

# Monthly Financials

Vizo Financial Corporate Credit Union

September 2022 Edition | August 2022 Financials



David Brehmer  
President & CEO

## Corporate Update

I want to start this update by saying thank you to all those who attended and participated in our recent Financial Conference. It was wonderful to be able to hold this

keystone event in person again, and I enjoyed speaking with everyone who was there. I know I certainly gleaned a lot from the sessions and the speakers who brought forth their vast knowledge to share with us. All in all, it was a fantastic time, and I can't wait until next year's event!

In other news, Vizo Financial is looking ahead to many upcoming opportunities to learn and practice our concern for community. With conferences and webinars, as well as our annual Day of Service and International Credit Union Day, on the horizon, we have so many wonderful things to share with you.

## The Virtual Payments Conference Approaches!

Why attend the 2022 Payments Conference? Why, indeed...

*Two days packed full of payments-focused education. Virtual attendance from wherever you are. Access to experts from big names in payments. Potential for up to six (6) CPE credits. Need we say more?*

It's clear that Vizo Financial's 2022 Payments Conference checks a lot of boxes! And with the landscape of payments changing at such a rapid pace, an educational event of this kind is one that will pay off for your credit union.

The virtual conference will be held on October 18-19, 2022. During these two days, attendees will be invited to participate in multiple [education sessions](#) on everything from instant payments and the FedNow Service to ACH and beyond.

With sessions led by [payment industry experts](#) and opportunities for knowledge sharing with fellow credit union payment professionals, the conference is a hotbed of information that can revitalize and better position your credit union's payment offerings within a highly competitive market.

Now that you know the why, let us show you the way.

[Register here for the virtual Payments Conference!](#)

## Vizo Financial Day of Service

It's that time of year again...Vizo Financial is gearing up for our Day of Service that will be held on Columbus Day, October 10, 2022.

Staff will have the opportunity to choose to volunteer at one of several events being offered at each campus, including:

**Columbia:** Harvest Hope Food Bank & Olive Gospel Mission

**Greensboro:** Backpack Beginnings & Second Harvest Food Bank

**Middletown:** Children's Miracle Network Hospitals, Hospice of Central Pennsylvania, Central Pennsylvania Food Bank, American Cancer Society, Caitlin's Smiles, Hershey Gardens, Bethesda Mission, Love the Hill, The Caring Cupboard & The Cracked Pot

**Pittsburgh:** Hello Neighbor

A morning of volunteer activities and camaraderie will be followed by lunch and reflection on our efforts to demonstrate the credit union movement's cooperative principle of "concern for community." We can't wait!

## Upcoming Webinars: Can You Attend?

Check out our [upcoming webinars](#) here! If you see something you're interested in attending, click the link for more details and registration.

### [The Leadership Challenge Webinar](#)

October 25, 2022 at 2:00 p.m. ET

### [Is Your Organization Ready for the FedNow Service in 2023?](#)

November 1, 2022 at 2:00 p.m. ET

### [Tabletop Exercise - Threats to Your Credit Union](#)

November 2, 2022 at 2:00 p.m. ET

### [Market Update and Outlook for 2023](#)

November 15, 2022 at 10:00 a.m. ET

### [Addressing Elder Financial Abuse](#)

November 17, 2022 at 2:00 p.m. ET

### [Everything You Need to Know about IAT Entries](#)

November 29, 2022 at 2:00 p.m. ET

## International Credit Union Day: Oct. 20, 2022

Can you believe it? The 74th anniversary of [International Credit Union \(ICU\) Day](#) is coming up on October 20, 2022! ICU Day® celebrates the spirit of the global credit union movement by reflecting on our history, promoting our achievements, recognizing our hard work and sharing member experiences. This year, we will gather as a global movement under the theme: "Empower Your Financial Future with a Credit Union."

Let's get ready for a day full of credit union celebrations on October 20!

As always, if you have any questions regarding the financials, please don't hesitate to [contact me](#).



# Financial Condition & Performance August 2022

Enclosed please find Vizo Financial Corporate Credit Union's financial statements and supplementary financial information as of August 31, 2022. These reports include information regarding our balance sheet, income statement, asset quality, capital adequacy, liquidity and interest rate risk. It contains all the financial data required for review under Regulation 703.

## Balance Sheet

Member overnight balances averaged \$4.067 billion compared to \$4.357 billion in July and \$4.753 billion in June. Comparing total deposits, which include the EBA balances, overall average overnight deposits dropped another \$880 million, as credit union liquidity continues to tighten. Total average overnight deposits stood at \$5.954 billion, compared to \$6.834 billion in July. The spread between the single day high and low balances was \$1.524 billion, compared to \$1.610 billion in July and \$1.359 billion in June (includes EBA balances). Volatility of short-term member balances has increased significantly over the last several months (on-balance sheet plus EBA), with August coming in at 23%.

Average off-balance sheet credit union balances – those held in our Excess Balance Account (EBA) – averaged \$1.9 billion and ended the month at just above \$1.6 billion. The EBA has proved to be a key tool for controlling the size of balance sheet; however, with liquidity coming down dramatically, we will be looking to move most EBA funding back onto the balance sheet. After peaking at over \$5 billion, EBA balances have steadily declined in 2022 and are now just 30% of their peak from 2021.

From a seasonal cash flow perspective, March has historically been the month where deposits peak. After not being the case in 2020 or 2021, it appears this will hold true here in 2022, as government stimulus packages have ended. Total deposits (on-balance sheet plus EBA) hit a record high of \$10.365 billion in April 2021. In August 2022, this average stood at \$5.954 billion. Our 12-month rolling average assets were stable, moving from \$5.661 billion to \$5.679 billion, although this is a result of funds flowing out of the EBA and back into PSA accounts. We are targeting an asset size of \$6 billion for 2022.

We now target a minimum of \$700 million in our Fed account to cover member settlement activity. After two years of significant amounts of excess cash, we are back to having to actively monitor the cash levels in our Fed account. In August 2022, our Fed balances averaged \$1.061 billion with a low of \$611.2 million. While tightening considerably in August, liquidity remains readily accessible through our primary borrowing sources.

Some line items to note on this month's balance sheet:

- ▶ On-balance sheet (month-end) member shares were down from the prior month, coming in at \$4.397 billion, compared to \$5.124 billion in July and \$5.084 billion in June. Month-end figures can vary considerably depending on the day of the week on which a month ends. Of this month's total, \$603.5 million were in certificates while the remaining balances were distributed between the various PSA and settlement deposit accounts.

- ▶ Month-end assets came in at \$5.432 billion. Average assets were above that figure, coming in at \$5.658 billion. Excluding non-perpetual capital accounts, our total net equity is at \$456.4 million. The unrealized gain/loss/AOCL figure improved slightly to an unrealized loss of \$11.4 million. More details regarding market values of securities are discussed later in the report under the heading "Unrealized Gains/Losses."
- ▶ Total retained earnings ended the month at \$253.4 million. Gross operating income for the month came in at \$441,857. Distributions to members via PCC dividends totaled \$182,122. Our net increase to retained earnings was \$259,735. Year-to-date, we have added \$25,527,297 to retained earnings.

We anticipate continued volatility in earnings throughout the Fed's tightening cycle in 2022 and to a lesser extent in 2023. While the great majority of our assets are floating rate, these investments do not adjust daily in sync with the Fed rate changes. Our largest portfolio of variable rate SBA securities only adjusts quarterly and will not re-price again until October 1, 2022. Therefore, earnings in August were well below July based on the Fed's 75-bps increase in late July. Projections for September will be even lower based on the Fed rate hike on September 22. We have opted to match Fed increases by raising PSA rates by the same amount, which negatively impacts earnings, but only for the one to two month lag period per calendar quarter.

- ▶ Our leverage/tier 1 capital ratio is at 8.06% and, our retained earnings ratio now stands at 4.46%. *Our total capital ratio ended the month at 8.21%.*
- ▶ The net economic value (NEV) (economic value of assets less the economic value of liabilities) came in at \$477.2 million at the end of August, with an NEV ratio of 8.78% compared to the prior month's 8.35%. The NEV ratio will fluctuate quite a bit month-to-month since it is calculated based on month-end assets versus average assets. In the up 300 basis points scenario, the NEV ratio drops to 8.18% with a negative fluctuation of 7.9%. We are well above required regulatory NEV levels (2%).
- ▶ The available liquidity section reflects our capacity for generating liquidity. We factored out securities in the "available-for-sale" (AFS) portfolio whose current market values were lower than we realistically believed we would sell. Although 100% of our marketable securities are classified as AFS, unless the market value is positive or the unrealized loss is estimated at under \$5,000, we do not include it as liquid in our "Available Liquidity" report.

Due to favorable conditions, we borrowed \$500 million for 30 days from the FHLB-Atlanta to add liquidity to our Fed account. This loan was paid off in early September.

- ▶ Total capital now stands at \$466.1 million, excluding unrealized gains and/or losses on securities and accumulated other comprehensive losses. This consists of PCC, retained earnings, equity acquired in merger and eligible non-perpetual capital accounts (NCAs), less total

*continued on page 3*

# Financial Condition & Performance August 2022

continued from page 2

equity held in unconsolidated CUSOs. NCUA regulations require us to reduce capital by the total equity held in unconsolidated CUSOs in calculating our leverage and total capital ratios. Total equity in unconsolidated CUSOs stands at \$10.1 million. Without these reductions, our gross total capital amounts to \$476.2 million.

We also help members manage funds through the use of off-balance sheet products:

- › Marketable securities
- › SimpliCD brokered certificates
- › Federal Reserve Bank's EBA program

## Off-Balance Sheet Activity

Current balances/usage of these off-balance sheet products are reflected below:

SimpliCDs	\$ 861 million
Security Sales*	\$ 1.147 billion
EBA Balances	\$ 1.653 billion
<b>Total Off-Balance Sheet</b>	<b>\$ 3.661 billion</b>

\*Security sales reflect sales over the past 18 months

## Unrealized Gains/Losses

Market values continue to reflect changing market conditions which greatly impact fixed rate holdings. Overall, our unrealized losses decreased from \$12.3 million to \$11.4 million, as decreases in fixed rate U.S. Treasury notes were offset by gains in SBA pricing. It is our fixed rate U.S. Treasury portfolio that shows the highest unrealized loss figure at \$11.9 million. The Treasury portfolio is primarily used to manage our members' term certificate program, so that when our fixed rate liabilities are factored into our ALM model, our NEV has remained stable. The SBA portfolio remains the largest percentage of our overall investment portfolio and showed unrealized gains of \$7.4 million. We have enough collateral to borrow our full line at the Federal Home Loan Bank, if needed, and all remaining securities are acceptable collateral for the Fed's Discount Window. *From a credit perspective, our portfolio remains solid with a total risk-based capital ratio of 49.5%.*

To provide additional insight on this month's unrealized gain/loss figures, we are providing a breakdown of what securities make up these changes in fair market value and book values.

- › \$2.662 million LOSS is related to our government agency CMO securities portfolio (\$622.0 million total book value)
- › \$0.027 million LOSS is related to our agency MBS/CMBS securities (\$5.1 million total book value)
- › \$0.364 million LOSS is related to our government guaranteed mortgage securities (\$22.4 million total book value)

- › \$0.707 million LOSS is related to our agency floater portfolio (\$79.8 million total book value)
- › \$0.165 million LOSS is related to our corporate bond portfolio (\$30.0 million total book value)
- › \$0.307 million LOSS is related to our credit card asset-backed securities (\$473.4 million total book value)
- › \$0.005 million LOSS is related to our auto floor-plan asset-backed securities (\$49.5 million total book value)
- › \$2.615 million LOSS is related to our student loan asset-backed securities (\$77.4 million total book value)
- › \$11.958 million LOSS is related to our U.S. Treasury securities (\$666.7 million total book value)
- › \$7.371 million GAIN is related to our government guaranteed SBA portfolio (\$2.142 billion total book value)

Market values and the associated unrealized gains/losses indicate an estimate of what the sale price of these assets in today's markets would be, and do not necessarily reflect the actual gains/losses that would be realized if the assets were to be sold or held to maturity.

## Summary

Please take a moment to review our financial statements and do not hesitate to contact us if you have questions. We also recommend that you share this information with your board of directors to satisfy the due diligence requirements set forth in NCUA Regulation 703.

Our highest priority will remain the financial strength and safety of the organization and total transparency in the reporting of our financial condition.

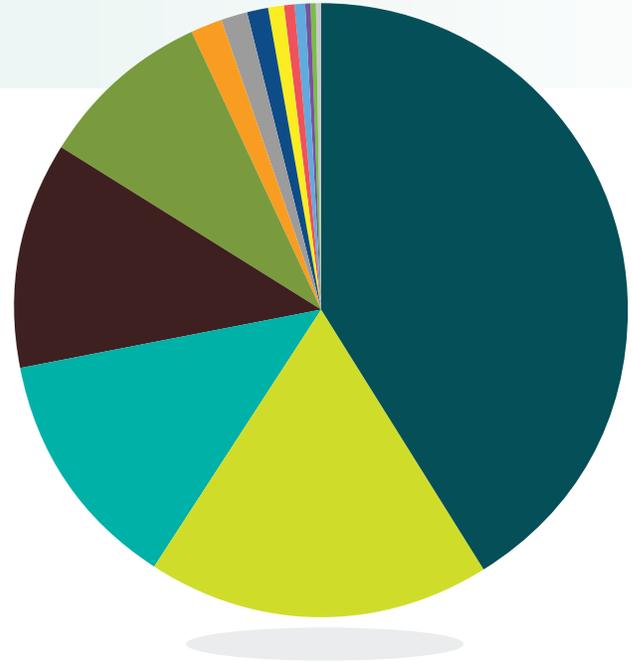
We are grateful to our members for their continued support and for the trust you place in us. If you have any questions, please do not hesitate to contact us.



**David W. Brehmer**  
President & CEO

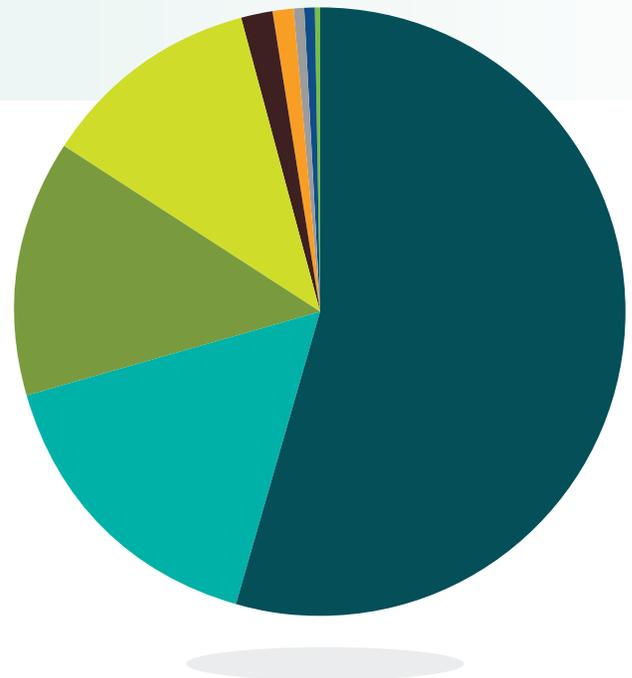
## Total Book Values as of August 31, 2022

- \$ 2,142 - SBA Pool
- \$ 938 - Cash/FI Deposits
- \$ 667 - U.S. Treasuries
- \$ 622 - Agency CMO
- \$ 473 - ABS Credit Cards
- \$ 80 - Agency Floaters
- \$ 77 - ABS Student Loans
- \$ 58 - CLF Stock
- \$ 49 - ABS Auto
- \$ 30 - Corporate Bonds
- \$ 22 - GNMA
- \$ 21 - FHLB Stock
- \$ 10 - CUSOs
- \$ 5 - CMBS/MBS



## Credit Quality as of August 31, 2022

- \$ 2,831 - U.S. Gov't Guaranteed
- \$ 847 - Federal Reserve
- \$ 707 - U.S. Gov't Agency
- \$ 600 - Asset-Backed Securities (AAA)
- \$ 96 - CU/Bank Cash Holdings
- \$ 58 - CLF Stock
- \$ 30 - Corporate Bonds (AA-/AA+)
- \$ 21 - FHLB Stock
- \$ 10 - CUSOs



\* All figures in the charts above are in millions.

# Financial Condition & Performance August 2022

Balance Sheet	August 31, 2022	August 31, 2021
<b>Assets</b>		
Loans	\$ 117,880,961	\$ 8,225,955
Investments:		
Asset-Backed Securities (Non-Mortgage)	\$ 597,409,526	\$ 685,048,391
U.S. Gov't (Notes/Floaters/Callables)	\$ 79,080,911	\$ 0
U.S. Gov't Agency (CMOs)	\$ 641,454,562	\$ 823,488,576
U.S. Gov't Agency (MBS)	\$ 5,099,636	\$ 7,151,687
U.S. Gov't (SBA)	\$ 2,149,487,576	\$ 2,164,701,375
Corporate Bonds	\$ 29,831,140	\$ 61,354,600
U.S. Treasuries	\$ 654,726,377	\$ 0
Commercial Paper	\$ 0	\$ 0
Federal Home Loan Bank - Atlanta	\$ 21,441,900	\$ 3,692,000
Credit Union & Bank Deposits	\$ 91,337,685	\$ 122,406,071
CUSOs	\$ 10,051,256	\$ 8,569,914
Federal Reserve Bank	\$ 847,087,149	\$ 1,264,900,878
CLF Stock	\$ 57,738,003	\$ 57,738,003
Receivables	\$ 62,342,359	\$ 40,885,361
Fixed Assets	\$ 8,403,459	\$ 2,990,936
Goodwill/Core Deposit Intangible	\$ 176,447	\$ 2,282,127
Other Assets	\$ 58,731,487	\$ 49,052,125
<b>Total Assets:</b>	<b>\$ 5,432,280,434</b>	<b>\$ 5,302,487,999</b>
<b>Liabilities</b>		
Other Liabilities:	\$ 8,159,196	\$ 1,864,284
Accounts Payable:	\$ 62,513,712	\$ 57,431,973
Accrued for Member Distribution:	\$ 0	\$ 60,000,000
Notes Payable:	\$ 500,000,000	\$ 0
Shares	\$ 3,793,201,535	\$ 4,361,718,352
Certificates/Term Deposits	\$ 603,514,347	\$ 355,553,868
<b>Total Shares:</b>	<b>\$ 4,396,715,882</b>	<b>\$ 4,717,272,220</b>
Non-Perpetual Capital Accounts (NCA)	\$ 8,505,410	\$ 8,505,410
Perpetual Contributed Capital (PCC)	\$ 214,433,317	\$ 214,237,649
Reserves & Undivided Earnings	\$ 230,829,170	\$ 204,221,731
Equity Acquired in Merger	\$ 22,562,000	\$ 22,562,000
Accumulated Other Comprehensive Loss	\$ (11,438,253)	\$ 16,392,732
<b>Total Equity:</b>	<b>\$ 464,891,644</b>	<b>\$ 465,919,522</b>
<b>Total Liabilities &amp; Equity:</b>	<b>\$ 5,432,280,434</b>	<b>\$ 5,302,487,999</b>

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# Financial Condition & Performance August 2022

Income Statement YTD	August 2022	August 2021
Interest Income	\$ 41,283,762	\$ 26,237,371
Interest Expense	\$ (25,169,785)	\$ (3,196,995)
<b>Net Interest Income</b>	<b>\$ 16,113,977</b>	<b>\$ 23,040,376</b>
Correspondent Service Income	\$ 30,791,941	\$ 18,781,342
Correspondent Service Expense	\$ (21,713,268)	\$ (10,125,731)
<b>Net Correspondent Income</b>	<b>\$ 9,078,673</b>	<b>\$ 8,655,611</b>
<b>Gross Operating Income</b>	<b>\$ 25,192,650</b>	<b>\$ 31,695,987</b>
Operating Expense	\$ (19,790,182)	\$ (21,133,084)
<b>Net Income</b>	<b>\$ 5,402,468</b>	<b>\$ 10,562,903</b>
Non-Operating Gains/(Losses)	\$ 0	\$ 1,750,455
Amortization of Core Deposit Intangible	\$ (1,162,899)	\$ 0
CUSO Income	\$ (47,183)	\$ (115,913)
USC MCA Distribution	\$ 58,129,527	\$ 149,126,684
-Accrued Liability/Member Payouts	\$ (35,632,865)	\$ (60,000,000)
<b>Net Income before PCC Distributions</b>	<b>\$ 26,689,048</b>	<b>\$ 101,324,129</b>
Less: Non-Controlling Interest in Net Income	\$ 0	\$ 0
Less: Equity Transfer for PCC Distribution	\$ (1,161,753)	\$ (1,069,721)
<b>Net Increase to Retained Earnings</b>	<b>\$ 25,527,295</b>	<b>\$ 100,254,408</b>
Earnings Spread/Net Operating Margin	August 2022	August 2021
Return on Average Assets	1.054%	0.619%
Interest/Dividend Expense	-0.642%	-0.075%
<b>Net Interest Margin</b>	<b>0.411%</b>	<b>0.543%</b>
Correspondent Service Income	0.232%	0.204%
Operating Expenses	-0.505%	-0.498%
Non-Operating Gains/(Losses)	0.000%	0.041%
Amortization of Core Deposit Intangible	-0.030%	0.000%
USC MCA Distribution	1.484%	3.517%
CUSO Income	-0.001%	-0.003%
Non-Controlling Interest in Net Income	0.000%	0.000%
Accrued Liability/Member Payout	-0.910%	-1.415%
PCC Distributions	-0.030%	-0.025%
<b>Net Margin</b>	<b>0.652%</b>	<b>2.364%</b>
Asset Quality	August 2022	
Non-Earning Assets/Average Assets	2.47%	
Delinquent Loans/Total Loans	0.00%	
<b>Investment Portfolio</b>		
U.S. Gov't Guaranteed Securities	53.44%	
U.S. Agency Securities	13.83%	
Asset-Backed Securities (non-mortgage)	11.39%	
Fed Home Loan Bank	0.41%	
Corporate Bonds	0.57%	
Commercial Paper	0.00%	
Bank & Credit Union Deposits	1.74%	
Federal Reserve Bank	16.14%	
CUSO Equity	0.19%	
CLF Stock	1.10%	
Cash & Receivables	1.19%	
<b>Credit Ratings</b>		
Asset-Backed Securities (Credit Card/Auto)	AAA/Aaa	
Asset-Backed Securities (Student Loans)	AAA/Aaa	
Commercial Paper	A-1/P-1	
Corporate Bonds	AA- to AA+/A1 to Aa1	
Gov't Agencies/SBAs	AA+ to AAA	

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# Key Financial Ratios August 2022

Capital Adequacy	August 2022	August 2021
RUDE + Acquired Equity Capital/monthly Average Net Assets	4.48%	4.17%
RUDE + Acquired Equity Capital/12-month Average Net Assets	4.46%	3.51%
Tier 1 (Leverage) Capital/12-month Average Net Assets	8.06%	6.70%
Total Capital/12-month Average Net Assets	8.21%	6.83%
Tier 1 Capital/12-month Average Risk-Weighted Assets	48.67%	38.32%
Total Capital/12-month Average Risk-Weighted Assets	49.55%	39.07%
Total Capital	\$ 466,105,097	\$ 440,823,650
Tier 1 (Leverage) Capital	\$ 457,773,231	\$ 432,451,466
Tier 2 Capital	\$ 8,331,866	\$ 8,372,184
PCC deducted from Tier 1 Capital	\$ 0	\$ 0
Unrealized Gain/Loss on Securities	\$ (11,438,253)	\$ 16,392,732
Monthly Average Assets	\$ 5,658,406,504	\$ 5,442,722,623
Average 12-month Assets	\$ 5,678,838,433	\$ 6,452,786,862
Year-to-date Average Assets	\$ 5,884,449,889	\$ 6,369,728,537

## Liquidity & Interest Rate Risk as of August 31, 2022

Available Liquidity:	Available Within 90 Days
Net Cash and Receivables:	\$ 909,429,508
Net Available For Sale (AFS) securities: (securities with adequate market values to sell)	\$ 1,896,992,152
Overnight & Investments Maturing within 90 days:	\$ 82,617,685
Unsecured Fed Funds Lines Available:	\$ 150,000,000
Secured Fed Funds Lines Available:	\$ 150,000,000
Federal Home Loan Bank (FHLB) - borrowing capacity:	\$ 1,687,705,200
-less fixed term existing loan advances	\$ (500,000,000)
Primary Sources of Liquidity:	\$ 4,376,744,545
Federal Reserve (FRB) Discount Window - borrowing capacity:	\$ 274,954,471
Excess Balance Account (EBA) - funds held for members @ FRB:	\$ 1,653,391,184
Secondary Sources of Liquidity:	\$ 1,928,345,655
<b>Total Available Liquidity:</b>	<b>\$ 6,305,090,200</b>

## Interest Rate Risk as of August 31, 2022

	Regulation 704 Operating Level: Base Plus
<b>Base/Current Rate Environment</b>	
Net Economic Value (NEV):	\$ 477,186,151
NEV Ratio:	8.78%
<b>Up 3% Rate Environment</b>	
Net Economic Value (NEV):	\$ 439,499,780
NEV Ratio:	8.18%
Percentage Change:	-7.9%
<b>Down 1% Rate Environment</b>	
Net Economic Value (NEV):	\$ 486,920,289
NEV Ratio:	8.93%
Percentage Change:	2.0%

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# Notes to Financials August 2022

1. Tier 1 (Leverage) Capital = Reserves, Undivided Earnings, Equity Acquired in Merger, & Perpetual Contributed Capital (PCC) less unconsolidated equity investments and less any amount of PCC that causes PCC minus retained earnings (all divided by moving daily average net assets) to exceed 2% (per NCUA Regulation 704).
2. Tier 2 Capital = The PCC that has been deducted from Tier 1 Capital + unamortized Non-perpetual Capital Accounts (NCAs) - \$8,331,865.
3. Total Capital = Tier 1 + Tier 2 Capital.
4. Equity acquired in merger reflects the value of the retained earnings that came to Vizo Financial from First Carolina.
5. Marketable Securities are classified 100% as "available-for-sale."
6. Net Economic Value (NEV) = the fair value of assets less the fair value of liabilities.
7. NEV Ratio = Dollar NEV divided by the fair value of total assets.
8. PCC qualifies as equity capital in calculating our NEV ratios. As equity, PCC is not treated as a liability when calculating Vizo Financial's NEV.
9. The regulatory minimum required capital ratios today are:
  - a) Leverage (Tier 1) Capital Ratio: 4.0%
  - b) Tier 1 Risk-based capital ratio: 4.0%
  - c) Total Risk-based capital ratio: 8.0%
10. The leverage capital ratio is calculated by dividing Tier 1 capital by MDANA (moving daily average net assets).
11. The Tier 1 risk-based capital ratio is calculated by dividing Tier 1 capital by the moving monthly average net risk-weighted assets.
12. The Total risk-based capital ratio is calculated by dividing Total capital by the moving monthly average net risk-weighted assets.
13. All credit card and auto related asset-backed securities are rated by S&P (AAA), Moody's (Aaa), and/or Fitch (AAA).
14. Student loan asset-backed securities are rated by Moody's (Aaa) and S&P (AAA).
15. Corporate bonds ratings ranges are from S&P (AA+/AA-) and Moody's (A1/Aa1).
16. Available-for-sale securities in the liquidity section includes only bonds with market values showing: 1) Gains, or 2) Unrealized losses below \$5,000.
17. Other Assets includes insurance policies held with Midland National, North American Company and Minnesota Life tied to 457F plans and a split-dollar plan to offset executive and employee benefits costs.
18. All borrowing capacities reflect current market value of eligible collateral plus appropriate haircuts.
19. Primary credit access is available at the Federal Reserve Bank (FRB).
20. Current LOC limit at FHLB-Atlanta \$1,687,705,200 (8/31) - this will vary based on assets. Borrowing capacity reflects collateral available for accessing line.
21. Unsecured fed funds lines: \$100 million from PNC Bank; \$50 million from Corporate One.
22. Secured fed funds lines comprised of \$150 million from U.S. Bank - line secured by asset-backed securities.
23. Accumulated Other Comprehensive Loss reflects unrealized gains and losses and non-credit related market value losses not reductions in capital.
24. NEV & capital ratios are in compliance with policy and regulatory limits.
25. Under Liquidity Measures, EBA balances exclude funds held by non-PCC credit unions that totaled only \$450.

## Required Credit Analysis Under Regulation 703

Except for investments that are issued or fully guaranteed as to principal and interest by the U.S. Government or its agencies, enterprises or corporations or fully insured (including accumulated interest) by the National Credit Union Administration or the Federal Deposit Insurance Corporation, you must conduct and document a credit analysis of the issuing entity and/or investment before you purchase the investment. You must update the analysis at least annually as long as you hold the investment.

*Retain this report as part of the credit analysis required under Regulation 703.*

## Financial Soundness Report

David W. Brehmer, President & CEO  
Mark Brown, CFO  
Fred Eisel, CIO

For more information concerning the content in this unaudited financial report, please contact Vizo Financial at (800) 622-7494.



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