

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee, Board of Directors and Management
Corporate America Credit Union

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the consolidated financial statements of Corporate America Credit Union and its subsidiary, which comprise the consolidated statement of financial condition as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive operations, members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated statements present fairly, in all material respects, the consolidated financial position of Corporate America Credit Union and its subsidiary as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We also have audited Corporate America Credit Union and its subsidiary internal control over financial reporting as of December 31, 2024, based on including controls over the preparation of regulatory consolidated financial statements in accordance with the instructions for the National Credit Union Administration's (NCUA) 5310 Call Report, as of December 31, 2024, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). In our opinion, Corporate America Credit Union and its subsidiary maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in the Internal Control—Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Basis for Opinions

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 Audits of the Financial Statements and Internal Control Over Financial Reporting section of our report. We are required to be independent of Corporate America Credit Union and its subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Opinion Responsibilities of Management for the Consolidated Statements and Internal Control Over Consolidated Reporting

Management is responsible for the preparation and fair presentation of the consolidated statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of effective internal control over consolidated reporting relevant to the preparation and fair presentation of consolidated statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over consolidated reporting, included in the accompanying 2024 Management Report.

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

Auditor's Responsibilities for the Audits of the Consolidated Statements and Internal Control Over Consolidated Reporting

Our objectives are to obtain reasonable assurance about whether the consolidated statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over consolidated reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of consolidated statements or an audit of internal control over consolidated reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness 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 to be 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 consolidated statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated statements.
- Obtain an understanding of internal control relevant to the consolidated statement audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over consolidated reporting relevant to the audit of internal control over consolidated reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over consolidated reporting based on the assessed risk.

- 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 consolidated statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Corporate America Credit Union and its subsidiary'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 consolidated statement audit.

Definition and Inherent Limitations of Internal Control Over Consolidated Reporting

An entity's internal control over consolidated reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 704.15 of the NCUA Regulations, our audit of Corporate America Credit Union and its subsidiary's internal control over consolidated reporting included controls over the preparation of consolidated statements in accordance with accounting principles generally accepted in the United States of America and with the NCUA 5310 Call Report instructions. An entity's internal control over consolidated 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 consolidated statements in accordance with accounting principles generally accepted in the United States of America, 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 consolidated statements.

Because of its inherent limitations, internal control over consolidated reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment 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.

Doeren Mayhew Assurance

Miami, Florida
March 14, 2025

CORPORATE AMERICA CREDIT UNION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 765,155,208	\$ 917,885,053
Securities – Principal Receivable	12,682,636	13,079,225
Securities - Available-for-Sale	3,742,297,895	2,405,222,149
Loans, Net	41,319,060	103,406,424
Accrued Interest Receivable	13,743,961	12,524,309
Premises and Equipment, Net	5,122,693	5,754,812
National Credit Union Share Insurance Fund (NCUSIF) Deposit	997,355	1,006,772
Federal Home Loan Bank (FHLB) Stock	16,676,000	2,146,600
Other Assets	5,935,857	4,569,607
Total Assets	<u>\$ 4,603,930,665</u>	<u>\$ 3,465,594,951</u>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' Shares and Certificates	\$ 4,043,722,516	\$ 3,247,006,480
Borrowed Funds	300,000,000	-
Accrued Interest Payable	2,509,003	4,534,600
Accrued Expenses and Other Liabilities	6,335,615	9,046,613
Total Liabilities	<u>4,352,567,134</u>	<u>3,260,587,693</u>
MEMBERS' EQUITY		
Perpetual Contributed and Paid-In Capital	132,731,405	122,281,405
Undivided Earnings	157,294,945	136,098,840
Accumulated Other Comprehensive Loss	(38,662,819)	(53,372,987)
Total Members' Equity	<u>251,363,531</u>	<u>205,007,258</u>
Total Liabilities and Members' Equity	<u>\$ 4,603,930,665</u>	<u>\$ 3,465,594,951</u>

See accompanying notes to the consolidated financial statements

CORPORATE AMERICA CREDIT UNION

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
INTEREST INCOME		
Securities, Interest Bearing Deposits, and Cash Equivalents	\$ 222,935,620	\$ 126,904,923
Loans	2,241,776	7,837,854
Total Interest Income	225,177,396	134,742,777
INTEREST EXPENSE		
Members' Share and Nonperpetual Capital Accounts	174,178,954	98,102,579
Borrowed Funds	1,564,922	2,195,011
Total Interest Expense	175,743,876	100,297,590
NET INTEREST INCOME	49,433,520	34,445,187
NONINTEREST INCOME		
Service Charges and Fees	6,909,675	6,546,711
Other Noninterest Income	269,172	1,420,611
U.S. Central Distribution	-	3,627,109
Total Noninterest Income	7,178,847	11,594,431
NONINTEREST EXPENSE		
Employee Compensation and Benefits	15,893,344	15,153,802
Occupancy and Operations	3,342,057	2,709,979
Other Operating Expenses	2,885,779	2,650,747
Professional and Outside Services	2,412,995	1,486,157
Net Loss on Sale of Investments	1,957,926	3,177,507
Educational and Promotional	766,349	1,304,877
Other Pension Expense	670,601	540,865
Travel and Conference Expense	619,551	535,557
Total Noninterest Expense	28,548,602	27,559,491
NET INCOME	\$ 28,063,765	\$ 18,480,127

See accompanying notes to the consolidated financial statements

CORPORATE AMERICA CREDIT UNION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
NET INCOME	<u>\$ 28,063,765</u>	<u>\$ 18,480,127</u>
OTHER COMPREHENSIVE INCOME:		
Securities - Available-for-Sale		
Unrealized Holding Gain Arising During the Period	10,686,627	34,618,429
Reclassification for Net Losses included		
in Net Income	<u>1,957,926</u>	<u>3,177,507</u>
Subtotal	<u>12,644,553</u>	<u>37,795,936</u>
Defined Benefit Plan		
Net Gain (Loss) Arising During the Period	1,440,339	(2,153,285)
Amortization of Net Loss	31,521	-
Amortization of Prior Service Cost	<u>593,755</u>	<u>593,755</u>
Subtotal	<u>2,065,615</u>	<u>(1,559,530)</u>
Total Other Comprehensive Income	<u>14,710,168</u>	<u>36,236,406</u>
TOTAL COMPREHENSIVE INCOME	<u><u>\$ 42,773,933</u></u>	<u><u>\$ 54,716,533</u></u>

See accompanying notes to the consolidated financial statements

CORPORATE AMERICA CREDIT UNION

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Perpetual Contributed and Paid-In Capital	Undivided Earnings	Accumulated Other Comprehensive Loss	Total
BALANCE - DECEMBER 31, 2022	\$121,754,415	\$125,541,276	\$ (89,609,393)	\$ 157,686,298
Net Income	-	18,480,127	-	18,480,127
Other Comprehensive Income	-	-	36,236,406	36,236,406
Issuance of Perpetual Contributed Capital	526,990	-	-	526,990
Perpetual Capital Dividends	-	(7,922,563)	-	(7,922,563)
BALANCE - DECEMBER 31, 2023	122,281,405	136,098,840	(53,372,987)	205,007,258
Net Income	-	28,063,765	-	28,063,765
Other Comprehensive Income	-	-	14,710,168	14,710,168
Issuance of Perpetual Contributed Capital	10,450,000	-	-	10,450,000
Perpetual Capital Dividends	-	(6,867,660)	-	(6,867,660)
BALANCE - DECEMBER 31, 2024	<u>\$132,731,405</u>	<u>\$157,294,945</u>	<u>\$ (38,662,819)</u>	<u>\$ 251,363,531</u>

See accompanying notes to the consolidated financial statements

CORPORATE AMERICA CREDIT UNION

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 28,063,765	\$ 18,480,127
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	689,784	527,043
Amortization of Security Premiums/Discounts, Net	8,201,291	15,173,969
Loss on Sale of Investments, Net	1,957,925	3,177,507
Loss on Disposal of Assets, Net	28,520	44,632
Changes in:		
Increase in Accrued Interest Receivable	(1,219,652)	(1,584,389)
Decrease in Securities - Principal Receivable	396,589	6,906,586
Decrease (Increase) in Other Assets	699,365	(156,949)
(Decrease) Increase in Accrued Interest Payable	(2,025,597)	652,207
(Decrease) Increase in Accrued Expenses and Other Liabilities	(2,710,998)	1,835,343
Net Cash Provided by Operating Activities	<u>34,080,992</u>	<u>45,056,076</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Securities:		
Available-for-Sale Securities	(3,082,881,136)	(930,617,941)
Proceeds from Maturities and Principal Paydowns of Available-for-Sale Securities	1,200,280,401	671,170,983
Proceeds from Sales of Available-for-Sale Securities	548,010,326	69,399,024
(Purchases) Redemptions of FHLB Stock	(14,529,400)	4,333,900
Loan Originations Net of Principal Collected on Loans to Members	62,087,364	48,645,037
Decrease in NCUSIF Deposit	9,417	24,105
Purchase of Other Investments	-	(178,571)
Proceeds from Sales of Premises and Equipment	89,500	30,000
Expenditures for Premises and Equipment	(175,685)	(1,308,561)
Net Cash (Used In) Provided by Investing Activities	<u>(1,287,109,213)</u>	<u>(138,502,024)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Members' Shares and Certificates	796,716,036	447,757,345
Borrowings (Repayment) on FHLB Line of Credit	300,000,000	(100,000,000)
Issuance of Member Perpetual Contributed and Paid-In Capital	10,450,000	526,990
Dividends on Member Perpetual Contributed and Paid-In Capital	(6,867,660)	(7,922,563)
Net Cash Provided by (Used In) in Financing Activities	<u>1,100,298,376</u>	<u>340,361,772</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(152,729,845)</u>	<u>246,915,824</u>
Cash and Cash Equivalents - Beginning of Year	<u>917,885,053</u>	<u>670,969,229</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 765,155,208</u>	<u>\$ 917,885,053</u>
SUPPLEMENTAL DISCLOSURE:		
Borrowed Funds Interest Paid	<u>\$ 3,590,520</u>	<u>\$ 3,459,855</u>
Members' Share and Nonperpetual Capital Accounts Interest Paid	<u>\$ 176,140,552</u>	<u>\$ 96,185,528</u>

See accompanying notes to the consolidated financial statements

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Corporate credit unions are not for profit cooperatives that make up the corporate credit union system. The primary purpose of corporate credit unions is to assist their natural-person credit union members in the financial services market. Corporate America Credit Union (Corporate America or the Corporate), an Alabama state-chartered credit union, was established to operate as a corporate credit union for the purpose of meeting its members' liquidity and investment needs as well as providing settlement and other financial services. Corporate America's members primarily consist of credit unions located across the nation. Corporate America's board of directors is composed of current executive management from the Corporate's member credit unions. Corporate America is regulated by the Alabama Credit Union Administration (ACUA) and insured by the National Credit Union Administration (NCUA).

Corporate America's wholly owned subsidiary, SmartSource Solutions, LLC, was formed for the purpose of providing web development, hosting, and content management services and offering online solutions for members and the credit union industry.

Principles of Consolidation

The consolidated financial statements include the accounts of Corporate America Credit Union and its wholly owned subsidiary, SmartSource Solutions, LLC. All significant intercompany accounts and transactions have been eliminated.

Financial Statement Estimates

The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, management has made assumptions in estimating the fair values of the assets in the defined benefit plan, the financial investments, in the assessment of credit impairment of investments and in the amortization and accretion of premiums and discounts on investments subject to prepayment risks. Actual results could differ from those estimates.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Corporate America may be exposed to credit risk since the majority of the Corporate's business activity is with its members who are primarily credit unions located across the nation. Corporate America makes loans to these member credit unions, secured by a pledge of the members' assets as collateral. Periodic credit reviews are made in order to assist the Corporate in determining the appropriate levels of allowance for credit losses. Corporate America has certain member credit unions which maintain significant deposit balances. Deposits of the top five members aggregated 22% and 21% of total member deposits at December 31, 2024 and 2023, respectively.

Financial instruments which potentially subject the Corporate to concentrations of credit risk include cash and cash equivalents, investments, and loans to members. Cash and cash equivalents are placed with the Federal Reserve Bank (FRB) and the Federal Home Loan Bank (FHLB), and, at times, deposits may exceed federally insured limits. Investments consist primarily of debt obligations of the U.S. Government or its agencies or other asset-backed securities and FHLB stock.

Cash and Cash Equivalents

For purposes of consolidated statements of financial condition classification and the consolidated statements of cash flows, cash and cash equivalents include cash on deposit, cash items in the process of collection and amounts due from correspondent depository institutions with maturities less than 90 days.

Securities – Available-for-Sale

Government and government agency bonds, government sponsored enterprises, mortgage-backed securities, private label commercial mortgage pass-through securities and other asset-backed securities are classified available-for-sale when the Corporate anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value.

Unrealized gains and losses on securities classified as available-for-sale are recognized as direct increases or decreases in accumulated other comprehensive income (loss). Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities, except for mortgage-backed securities where prepayments are anticipated. In addition, for callable debt securities purchased at a premium, the amortization period is shortened to the earliest call date. Gains and losses on the sale of securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities – Available-for-Sale (Continued)

The Credit Union evaluates its available-for-sale investment securities portfolio on a quarterly basis for indicators of impairment. The Credit Union assesses whether an impairment has occurred when the fair value of a debt security is less than the amortized cost at the balance sheet date. Management reviews the amount of unrealized loss, the credit rating history, market trends of similar security classes, time remaining to maturity, and the source of both interest and principal payments to identify securities which could potentially be impaired. For those debt securities classified as available-for-sale, the difference between fair value and amortized cost that is not attributable to movements in interest rates is considered to be credit impaired and would be recognized in provision for credit losses under the current expected credit loss accounting.

Securities – Principal Receivable

Delayed principal payments related to asset-backed securities are recorded as a receivable.

Loans to Members

Loans to members consist of settlement loans, demand loans, and term loans. Loans to members are stated at the unpaid principal amount outstanding, net of any related allowance for credit losses. Interest rates charged on settlement and demand loans are at a variable rate. Term loans are advanced at fixed rates. Interest income is accrued on the daily balance outstanding at the rate in effect. Loans to members are secured by substantially all of the member's assets excluding residential real-estate loans.

The allowance for credit losses is based on management's evaluation of the collectability of the loans. The evaluation of management includes consideration of prior loan loss experience, the results of internal review procedures, the current financial condition of the borrower, and the quality of the collateral and current economic conditions affecting the inherent collection risks of the loan portfolio. The accrual of interest is discontinued when management believes that the collection of interest is doubtful. Corporate America has not historically incurred loan losses. At December 31, 2024 and 2023, management determined that all loans were collectible and, therefore, no allowance for credit losses was recorded.

Property and Equipment

Land is carried at cost. Building, furniture, fixtures, and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated over the estimated useful lives of the assets (typically ranging from 3 to 40 years) using the straight-line method.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

National Credit Union Share Insurance Fund

The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with NCUA regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to 1% of its insured shares. 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 NCUA Board.

Federal Home Loan Bank Stock

Corporate America's investment in stock of the FHLB is accounted for at cost because it does not have a readily determinable market value, and its ownership is restricted. Management evaluates the FHLB stock annually for impairment based on the ultimate recoverability of the cost basis in the FHLB stock.

Members' Accounts

Members' shares are subordinated to all other liabilities of the Corporate upon liquidation. Interest on members' accounts is based on available earnings at the end of an interest period and is not guaranteed by the Corporate. Interest rates on members' accounts are set by management, as authorized by Corporate America's board of directors, based on an evaluation of current and future market conditions.

Members' Equity - Perpetual Contributed Capital (PCC) and Perpetual Paid-in-Capital (PIC)

PIC III, PCC I, PCC II and PCC III are non-voting classes of membership in Corporate America that is perpetual non-maturing and non-cumulative.

As of December 31, 2024 and 2023, Corporate America had the following PIC and PCC outstanding:

	2024	2023
PIC III	\$ 85,320,000	\$ 85,320,000
PCC I	\$ 8,180,817	\$ 8,180,817
PCC II	\$ 6,594,703	\$ 6,594,703
PCC III	\$ 32,635,885	\$ 22,185,885

Effective October 20, 2011, the Revised Corporate Part 704 Rule established new capital types. The term PCC replaced PIC for any new issuances. The shares that were issued prior to the rule revision will remain classified as PIC.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Members' Equity - Perpetual Contributed Capital (PCC) and Perpetual Paid-in-Capital (PIC) (Continued)

For the consolidated financial statement presentation at December 31, 2024 and 2023, PIC III, PCC I, PCC II and PCC III accounts are classified as substantially restricted equity and dividend payments are recorded as a reduction of equity.

PCC and PIC are subordinate, uninsured membership equity investments in Corporate America that are available to cover losses that exceed retained earnings. PCC and PIC have no scheduled maturity date and are not redeemable except upon call by Corporate America and subject to maintenance of capital levels mandated by the NCUA, the ACUA, and the capital plan as set forth by the board of directors of Corporate America Credit Union from time to time. In order to call PCC or PIC, Corporate America would be required to have prior permission from both the NCUA and the ACUA.

Members' Equity - Undivided Earnings

Undivided Earnings represents the balance of retained earnings which is available for dividends.

Members' Equity – Reserves

Corporate America is required by the NCUA and ACUA to maintain corporate and special reserves which are calculated in accordance with applicable federal and state regulations. The amounts in these reserves are not available for dividends (see Note 8 - Regulatory Capital).

Income Taxes

Corporate America is exempt from federal income taxes under provisions of the Internal Revenue Code, Section 501. The state of Alabama imposes a 6.5% excise tax on the taxable income of state-chartered credit unions. The Corporate's wholly owned subsidiary is treated as a disregarded entity for tax reporting purposes. In the opinion of management, any liability arising from federal taxation of activities deemed to be unrelated to its exempt purposes is not expected to have a material effect on the Corporate's financial position or results of operation.

The Corporate has evaluated its tax positions and determined no uncertain tax positions exist as of December 31, 2024 and 2023.

Years 2021 through 2023 are subject to audit by Federal and State tax authorities.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

Pension expense is the service costs of the plan. The net of interest cost, return on plan assets and amortization of gains and losses not immediately recognized are recorded as other operating expense. Employee 401(k) and profit-sharing plan expense is the amount of matching contributions.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available-for-sale and changes in the funded status of defined benefit plan assets. At December 31, 2024 and 2023, accumulated other comprehensive loss was comprised of the following:

	Securities - Available-for- Sale	Defined Benefit Plan	Total
BALANCE - DECEMBER 31, 2022	\$ (86,608,246)	\$ (3,001,147)	\$ (89,609,393)
Other Comprehensive Gain (Loss) Before Reclassifications	34,618,429	(2,153,285)	32,465,144
Amounts Reclassified from Accumulated Other Comprehensive Loss	<u>3,177,507</u>	<u>593,755</u>	<u>3,771,262</u>
Net Current Period Other Comprehensive Income (Loss)	<u>37,795,936</u>	<u>(1,559,530)</u>	<u>36,236,406</u>
BALANCE - DECEMBER 31, 2023	(48,812,310)	(4,560,677)	(53,372,987)
Other Comprehensive Gain Before Reclassifications	10,686,627	1,440,339	12,126,966
Amounts Reclassified from Accumulated Other Comprehensive Loss	<u>1,957,926</u>	<u>625,276</u>	<u>2,583,202</u>
Net Current Period Other Comprehensive Income	<u>12,644,553</u>	<u>2,065,615</u>	<u>14,710,168</u>
BALANCE - DECEMBER 31, 2024	<u>\$ (36,167,757)</u>	<u>\$ (2,495,062)</u>	<u>\$ (38,662,819)</u>

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable, and an amount or range of loss can be reasonably estimated. Management does not believe there are any matters that will have a material effect on the consolidated financial statements.

FRB – Excess Balance Account (EBA) Program

Corporate America, as agent, entered into an EBA agreement with participating member credit unions and the FRB, whereby the FRB opened EBA accounts for the benefit of the participants at the request of the agent. As such, the balances in the EBA accounts are not reflected in Corporate America's consolidated financial statements. These balances totaled approximately \$25,000,000 and \$34,000,000 as of December 31, 2024 and 2023, respectively. Neither the participating member credit unions nor the agent may use the EBA for general payments or other activities. The aggregate balance in the EBA represents a deposit liability solely of the FRB to the participants. The agent is solely responsible for calculating and distributing the interest payable to each participant on the participant's excess balance and for damages owed to participants for any inaccuracy in calculating the participant's excess balance and interest.

Off-Statement of Financial Condition Credit Related Financial Instruments

In the ordinary course of business, the Corporate has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

Revenue Recognition

The Corporate recognizes revenue in accordance with Revenue from Contract with Customers (Topic 606). Refer to Note 13 Revenue from Contracts with Members for further details of disaggregated revenue.

Topic 606 does not apply to revenue associated with financial instruments, including revenue from loans and securities. Topic 606 is applicable to Noninterest Income such as service charges and member account fees. Significant components of Noninterest Income considered to be within the scope of Topic 606 are discussed below.

Service Charges and Member Account Fees

The Corporate earns fees from its members for transaction-based, account maintenance, and web hosting/development services. Transaction-based fees, which include services such as share draft processing, branch capture processing, wire transfers, ACH origination and receipt, and web development, are recognized at the time the transaction is executed as that is the point in time the Corporate fulfills the member's request. Account maintenance fees and web hosting fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Corporate satisfies the performance obligation.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Other Income

The Corporate acts as an agent for third-party vendors that provide investment services and products. Upon completion of a sale of investment services or products to a member, the Corporate receives a commission from the third-party vendor. The performance obligation to the third-party vendor is satisfied and the commission income is recognized at that point in time.

Additionally, other income is earned as referral fees from third-party vendors. Upon completion of the sale by third-party vendors of products or services to a member, the Corporate receives referral fee income. The performance obligation to the third-party vendor is satisfied and the referral fee income is recognized at that point in time.

Subsequent Events

In preparing these financial statements, the Corporate has evaluated events and transactions for potential recognition or disclosure through March 14, 2025, the date the financial statements were available to be issued.

NOTE 2 U.S. CENTRAL ESTATE SETTLEMENT

On October 1, 2010, U.S. Central Federal Credit Union (U.S. Central) was placed into liquidation status. At that time, Corporate America was issued a claim certificate for the membership capital and paid-in capital balances previously depleted through the recognition of losses. This claim certificate enables Corporate America to share in any proceeds correspondent to the payout priority of the claim recovered during the liquidation of U.S. Central. During 2021, evaluations conducted by the NCUA Board determined that sufficient funds were available for U.S. Central membership capital shareholders to receive distributions from the estate. Corporate America received approximately \$0 and \$3,627,000 in distributions recorded as a component of Noninterest Income in 2024 and 2023, respectively.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 3 SECURITIES - AVAILABLE-FOR-SALE

The amortized cost and fair value of securities available-for-sale are as follows:

	Amortized Cost	As of December 31, 2024		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Government and Federal				
Agency Securities	\$ 137,872,630	\$ -	\$ (2,715,606)	\$ 135,157,024
SBA Loan Pools	611,714,885	267,280	(12,465,906)	599,516,259
Agency Collateralized Mortgage				
Obligation Securities	886,579,955	164,080	(12,880,032)	873,864,003
Asset-Backed Securities:				
FFELP Student Loans	375,599,363	753,737	(1,078,722)	375,274,378
Non FFELP Student Loans	435,571,642	1,738,881	(10,915,437)	426,395,086
Other Secured	1,331,127,177	4,795,766	(3,831,798)	1,332,091,145
Total	<u>\$ 3,778,465,652</u>	<u>\$ 7,719,744</u>	<u>\$ (43,887,501)</u>	<u>\$ 3,742,297,895</u>
	Amortized Cost	As of December 31, 2023		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Government and Federal				
Agency Securities	\$ 136,846,040	\$ -	\$ (3,943,413)	\$ 132,902,627
SBA Loan Pools	672,390,572	1,993,469	(9,144,047)	665,239,994
Agency Collateralized Mortgage				
Obligation Securities	332,153,026	-	(14,349,763)	317,803,263
Asset-Backed Securities:				
FFELP Student Loans	199,767,993	355,467	(2,203,259)	197,920,201
Non FFELP Student Loans	247,381,595	170,795	(14,848,112)	232,704,278
Other Secured	865,495,233	4,238,959	(11,082,406)	858,651,786
Total	<u>\$ 2,454,034,459</u>	<u>\$ 6,758,690</u>	<u>\$ (55,571,000)</u>	<u>\$ 2,405,222,149</u>

Sales of securities available-for-sale resulted in gross gains of approximately \$721,000 and \$0 and gross losses of approximately \$2,679,000 and \$3,178,000 during the years ended December 31, 2024 and 2023, respectively.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 3 SECURITIES - AVAILABLE-FOR-SALE (CONTINUED)

Corporate America's available-for-sale portfolio includes federal agency mortgage-backed securities, small business administration securities, agency collateralized mortgage obligation securities, and asset-backed securities. These securities return principal based on payments received on the underlying assets. These securities have expected weighted average lives of one to ten years. However, return of principal may differ from expectation based on fluctuations in the market interest rates, delinquency, and foreclosure. Additionally, expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations without call or prepayment penalties.

	Available-for-Sale	
	Amortized Cost	Fair Value (Carrying Value)
U.S. Government and Federal		
Agency Securities	\$ 137,872,630	\$ 135,157,024
SBA Pools	611,714,885	599,516,259
Collateralized Mortgage		
Obligation Securities:	886,579,955	873,864,003
Asset-Backed Securities:	2,142,298,182	2,133,760,609
Total	<u>\$ 3,778,465,652</u>	<u>\$ 3,742,297,895</u>

The following tables represent concentration limits on investments based on parameters established by NCUA Regulation 704.5. Per NCUA regulation, agency and government sponsored enterprise debt securities are not subject to capital or asset-based limits.

		As of December 31, 2024	
	Fair Value	Capital Based Limit	Asset Based Limit
By Security Type:			
Auto Loan/lease Asset-Backed			
Securities	\$ 855,651,031	\$ 1,447,772,710	\$ 1,150,982,666
Credit Card Asset-Backed Securities	168,265,901	1,447,772,710	1,150,982,666
Commercial Mortgage-Backed Securities	572,559,639	868,663,626	690,589,600
FFELP Student Loan Asset-Backed			
Securities	375,274,378	2,895,545,420	2,301,965,333
Non FFELP Student Loan Asset-Backed			
Securities	426,395,086	1,447,772,710	1,150,982,666
Mortgage-Backed Securities	411,483,231	2,895,545,420	2,301,965,333
Other Asset-Backed Securities	308,174,217	1,447,772,710	1,150,982,666

	As of December 31, 2024	
	Fair Value	Regulatory Limit
By Issuer:		
CCCIT	\$ 71,335,941	\$ 144,777,271
SMB 2024-F	66,202,540	72,388,636
NFMOT	66,121,163	72,388,636
SMB 2024-E	64,047,264	72,388,636
OMFIT 2021-1A	58,557,961	72,388,636

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 3 SECURITIES - AVAILABLE-FOR-SALE (CONTINUED)

Continuous Loss Positions

Information pertaining to securities with gross unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than 12 Months		As of December 31, 2024 Greater than 12 Months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency Securities	\$ (21,842)	\$ 24,978,158	\$ (2,693,764)	\$ 110,178,866	\$ (2,715,606)	\$ 135,157,024
SBA Pools	(2,770,692)	219,534,436	(9,695,214)	309,364,101	(12,465,906)	528,898,537
Agency Collateralized Mortgage Obligation Securities	(786,328)	440,639,158	(12,093,704)	243,727,443	(12,880,032)	684,366,601
Asset-Backed Securities:						
FFELP Student Loans	(324,624)	69,758,502	(754,098)	110,123,010	(1,078,722)	179,881,512
Non FFELP Student Loans	(408,890)	102,254,170	(10,506,547)	163,785,440	(10,915,437)	266,039,610
Other Secured	(521,608)	141,483,931	(3,310,190)	67,536,588	(3,831,798)	209,020,519
Total	<u>\$ (4,833,984)</u>	<u>\$ 998,648,355</u>	<u>\$ (39,053,517)</u>	<u>\$ 1,004,715,448</u>	<u>\$ (43,887,501)</u>	<u>\$ 2,003,363,803</u>

	Less Than 12 Months		As of December 31, 2023 Greater than 12 Months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency Securities	\$ -	\$ -	\$ (3,943,413)	\$ 132,902,627	\$ (3,943,413)	\$ 132,902,627
SBA Pools	(255,255)	33,509,312	(8,888,792)	422,073,971	(9,144,047)	455,583,283
Agency Collateralized Mortgage Obligation Securities	-	-	(14,349,763)	317,803,263	(14,349,763)	317,803,263
Asset-Backed Securities:						
FFELP Student Loans	-	-	(2,203,259)	158,866,321	(2,203,259)	158,866,321
Non FFELP Student Loans	(16,026)	4,121,445	(14,832,086)	183,096,968	(14,848,112)	187,218,413
Other Secured	(100,133)	74,877,873	(10,982,273)	167,189,580	(11,082,406)	242,067,453
Total	<u>\$ (371,414)</u>	<u>\$ 112,508,630</u>	<u>\$ (55,199,586)</u>	<u>\$ 1,381,932,730</u>	<u>\$ (55,571,000)</u>	<u>\$ 1,494,441,360</u>

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 3 SECURITIES - AVAILABLE-FOR-SALE (CONTINUED)

Continuous Loss Positions (Continued)

At December 31, 2024, the 401 securities with unrealized losses depreciated 2.14% from the Credit Union's amortized cost basis. The U.S. Government and Agency securities as well as the SBA Pools and Agency Collateralized Mortgage Obligations were guaranteed by the U.S. Government. Unrealized losses on these securities relate to movements in interest rates for similar types of securities.

Asset-backed FFELP Student Loan securities are 97% guaranteed by the U.S. Government while the remaining 3% is supported by credit enhancements. All other Asset-backed securities are not guaranteed. Management performs an analysis of the Asset-backed and Non-FFELP Student Loan security portfolios to determine whether there has been credit impairment of these securities. Corporate America evaluates each security for impairment by considering the credit quality of each security as well as the tranche and underlying collateral in evaluating each security for impairment. In analyzing these securities, Management considers whether downgrades by bond rating agencies have occurred and the results of reviews of the issuer's financial condition. Management has the intent and ability to hold these securities to recovery of fair value, which may be maturity. There was no impairment recognized on securities during the years ended December 31, 2024 and 2023.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could be material.

NOTE 4 LOANS, NET

The composition of loans is as follows:

	December 31,	
	2024	2023
Loans to Members:		
Fixed-Rate Term Loans	\$ 19,000,000	\$ 41,000,000
Overnight Loans	17,559,000	22,084,238
Settlement Lines of Credit	4,760,060	40,322,186
Loans, Net	<u>\$ 41,319,060</u>	<u>\$ 103,406,424</u>

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 4 LOANS, NET (CONTINUED)

There were no past due, impaired, modified or nonaccrual loans and management determined that all loans to member credit unions were collectible in full and therefore no allowance for credit losses was deemed necessary as of December 31, 2024 and 2023. Management considers loan balances to a single member greater than 20% of loans to be a concentration. At December 31, 2024, the Corporate had three loans to three members totaling \$34,000,000 (82% of total loans) at interest rates of 3.28% to 5.120%. Despite the limited lending volume, the Corporate has established an internal risk rating system for loans to monitor member's financial health.

NOTE 5 PREMISES AND EQUIPMENT, NET

The Corporate's premises and equipment is summarized as follows:

	December 31,	
	2024	2023
Land	\$ 459,127	\$ 459,127
Buildings	4,410,865	4,410,865
Furniture and Equipment	3,498,356	3,890,328
Subtotal	8,368,348	8,760,320
Less: Accumulated Depreciation	(3,245,655)	(3,005,508)
Total	<u>\$ 5,122,693</u>	<u>\$ 5,754,812</u>

Depreciation Expense approximated \$690,000 and \$527,000 during the years ended December 31, 2024 and 2023, respectively.

NOTE 6 MEMBERS' SHARE AND CERTIFICATES

Members' share and capital accounts are as follows:

	As of December 31,	
	2024	2023
Share Accounts	\$ 3,576,400,450	\$ 2,619,382,432
Nonperpetual Contributed Capital		
Account (NCA)	1,652,642	1,672,642
Share Certificates	465,669,424	625,951,406
Total	<u>\$ 4,043,722,516</u>	<u>\$ 3,247,006,480</u>

Share accounts are comprised of settlement and overnight shares that are available on demand and other short-term liquidity accounts that require 30-day notice for withdrawal. Typically share account dividends accrue daily and are paid monthly. Share certificates typically have specific maturities and dividend rates. Dividend payments on share certificates vary depending on type and the length of maturity. Share certificates can be redeemed by members prior to maturity at fair value, as determined by Corporate America. Dividend rates are set by management, as authorized by Corporate America's board of directors, based on an evaluation of current and future market conditions.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 6 MEMBERS' SHARE AND CERTIFICATES (CONTINUED)

The aggregate balance of members' shares and certificates in denominations that meet or exceed \$250,000 at December 31, 2024 and 2023 was \$3,943,673,117 and \$3,168,025,758, respectively.

Scheduled contractual maturities of share certificates as of December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 146,039,916
2026	236,309,507
2027	40,123,000
2028	6,363,000
2029	36,834,000
Total	<u>\$ 465,669,423</u>

Member Contributed Capital under Revised Corporate Rule 704

Nonperpetual Capital Accounts (NCA) – have an indefinite term with a minimum withdrawal notice of five years; are not insured by the NCUSIF or other share or deposit insurers; cannot be pledged against borrowings; and are available to cover losses that exceed the Corporate's retained earnings. Any such losses would be distributed pro rata, at the time the loss is realized, among NCA account holders. To the extent that NCA funds are used to cover losses, the Corporate is prohibited from restoring or replenishing the affected accounts under any circumstance. In the event of liquidation, the holders of NCAs will claim equally; these claims will be subordinate to all other claims (including uninsured obligations to shareholders and NCUSIF claims), but not including contributed capital accounts issued before January 18, 2011 or perpetual capital accounts issued on or after January 18, 2011. However, NCAs that are used to cover losses in a calendar year previous to the year of liquidation have no claim against the liquidation estate.

Member accounts, with the exception of the NCAs, are insured to \$250,000 by the NCUSIF. The NCUSIF is a federal insurance fund backed by the full faith and credit of the U.S. Government.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 7 BORROWED FUNDS

The Corporate maintains a line of credit with the Federal Home Loan Bank (FHLB) of Atlanta from which it obtains structured collateralized advances. As of December 31, 2024 and 2023, the Corporate has total outstanding advances of \$300,000,000 and \$0, respectively. Credit availability is capped at 25% of total assets outstanding and is reevaluated periodically; however, borrowing capacity is limited to the amount of investments pledged as collateral. The remaining credit availability as of December 31, 2024 and 2023 was \$787,605,000 and \$853,306,000, respectively. As of December 31, 2024 and 2023, the line of credit was collateralized by investments with market values totaling approximately \$1,028,983,000 and \$685,427,000, respectively.

Corporate America maintains a line of credit with U.S. Bank from which it has access to obtain structured collateralized advances. As of December 31, 2024 and 2023, the Corporate did not have any outstanding advances. The maximum credit available as of December 31, 2024 and 2023 was \$100,000,000 and \$100,000,000, respectively. As of December 31, 2024 and 2023, the line of credit was collateralized by investments with market values totaling approximately \$125,746,000 and \$129,580,000 respectively.

NOTE 8 REGULATORY CAPITAL

Corporate America is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional, discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporate's consolidated financial statements. The regulatory capital standards are set forth by the NCUA in Part 704 of the NCUA Rules and Regulations. The revised corporate rule Part 704 became effective on October 21, 2011. Among other things, the revised final rule modified the corporate credit union capital requirements to make them more consistent with the Basel 1 capital requirements imposed by banking regulators on banks. The revised final rule 704 establishes a new capital structure, including risk-based capital requirements and established prompt corrective action (PCA) requirements for corporate credit unions.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 8 REGULATORY CAPITAL (CONTINUED)

The revised final rule 704 replaced the 4% minimum total capital ratio with three minimum capital ratios:

- *Leverage Ratio* (4% to be adequately capitalized), (5% to be well capitalized) – The 4% leverage ratio became effective on October 21, 2013, and is defined as the ratio of Tier 1 core capital to moving daily average net assets (MDANA).
- *Tier 1 Risk-Based Capital Ratio* (4% to be adequately capitalized), (6% to be well capitalized) – Tier 1 core capital is defined as the sum of retained earnings and perpetual contributed capital. The Tier 1 risk-based capital ratio is defined as the ratio of Tier 1 capital to the moving monthly average net risk-weighted assets (MMANRA).
- *Total Risk-Based Capital Ratio* (8% to be adequately capitalized), (10% to be well capitalized) – The total risk-based capital ratio is defined as the ratio of total capital (undivided earnings, PCC, and NCA to MMANRA).

Failure to meet any of these three minimum ratios triggers a capital restoration plan requirement and potentially other new PCA provisions. The 704 regulatory definition of Tier 1 capital changed November 2017. Corporates are required to deduct any amount of PCC received from federally insured credit unions that causes PCC minus retained earnings, all divided by the MDANA, to exceed 2% when a corporate credit union's retained earnings ratio is less than 2.5%. As of September 2018, Corporate America is not required to reallocate from Tier 1 to Tier 2 capital as a result of the calculation.

As of December 31, 2024, the most recent NCUA Call Reporting period, the Corporate was categorized as "well capitalized" based on the Leverage, Tier 1 and Total risk-based capital ratios under the regulatory framework for prompt corrective action. To remain categorized as "adequately capitalized" or "well capitalized", the Corporate will have to maintain minimum Total risk-based, Tier 1 risk-based, and Leverage ratios as disclosed in the tables below. There are no conditions or events since the most recent notification that management believes have changed the Corporate's prompt corrective action category.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 8 REGULATORY CAPITAL (CONTINUED)

The Corporate's actual and required capital amounts and ratios are as follows:

	Actual		To be Considered Adequately Capitalized		To be Considered Well Capitalized	
	Amount	Rate	Amount	Rate	Amount	Rate
<u>December 31, 2024</u>						
Leverage Capital (Tier 1 Core Capital to MDANA)	\$ 288,397,914	6.77%	\$ 170,501,213	>4.0%	\$ 213,126,516	>5.0%
Tier 1 Risk-Based Capital (Tier 1 Core Capital to MMANRA)	\$ 288,397,914	15.70%	\$ 73,480,474	>4.0%	\$ 110,220,711	>6.0%
Total Risk-Based Capital (Total Capital to MMANRA)	\$ 289,554,542	15.76%	\$ 146,960,948	>8.0%	\$ 183,701,186	>10.0%
Retained Earnings (Retained Earnings to MDANA)	\$ 157,294,945	3.69%	\$ 19,181,386	>0.45%	N/A	N/A
	Actual		To be Considered Adequately Capitalized		To be Considered Well Capitalized	
	Amount	Rate	Amount	Rate	Amount	Rate
<u>December 31, 2023</u>						
Leverage Capital (Tier 1 Core Capital to MDANA)	\$ 256,853,410	8.74%	\$ 117,486,191	>4.0%	\$ 146,857,739	>5.0%
Tier 1 Risk-Based Capital (Tier 1 Core Capital to MMANRA)	\$ 256,853,410	28.53%	\$ 36,014,975	>4.0%	\$ 54,022,462	>6.0%
Total Risk-Based Capital (Total Capital to MMANRA)	\$ 258,245,699	28.68%	\$ 72,029,949	>8.0%	\$ 90,037,437	>10.0%
Retained Earnings (Retained Earnings to MDANA)	\$ 136,098,840	4.63%	\$ 13,217,197	>0.45%	N/A	N/A

Additional Regulatory Capital Information

	2024	2023
MDANA	<u>\$ 4,262,530,327</u>	<u>\$ 2,937,154,782</u>
MMANRA	<u>\$ 1,837,011,856</u>	<u>\$ 900,374,369</u>
PCC/PIC III Perpetual	\$ 132,731,405	\$ 122,281,405
NCA (Unamortized)	1,156,628	1,392,288
Total	<u>\$ 133,888,033</u>	<u>\$ 123,673,693</u>

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 9 RELATED PARTY TRANSACTIONS

The board of directors of the Corporate is comprised of employees of member credit unions. During the years ended December 31, 2024 and 2023, the Corporate entered into numerous transactions with these member credit unions. The transactions were based on the individual credit union's investment and liquidity needs and their approved line-of-credit agreements. Management is of the opinion these transactions were made in accordance with existing regulations and were consummated on terms equivalent to those that prevail in arm's length transactions.

As of December 31, 2024 and 2023, there was one loan outstanding in the amount of \$15,000,000 and two loans outstanding in the amount of \$30,980,810, respectively, to these member credit unions. Deposits from these member credit unions at December 31, 2024 and 2023 amounted to \$757,328,418 and \$388,267,168, respectively.

NOTE 10 COMMITMENTS AND CONTINGENT LIABILITIES

Financial Instruments with Off-Balance-Sheet-Risk

The Corporate, in the normal course of business, is party to conditional commitments to meet the investment and liquidity needs of member credit unions and to reduce its overall exposure to fluctuations in interest rates. These commitments represent financial instruments to extend credit which are primarily advised lines of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statement of financial condition. The contract or notional amounts of those instruments reflect the extent of involvement the Corporate has in particular classes of financial instruments. The Corporate's exposure to credit loss is represented by the notional amount of those instruments. The Corporate uses the same credit policies in making commitments as it does for on-balance-sheet instruments. The Corporate requires collateral or other security to support financial instruments with credit risk. As of December 31, 2024 and 2023, unfunded commitments under advised lines of credit approximated \$3,614,954,882 and \$3,509,886,414, respectively.

Commitments under revolving lines of credit are subject to the member credit unions meeting certain requirements set by the Corporate at the time advances are required. Since many commitments are never fully drawn, the total committed amount does not necessarily represent future cash requirements. Management evaluates each member's creditworthiness on a case-by-case basis. Advances are secured by a pledge of the member's assets.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 11 FAIR VALUE

Recurring Basis

Fair values of available-for-sale securities that are measured on a recurring basis at December 31 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2024</u>				
U.S. Government and				
Federal Agency Securities	\$ 135,157,024	\$ -	\$ 135,157,024	\$ -
SBA Loan Pools	599,516,259	-	599,516,259	-
Agency Collateralized Mortgage				
Obligation Securities	873,864,003	-	873,864,003	-
Asset-Backed Securities:				
FFELP Student Loans	375,274,378	-	375,274,378	-
Non FFELP Student Loans	426,395,086	-	426,395,086	-
Other Secured	1,332,091,145	-	1,332,091,145	-
Total	<u>\$ 3,742,297,895</u>	<u>\$ -</u>	<u>\$ 3,742,297,895</u>	<u>\$ -</u>
<u>December 31, 2023</u>				
U.S. Government and				
Federal Agency Securities	\$ 132,902,627	\$ -	\$ 132,902,627	\$ -
SBA Loan Pools	665,239,994	-	665,239,994	-
Agency Collateralized Mortgage				
Obligation Securities	317,803,263	-	317,803,263	-
Asset-Backed Securities:				
FFELP Student Loans	197,920,201	-	197,920,201	-
Non FFELP Student Loans	232,704,278	-	232,704,278	-
Other Secured	858,651,786	-	858,651,786	-
Total	<u>\$ 2,405,222,149</u>	<u>\$ -</u>	<u>\$ 2,405,222,149</u>	<u>\$ -</u>

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 12 RETIREMENT PLANS

Defined Benefit

The Corporate's defined benefit pension plan as of December 31, 2024, covers substantially all of its full-time employees. The plan provides payment to participants at varying retirement dates. The plan benefits payable are generally determined based on length of service and employee compensation.

Information about the plan's funded status and amounts recognized in the Corporate's consolidated financial statements for the years ended December 31 are as follows:

	2024	2023
<u>Change in Projected Benefit Obligation</u>		
Benefit Obligation - Beginning of Year	\$ 17,147,573	\$ 12,721,771
Service Cost	1,262,410	1,020,819
Interest Cost	862,060	668,254
Actuarial (Gain) Loss	(1,175,662)	2,817,438
Benefits Paid	(862,483)	(80,709)
Benefit Obligation - End of Year	<u>\$ 17,233,898</u>	<u>\$ 17,147,573</u>
Accumulated Benefit Obligation - End of Year	<u>\$ 14,268,414</u>	<u>\$ 13,922,037</u>
<u>Change in Plan Assets</u>		
Fair Value of Plan Assets - Beginning of Year	\$ 13,723,053	\$ 12,108,434
Actual Return on Plan Assets	1,081,412	1,385,297
Employer Contribution	2,283,481	310,031
Benefits Paid, including Expenses	(862,483)	(80,709)
Fair Value of Plan Assets - End of Year	<u>\$ 16,225,463</u>	<u>\$ 13,723,053</u>
Funded Status	<u>\$ (1,008,435)</u>	<u>\$ (3,424,520)</u>
<u>Amounts Recognized in Statement of Financial Position</u>		
Accrued Expenses and Other Liabilities	<u>\$ (1,008,435)</u>	<u>\$ (3,424,520)</u>
<u>Amounts Recognized in Accumulated Other Comprehensive Income</u>		
Net Loss	\$ 565,358	\$ 2,037,218
Prior Service Cost	1,929,704	2,523,459
Total Amount Recognized	<u>\$ 2,495,062</u>	<u>\$ 4,560,677</u>

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 12 RETIREMENT PLANS (CONTINUED)

	2024	2023
<u>Components of Net Periodic Pension Cost</u>		
Service Cost	\$ 1,262,410	\$ 1,020,819
Interest Cost	862,060	668,254
Expected Return on Plan Assets	(816,735)	(721,144)
Amortization of Net Loss	31,521	-
Amortization of Prior Service Costs	593,755	593,755
Net Periodic Pension Cost	<u>\$ 1,933,011</u>	<u>\$ 1,561,684</u>
<u>Other Amounts Recognized in Other Comprehensive Income</u>		
Net (Gain) Loss	\$ (1,440,339)	\$ 2,153,285
Amortization of Net Loss	(31,521)	-
Amortization of Prior Service Costs	(593,755)	(593,755)
Total Recognized in Other Comprehensive Income	<u>\$ (2,065,615)</u>	<u>\$ 1,559,530</u>
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	<u>\$ (132,604)</u>	<u>\$ 3,121,214</u>
<u>Assumptions at Year-End</u>		
Weighted Average Discount Rate (Pension Benefit Obligations)	5.68%	5.06%
Weighted Average Discount Rate (Net Periodic Pension Cost)	5.06%	5.29%
Expected Long-Term Return on Plan Assets	6.00%	6.00%
Rate of Increase in Future Compensation Levels	3.00%	3.00%
<u>Cash Flows</u>		
Expected Contributions for Period Beginning January 1, 2025	\$ -	
Expected Benefit Payments for Period Beginning:		
2025	\$ 222,000	
2026	\$ 410,000	
2027	\$ 642,000	
2028	\$ 640,000	
2029	\$ 740,000	
Five Years Thereafter	\$ 5,588,000	

The estimated net loss, transition asset, and prior service cost for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is approximately \$594,000.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 12 RETIREMENT PLANS (CONTINUED)

Basis Used to Determine Discount Rate – The discount rate is determined using the FTSE Above Median Pension Liability Index as of December 31, 2024.

Basis Used to Determine Long-Term Rate of Return on Assets – Expected long-term return on plan assets is determined by applying historical average investment returns from published indexes relating to the current allocation of assets in the portfolio.

Description of Investment Policies and Strategies – The Corporate's overall investment strategy is to safeguard the benefits they are obligated to pay to the employees. The pension fund is invested in broadly diversified funds to attempt to achieve a long-term annual average rate of return equal to approximately 6% while maintaining a reasonable volatility level.

The fair values of the Corporate's pension plan assets at December 31, by asset category, are as follows:

		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
<u>December 31, 2024</u>				
JH LS Conservative Active Strategy	\$ 16,225,463	\$ 16,225,463	\$ -	\$ -
JH LS Moderate Active Strategy	-	-	-	-
JH LS Balance Active Strategy	-	-	-	-
Total	<u>\$ 16,225,463</u>	<u>\$ 16,225,463</u>	<u>\$ -</u>	<u>\$ -</u>
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2023</u>				
JH LS Moderate Active Strategy	\$ 13,018,879	\$ 13,018,879	\$ -	\$ -
JH LS Balance Active Strategy	704,174	704,174	-	-
Total	<u>\$ 13,723,053</u>	<u>\$ 13,723,053</u>	<u>\$ -</u>	<u>\$ -</u>

Level 1 Inputs

The JH LS Balance Active Strategy, JH LS Moderate Active Strategy, and JH LS Conservative Active Strategy are mutual funds in which the valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

CORPORATE AMERICA CREDIT UNION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

NOTE 12 RETIREMENT PLANS (CONTINUED)

401(k) Plan

The Corporate sponsors a profit sharing 401(k) retirement plan covering substantially all employees. Under the plan, the Corporate matches the first 5% of the participant's deferral. The Corporate's expenses related to this plan for the years ended December 31, 2024 and 2023, approximated \$438,000 and \$472,000, respectively.

NOTE 13 REVENUE FROM CONTRACTS WITH MEMBERS

The following presents Noninterest Income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the years ended December 31, 2024 and 2023:

In scope of ASC 606	2024	2023
Service Charge and Member Account Fees	\$ 5,701,386	\$ 5,376,182
Other	261,810	287,049
Noninterest Income in scope of ASC 606	5,963,196	5,663,231
Noninterest Income not within the scope of ASC 606	1,215,651	5,931,200
Total Noninterest Income	<u>\$ 7,178,847</u>	<u>\$ 11,594,431</u>

The Corporate does not typically enter into long-term revenue contracts with members, and therefore, does not experience significant contract balances. As of December 31, 2024 and 2023, the Corporate did not have any significant contract balances. As of December 31, 2024, the Corporate did not capitalize any contract acquisition costs.

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