Corporate Central Credit Union

Financial Statements

Years Ended December 31, 2023 and 2022

WIPFLI

Corporate Central Credit Union and Subsidiaries

Years Ended December 31, 2023 and 2022

WIPFLI

Independent Auditor's Report

Audit Committee
Corporate Central Credit Union and Subsidiaries
Muskego, Wisconsin

Opinion

We have audited the consolidated financial statements (the ''financial statements'') of Corporate Central Credit Union and Subsidiaries (the "Credit Union"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income (loss), changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (''GAAP'').

We also have audited in accordance with auditing standards generally accepted in the United States of America, the Credit Union's internal control over financial reporting as of December 31, 2023, including controls over the preparation of regulatory financial statements in accordance with National Credit Union Administration (NCUA) Rules and Regulations Part 704.15 as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, and our report dated February 23, 2024 expressed an unmodified opinion.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Wipfli LLP

Wipfli LLP

February 23, 2024
Milwaukee, Wisconsin

Corporate Central Credit Union and Subsidiaries
Consolidated Balance Sheets

December 31,	2023	2022
Assets:		
Cash and cash equivalents	$ 943,003,280	$ 708,180,492
Debt securities - available for sale, net	2,064,457,133	2,106,452,160
Loans, net	7,109,411	230,677,306
Accrued interest receivable	7,730,577	6,851,708
Premises and equipment, net	4,232,371	3,888,370
Other investments	7,272,144	19,422,401
NCUSIF deposit	626,727	664,955
Other assets	14,406,856	14,043,078
TOTAL ASSETS	$ 3,048,838,499	$ 3,090,180,470
Liabilities:		
Members' share and certificate deposits	$ 2,283,520,264	$ 2,509,777,564
Borrowed funds	510,000,000	380,000,000
Accrued interest payable	6,429,480	2,379,863
Other liabilities	1,811,664	2,038,622
Total liabilities	2,801,761,408	2,894,196,049
Members' Equity:		
Regular reserves	3,000,000	3,000,000
Undivided earnings	165,845,301	150,584,537
Members' perpetual contributed capital	120,827,226	118,411,706
Accumulated other comprehensive loss	(42,595,436)	(76,011,822)
Total members' equity	247,077,091	195,984,421
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 3,048,838,499	$ 3,090,180,470

See accompanying notes to consolidated financial statements.

Corporate Central Credit Union and Subsidiaries

Consolidated Statements of Income

Years Ended December 31,	2023	2022
Interest income:		
Asset-backed securities	$ 46,315,861	$ 26,730,292
U.S. government agency mortgage backed securities	26,656,003	10,755,919
Commercial paper	908,804	1,921,509
Federal Reserve deposits	151,308,459	55,143,671
Other investments	3,012,296	2,915,411
Loans	1,907,958	2,129,917
Total interest income	230,109,381	99,596,719
Interest expense:		
Plateau daily shares	19,067,702	7,339,856
Premier shares	6,799,289	2,591,840
FLEX investment shares	38,507,509	13,828,490
Money market shares	4,995,748	1,008,604
Variable rate/plus shares	3,621,965	1,575,418
Fixed rate shares	20,166,197	11,109,800
Federal Reserve excess balance accounts	102,396,527	42,731,320
Nonperpetual capital accounts	1,433,367	669,019
Borrowed funds	10,928,251	296,163
Total interest expense	207,916,555	81,150,510
Net interest income	22,192,826	18,446,209
Noninterest income:		
Service fees	5,897,459	5,691,654
Other noninterest income	1,482,435	1,603,605
Net gain on sale of debt securities	249,786	29,722
U.S. Central distribution	6,266,007	26,781,461
Gain on sale of CUSO	-	1,914,079
Total noninterest income	13,895,687	36,020,521
Noninterest expense:		
Compensation and employee benefits	9,421,065	8,823,069
Occupancy and equipment	380,544	305,207
Advertising and training	522,962	383,704
Contracted operating service expense	3,554,821	3,078,659
Depreciation expense	631,648	274,423
Technology and professional services	1,268,641	1,204,574
Other expenses	423,088	218,870
Total noninterest expense	16,202,769	14,288,506
Net income	$ 19,885,744	$ 40,178,224

See accompanying notes to consolidated financial statements.

Corporate Central Credit Union and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)

Years Ended December 31,	**2023**	**2022**
Net income	$ 19,885,744	$ 40,178,224
Other comprehensive income (loss):		
Debt securities - Available for sale:		
Unrealized gain (loss) on securities	32,957,082	(66,420,756)
Reclassification adjustment for gains realized in net income	(249,786)	(29,722)
Net unrealized gain (loss) on securities	32,707,296	(66,450,478)
Defined benefit plan:		
Net gain (loss) during the period	119,202	(756,138)
Amortization of net loss	589,888	541,878
Net gain (loss) on defined benefit pension plan	709,090	(214,260)
Total other comprehensive income (loss)	33,416,386	(66,664,738)
Comprehensive income (loss)	$ 53,302,130	$ (26,486,514)

See accompanying notes to consolidated financial statements.

Corporate Central Credit Union and Subsidiaries
Consolidated Statements of Changes in Members' Equity

	Regular Reserves	Undivided Earnings	Members' Perpetual Contributed Capital	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2021	$ 3,000,000	$ 113,210,058	$ 117,476,118	$ (9,347,084)	$ 224,339,092
Net income	-	40,178,224	-	-	40,178,224
Other comprehensive loss	-	-	-	(66,664,738)	(66,664,738)
Perpetual contributed capital dividends	-	(2,803,745)	-	-	(2,803,745)
Change in members' perpetual contributed capital	-	-	935,588	-	935,588
Balance at December 31, 2022	3,000,000	150,584,537	118,411,706	(76,011,822)	195,984,421
Net income	-	19,885,744	-	-	19,885,744
Other comprehensive income	-	-	-	33,416,386	33,416,386
Perpetual contributed capital dividends	-	(4,624,980)	-	-	(4,624,980)
Change in members' perpetual contributed capital	-	-	2,415,520	-	2,415,520
Balance at December 31, 2023	$ 3,000,000	$ 165,845,301	$ 120,827,226	$ (42,595,436)	$ 247,077,091

See accompanying notes to consolidated financial statements.

Corporate Central Credit Union and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31,	2023	2022
Changes in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	$ 19,885,744	$ 40,178,224
Adjustments to reconcile net income to net cash from changes in operating activities:		
Depreciation	631,648	274,423
Net accretion on securities	(5,855,808)	(2,885,636)
Gain on sale of debt securities	(249,786)	(29,722)
Changes in operating assets and liabilities:		
Accrued interest receivable	(878,870)	(5,583,549)
Other assets	345,311	(1,964,212)
Accrued interest payable	4,049,618	1,640,038
Other liabilities	742,708	(1,371,006)
Net cash from operating activities	18,670,565	30,258,560
Cash flows from investing activities:		
Purchase of securities available for sale	(650,453,070)	(1,214,516,215)
Proceeds from maturities of securities available for sale	631,329,024	1,235,935,050
Proceeds from sales of securities available for sale	99,931,962	22,008,199
Loan originations net of principal collected on loans to members	223,567,895	(227,677,306)
Net change in other investments	12,150,257	28,266,887
Decrease in NCUSIF deposit	38,228	59,794
Expenditures for premises and equipment	(975,649)	(824,313)
Proceeds from disposal on office properties and equipment	-	37,296
Net cash from investing activities	315,588,647	(156,710,608)
Cash flows from financing activities:		
Net change in members' share and certificate deposits	(227,226,964)	(863,003,595)
Advances on borrowed funds	510,000,000	380,000,000
Repayments on borrowed funds	(380,000,000)	-
Net increase in member perpetual contributed capital	2,415,520	935,588
Dividends on member perpetual contributed capital	(4,624,980)	(2,803,745)
Net cash from financing activities	(99,436,424)	(484,871,752)
Net change in cash and cash equivalents	234,822,788	(611,323,800)
Cash and cash equivalents at beginning of year	708,180,492	1,319,504,292
Cash and cash equivalents at end of year	$ 943,003,280	$ 708,180,492
Supplemental Cash Flow information:		
Borrowed funds interest paid	$ 7,058,652	$ 205,174
Members' share and certificate interest paid	196,808,288	79,305,299
Noncash investing and financing activities:		
Other investments received for sale of Emergifi	$ -	1,914,079

See accompanying notes to consolidated financial statements.

Note 1: Summary of Significant Accounting Policies

Organization

Corporate Central Credit Union and Subsidiaries (the "Credit Union") is a state-chartered cooperative association headquartered in Muskego, Wisconsin, organized in accordance with the provisions of the state of Wisconsin for the purpose to be a place for member credit unions to invest funds at a competitive return and to create a source of credit for these members at a reasonable rate of interest, under a national field of membership. This is accomplished primarily by accepting deposits from members and lending to members or making other investments.

In addition, the Credit Union obtains service fee revenue through fees that it charges members for providing a variety of correspondent services.

The Credit Union derives its authority to operate from Chapter 186 of the Wisconsin Statutes. The Wisconsin Department of Financial Institutions Office of Credit Unions (OCU) regulates the Credit Union. The member accounts at the Credit Union are federally insured. As a federally insured Corporate, the National Credit Union Administration (NCUA) - Office of National Examinations and Supervision performs an annual exam of the Credit Union.

Principles of Consolidation

The consolidated financial statements include the accounts of the Credit Union and its wholly owned subsidiaries; InterLutions, LLC, Emergifi, LLC, and QuantyPhi, LLC (the "CUSO"s). InterLutions, LLC, purpose is to provide innovative business solutions to advance the credit union industry and movement. Emergifi, LLC, purpose is to provide credit union focused technology solutions. QuantyPhi, LLC, purpose is to provide balance sheet optimization services to credit unions. During the year ended December 31, 2022, the Credit Union sold the net assets of Emergifi, LLC "(Emergifi") and recognized a gain on sale totaling $1,914,079. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates in Preparation of Consolidated Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates. A material estimate that is particularly susceptible to significant change in the near term is the valuation of securities.

Concentration

As of December 31, 2023, two member credit unions had deposit balances in excess of 5% of Credit Union deposits totaling approximately $486,491,000. As of December 31, 2022, three member credit unions had deposit balances in excess of 5% of Credit Union deposits totaling approximately $512,433,000.

Note 1: Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties

The Credit Union is subject to certain risks and uncertainties including, but not limited to, interest rate, prepayment, market, geographic concentration, regulatory and credit risk. Net interest income and dividends result from the difference between interest income and dividends earned on interest-earning assets and the interest and dividend expense incurred on interest-bearing liabilities and shares. Net interest income and dividends can be significantly affected by changes in the relative amounts of, and the interest and dividend rates associated with these assets and liabilities. In addition, during periods of falling interest rates, the loans underlying the Credit Union's security portfolio are more likely to prepay, and the Credit Union may not be able to reinvest the proceeds from prepayments in securities and other financial assets with comparable yields to those of the prepaying securities.

Moreover, the Credit Union's assets and liabilities are primarily interest and credit sensitive financial instruments and, as such, are subject to a degree of market risk, which may affect their fair value.

Revenue from Contracts with Customers

The core revenue recognition principle requires the Credit Union to recognize revenue to depict the transfer of services or products to members in an amount that reflects the consideration to which the Credit Union expects to be entitled to receive in exchange for those services or products recognized as performance obligations are satisfied. The guidance includes a five-step model to apply to revenue recognition, consisting of the following; (1) identify the contract with a member; (2) identify the performance obligation(s) within the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation(s) within the contract; and (5) recognize revenue when (or as) the performance obligation(s) are/is satisfied.

The Credit Union generally fully satisfies its performance obligations on its contracts with members as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity. Since performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying revenue recognition that significantly affects the determination of the amount and timing of revenue from contracts with members.

The majority of the Credit Union’s revenue is not subject to these revenue recognition principles, including net interest income, loan servicing income, and gain on sales of securities.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue from Contracts with Customers (Continued)

The following significant revenue-generating transactions are within the scope of revenue recognition principles, which are presented in the statements of income as components of noninterest income:

Service fees – Service fee income consists of fees related to item processing, Automated Clearing House (ACH) processing, cash orders, ATM servicing, wire transfers, settlement services, depository services, and other correspondent services that the Credit Union provides to its members. Transaction-based fees, such as wire transfer processing fees, item processing fees and cash management fees are recognized at the time the transaction is executed as that is the point in time the Credit Union fulfills the member's request. Account maintenance fees, which relate primarily to monthly service charges and maintenance fees, are earned over the course of a month, representing the period over which the Credit Union satisfies the performance obligation.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds due from other financial institutions and brokerage firms. For purposes of the statements of cash flows, the Credit Union considers demand deposit cash accounts, share and daily interest deposit accounts, and certificates of deposit with a maturity of three months or less to be cash equivalents.

The Credit Union maintains cash and some investments in deposit accounts at financial institutions that may, at times, exceed federally insured limits.

Certain cash balances represent deposits made by the Credit Union's members that have not cleared various depository institutions. On December 31, 2023 and 2022, the uncollected cash balances totaled $304,986,371 and $291,568,901, respectively. Such amounts generally become available for investment or withdrawal within one to three business days.

Debt Securities

Debt securities are classified as available for sale and are carried at fair value, with unrealized gains and losses reported in other comprehensive income or loss. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method. Premiums that exceed the amount repayable by the issuer at the next call date are amortized to the next call date. Other premiums and discounts are amortized (accreted) over the estimated lives of the securities. Gains and losses on the sale of securities are recorded on the trade date and determined using the specific-identification method.

Note 1: Summary of Significant Accounting Policies (Continued)

Debt Securities (Continued)

In estimating credit losses on available for sale securities management considers the extent to which fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Credit Union to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

The Credit Union did not record any reserve for credit losses during the year ended December 31, 2023.

Loans

Loans are made to members that meet established credit requirements. The loans are used by members to meet short-term and long-term liquidity needs. Loans are stated at the amount of unpaid principal. Loans are for outstanding balances on advised lines of credit granted to member credit unions. Interest on loans to members is recognized over the terms of the loans and is calculated using the simple interest method on principal amounts outstanding.

The accrual of interest on a loan is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in the process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured. There were no loans on nonaccrual status at December 31, 2023 and 2022.

The Credit Union has not capitalized, to be amortized over the life of the loan, any loan origination costs because the amounts have been determined to be insignificant.

Allowance for Credit Losses on Loans and Unfunded Loan Commitments

The Credit Union adopted ASU No. 2016-13 and began accounting for credit losses under ASC 326, *Financial Instruments - Credit Losses*, on January 1, 2023. The new standard significantly changed the impairment model for most financial assets that are measured at amortized cost, including off-balance sheet credit exposures, from an incurred loss impairment model to an expected credit loss model. Refer to the "Recently Adopted Accounting Pronouncements " section of this note for more information on the impact to the consolidated financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses on Loans and Unfunded Loan Commitments (Continued)

The allowance for credit losses on loans is a valuation allowance that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the Credit Union's loan portfolio. The allowance for credit losses on loans is established through provisions for credit losses charged against earnings. When available information confirms that specific loans, or portions thereof, are uncollectible, these amounts are charged against the allowance for credit losses on loans, and subsequent recoveries, if any, are credited to the allowance for credit losses on loans.

The Credit Union's portfolio segments and their risk characteristics are described as follows:

- **Fixed Rate Term Loans:** Fixed rate term loans generally have maturities ranging from less than one month to three years and are available to members with an approved line of credit. The inherent risk in these loans is due to interest rate risk on long-term loans.

- **Line of Credit:** Line of credit loans are used for members' daily settlement transactions. There is low inherent risk with these loans as they are short term in nature and require the member to maintain a settlement deposit account with the Credit Union.

The Credit Union assigns a risk rating to loans and periodically performs detailed internal reviews of all member credit unions to identify credit risks and to assess any changes to line of credit agreements upon review. During the internal reviews, management monitors and analyzes the financial condition of member credit unions. These credit quality indicators are used to assign a risk rating to each individual loan. The risk ratings can be grouped into the following major categories, defined as follows:

- **Good Standing:** A credit with no existing or known potential weaknesses deserving of management's close attention.

- **Watch:** Loans classified as watch have a potential weakness that deserves management's attention. If left uncorrected, this potential weakness may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date. Watch loans are not adversely classified and do not expose the Credit Union to sufficient risk to warrant adverse classification.

<u>Subsequent to the adoption of ASC 326:</u>

Effective January 1, 2023, the Credit Union uses a current expected credit loss ("CECL") model to estimate the allowance for credit losses on loans. Due to the nature of the Credit Union's loan portfolio, generally all loans are individually evaluated for expected credit losses. This analysis considers collectibility of individual loans in light of historical experience, qualitative considerations, and a forecast of how future economic conditions are expected to impact the collectability of loans. For loans individually evaluated, a specific reserve is estimated based on the discounted value of expected future cash flows or, if the loan is considered collateral dependent, the fair value of collateral.

Note 1: Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses on Loans and Unfunded Loan Commitments (Continued)

Subsequent to the adoption of ASC 326: (Continued)

A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the fair value of the collateral as of the date of the balance sheet, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral. The Credit Union's collateral dependent loans are generally secured by substantially all assets of the member credit union, and may include loans receivable, investment securities, cash and cash equivalents, and premises and equipment.

The Credit Union excludes accrued interest receivable from the amortized cost basis of loans when estimating credit losses and when presenting required disclosures in the financial statements. Accrued interest on loans totaling $14,402 at December 31, 2023, was excluded from the amortized cost basis of loans.

In addition to the allowance for credit losses on loans, the Credit Union considers a reserve for unfunded loan commitments at a level that management believes is adequate to absorb estimated probable credit losses over the contractual terms of the Credit Union's noncancellable loan commitments. As of December 31, 2023, substantially all of the Credit Union's loan commitments are unconditionally cancellable by the Credit Union. As such, no reserve has been recorded for unfunded commitments during 2023.

The Credit Union may modify loans to borrowers experiencing financial difficulty and grant certain concessions that include principal forgiveness, a term extension, an other-than-insignificant payment delay, an interest rate reduction, or a combination of these concessions. An assessment of whether the borrower is experiencing financial difficulty is made at the time of the loan modification. No such modifications were made during the year ended December, 31, 2023.

Upon the Credit Union's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

Prior to the adoption of ASC 326:

Prior to January 1, 2023, the Credit Union used an incurred loss impairment model to estimate the allowance for credit losses on loans. This methodology assessed the overall appropriateness of the allowance for credit losses on loans and included allocations for specifically identified impaired loans and loss factors for all remaining loans, with a component primarily based on historical loss rates and another component primarily based on other qualitative factors.

Note 1: Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses on Loans and Unfunded Loan Commitments (Continued)

Prior to the adoption of ASC 326: (Continued)

Under the incurred loss impairment model, the allowance for credit losses was evaluated on a regular basis by management and was based upon management's periodic review of the collectability of the loans in light of historical experience, the nature, and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions.

A loan was considered impaired when, based on current information and events, it was probable that the Credit Union would be unable to collect all amounts due according to the contractual terms of the loan agreement. Prior to the adoption of ASU No. 2022-02, loans for which the terms had been modified resulting in a concession, and for which the borrower was experiencing financial difficulties, were considered troubled debt restructurings (TDRs) and were classified as impaired.

Off-Balance-Sheet Instruments

In the ordinary course of business, the Credit Union has entered into off-balance-sheet financial instruments including commitments to extend credit and unfunded commitments under lines of credit. Such financial instruments are recorded in the financial statements when they become payable.

Premises and Equipment

Land is carried at cost. Other premises and equipment are stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets.

Other Investments

Other investments are primarily comprised of investments in Federal Home Loan Bank (FHLB) stock and minority owned CUSOs. Transfer of these investments are substantially restricted and are carried at cost.

Advertising

Advertising costs are expensed as incurred.

NCUSIF Deposit

Member savings accounts are insured by the National Credit Union Share Insurance Fund (NCUSIF). Membership in the NCUSIF requires that the Credit Union place on deposit an amount equivalent to 1% of insured members' savings accounts. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the National Credit Union Administration (NCUA) Board.

Note 1: Summary of Significant Accounting Policies (Continued)

U.S. Central Distributions

On October 1, 2010, U.S. Central Federal Credit Union was placed into liquidation, and on October 5, 2010, NCUA issued a claim certificate to the Credit Union for the Membership Capital Account (MCA) balance previously depleted through the recognition of losses. This claim certificate enables the Credit Union to share in any proceeds that correspond to the payout priority of the claim recovered during the liquidation of U.S. Central Federal Credit Union.

The Credit Union's balance on the claim certificate issued in 2021 was $66,620,550. During the years ended December 31, 2023 and 2022, the Credit Union received the distributions and recorded loss recoveries in the amounts of $6,266,007 and $26,781,461, respectively. The amount received in 2023 was the final recovery amount claim expected. In addition to the MCA claim, there is Paid in Capital of $6,400,000, of which $3,001,600 was recovered in 2023. The remaining Paid in Capital balance of $3,398,400, has potential of future distribution by the NCUA.

Members' Share and Certificate Deposits

The Credit Union offers various types of shares to members, from daily shares to fixed-term certificates with interest rates that are fixed or variable. In case of dissolution, after assets are liquidated and debts paid, members would be paid a liquidating dividend in proportion to their deposits.

Nonperpetual capital accounts (NCA) are capital investments by member credit unions and denote their commitment in the Credit Union. Notice of intent to redeem is required and once notification is given, the deposit will be redeemed in five years. NCA placed on notice for redemption remains available to cover losses that exceed retained earnings during this period as discussed below.

Under the definitions of NCA accounts and perpetual contributed capital (PCC) in Part 704.2 of Rules and Regulations of the NCUA, capital is available to cover losses that exceed retained earnings. In May 2009, the NCUA published Letter to Credit Unions 09-CU-10, reinforcing the regulatory requirement in Part 704.2 that PCC accounts and NCA accounts are available to cover losses that exceed retained earnings and stating that when there is an accumulated deficit (retained earnings deficit) at a corporate credit union, PCC and NCA accounts must be depleted to the extent necessary to eliminate the accumulated deficit. As of December 31, 2023 and 2022, the Credit Union was not required to deplete membership capital as retained earnings increased due to net income.

All credit union deposits up to $250,000, other than NCA and PCC accounts, in the Credit Union were guaranteed by NCUSIF through December 31, 2023.

The Credit Union’s ability to pay the interest or dividends contractually due its members may be restricted in the event it accumulates an undivided earnings deficit.

In the event claims were placed on the Credit Union’s assets to satisfy its liabilities, members’ shares would be satisfied after creditors, but before NCA and PCC accounts.

Note 1: Summary of Significant Accounting Policies (Continued)

Members' Equity

Members' equity is restricted for specific purposes by the Credit Union's Bylaws, board directive, or regulation. The Credit Union's PCC is a wholly at risk investment for those members who subscribed, with neither the dividends nor the repayment of principal guaranteed by any share or deposit insurance fund. Dividends and principal on PCC are subordinate to payment of dividends and principal on members' share deposits. There is no maturity on the PCC and the funds are callable at the option of the Credit Union only. There is no public or private market on PCC. The terms of the PCC shares are such that the amounts qualify as equity for both regulatory capital purposes and under GAAP.

The Credit Union is also required by regulation to maintain a statutory regular reserve. This reserve, which represents a regulatory restriction of retained earnings, is not available for the payment of interest or dividends.

NCUA Regulation 704 is the federal regulation governing corporate credit unions. For 2023 and 2022, the regulation requires maintaining a leverage ratio of 4% or greater, a Tier 1 risk-based capital ratio of 4% or greater, and a total risk-based capital ratio of 8% or greater (See Note 11 for additional discussion).

Accumulated Other Comprehensive Loss

Comprehensive income consists of net income and other comprehensive income (loss). Accumulated other comprehensive loss, also recognized as a separate component of members' equity, includes valuation adjustments for available-for-sale securities, and transition obligations, prior service credits and other gains and losses related to the Credit Union's defined benefit pension.

The components of accumulated other comprehensive income (loss) included in members' equity are as follows:

Years Ended December 31,	2023	2022
Unrealized loss on available-for-sale securities	$ (35,066,612)	$ (67,773,908)
Defined benefit plan net loss	(7,528,824)	(8,237,914)
Total accumulated other comprehensive loss	$ (42,595,436)	$ (76,011,822)

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Credit Union is exempt, under Internal Revenue Code (IRC) 501(c)(14), from federal and state income taxes.

The taxing authorities have the ability to assess taxes, penalties, and interest for any years for which no tax return was filed. In the opinion of management, any liability resulting from taxing authorities imposing income taxes on the net taxable income from activities potentially deemed to be unrelated to the Credit Union's exempt purpose is not expected to have a material effect on the Credit Union's financial position or results of operations.

The Credit Union follows the income tax accounting standard for uncertain tax positions. As a result, the Credit Union evaluated its tax positions and determined no uncertain tax positions exist as of December 31, 2023 and 2022.

The Credit Union's 2020 and subsequent tax years are open for examination by federal and state taxing authorities.

Retirement Plans

Defined Benefit Pension Plan – The Credit Union provides a defined benefit pension plan covering substantially all of the Credit Union's employees who are eligible as to age and length of service. The Credit Union's funding practice is to make at least the minimum annual contribution that is required by the Employee Retirement Income Security Act of 1974.

401(k) Plan – The Credit Union provides a 401(k) plan, which covers substantially all of the Credit Union's employees who are eligible as to age and length of service. A participant may elect to make contributions of up to the statutory limits. The Credit Union has the ability to make discretionary contributions to the 401(k) plan. The Credit Union did not make matching discretionary contributions to the 401(k) plan in 2023 or 2022.

457(b) Plan – The Credit Union provides a 457(b) plan, which covers eligible Credit Union employees. The Credit Union did not make any contributions into the 457(b) plan during 2023 or 2022.

Split Dollar Loan Receivable

The Credit Union has entered into a Collateral Assignment Split Dollar plan for executive benefit purposes. The Credit Union has recorded a receivable totaling $2,884,737 as of December 31, 2023 and 2022, which is included in other assets on the consolidated balance sheet.

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Credit Union categorizes its assets and liabilities measured at fair value into a three level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

> Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union has the ability to access.
>
> Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
>
> Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Credit Union may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis with changes to fair value recognized through the income statement. The Credit Union adopted the policy to value certain financial instruments at fair value. However, the Credit Union has not elected to measure any existing financial instruments using the fair value option. The Credit Union may elect to measure newly acquired financial instruments at fair value in the future.

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

The Credit Union recently adopted the following Accounting Standards Updates (ASU) issued by the Financial Accounting Standards Board (FASB).

ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments* - This standard significantly changes how financial assets measured at amortized cost are presented. Such assets, which include most loans, are presented at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts. The standard also changes the accounting for credit losses related to securities available for sale and purchased financial assets with a more-than-insignificant amount of credit deterioration since origination. The Credit Union adopted ASU No. 2016-13 on January 1, 2023. The adoption of this standard did not result in any adjustment to undivided earnings.

ASU No. 2022-02, *Troubled Debt Restructurings and Vintage Disclosures, Topic 326 (Financial Instruments-Credit Losses)* – This standard eliminates the recognition and measurement guidance for troubled debt restructurings by creditors under ASC Subtopic 310-40, *Receivables-Troubled Debt Restructurings by Creditors*, and, instead, requires the Credit Union to evaluate (consistent with other loan modification accounting standards) whether a loan modification represents a new loan or a continuation of an existing loan. The amendments to the standard also enhance existing disclosure requirements, and introduce new requirements related to certain modifications of loans made to borrowers experiencing financial difficulty. The Credit Union adopted ASU No. 2022-02 on January 1, 2023, on a prospective basis. The adoption of this standard did not have a material impact on the financial statements.

Subsequent Events

Subsequent events have been evaluated through February 23, 2024, which is the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2022 financial statement to conform to the 2023 classifications.

Note 2: Debt Securities Available for Sale

The amortized cost and estimated fair value of debt securities with gross unrealized gains and losses at December 31 follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2023				
U.S. government agency securities	$ 296,438,635	$ 503,595	$ 2,336,615	$ 294,605,615
Asset backed securities	1,318,486,085	5,974,732	22,272,343	1,302,188,474
U.S. government agency mortgage backed securities	42,514,519	359	776,819	41,738,059
U.S. government agency commercial mortgage backed securities	177,571,651	85,020	1,439,286	176,217,385
U.S. Treasuries	264,512,855	-	14,805,255	249,707,600
Total debt securities available for sale	$ 2,099,523,745	$ 6,563,706	$ 41,630,318	$ 2,064,457,133
2022				
U.S. government agency securities	$ 429,804,260	$ 579,149	$ 4,253,799	$ 426,129,610
Asset backed securities	1,252,067,967	435,673	39,870,208	1,212,633,432
U.S. government agency mortgage backed securities	29,602,090	96	215,421	29,386,765
U.S. government agency commercial mortgage backed securities	119,248,574	8,515	2,307,346	116,949,743
Commercial paper	79,091,196	3,952	1,348	79,093,800
U.S. Treasuries	264,411,981	-	22,153,171	242,258,810
Total debt securities available for sale	$ 2,174,226,068	$ 1,027,385	$ 68,801,293	$ 2,106,452,160

Fair values of securities are generally estimated based on financial models or prices paid for similar securities. It is possible interest rates or market spreads could change considerably, resulting in a material change in the estimated fair value of securities.

No credit loss has been recorded on debt securities available for sale as of December 31, 2023.

Note 2: Debt Securities Available for Sale (Continued)

The following table shows the fair value and gross unrealized losses of securities with unrealized losses at December 31, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2023						
U.S. government agency securities	$ -	$ -	$ 168,506,630	$ 2,336,615	$ 168,506,630	$ 2,336,615
Asset backed securities	69,001,054	186,396	636,038,502	22,085,947	705,039,556	22,272,343
U.S. government agency mortgage backed securities	10,245,337	215,187	31,347,930	561,632	41,593,267	776,819
U.S. government agency commercial mortgage backed securities	84,313,852	550,405	79,298,025	888,881	163,611,877	1,439,286
U.S. Treasuries	-	-	249,707,600	14,805,255	249,707,600	14,805,255
Totals	$ 163,560,243	$ 951,988	$ 1,164,898,687	$40,678,330	$ 1,328,458,930	$41,630,318
2022						
U.S. government agency securities	$ 123,289,068	$ 1,323,305	$ 123,140,820	$ 2,930,494	$ 246,429,888	$ 4,253,799
Asset backed securities	743,459,180	16,581,945	363,203,052	23,288,263	1,106,662,232	39,870,208
U.S. government agency mortgage backed securities	29,203,119	215,421	-	-	29,203,119	215,421
U.S. government agency commercial mortgage backed securities	101,703,166	1,864,932	13,381,884	442,414	115,085,050	2,307,346
Commercial paper	49,695,000	1,348	-	-	49,695,000	1,348
U.S. Treasuries	33,984,520	1,447,219	208,274,290	20,705,952	242,258,810	22,153,171
Totals	$ 1,081,334,053	$ 21,434,170	$ 708,000,046	$47,367,123	$ 1,789,334,099	$68,801,293

At December 31, 2023, 164 debt securities have unrealized losses with aggregate depreciation of 3.0% from the Credit Union's amortized cost basis. Unrealized losses on debt securities available for sale have not been recognized into income because the unrealized losses related principally to changes in interest rate and are not due to changes in the financial condition of the issuer, the quality of any underlying assets or applicable credit enhancements. All debt securities continue to make timely contractual payments and management does not intend to sell and it is likely management will not be required to sell the securities prior to their anticipated recovery.

Note 2: Debt Securities Available for Sale (Continued)

The following is a summary of amortized cost and estimated fair value of debt securities by contractual maturity as of December 31, 2023. Contractual maturities will differ from expected maturities for certain types of asset-backed and mortgage-related securities because borrowers may have the right to call or prepay obligations without penalties.

	Amortized Cost	Estimated Fair Value
Government agency, asset backed and U.S. Treasury securities:		
Due in one year or less	$ 36,585,451	$ 36,169,952
Due after one year through five years	1,155,786,541	1,131,127,829
Due after five years through ten years	428,921,491	422,788,238
Due after 10 years	300,658,611	298,153,730
Subtotal	1,921,952,094	1,888,239,749
Mortgage backed securities	177,571,651	176,217,385
Totals	$ 2,099,523,745	$ 2,064,457,134

During the year ended December 31, 2023 and 2022, the Credit Union sold securities receiving proceeds totaling approximately $99,932,000 and $22,008,000 respectively. Gross gains totaled approximately $250,000 and $30,000 while gross losses totaled $0 during the years ended December 31, 2023 and 2022.

At December 31, 2023 and 2022, securities with a par value of approximately $844,917,000 and $286,505,000, respectively, were pledged as collateral to secure a line of credit at the Federal Reserve Bank. At December 31, 2023 and 2022, securities with a par value of approximately $135,320,000 and $134,320,000, respectively, were pledged as collateral to secure a line of credit at U.S. Bank. At December 31, 2023 and 2022, securities with a par value of approximately $575,559,000 and $815,664,000, respectively were pledged as collateral to secure a line of credit at Federal Home Loan Bank of Chicago.

Note 3: Loans

The following table presents total loans at December 31, by portfolio segment and class of loan:

	2023	2022
Fixed rate term loans	$ -	$ 52,000,000
Line of credit	7,109,411	178,677,305
Totals	$ 7,109,411	$ 230,677,305

The following table shows the Credit Union's loan portfolio allocated by management's internal risk ratings as of December 31:

	2023	2022
Risk Rating:		
Good standing	$ 7,109,411	$ 230,677,305
Totals	$ 7,109,411	$ 230,677,305

The Credit Union has not recorded an allowance for credit losses based on its analysis of outstanding loan balances. As of December 31, 2023 and 2022, all loans have been evaluated for impairment on an individual basis. The Credit Union has had no past due, nonaccrual, or collateral dependent loans during the years ended December 31, 2023 and 2022.

Note 4: Premises and Equipment

An analysis of premises and equipment at December 31, follows:

	2023	2022
Land	$ 565,287	$ 547,287
Building	2,865,269	2,865,269
Office furniture and equipment	3,326,914	2,416,834
Subtotals	6,757,470	5,829,390
Less - Accumulated depreciation	(2,525,099)	(1,941,020)
Premises and equipment, net	$ 4,232,371	$ 3,888,370

Depreciation of premises and equipment charged to operating expense totaled $631,648 during 2023 and $274,423 during 2022.

Note 5: Other Investments

Other investments comprise the following as of December 31 :

	2023	2022
FHLB Stock	$ 5,099,144	$ 17,249,401
Other	2,173,000	2,173,000
Totals	$ 7,272,144	$ 19,422,401

The Credit Union has an investment in Federal Home Loan Bank (FHLB) stock that allows the Credit Union access to other FHLB financial services. The stock qualifies as a restricted stock and as such is recorded at cost, subject to impairment.

The "other" category is primarily comprised of equity securities without a readily determinable market value. These investments are recorded at cost, minus impairment, if any, plus or minus changes resulting from observable price changes for an identical or similar investment. No impairments or observable price adjustments were made during 2023 or 2022.

Note 6: Members' Share and Certificate Deposits

Members' share and certificate deposits consist of the following at December 31:

	2023	2022
Plateau daily shares	$ 841,361,486	$ 731,589,487
Premier shares	149,684,991	122,114,644
FLEX investment shares	461,228,145	493,805,177
Money market shares	27,801,450	19,001,450
Variable-rate shares	6,945,800	25,710,593
Variable plus shares	48,527,188	45,370,950
Fixed-rate shares	698,362,765	1,023,055,234
Nonperpetual capital accounts	49,608,439	49,130,029
Totals	$ 2,283,520,264	$ 2,509,777,564

Certificates, callables and step ups of $250,000 or more totaled approximately $683,937,531 and $989,116,000 at December 31, 2023 and 2022, respectively.

Note 6: Members' Share and Certificate Deposits (Continued)

The scheduled maturities of fixed-rate shares at December 31, 2023, are summarized as follows:

		Amount
2024	$	485,936,531
2025		140,985,000
2026		68,596,234
2027		2,845,000
2028		-
Total	$	698,362,765

Note 7: Borrowed Funds

Borrowed funds consist of the following at December 31, 2023 and 2022:

	2023			2022		
	Rates		Amount	Rates		Amount
Federal Reserve Bank						
Bank Term Funding Program loans - fixed rate, fixed term	4.78 - 4.83%	$	400,000,000	$ -	$	-
Federal Home Loan Bank (FHLB)						
Open line of credit	5.45		110,000,000	4.31		380,000,000
Totals		$	510,000,000		$	380,000,000

The Credit Union has entered into an Advances, Pledge, and Security Agreement with the FHLB whereby specific securities of the Credit Union with advance equivalents of approximately $542,086,000 and $756,834,000 at December 31, 2023 and 2022, respectively, were pledged to the FHLB as collateral in the event the Credit Union requests any advances on the line. The Credit Unions outstanding borrowing matures on January 2, 2024, and bears interest at a rate of 5.45%

The Credit Union has a borrowing arrangement with the Federal Reserve Bank of Chicago Discount Window allowing borrowings up to $1,000,000,000 and $250,000,000 as of December 31, 2023 and 2022, respectfully, contingent upon the loan being collateralized by acceptable assets. All outstanding borrowings with the Federal Reserve Bank mature in 2024 with a weighted-average rate of 4.81%

The Credit Union has established a $100,000,000 secured fed funds line through U.S. Bank at December 31, 2023 and 2022. This line is contingent upon the Credit Union maintaining a safekeeping account to hold securities that are used as collateral. No balances were outstanding on this line as of December 31, 2023 and 2022.

Note 7: Borrowed Funds (Continued)

The Credit Union has established a $50,000,000 unsecured fed funds line through PNC Bank, N.A. at December 31, 2023 and 2022. No balances were outstanding on this line as of December 31, 2023 and 2022.

The Credit Union established a $30,000,000 unsecured fed funds line through BMO Harris Bank, N.A at December 31, 2023 and 2022. No balances were outstanding on this line as of December 31, 2023 and 2022.

Note 8: Defined Benefit Plan

The Credit Union's defined benefit pension plan is described in Note 1. The following table sets forth the plan's funded status and amounts recognized in the consolidated balance sheets at December 31:

	2023	2022
Benefit obligation	$ 15,987,899	$ 13,600,745
Fair value of plan assets	25,795,148	23,390,389
Excess of plan assets over benefit obligation	$ 9,807,249	$ 9,789,644
Accumulated benefit obligation	$ 12,793,753	$ 10,904,085
Assumptions used to Determine Benefit Obligation:		
Weighted average discount rate	5.00 %	5.25 %
Expected long-term return on plan assets	6.75 %	6.75 %
Rate of future compensation increase	3.75 %	3.75 %
Pension Benefits:		
Net pension cost	$ 691,485	$ 660,102
Employer contribution	-	-
Plan participants' contributions	-	-
Benefits paid	433,036	230,904
Assumptions used to determine net pension costs:		
Weighted average discount rate	5.00 %	5.25 %
Expected long-term return on plan assets	6.75 %	6.75 %
Rate of compensation increase	3.75 %	3.75 %
Included in balance sheets:		
Asset for pension funding (included in other assets)	$ 9,807,249	$ 9,789,644
Accumulated other comprehensive loss	$ (7,528,824)	$ (8,237,914)

Note 8: Defined Benefit Plan (Continued)

Following is information about amounts recognized in the financial statements as of December 31, 2023 and 2022:

	2023	2022
Net loss (gain)	$ (119,202)	$ 756,138
Amortization of net loss	(589,888)	(541,878)
Total defined benefit plan changes recognized in other comprehensive income	(709,090)	214,260
Net periodic benefit cost	691,485	660,102
Total defined benefit plan charges recognized in net periodic benefit cost and other comprehensive income	$ (17,605)	$ 874,362

The Credit Union estimates that approximately $504,000 included in accumulated other comprehensive income will be amortized through the income statement during the year ended December 31, 2024.

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. Management believes the discount rate and expected rate of return on plan assets used in determining its year-end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

The overall expected long-term rate of return on plan assets represents a weighted average composition rate based on expected rates of return. The Credit Union's pension plan weighted-average asset allocations by asset category are as follows as of December 31:

	2023	2022
Stable value/money market	14.9 %	4.8 %
Equity securities	23.5 %	49.0 %
Fixed income	29.2 %	19.0 %
Other	32.4 %	27.2 %
Totals	100 %	100 %

The target asset allocation for the defined benefit pension plan is developed to meet the plan's long-term objectives based on prudent levels of risk relative to return, diversification, and sufficient liquidity to fund emerging liabilities.

Note 8: Defined Benefit Plan (Continued)

The following tables present the balances of the defined benefit plan assets measured at fair value on a recurring basis as of December 31:

2023	Level 1	Level 2	Level 3	Total
Stable value/money market	$ -	$ 3,843,477	$ -	$ 3,843,477
Equity securities	-	6,061,860	-	6,061,860
Fixed income	-	7,532,183	-	7,532,183
Other	-	8,357,628	-	8,357,628
Totals	$ -	$ 25,795,148	$ -	$ 25,795,148

2022	Level 1	Level 2	Level 3	Total
Stable value/money market	$ -	$ 1,125,405	$ -	$ 1,125,405
Equity securities	-	11,459,787	-	11,459,787
Fixed income	-	4,444,091	-	4,444,091
Other	-	6,361,106	-	6,361,106
Totals	$ -	$ 23,390,389	$ -	$ 23,390,389

At December 31, 2023, the actuary has not calculated, or informed the Credit Union of any contribution requirements.

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year Ending December 31,	Amount
2024	$ 2,935,674
2025	317,395
2026	419,594
2027	1,409,402
2028	4,945,350
2029-2033	5,804,965

Note 9: Related-Party Transactions

The Credit Union's Board consists of senior executive officers of full member credit unions. Loans made to these credit unions are made in the ordinary course of business with normal credit terms including interest rates and collateral. The loans outstanding to these credit unions were approximately $0 and $167,500,000 at December 31, 2023 and 2022, respectively. The shares outstanding for these credit unions were approximately $242,082,000 and $246,370,000 at December 31, 2023 and 2022, respectively.

Note 10: Commitments, Contingencies, and Credit Risk

Financial Instruments With Off-Balance-Sheet Credit Risk

The Credit Union is a party to conditional commitments to lend funds in the normal course of business to meet the financing needs of its members. These commitments represent financial instruments to extend that involve, to varying degrees, elements of credit and interest rate risk in excess of amounts recognized in the consolidated financial statements.

The Credit Union's exposure to credit loss is represented by the contractual notional amount of these instruments. The Credit Union uses the same credit policies in making commitments as it does for those loans recorded in the consolidated financial statements.

As of December 31, 2023 and 2022, the Credit Union had approximately $94,483,000 and $104,893,000 in letters of credit extended to credit union members, respectively.

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Credit Union upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include consumer assets, residential real estate and member share balances.

Unfunded amounts under advised credit lines and overdraft protection agreements represent potential future extensions of credit to existing members. These lines of credit are collateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent of the credit limits to which the Credit Union has approved. The total advised lines of credit to members as of December 31, 2023 and 2022, were $4.79 billion and $4.07 billion, of which $4.78 billion and $3.84 billion is available, respectively.

Note 10: Commitments, Contingencies, and Credit Risk (Continued)

Legal Contingencies

The Credit Union is a party to various collection related legal actions normally associated with financial institutions, the aggregate effect of which, in management's opinion, would not be material to the financial condition of the Credit Union.

Note 11: Members' Equity and Regulatory Matters

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined) to moving monthly average net risk-weighted assets (as defined) and moving daily average net assets (as defined). Management believes, as of December 31, 2023 and 2022, the Credit Union meets all capital adequacy requirements to which it is subject.

As of December 31, 2023, the most recent regulatory reporting period for the NCUA categorized the Credit Union as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Credit Union must maintain a minimum total risk-based, Tier 1 risk-based, and leverage ratios as set forth in the tables. There are no conditions or events since notification that management believes have changed the Credit Union's category.

Note 11: Members' Equity and Regulatory Matters (Continued)

The Credit Union's capital amounts and ratios as of December 31 are presented in the following table:

	Actual		Minimum Capital Requirement		To Be Well Capitalized Under Prompt Corrective Action Provisions	
(Dollars in Thousands)	**Amount**	**Ratio**	**-**	**Ratio**	**Amount**	**Ratio**
2023						
Total capital (to moving monthly average net risk-weighted assets)	$ 339,031,970	33.01 %	$ 82,173,138	≥ 8.00 %	$ 102,716,423	≥ 10.00 %
Tier 1 capital (to moving monthly average net risk-weighted assets)	289,672,527	28.20 %	41,086,569	≥ 4.00 %	61,629,854	≥ 6.00 %
Tier 1 capital to (to moving daily average net assets)	289,672,527	9.99 %	116,020,631	≥ 4.00 %	145,025,789	≥ 5.00 %
2022						
Total capital (to moving monthly average net risk-weighted assets)	$ 320,256,795	22.03 %	$ 116,317,553	≥ 8.00 %	$ 145,396,941	≥ 10.00 %
Tier 1 capital (to moving monthly average net risk-weighted assets)	271,996,243	18.71 %	58,158,776	≥ 4.00 %	87,238,165	≥ 6.00 %
Tier 1 capital (to moving daily average net assets)	271,996,243	8.07 %	134,848,134	≥ 4.00 %	168,560,168	≥ 5.00 %

Under current NCUA regulations, all PCC received from federally insured credit unions can be included in regulatory capital when the corporate credit union's retained earnings ratio is greater than 2.5%. If a corporate credit union's retained earnings ratio is less than 2.5%, PCC received from federally insured credit unions that causes PCC minus retained earnings, all divided by moving daily average net assets, to exceed two percent would be excluded from Tier 1 capital. The Credit Union has a retained earnings ratio of 5.82% and and 4.56% at December 31, 2023 and 2022, respectively. At both December 31, 2023 and 2022, all PCC is included in the calculation of Tier 1 capital.

Note 12: Fair Value Measurements

The Credit Union uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures. For additional information on how the Credit Union measures fair value refer to Note 1. The following is a description of the valuation methodology and significant inputs used for each asset measured at fair value on a recurring basis, as well as the classification of the asset within the fair value hierarchy.

Debt Securities available for sale - Securities available for sale are classified as Level 2 measurements within the fair value hierarchy. Level 2 securities include U.S. government agency, asset backed, U.S. government agency mortgage backed and commercial mortgage backed, commercial paper, and U.S. Treasuries. The fair value measurement of a Level 2 security is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data.

		Recurring Fair Value Measurements Using		
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023				
Assets:				
Debt securities available for sale:				
U.S. government agency	$ 294,605,615	$ -	$ 294,605,615	$ -
Asset backed	1,302,188,474	-	1,302,188,474	-
U.S. government agency mortgage backed	41,738,059	-	41,738,059	-
U.S. government agency commercial mortgage backed	176,217,385	-	176,217,385	-
U.S. Treasuries	249,707,600	-	249,707,600	-
Totals	$ 2,064,457,133	$ -	$ 2,064,457,133	$ -
2022				
Assets:				
Debt securities available for sale:				
U.S. government agency	$ 426,129,610	$ -	$ 426,129,610	$ -
Asset backed	1,212,633,432	-	1,212,633,432	-
U.S. government agency mortgage backed	29,386,765	-	29,386,765	-
U.S. government agency commercial mortgage backed	116,949,743	-	116,949,743	-
Commercial paper	79,093,800	-	79,093,800	-
U.S.Treasuries	242,258,810	-	242,258,810	-
Totals	$ 2,106,452,160	$ -	$ 2,106,452,160	$ -

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Independent Auditor's Report on Supplementary Information

Audit Committee
Corporate Central Credit Union and Subsidiaries
Muskego, Wisconsin

Opinion on Internal Control Over Financial Reporting

We have audited Corporate Central Credit Union and Subsidiaries' (the "Credit Union") internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with instructions to the National Credit Union Association (NCUA) form 5310 ("Call Report"), as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. In our opinion, the Credit Union maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework* issued by COSO in 2013.

We also have audited, in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the consolidated financial statements of the Credit Union, and our report dated February 23, 2024, expressed an unmodified opinion.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of the Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management Report.

Auditor's Responsibility for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinion on internal control. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Because management's assessment and our audit were conducted to meet the reporting requirements of Part 704 of the NCUA's rule on corporate credit unions, our audit of the Credit Union's internal control over financial reporting included controls over the preparation of financial statements in accordance with GAAP and with Call Report instructions.

An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Wipfli LLP

Wipfli LLP

Milwaukee, Wisconsin
February 23, 2024

MANAGEMENT REPORT

Statement of Management's Responsibilities
The management of Corporate Central Credit Union and Subsidiaries (the "Credit Union") is responsible for preparing the Credit Union's annual financial statements in accordance with generally accepted accounting principles; for designing, implementing and maintaining an adequate internal control structure and procedures for financial reporting, including controls over the preparation of regulatory financial statements in accordance with the regulatory instructions in National Credit Union Administration (NCUA) form 5310; and for complying with federal and state laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends, and regulatory reporting that meets full and fair disclosures.

Management's Assessment of Compliance with Designated Laws and Regulations
The management of the Credit Union has assessed the Credit Union's compliance with the federal and state laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends, and regulatory reporting that meets full and fair disclosures during the fiscal year that ended on December 31, 2023. Based upon its assessment, management has concluded that the Credit Union complied with the federal and state laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends, and regulatory reporting that meets full and fair disclosures during the fiscal year that ended on December 31, 2023.

Management's Assessment of Internal Control Over Financial Reporting
The Credit Union's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory reporting purposes. The Credit Union's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Credit Union; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory purposes, and that receipts and expenditures of the Credit Union are being made only in accordance with authorizations of management and directors of the Credit Union; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the Credit Union's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Credit Union's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with regulatory instructions in NCUA form 5310 as of December 31, 2023, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 2013 *Internal Control-Integrated Framework.* Based upon its assessment, management has concluded that, as of December 31, 2023, the Credit Union's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with regulatory instructions in NCUA form 5310, is effective based on the criteria established in the 2013 *Internal Control-Integrated Framework*.

Management's assessment of the effectiveness of internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with regulatory instructions in NCUA form 5310, as of December 31, 2023, has been audited by Wipfli LLP, an independent accounting firm, as stated in their report dated February 23, 2024.

Corporate Central Credit Union and Subsidiaries,

Chris Felton

Chris Felton, President and CEO
Corporate Central Credit Union

Nicholas A. Fanning

Nicholas A. Fanning, Senior Vice President and CFO
Corporate Central Credit Union