

# Monthly Financials

Vizo Financial Corporate Credit Union

May 2022 Edition | April 2022 Financials



David Brehmer  
President & CEO

## Corporate Update

I feel like I say this every year, but it always astounds me how quickly the time passes...can you believe we're nearly halfway through 2022? It's already been a busy and

turbulent four months, to say the least. Inflation, rising rates, cybersecurity fears and more have dominated headlines for credit unions. And while we acknowledge and prepare ourselves for the repercussions of these big news items, I also think it's important that we look on the bright side of things as well. From credit union events and education to our latest community involvement initiatives, I encourage you to take a few minutes to read some of the more positive things we've got going on here at Vizo Financial!

## Image Capture is Moving to TranzCapture!

In our pursuit of providing the best possible member experience and efficient image capture platform, we are excited to announce that MY CU Services has partnered with TranzCapture, LLC, a corporate-owned CUSO offering web-based image capture services to credit unions throughout the country. Earlier this year, Vizo Financial became the fourth corporate credit union owner of TranzCapture, LLC and represents broadening cooperation among corporates to better serve credit unions nationwide.

All of the image capture solutions provided by MY CU Services (ATM/ITM, branch, merchant, mobile and teller capture) will be moving to the TranzCapture platform.

While we're still in the preliminary stages of our move to TranzCapture, the ultimate goal of this transition is to streamline the image capture process by consolidating multiple systems into one and creating efficiencies for both credit unions and MY CU Services! More information will be provided to credit unions as the project continues.

## Check Out Our Annual Meeting Website!

Our 2022 Annual Meeting is right around the corner! Have you registered? Do you know what we're planning to discuss? Have you heard who will be added to our board of directors? If not, you'll definitely want to check out our Annual Meeting website!

The site provides important information about the Annual Meeting, including the agenda, board candidate bios, upcoming events and a link to register for our virtual Annual Meeting on June 15! Don't wait...visit our [Annual Meeting website](#), or go to [www.vfcu.org](http://www.vfcu.org)!

## Leadership Workshop

What's interactive, educational and focused on effective leadership and workplace culture? Our Leadership Workshop, of course! The next workshop is coming up on June 22, 2022, in Pittsburgh, Pa., and we can't wait!

If you're looking for a way to enhance your leadership skills, this is definitely an event for you. It's led by our chief culture officer and Gallup Certified Strengths Coach, Joe Bertotto, who has spent much of his life helping individuals, such as yourself, find the secrets to happy and high performing workplaces. Join Joe and your peers for these events that will talk about leveraging employee strengths, embracing servant leadership and building an engaged workforce!

For more details about the workshops, please visit our [Leadership Workshop event page](#)!

## Two Member Appreciation Events Are Coming!

There are so many ways we could tell our members that we appreciate them for being trusted and dedicated partners, but we're doing it with two exciting events!

The first is our [Member Appreciation Reception](#) at the Hard Rock Hotel & Casino in Atlantic City, N.J., during the CrossState Credit Union Association's Reconnect Annual Convention. The reception will be held from 5:15 - 6:30 p.m. on May 23, 2022, and will feature food, libations and lots of fun!

The second is our [Member Appreciation Luncheon](#) at the Marriott Resort & Spa at Grand Dunes in Myrtle Beach, S.C., during the Carolinas Credit Union League's Annual Meeting. Join us on June 20, 2022, from 12:30 - 1:30 p.m. for a delightful lunch, great conversation and prizes!

Interested? Click the links above, or get more information about both events on our [Upcoming Events](#) page!

## Community Involvement Webpage

Want to see what Vizo Financial has been doing in our communities? Our [Community Involvement webpage](#) has all the information you're searching for! The page highlights our most recent activities with the Central PA Food Bank, Walk for Children's and our upcoming Hot Dog Eating Contest! Check back often to see what we're doing to make a positive difference in our communities.

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



# Financial Condition & Performance April 2022

Enclosed please find Vizo Financial Corporate Credit Union's financial statements and supplementary financial information as of April 30, 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 \$5.104 billion compared to \$5.498 billion in March and \$5.221 billion in February. Comparing total deposits, which include the EBA balances, overall average deposits dropped \$538.6 million, as credit unions began to take advantage of higher term rates and started putting more money into securities and term CDs. Total average deposits stood at \$8.828 billion. The spread between the single-day high and low balances was \$1.885 billion, compared to \$1.247 billion in March and \$848.7 million in February (includes EBA balances). Volatility of short-term member balances has increased significantly over the last two months (on-balance sheet plus EBA) and came in at 19% in April.

Average off-balance sheet credit union balances - those held in our Excess Balance Account (EBA) - averaged \$3.7 billion and ended the month at \$3.6 billion. We appreciate all the members who have moved funds into our EBA account at the Fed, which has helped control the size of our balance sheet.

From a seasonal cash flow perspective, March has historically been the month where deposits peak. This was not the case in 2020 or 2021 due to government stimulus packages and slower credit union lending. In 2022, March may have been the peak, as balances dropped in April. We expect to see a continued net outflow as lending picks up and credit unions take advantage of higher term rates. Total deposits (on-balance sheet plus EBA), hit a record high of \$10.365 billion in April 2021. In April 2022, this average stood at \$8.828 billion, the first time since February 2021 that we have dropped below \$9 billion. Our 12-month rolling average assets decreased, dropping from \$5.739 billion to \$5.682 billion. 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. In 2020, our Fed balances averaged \$2.471 billion with an average low of \$1.949 billion. In 2021, our Fed balances came down steadily due to shifting funds to our EBA account but still averaged \$1.692 billion with an average low of \$1.0 billion. In April 2022, our Fed balances averaged \$1.823 billion with a low of \$1.205 billion.

Liquidity remains high on the balance sheet and 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 up from the prior month, coming in at \$6.024 billion compared to \$5.712 billion in March. Month-end figures can vary considerably depending on the day of the week on which a month ends. Of this month's total, \$602.9 million were in certificates while the remaining balances were distributed between the various PSA and settlement deposit accounts.
- › Month-end assets came in at \$6.560 billion. Average assets were lower, coming in at \$6.211 billion. Excluding non-perpetual capital accounts, our total net equity is at \$458.6 million. The unrealized gain/loss/AOCL figure dropped to an unrealized loss of \$6.8 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 \$251.0 million. Gross operating income for the month came in at \$1,288,031. Distributions to members via PCC dividends totaled \$132,185. In addition, we made a second member distribution of capital in the amount of \$35,632,865, which represented 37% of capital write-downs our primary (PCC) members incurred back in 2009. This distribution was accrued for in March. Our net increase to retained earnings was \$1,155,846.
- › Goodwill has now been reduced to just \$176,447, down from \$1,120,822. The final amount of the goodwill will be written down in 2023. Our decision to write-down our goodwill was prompted by the decommissioning of the legacy core system as we transitioned our MY CU Services (AMIS) core platform to the CU\*BASE core platform. Our goodwill was related to MY CU Services' acquisitions of the AMIS core system and the PCSI checks operation, as well as the merger of First Carolina and Mid-Atlantic Corporate balance sheets.
- › Our leverage/tier 1 capital ratio moved up to 8.01%, as well as our retained earnings ratio, which now stands at 4.42%. *Our total capital ratio ended the month at 8.16%.*
- › The net economic value (NEV) dollar value of assets came in at \$475.3 million at the end of April with an NEV ratio of 7.25%, compared to the prior month's 7.56%. 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 6.75% with a negative fluctuation of 7.7%. 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

*continued on page 3*

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or the unrealized loss is estimated at under \$5,000, we do not include it as liquid in our "Available Liquidity" report.

- › Total capital now stands at \$463.7 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 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 stood at \$10.2 million. Without these reductions, our gross total capital amounts to \$473.9 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	\$ 697 million
Security Sales*	\$ 1.058 billion
EBA Balances	\$ 3.598 billion
<b>Total Off-Balance Sheet</b>	<b>\$ 5.353 billion</b>

\*Security sales reflect sales over the past 18 months

## Unrealized Gains/Losses

Market values continue to reflect the changing rate environment, as fixed rate assets have been hit hard by the steepened yield curve. Overall, our unrealized losses moved up from \$3.574 million to \$6.830 million. While all asset classes have been impacted by the rising rates, it is our fixed rate U.S. Treasury portfolio that has felt the real pressure, as it now shows unrealized losses of \$7.9 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 \$3.8 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 46.8%.*

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.

- › \$2.210 million LOSS is related to our government agency CMO securities portfolio (\$685.7 million total book value)
- › \$0.036 million LOSS is related to our agency MBS/CMBS securities (\$5.8 million total book value)
- › \$0.058 million LOSS is related to our government guaranteed mortgage securities (\$24.5 million total book value)
- › \$0.453 million LOSS is related to our agency floater portfolio (\$75.0 million total book value)
- › \$0.206 million GAIN is related to our corporate bond portfolio (\$60.4 million total book value)
- › \$0.749 million GAIN is related to our credit card asset-backed securities (\$568.9 million total book value)
- › \$0.038 million GAIN is related to our auto floor-plan asset-backed securities (\$40.0 million total book value)
- › \$0.904 million LOSS is related to our student loan asset-backed securities (\$81.9 million total book value)
- › \$7.935 million LOSS is related to our U.S. treasury securities (\$412.4 million total book value)
- › \$3.773 million GAIN is related to our government guaranteed SBA portfolio (\$2.149 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. 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.

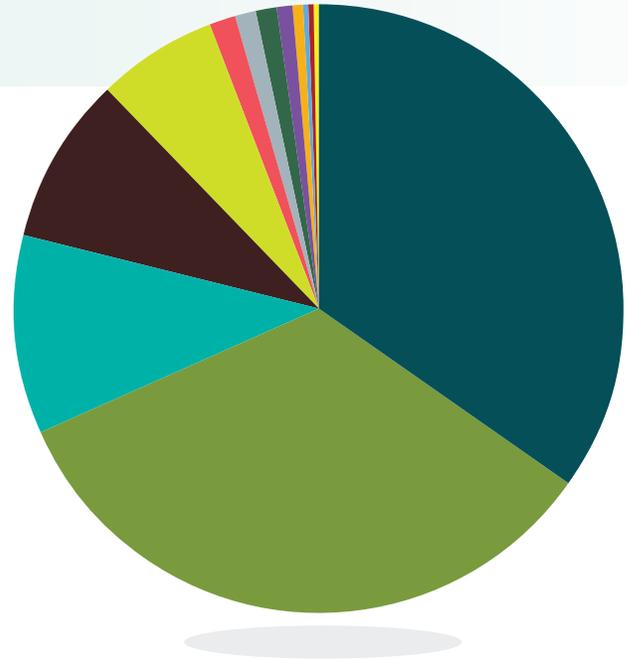
We are very grateful to our members for their continued support and for the trust you place in us. If you have any questions, please do not hesitate to contact us.



**David W. Brehmer**  
President & CEO

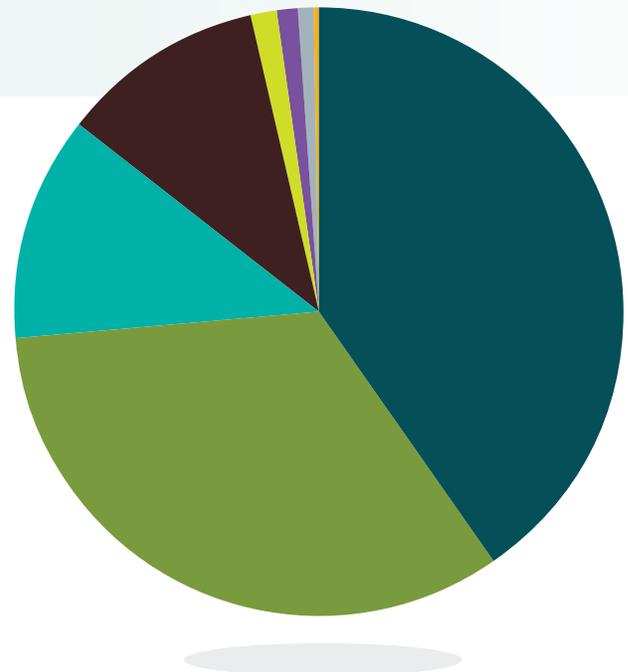
## Total Book Values as of April 30, 2022

- \$ 2,244 - Cash/FI Deposits
- \$ 2,149 - SBA Pool
- \$ 686 - Agency CMO
- \$ 569 - ABS Credit Cards
- \$ 412 - U.S. Treasuries
- \$ 82 - ABS Student Loans
- \$ 75 - Agency Floaters
- \$ 60 - Corporate Bonds
- \$ 58 - CLF Stock
- \$ 40 - ABS Auto
- \$ 25 - GNMA
- \$ 10 - CUSOs
- \$ 6 - CMBS/MBS
- \$ 3 - FHLB Stock



## Credit Quality as of April 30, 2022

- \$ 2,586 - U.S. Gov't Guaranteed
- \$ 2,147 - Federal Reserve
- \$ 767 - U.S. Gov't Agency
- \$ 691 - Asset-Backed Securities (AAA)
- \$ 97 - CU/Bank Cash Holdings
- \$ 60 - Corporate Bonds (AA-/AA+)
- \$ 58 - CLF Stock
- \$ 10 - CUSOs
- \$ 3 - FHLB Stock



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

Balance Sheet	April 30, 2022		April 30, 2021	
<b>Assets</b>				
Loans	\$	25,964,500	\$	251,560,240
Investments:				
Asset-Backed Securities (Non-Mortgage)	\$	690,647,206	\$	805,187,047
U.S. Gov't (Notes/Floaters/Callables)	\$	74,547,450	\$	0
U.S. Gov't Agency (CMOs)	\$	708,022,863	\$	930,436,646
U.S. Gov't Agency (MBS)	\$	5,744,515	\$	13,471,462
U.S. Gov't (SBA)	\$	2,153,060,647	\$	2,513,605,163
Corporate Bonds	\$	60,652,695	\$	61,308,533
U.S. Treasuries	\$	404,474,467	\$	0
Commercial Paper	\$	0	\$	84,966,000
Federal Home Loan Bank - Atlanta	\$	2,691,900	\$	3,909,500
Credit Union & Bank Deposits	\$	96,717,760	\$	131,245,867
CUSOs	\$	10,248,630	\$	8,657,325
Federal Reserve Bank	\$	2,147,112,286	\$	2,076,455,188
CLF Stock	\$	57,738,003	\$	57,738,003
Receivables	\$	61,826,109	\$	49,370,283
Fixed Assets	\$	8,924,240	\$	2,029,675
Goodwill/Core Deposit Intangible	\$	176,447	\$	2,282,127
Other Assets	\$	51,307,136	\$	50,389,586
<b>Total Assets:</b>	<b>\$</b>	<b>6,559,856,854</b>	<b>\$</b>	<b>7,042,612,645</b>
<b>Liabilities</b>				
Other Liabilities:	\$	7,263,552	\$	1,819,507
Accounts Payable:	\$	61,418,283	\$	63,785,322
Accrued for Member Distribution:	\$	367,135	\$	0
Notes Payable:	\$	0	\$	5,540,000
Shares	\$	5,420,746,538	\$	6,104,281,094
Certificates/Term Deposits	\$	602,928,276	\$	464,801,603
<b>Total Shares:</b>	<b>\$</b>	<b>\$6,023,674,814</b>	<b>\$</b>	<b>\$6,569,082,697</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	\$	228,462,554	\$	134,129,592
Equity Acquired in Merger	\$	22,562,000	\$	22,562,000
Accumulated Other Comprehensive Loss	\$	(6,830,211)	\$	22,950,468
<b>Total Equity:</b>	<b>\$</b>	<b>467,133,070</b>	<b>\$</b>	<b>402,385,119</b>
<b>Total Liabilities &amp; Equity:</b>	<b>\$</b>	<b>6,559,856,854</b>	<b>\$</b>	<b>7,042,612,645</b>

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# Financial Condition & Performance April 2022

Income Statement YTD	April 2022	April 2021
Interest Income	\$ 11,479,671	\$ 13,545,796
Interest Expense	\$ (3,379,065)	\$ (1,811,400)
<b>Net Interest Income</b>	<b>\$ 8,100,606</b>	<b>\$ 11,734,396</b>
Correspondent Service Income	\$ 10,627,214	\$ 8,797,391
Correspondent Service Expense	\$ (6,187,346)	\$ (4,027,363)
<b>Net Correspondent Income</b>	<b>\$ 4,439,868</b>	<b>\$ 4,770,028</b>
<b>Gross Operating Income</b>	<b>\$ 12,540,474</b>	<b>\$ 16,504,424</b>
Operating Expense	\$ (9,967,880)	\$ (10,823,376)
<b>Net Income</b>	<b>\$ 2,572,594</b>	<b>\$ 5,681,048</b>
Non-Operating Gains/(Losses)	\$ 0	\$ 862,616
Amortization of Core Deposit Intangible	\$ (1,162,899)	\$ 0
CUSO Income	\$ 150,191	\$ (28,502)
USC MCA Distribution	\$ 58,129,527	\$ 24,175,364
-Less Member Distributions	\$ (36,000,000)	\$ 0
<b>Net Income before PCC Distributions</b>	<b>\$ 23,689,413</b>	<b>\$ 30,690,526</b>
Less: Non-Controlling Interest in Net Income	\$ 0	\$ 0
Less: Equity Transfer for PCC Distribution	\$ (528,734)	\$ (528,257)
<b>Net Increase to Retained Earnings</b>	<b>\$ 23,160,679</b>	<b>\$ 30,162,269</b>
Earnings Spread/Net Operating Margin	April 2022	April 2021
Return on Average Assets	0.575%	0.586%
Interest/Dividend Expense	-0.169%	-0.078%
<b>Net Interest Margin</b>	<b>0.406%</b>	<b>0.508%</b>
Correspondent Service Income	0.223%	0.206%
Operating Expenses	-0.500%	-0.468%
Non-Operating Gains/(Losses)	0.000%	0.037%
Amortization of Core Deposit Intangible	-0.058%	0.000%
USC MCA Distribution	2.913%	1.046%
CUSO Income	0.008%	-0.001%
Non-Controlling Interest in Net Income	0.000%	0.000%
Trf to Accrued Liability/Member Payout	-1.804%	0.000%
PCC Distributions	-0.026%	-0.023%
<b>Net Margin</b>	<b>1.161%</b>	<b>1.305%</b>
Asset Quality	April 2022	
Non-Earning Assets/Average Assets	2.13%	
Delinquent Loans/Total Loans	0.00%	
<b>Investment Portfolio</b>		
U.S. Gov't/Agency Securities	51.69%	
Asset-Backed Securities (Non-Mortgage)	10.67%	
Federal Home Loan Bank	0.04%	
Corporate Bonds	0.94%	
Commercial Paper	0.00%	
Bank & Credit Union Deposits	1.49%	
Federal Reserve Bank	33.17%	
CUSO Equity	0.16%	
CLF Stock	0.89%	
Cash & Receivables	0.96%	
<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 April 2022

Capital Adequacy	April 2022	April 2021
RUDE + Acquired Equity Capital/monthly Average Net Assets	4.04%	2.27%
RUDE + Acquired Equity Capital/12-month Average Net Assets	4.42%	2.25%
Tier 1 (Leverage) Capital/12-month Average Net Assets	8.01%	5.21%
Total Capital/12-month Average Net Assets	8.16%	5.33%
Tier 1 Capital/12-month Average Risk-Weighted Assets	45.97%	29.98%
Total Capital/12-month Average Risk-Weighted Assets	46.81%	30.67%
Total Capital	\$ 463,552,619	\$ 370,658,503
Tier 1 (Leverage) Capital	\$ 455,209,241	\$ 362,271,916
Tier 2 Capital	\$ 8,343,378	\$ 8,386,587
PCC deducted from Tier 1 Capital	\$ 0	\$ 0
Unrealized Gain/Loss on Securities	\$ (6,830,211)	\$ 22,950,468
Monthly Average Assets	\$ 6,210,618,024	\$ 6,893,780,917
Average 12-month Assets	\$ 5,681,779,234	\$ 6,951,632,738
Year-to-date Average Assets	\$ 6,069,410,511	\$ 7,031,145,402

## Liquidity & Interest Rate Risk as of April 30, 2022

Available Liquidity:	Available Within 90 Days
Net Cash and Receivables:	\$ 2,208,938,395
Net Available For Sale (AFS) securities: (securities with adequate market values to sell)	\$ 1,821,409,386
Overnight & Investments Maturing within 90 days:	\$ 86,557,760
Unsecured Fed Funds Lines Available:	\$ 150,000,000
Secured Fed Funds Lines Available:	\$ 150,000,000
Federal Home Loan Bank (FHLB) - borrowing capacity:	\$ 1,615,098,900
-less fixed term existing loan advances	\$ 0
Primary Sources of Liquidity:	\$ 6,032,004,441
Federal Reserve (FRB) Discount Window - borrowing capacity:	\$ 399,325,938
Excess Balance Account (EBA) - funds held for members @ FRB:	\$ 3,598,398,164
Secondary Sources of Liquidity:	\$ 3,997,724,102
<b>Total Available Liquidity:</b>	<b>\$ 10,029,728,543</b>

## Interest Rate Risk as of April 30, 2022

		Regulation 704 Operating Level: Base Plus
<b>Base/Current Rate Environment</b>	Net Economic Value (NEV):	\$ 475,263,254
	NEV Ratio:	7.25%
<b>Up 3% Rate Environment</b>	Net Economic Value (NEV):	\$ 438,437,973
	NEV Ratio:	6.75%
	Percentage Change:	-7.7%
<b>Down 1% Rate Environment</b>	Net Economic Value (NEV):	\$ 484,659,112
	NEV Ratio:	7.37%
	Percentage Change:	2.0%

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# Notes to Financials April 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) -- \$8,346,978.
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 limit at FHLB-Atlanta \$1,615,098,900 (4/30) - this will vary based on assets.
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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