47,466,003
Dividend And Interest Expense:		
Shares	123,043,961	25,194,761
Borrowed funds and other	16,397,805	3,949,074
Total Dividend And Interest Expense	139,441,766	29,143,835
Net Interest Income	37,612,012	18,322,168
Non-Interest Income	10,196,395	10,351,610
Salaries and employee benefits	19,748,011	18,470,720
Office operations and occupancy expense	5,595,039	5,834,423
Other operating expenses	1,342,359	1,483,722
Total Operating Expenses	26,685,409	25,788,865
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	16,853,740	33,764,637
Net Income	\$36,987,072	\$36,793,675

Consolidated Statements of Comprehensive Income (Loss) (unaudited)

	Eight Months Ended	
	<u>August 31, 2023</u>	<u>August 31, 2022</u>
Net Income	\$ 36,987,072	\$ 36,793,675
Other comprehensive income (loss) :		
Change in net unrealized loss (gain) on available-for-sale securities	29,330,877	(63,233,373)
Change in net unrealized (gain) loss on cash flow hedge	(998,705)	3,077,139
Reclassification adjustment recognized in earnings for net interest on daily market accounts	920,349	29,631
Reclassification adjustment recognized in earnings for net loss (gain) on sales of securities	989,666	(144,125)
Total other comprehensive income (loss)	30,242,187	(60,270,728)
Comprehensive Income (Loss)	\$ 67,229,259	\$ (23,477,052)

Consolidated Statement of Changes in Members' Equity for the Eight Months Ended August 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		36,987,072		36,987,072
Other comprehensive income			30,242,188	30,242,188
Issuance of PCC	900,000			900,000
Dividends on PCC, net		(5,365,171)		(5,365,171)
Balance at August 31, 2023	<u>\$ 226,992,520</u>	<u>\$ 301,015,387</u>	<u>\$ (36,119,041)</u>	<u>\$ 491,888,866</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 August 31, 2023.

August 31, 2023	
Retained earnings ratio	5.64%
Leverage ratio*	9.79%
Tier 1 risk-based capital ratio	29.89%
Total risk-based capital ratio	29.89%
NEV ratio	11.54%

* 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 August, our 5310 reports an 9.78% leverage ratio.



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