



# Unaudited Financial Statements

and detailed Management's Discussion and Analysis, unaudited consolidated financial statements, and footnotes

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First Quarter 2025

## Table of Contents

Management's Discussion and Analysis of Financial Condition and Results of Operations.....	3
Consolidated Balance Sheets .....	10
Consolidated Statements of Income .....	11
Consolidated Statements of Comprehensive Income .....	12
Consolidated Statement of Changes in Members' Equity.....	13
Notes to Consolidated Financial Statements .....	14

### 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.

# Management's Discussion and Analysis of Financial Condition and Results of Operations

## Results of Operations

The following is a summary of Corporate One's results of operations and return on average assets (ROA) for the three months ended March 31, 2025, and 2024 (dollar amounts in thousands).

	Three months ended	
	March 31, 2025	March 31, 2024
Net interest income	\$ 19,974	\$ 17,616
Non-interest income	4,358	4,107
Operating expenses	(11,146)	(10,401)
Other (loss) gain		(139)
Net income	\$ 13,186	\$ 11,183
DANA for the three months ended	\$ 7,428,408	\$ 6,075,820
ROA	0.71%	0.74%

During the first quarter of the year, our average balances were at levels greater than prior year, and as a result, we recognized \$2.4 million more in net interest income as compared to prior year. Non-interest income for the first three months of 2025 was greater than non-interest income for the same period of the prior year due to increased income from our one of our wholly owned CUSOs. The increase in operating expenses year over year primarily relates to an increase in employee salaries and benefits expenses and other operating expenses. It is important that we support our member credit unions in the rapidly changing world of technology and immediate payments in the financial services arena; therefore, we are investing in our staff to ensure they can meet our members' needs efficiently.

## Capital Position

As of March 31, 2025, our total regulatory capital (as defined by the NCUA) is \$582.3 million, which is an increase of approximately \$37.8 million since March 31, 2024. This increase in total regulatory capital is primarily due to earnings.

The NCUA Rules and Regulations, Part 704, governs 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 table (in thousands) below outlines the components of capital listed in order from lowest to highest priority.

	March 31, 2025	March 31, 2024
Retained earnings	\$ 360,614	\$ 324,235
Paid in Capital (PIC)	20	20
Perpetual Contributed Capital (PCC)	228,792	226,993
Total regulatory capital account balances	589,426	551,248
Less: CUSO equity and cost investments	(7,164)	(6,741)
Total regulatory capital	\$ 582,262	\$ 544,507
Less: Unamortized PIC	(20)	(20)
Tier 1 Capital	\$ 582,242	\$ 544,487

The following summarizes Corporate One's capital ratios as of March 31, 2025, and 2024 (dollar amounts in millions):

	March 31, 2025	March 31, 2024
Retained earnings ratio	5.11%	6.26%
Leverage ratio	8.27%	10.53%
Tier 1 risk-based capital ratio	27.31%	34.43%
Total risk-based capital ratio	27.31%	34.43%
MDANA^	\$ 7,044	\$ 5,170
MDANRA^^	\$ 2,132	\$ 1,581

^Moving Daily Average Net Assets

^^Moving Daily Average Net Risk-Weighted Assets

While ratios have decreased year over year, the change is due to increases to our average assets driven by increased deposits from our members. Our regulatory capital continues to grow through earnings, and we continue to well exceed all NCUA's required capital ratios (see table below).

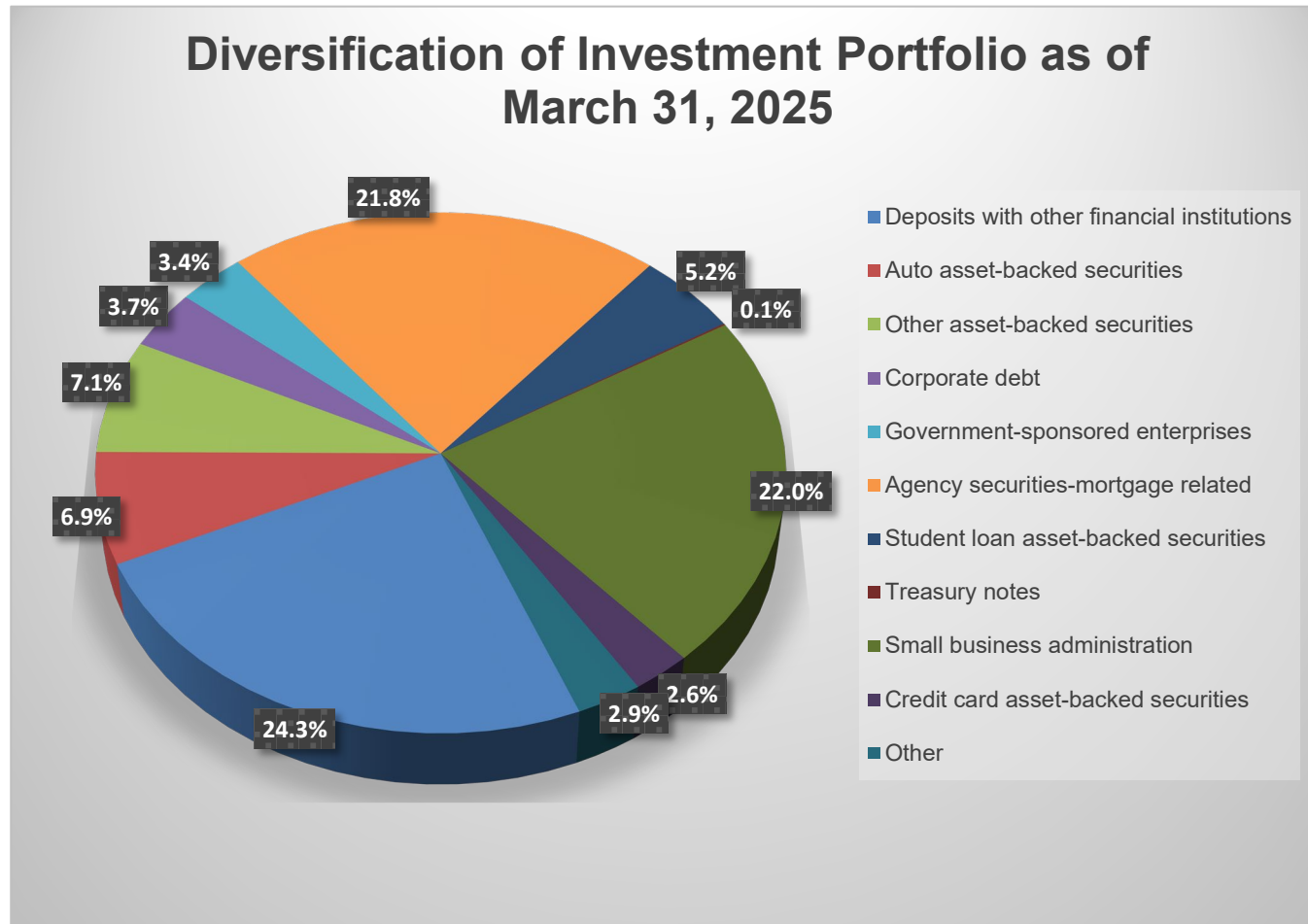
The following summarizes the NCUA requirements for the various capital ratios:

	Well Capitalized	Adequately Capitalized
Retained earnings ratio	0.45%	0.45%
Leverage ratio	5.00%	4.00%
Tier 1 risk-based capital ratio	6.00%	4.00%
Total risk-based capital ratio	10.00%	8.00%

See Footnote 7 for more information regarding the capital requirements of the regulation.

## Credit Risk Management

We actively manage our balance sheet to ensure it is well diversified. We purchase investments based on high credit ratings, as determined by our balance sheet risk management department and our internal standards, or issued by agencies of the U.S. government, or by other regulated depository institutions. Corporate One's portfolio diversification as of March 31, 2025, is shown in the figure below.



Our portfolio remains well diversified. Ninety-five percent of the amortized cost of our portfolio is in cash and cash equivalents, other short-term investments, agencies, and securities rated “A” or higher, as assigned by Nationally Recognized Statistical Rating Organizations (NRSROs). Of the deposits we hold with other financial institutions, 96 percent is held at the Federal Reserve.

## Market/Spread Risk

Because we invest in securities, we are also exposed to market risk due to liquidity and credit spreads. Market risk is realized should it become necessary to liquidate a position during a down period in the cycle. We typically classify our securities as available-for-sale, and as of March 31, 2025, we do not have any securities classified as held-to-maturity. The available-for-sale classification allows us the flexibility to sell securities should we require liquidity, find value in other market sectors, or come upon other opportunities. Portfolio diversification helps mitigate market risk, and the diversity in our portfolio allows us to execute trades in various sectors when the need or opportunity arises.

## Interest Rate Risk Management

Our primary interest-rate-risk measurement tool is a NEV test. NEV is defined as the fair value of assets less the fair value of liabilities. The purpose of the NEV test is to determine whether Corporate One has sufficient capital to absorb potential changes to the market value of our assets and liabilities given sudden changes in interest rates.

NEV scenarios are performed monthly, testing for sudden and sustained increases or decreases in interest rates of 100, 200 and 300 bps. Our NEV ratio remains well above the minimum NCUA requirement of two percent. Overall, our NEV ratio at March 31, 2025, was 7.76 percent in the base case and 7.08 percent in the 300-bps rise in rate stress scenario.

The structure of our balance sheet results in minimal interest-rate risk. When members deposit funds with us, we can invest those funds in a variety of financial instruments that closely match the repricing characteristics of the underlying deposit, resulting in minimal mismatch. This minimal interest rate risk is demonstrated by the low percentage in NEV change between the base scenario and a 300 bps rise-in-rates scenario. Also, this percentage in NEV change is well within the maximum decline required by the NCUA. Corporate One operates with expanded Part 1 authority due to our strong capital position, which allows for up to a 35 percent change in NEV from base.

A summary of Corporate One’s NEV calculation as of March 31, 2025, and 2024 is shown below (dollar amounts in thousands).

	Net Economic Value	NEV Ratio	Actual Dollar Change from Base	Percentage Change from Base
<b>As of March 31, 2025</b>				
300 bps rise in rates	\$ 535,307	7.08%	\$ (56,527)	-9.55%
200 bps rise in rates	\$ 562,151	7.40%	\$ (29,683)	-5.02%
100 bps rise in rates	\$ 580,678	7.63%	\$ (11,156)	-1.89%
Base scenario	\$ 591,834	7.76%		
100 bps decline in rates	\$ 598,056	7.83%	\$ 6,222	1.05%
200 bps decline in rates	\$ 601,942	7.88%	\$ 10,108	1.71%
300 bps decline in rates	\$ 605,797	7.92%	\$ 13,963	2.36%

	Net Economic Value	NEV Ratio	Actual Dollar Change from Base	Percentage Change from Base
<b>As of March 31, 2024</b>				
300 bps rise in rates	\$ 508,418	7.52%	\$ (34,717)	-6.39%
200 bps rise in rates	\$ 524,639	7.74%	\$ (18,496)	-3.41%
100 bps rise in rates	\$ 536,330	7.90%	\$ (6,805)	-1.25%
Base scenario	\$ 543,135	7.99%		
100 bps decline in rates	\$ 546,826	8.04%	\$ 3,691	0.68%
200 bps decline in rates	\$ 549,634	8.08%	\$ 6,499	1.20%
300 bps decline in rates	\$ 552,786	8.12%	\$ 9,651	1.78%

While our NEV ratio shows a slight decline from 2024 levels, it is important to note that our dollar value NEV has increased in the base case by \$49 million. This ratio uses our month-end assets as the denominator, and at March 31, 2025, assets are \$830 million greater than our March 31, 2024, assets.

## Liquidity Risk Management

Liquidity risk is one of the most important risks we manage. With every deposit we accept, we understand that we need to appropriately manage our liquidity to ensure our members have access to those funds when needed. Accordingly, we have certain daily management strategies that we employ, as well as more long-term, overarching liquidity strategies.

We constantly monitor our members' demands on our liquidity and evaluate the adequacy of our liquidity sources. To meet day-to-day member liquidity requirements, we keep a portion of our assets very liquid. As of March 31, 2025, we had approximately \$1.81 billion in cash and cash equivalents. In addition, we strive to buy securities with readily determined market values that can be sold or borrowed against to generate liquidity.

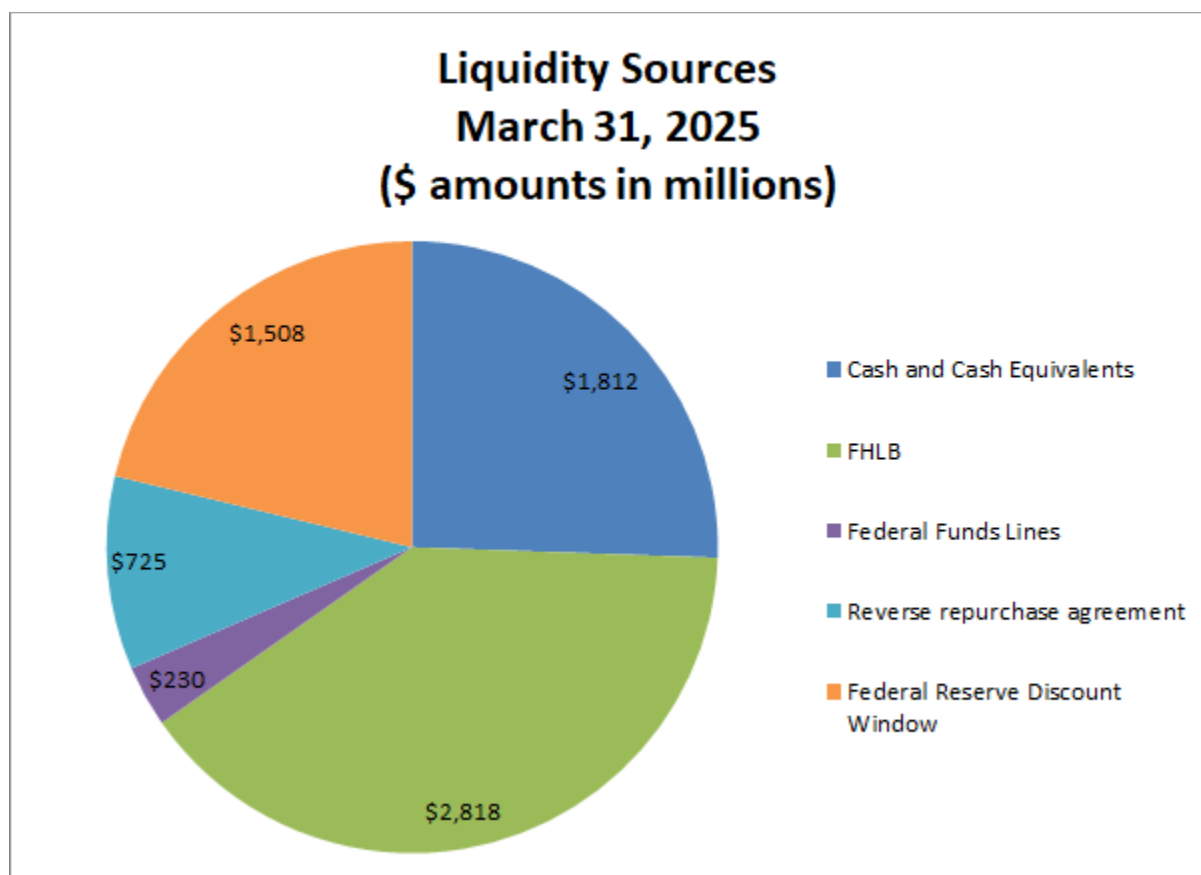
We also mitigate our liquidity risk by monitoring our top depositors. We have limits on the maximum any one credit union may deposit with us. By striving to diversify our shares and member base, we shield ourselves from the risk of sudden withdrawals by large depositors. As of March 31, 2025, our single largest depositor represented 7.5 percent of our total member shares.

As of March 31, 2025, we had no outstanding borrowings. Corporate One's borrowing capacity (total existing lines less borrowings outstanding) at March 31, 2025, was approximately \$5.28 billion. We maintain a line of credit with the Federal Home Loan Bank of Cincinnati (FHLB) of approximately \$2.82 billion. This line of credit is secured by certain investments held in safekeeping at the FHLB. In addition, we maintain a reverse repurchase agreement with another party, totaling \$725 million. This agreement is secured using certain of our asset-backed securities as collateral, and we have recently tested this source to ensure that it represents a viable liquidity source. Also, we maintain \$230 million of federal funds lines with various financial institutions. The federal funds lines do not require collateral for overnight borrowing.

We have been granted primary credit with the Federal Reserve Bank. Primary credit is available to generally sound depository institutions on a very short-term basis, typically overnight, at a rate above the Federal Open Market Committee's (FOMC) target rate for federal funds. All extensions of credit must be secured to the satisfaction of the lending reserve bank by collateral that is acceptable for that purpose. Corporate One's borrowing capacity at the Fed Discount Window was approximately \$1.51 billion at March 31, 2025.



The chart below details our available sources of liquidity.



Although Corporate One's on-balance-sheet loan portfolio is small, we have total outstanding advised lines and letter of credit commitments to members of approximately \$8.89 billion as of March 31, 2025. All outstanding line of credit commitments are collateralized by specific or general pledges of assets by members. Commitments to extend credit to members remain effective, as long as there is no violation of any condition established in the agreement. Advances on these commitments generally require repayment within one year of the advance. Since a portion of the commitments is expected to terminate without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

## Consolidated Balance Sheets (unaudited)

### CORPORATE ONE FEDERAL CREDIT UNION CONSOLIDATED BALANCE SHEETS

<b>Assets</b>	<b>March 31, 2025</b>	<b>March 31, 2024</b>
Cash and cash equivalents	\$ 1,812,017,103	\$ 2,483,547,219
Investments in financial institutions	54,073,700	63,541,800
Securities available for sale, at fair value	5,438,305,193	3,937,468,031
Loans	169,159,410	158,446,962
Accrued interest receivable	42,755,605	39,432,353
Goodwill	3,395,730	3,395,730
Other assets	101,112,089	104,600,147
<b>TOTAL ASSETS</b>	<b>7,620,818,830</b>	<b>6,790,432,242</b>
<b>Liabilities and Members' Equity</b>		
Liabilities:		
Settlement and regular shares	6,579,939,123	5,386,290,559
Share certificates	414,512,260	475,116,014
Borrowed funds		291,000,000
Dividends and interest payable	7,994,377	6,025,172
Accounts payable and other liabilities	31,144,685	92,495,990
<b>TOTAL LIABILITIES</b>	<b>7,033,590,445</b>	<b>6,250,927,735</b>
Members' equity:		
Perpetual contributed capital	228,792,520	226,992,520
Retained earnings	360,613,537	324,235,638
Accumulated other comprehensive loss	(2,177,672)	(11,723,651)
<b>TOTAL MEMBERS' EQUITY</b>	<b>587,228,385</b>	<b>539,504,507</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 7,620,818,830</b>	<b>\$ 6,790,432,242</b>

See accompanying notes to consolidated financial statements.

## Consolidated Statements of Income (unaudited)

	Three Months Ended	
	<u>March 31, 2025</u>	<u>March 31, 2024</u>
Interest Income:		
Investments	\$91,481,426	\$86,151,992
Loans	2,017,327	2,302,198
Total Interest Income	93,498,753	88,454,190
Dividend And Interest Expense:		
Shares	66,054,104	63,328,010
Borrowed funds and other	7,471,200	7,510,389
Total Dividend And Interest Expense	73,525,304	70,838,399
Net Interest Income	19,973,449	17,615,791
Non-Interest Income	4,358,388	4,107,759
Salaries and employee benefits	8,135,897	7,656,192
Office operations and occupancy expense	2,196,352	2,120,398
Other operating expenses	813,625	624,323
Total Operating Expenses	11,145,874	10,400,913
Net Loss on Financial Instruments:		
Net loss on sales of securities		(139,173)
Net Loss on Financial Instruments		(139,173)
Net Income	\$13,185,963	\$11,183,464

See accompanying notes to consolidated financial statements.

## Consolidated Statements of Comprehensive Income (unaudited)

	Three Months Ended	
	<u>March 31, 2025</u>	<u>March 31, 2024</u>
Net Income	\$ 13,185,963	\$ 11,183,464
Other comprehensive income :		
Change in net unrealized loss on available-for-sale securities	(1,300,024)	18,162,679
Change in net unrealized gain on cash flow hedge	(332,295)	756,197
Reclassification adjustment recognized in earnings for net interest on daily market accounts	(295,058)	(379,049)
Reclassification adjustment recognized in earnings for net loss on sales of securities		139,173
Total other comprehensive (loss) income	(1,927,377)	18,679,000
Comprehensive Income	\$ 11,258,586	\$ 29,862,464

See accompanying notes to consolidated financial statements.

## Consolidated Statement of Changes in Members' Equity for the Three Months Ended March 31, 2025 (unaudited)

	Perpetual Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance At January 1, 2025	\$ 228,792,520	\$ 350,193,736	\$ (250,295)	\$ 578,735,961
Net income		13,185,963		13,185,963
Other comprehensive loss			(1,927,377)	(1,927,377)
Balance at March 31, 2025	<u>\$ 228,792,520</u>	<u>\$ 360,613,537</u>	<u>\$ (2,177,672)</u>	<u>\$ 587,228,385</u>

See accompanying notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

### 1. Organization

The purpose of Corporate One is to foster and promote the economic well-being, growth, and development of our membership base through fiscally responsible and effective funds management, along with loan, investment, digital, and correspondent services for the ultimate benefit of our credit union members. Corporate One's national field of membership includes state- and federally chartered credit unions and other credit union organizations throughout the United States. Corporate One's Board of Directors is composed of executive management from Corporate One's member credit unions. Corporate One also wholly owns two active credit union service organizations (CUSOs): Lucro Commercial Solutions, LLC (Lucro) and Accolade Investment Advisory, LLC (Accolade). The consolidated financial statements include the accounts of Corporate One and our wholly owned CUSOs. All significant intercompany accounts and transactions have been eliminated.

### 2. Reclassifications

Some items in the prior year financial statements were reclassified to conform to the current presentation. These reclassifications had no effect on prior years total assets, total liabilities and members' equity, or net income.

### 3. Cash and Cash Equivalents

Cash and cash equivalents include cash, amounts due from depository institutions and federal funds sold. To further diversify our liquidity options, we elect to voluntarily hold Reg D reserves in order to gain access to the Federal Reserve Discount Window.

### 4. Investments in Financial Institutions

Investments in financial institutions at March 31, 2025, and 2024 are summarized as follows (in thousands):

	March 31, 2025	March 31, 2024
Federal Home Loan Bank stock	\$ 49,114	\$ 49,654
Certificates of deposit	4,960	13,888
Total investments in financial institutions	\$ 54,074	\$ 63,542

### 5. Securities

Corporate One holds debt securities classified as available-for-sale. This classification is made when debt securities might be sold before maturity. Available-for-sale securities are carried on the balance sheet at fair value. Unrealized gains and losses on available-for-sale securities are excluded from earnings and are reported as a separate component of members' equity. Such

securities may be sold in response to changes in interest rates, changes in prepayment risk or other factors.

The amortized cost and fair value of available-for-sale securities at March 31, 2025, and 2024 are as follows (in thousands):

	March 31, 2025		
	Amortized Cost	Fair Value	Net Unrealized Gain (Loss)
<b>Available-for-sale securities:</b>			
Mortgage-related securities-agency	\$ 1,631,163	\$ 1,624,382	\$ (6,781)
Asset-backed securities	1,628,696	1,621,040	(7,656)
Small business administration	1,645,228	1,653,845	8,617
Treasury notes	9,997	9,970	(27)
Government-sponsored enterprises	255,072	255,713	641
Corporate debt securities	273,436	273,355	(81)
Total available-for-sale securities	\$ 5,443,592	\$ 5,438,305	\$ (5,287)

	March 31, 2024		
	Amortized Cost	Fair Value	Net Unrealized Gain (Loss)
<b>Available-for-sale securities:</b>			
Mortgage-related securities-agency	\$ 941,531	\$ 936,682	\$ (4,849)
Asset-backed securities	1,468,852	1,450,436	(18,416)
Small business administration	1,028,623	1,037,056	8,433
Treasury notes	14,972	14,733	(239)
Government-sponsored enterprises	155,099	155,493	394
Corporate debt securities	344,481	343,068	(1,413)
Total available-for-sale securities	\$ 3,953,558	\$ 3,937,468	\$ (16,090)

Accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy exists in this guidance, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. We are required to use the highest level of valuation available. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that Corporate One has the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect Corporate One's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets measured at fair value on a recurring basis are summarized below as of March 31, 2025 (in thousands).

Available-for-sale securities	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Using Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mortgage-related securities-agency	\$ 1,624,382		\$ 1,624,382	
Asset-backed securities:				
Student loans-FFELP	362,531		362,531	
Student loans-private	20,679		20,679	
Credit cards	190,721		190,721	
Automobiles	511,808		511,808	
Other	535,301		535,301	
SBA securities	1,653,845		1,653,845	
Government-sponsored enterprises	255,713		255,713	
Corporate debt securities	273,355	\$ 273,355		
Treasury Notes	9,970		9,970	
Total available-for-sale securities	\$ 5,438,305	\$ 273,355	\$ 5,164,950	

We evaluate all our securities for credit losses at least semi-annually, and more frequently when economic or market conditions warrant such an evaluation. For available-for-sale securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as a write-down through earnings. For debt securities that do not meet the aforementioned criteria, management evaluates whether the decline in fair value has resulted from credit losses or other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. As of March 31, 2025, we believe the gross losses on all these securities are temporary and that fair values will approximate amortized costs as the securities near maturity, and that no valuation allowance for recognizing credit losses was necessary.

## 6. Borrowed Funds

As a member of the FHLB of Cincinnati, Corporate One is eligible to take advantage of the FHLB's numerous credit products and advances. Advances and borrowings from the FHLB are



required to be collateralized by securities held in safekeeping by the FHLB. At March 31, 2025, and 2024, Corporate One had securities held in safekeeping at the FHLB with fair values of approximately \$3.57 billion and \$2.16 billion, respectively, which provided a borrowing capacity of approximately \$2.82 billion and \$1.92 billion, respectively. As of March 31, 2025, no overnight borrowings were outstanding with the FHLB. As of March 31, 2024, Corporate One had \$291 million in overnight borrowings outstanding with the FHLB. We also maintain \$230 million of federal funds lines with various financial institutions. The federal funds lines do not require collateral for overnight borrowing. As of March 31, 2025, and 2024, no overnight borrowings were outstanding on our federal funds lines.

We have been granted primary credit with the Federal Reserve Bank. Primary credit is available to generally sound depository institutions on a very short-term basis, typically overnight, at a rate above the FOMC's target rate for federal funds. All extensions of credit must be secured to the satisfaction of the lending Federal Reserve Bank by collateral that is acceptable for that purpose. At March 31, 2025, and 2024, Corporate One had securities and commercial loans held in safekeeping at the Federal Reserve Bank with fair values of approximately \$1.64 billion and \$1.30 billion, respectively, which provided a borrowing capacity of approximately \$1.51 billion and \$1.17 billion, respectively. There were no amounts outstanding on the line of credit with the Federal Reserve Bank as of March 31, 2025, and 2024.

## 7. Capital Ratios

The NCUA Rules and Regulations Part 704 provides 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
Retained earnings ratio	Retained earnings	MDANA	0.45%	0.45%
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%

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

\*\*Moving Daily Average Net Risk Weighted Assets

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

The following table outlines the components of regulatory capital as of March 31, 2025, and 2024 (dollar amounts in thousands):

	March 31, 2025	March 31, 2024
Retained earnings	\$ 360,614	\$ 324,235
Add: PCC	228,792	226,993
Less: CUSO equity and cost investments	(7,164)	(6,741)
Tier 1 Capital	582,242	544,487
Add: Unamortized PIC	20	20
Tier 2 Capital	20	20
<b>TOTAL REGULATORY CAPITAL</b>	<b>\$ 582,262</b>	<b>\$ 544,507</b>

The following summarizes Corporate One's capital ratios as of March 31, 2025, and 2024 (dollar amounts in millions):

	March 31, 2025	March 31, 2024
Retained earnings ratio	5.11%	6.26%
Leverage ratio*	8.27%	10.53%
Tier 1 risk-based capital ratio	27.31%	34.43%
Total risk-based capital ratio	27.31%	34.43%
MDANA^	\$ 7,044	\$ 5,170
MDANRA^^	\$ 2,132	\$ 1,581

\* 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 calculation and as a result our current 5310, which can result in a slightly different leverage ratio. For March 2025 and 2024, our 5310 reports an 8.26% and 10.52% leverage ratio, respectively.

^Moving Daily Average Net Assets

^^Moving Daily Average Net Risk-Weighted Assets

## 8. Derivatives

Corporate One uses derivative instruments primarily to minimize the effects of interest rate volatility on net interest income. The derivative financial instruments are recorded in the Consolidated Balance Sheet as either an asset or a liability (under Other Assets or Accounts Payable and Other Liabilities) and measured at fair value.

**Cash Flow Hedges:** An interest rate swap with a notional amount totaling \$31.5 million as of March 31, 2025, was designated as a cash flow hedge of a portion of our daily overnight market share accounts and was determined to be highly effective during all periods presented. The gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. Corporate One expects the hedge to remain effective during the remaining term of the swap. As of March 31, 2024, there were \$31.5 million in cash flow hedges outstanding.

**Fair Value Hedges:** Twenty-seven interest rate swaps with notional amounts totaling \$655.7 million as of March 31, 2025, were designated as fair value hedges. Twenty-two fixed-rate available-for-sale securities and five transactions tied to a term loan were determined to be effective during all periods presented. The gain or loss on the derivatives, as well as the offsetting loss or gain on the hedged items attributable to the hedged risk, are recognized in current earnings as fair value changes. Corporate One expects the hedges to remain effective during the remaining term of the swaps. As of March 31, 2024, there were \$531.2 million fair value hedges outstanding.

The notional amount and fair value of the derivatives on a gross basis at March 31, 2025, and 2024, are as follows (in thousands):

	March 31, 2025		March 31, 2024	
	Notional Amount	Fair Value	Notional Amount	Fair Value
<b>Included in other assets:</b>				
<b>Derivatives designated as hedging instruments:</b>				
Interest rate swaps – Cash flow	\$ 31,470	\$ 3,109	\$ 31,470	\$ 4,366
Interest rate swaps – Fair value	655,713	8,249	531,213	20,486
Total included in other assets	\$ 687,183	\$ 11,358	\$ 562,683	\$ 24,852

Corporate One's interest rate swaps are with US Bank. The hedges require collateral when they exceed certain thresholds of the fair value to protect from counterparty default. As of March 31, 2025, Corporate One held collateral from US Bank in the amounts of \$12.43 million and \$4.68 million related to fair value and cashflow hedges, respectively. As of March 31, 2024, Corporate One held collateral from US Bank in the amounts of \$25.56 million and \$5.45 million related to fair value and cashflow hedges, respectively.



8700 Orion Place  
Columbus, OH 43240-2078

866/MyCorp1

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