

# Monthly Financials

Vizo Financial Corporate Credit Union

August 2022 Edition | July 2022 Financials



David Brehmer  
President & CEO

## Corporate Update

Earlier this summer, I had the honor of speaking at a conference about credit unions being more than just a financial institution. The focus of my talk was on the credit union

industry's guiding cooperative principles and how various credit unions are addressing development issues facing individuals and communities. It was inspiring to talk about the social and community side of credit unions, as that is what makes us truly different from our competitors in the financial arena. At our best, credit unions are supporters of our communities' needs and not just transactional institutions.

It's true that many of us are operating in a more remote environment these days, but it's so encouraging to watch institutions continue to uphold connections to members of the community. People helping people is still very much a part of what we do, and it's exciting to see in real time. Bravo to all of you for keeping the credit union mission alive and well!

## Hot Dog Eating Contest Raised \$16,263!

We're ready to shout it from the rooftops...our 2022 Hot Dog Eating Contest raised the most money EVER for Children's Miracle Network (CMN) Hospitals!

With a grand total of \$16,263 raised (woohoo!), eight contestants, 29 sponsors and three prizes, it was definitely a year of breaking records.

Once again, congratulations to all of our winners and thank you from the bottom of our hearts to our contestants, sponsors, donors and supporters. Your generosity has made a huge impact for CMN Hospitals at Penn State Health Children's Hospital.

For a full rundown of all the Hot Dog Eating Contest details, take a few minutes to read our [event press release](#). And if you'd like to watch/re-watch the contest, check out the [full recording](#)!

## Financial Conference

If you're reading this, it's probably because finance interests you or is part of your job description. Whatever the reason, we wanted to take this opportunity to remind you about our upcoming Financial Conference on September 14-16!

This conference is our biggest financial-focused education event of the year and - if we're being honest - it's one of our favorites! We love welcoming new and familiar faces each year to learn, share and experience the luxury of The Ballantyne Hotel together.

This year, we've lined up speakers from FHN Financial, Raymond James, CUBG, the Federal Home Loan Bank of Atlanta and more to discuss some of the biggest financial matters on our minds - the economy, investment and interest rate strategies, cryptocurrency, etc.

Not only is the education out of this world, but who can resist spa and golf activities to help you unwind, receptions and dinners for optimum networking opportunities and a chance to earn CPE credits to further your skills in the workplace?

Get more information about the agenda, speakers, costs, hotel and more on our [event page](#). [Registration](#) is open through September 2. We hope to see you in Charlotte for our 2022 Financial Conference!

## Stay Plugged In: Vizo Financial Blog & Podcast

Looking for fun and easy ways to find new information and insights? Want to discover news and knowledge exclusively for credit unions? We have just the answer...two, actually!

Vizo Financial offers a blog *and* a podcast to provide the education, discussions and opportunities for knowledge sharing within the credit union movement.

### Vizo Financial Blog

Here you'll find posts from Vizo Financial experts, as well as those from our partner organizations. We cover topics from risk and money management to leadership and culture. Easy reading with lots of helpful information is what we aim for with our blog.

### Vizo Financial Podcast

We love bringing expertise and relevant topics of conversation to you in a fun and different way! With our podcast, *Financial Minds: Meet the Experts*, we ask questions about what's going on in the financial industry, as well as relevant questions about the products and services we have to offer.

## Investments Made Easy with SimpliCD

What's SimpliCD? Well, it's a comprehensive CD brokerage management and reporting system with a unique certificate of deposit program that allows credit unions to both purchase and issue CDs.

Our long-standing partnership with Primary Financial to offer the SimpliCD program provides a simple solution for credit unions to get liquidity. See how your CU can utilize [SimpliCD with Vizo Financial](#)!

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



# Financial Condition & Performance July 2022

Enclosed please find Vizo Financial Corporate Credit Union's financial statements and supplementary financial information as of July 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 \$4.357 billion, compared to \$4.753 billion in June and \$4.672 billion in May. Comparing total deposits, which include the EBA balances, overall average overnight deposits dropped another \$587.1 million as credit union liquidity continues to tighten. Total average overnight deposits stood at \$6.834 billion compared to \$7.421 billion in June. The spread between the single day high and low balances was \$1.610 billion compared to \$1.359 billion in June and \$1.521 billion in May (includes EBA balances). Volatility of short-term member balances has increased significantly over the last several months (on-balance sheet plus EBA), with July coming in at 21%.

Average off-balance sheet credit union balances - those held in our Excess Balance Account (EBA) - averaged \$2.5 billion and ended the month at just above \$2.3 billion. The EBA continues to provide us with a key tool for controlling the size of the balance sheet. After peaking at over \$5 billion, the EBA balances have steadily declined here in 2022 and are now less than half 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 July 2022, this average stood at \$6.834 billion. Our 12-month rolling average assets were stable, moving from \$5.668 billion to \$5.661 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. After two years of significant amounts of excess cash, we are back to having to monitor the cash levels in our Fed account. In July 2022, our Fed balances averaged \$910.6 million, with a low of \$413.3 million.

Liquidity remains strong 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 above the prior month, coming in at \$5.124 billion compared to \$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,

\$619.9 million were in certificates, while the remaining balances were distributed between the various PSA and settlement deposit accounts.

- ▶ Month-end assets came in at \$5.658 billion. Average assets were below that figure, coming in at \$5.485 billion. Excluding non-perpetual capital accounts, our total net equity is at \$455.3 million. The unrealized gain/loss/AOCL figure dropped slightly to an unrealized loss of \$12.3 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 \$253.1 million. Gross operating income for the month came in at \$1,591,017. Distributions to members via PCC dividends totaled \$182,122. Our net increase to retained earnings was \$1,408,896. Year-to-date, we have added \$25,267,562 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, so given they re-priced on July 1, we had a strong earnings month in July. Projections for August and September are much lower, as our PSA deposit products re-price in tandem with the Fed's moves. With our strong year-to-date increases to retained earnings of \$25.3 million, we are accepting lower income projections in favor of moving up member deposit rates with every Fed rate move.
- ▶ Our leverage/tier 1 capital ratio is at 8.08%, and our retained earnings ratio now stands at 4.47%. *Our total capital ratio ended the month at 8.23%.*
- ▶ The net economic value (NEV) dollar value of assets came in at \$472.5 million at the end of July with an NEV ratio of 8.35% compared to the prior month's 8.45%. 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 7.69% with a negative fluctuation of 9.0%. 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.

*continued on page 3*

# Financial Condition & Performance July 2022

continued from page 2

› Total capital now stands at \$465.8 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 stands at \$10.1 million. Without these reductions, our gross total capital amounts to \$475.9 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	\$ 840 million
Security Sales*	\$ 1.068 billion
EBA Balances	\$ 2.328 billion
<b>Total Off-Balance Sheet</b>	<b>\$ 4.236 billion</b>

\*Security sales reflect sales over the past 18 months

## Unrealized Gains/Losses

Market values continue to react to changes in the rate environment with the largest impact being on fixed rate holdings. Overall, our unrealized losses increased from \$9.2 million to \$12.3 million. While all asset classes have been impacted by the rising rates, it is our fixed rate U.S. Treasury portfolio that shows the highest unrealized loss figure at \$8.6 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 \$4.3 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 49.0%.*

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.

- › \$3.627 million LOSS is related to our government agency CMO securities portfolio (\$634.4 million total book value)
- › \$0.023 million LOSS is related to our agency MBS/CMBS securities (\$5.3 million total book value)
- › \$0.390 million LOSS is related to our government guaranteed mortgage securities (\$22.9 million total book value)
- › \$0.539 million LOSS is related to our agency floater portfolio (\$79.8 million total book value)
- › \$0.157 million LOSS is related to our corporate bond portfolio (\$30.0 million total book value)
- › \$0.597 million LOSS is related to our credit card asset-backed securities (\$530.3 million total book value)
- › \$0.048 million LOSS is related to our auto floor-plan asset-backed securities (\$50.2 million total book value)
- › \$2.644 million LOSS is related to our student loan asset-backed securities (\$78.7 million total book value)
- › \$8.560 million LOSS is related to our U.S. treasury securities (\$666.2 million total book value)
- › \$4.299 million GAIN is related to our government guaranteed SBA portfolio (\$2.164 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.

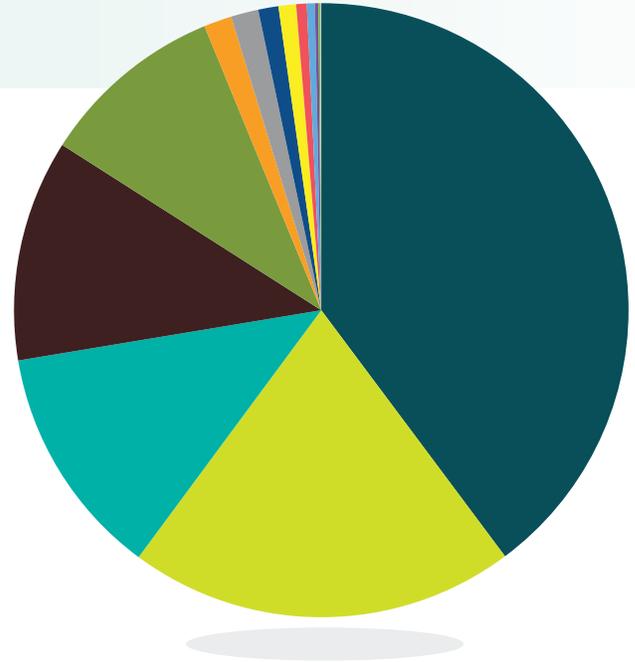
We are grateful to our members for their continued support and for the trust you place in us. If you have any questions, please do not hesitate to contact us.



**David W. Brehmer**  
President & CEO

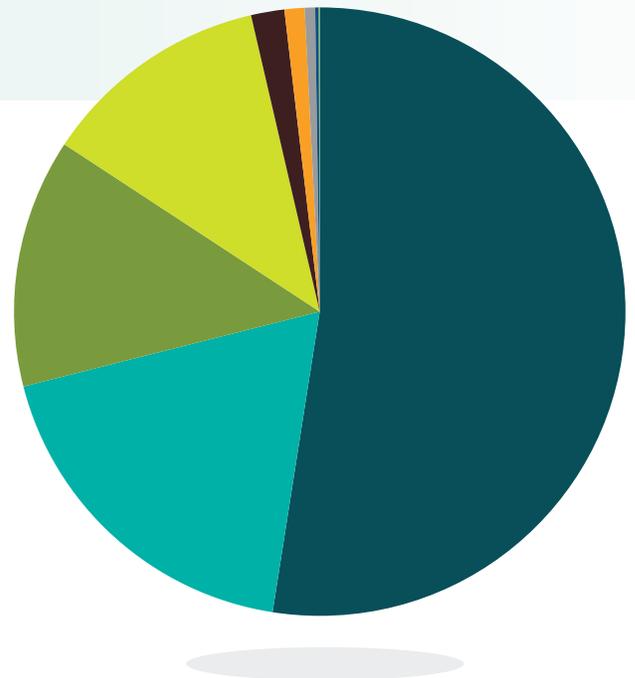
## Total Book Values as of July 31, 2022

- \$ 2,164 - SBA Pool
- \$ 1,106 - Cash/FI Deposits
- \$ 666 - U.S. Treasuries
- \$ 634 - Agency CMO
- \$ 530 - ABS Credit Cards
- \$ 80 - Agency Floaters
- \$ 79 - ABS Student Loans
- \$ 58 - CLF Stock
- \$ 50 - ABS Auto
- \$ 30 - Corporate Bonds
- \$ 23 - GNMA
- \$ 10 - CUSOs
- \$ 5 - CMBS/MBS
- \$ 3 - FHLB Stock



## Credit Quality as of July 31, 2022

- \$ 2,853 - U.S. Gov't Guaranteed
- \$ 1,010 - Federal Reserve
- \$ 719 - U.S. Gov't Agency
- \$ 659 - Asset-Backed Securities (AAA)
- \$ 96 - CU/Bank Cash Holdings
- \$ 58 - CLF Stock
- \$ 30 - Corporate Bonds (AA-/AA+)
- \$ 10 - CUSOs
- \$ 3 - FHLB Stock



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

# Financial Condition & Performance July 2022

Balance Sheet	July 31, 2022		July 31, 2021	
<b>Assets</b>				
Loans	\$	104,161,334	\$	250,553,285
Investments:				
Asset-Backed Securities (Non-Mortgage)	\$	655,979,517	\$	686,670,920
U.S. Gov't (Notes/Floaters/Callables)	\$	79,248,958	\$	0
U.S. Gov't Agency (CMOs)	\$	653,212,815	\$	846,148,610
U.S. Gov't Agency (MBS)	\$	5,266,403	\$	7,340,198
U.S. Gov't (SBA)	\$	2,168,627,736	\$	2,226,434,444
Corporate Bonds	\$	29,839,030	\$	61,410,384
U.S. Treasuries	\$	657,596,513	\$	0
Commercial Paper	\$	0	\$	0
Federal Home Loan Bank - Atlanta	\$	2,729,400	\$	3,692,000
Credit Union & Bank Deposits	\$	95,749,206	\$	127,554,684
CUSOs	\$	10,095,906	\$	8,596,312
Federal Reserve Bank	\$	1,010,106,073	\$	1,767,705,691
CLF Stock	\$	57,738,003	\$	57,738,003
Receivables	\$	62,965,949	\$	48,647,751
Fixed Assets	\$	8,596,169	\$	2,137,514
Goodwill/Core Deposit Intangible	\$	176,447	\$	2,282,127
Other Assets	\$	56,118,573	\$	49,652,936
<b>Total Assets:</b>	<b>\$</b>	<b>5,658,208,032</b>	<b>\$</b>	<b>6,146,564,859</b>
<b>Liabilities</b>				
Other Liabilities:	\$	6,972,825	\$	2,215,272
Accounts Payable:	\$	63,874,700	\$	59,096,532
Accrued for Member Distribution:	\$	0	\$	0
Notes Payable:	\$	0	\$	0
Shares	\$	4,503,621,690	\$	5,300,562,539
Certificates/Term Deposits	\$	619,954,240	\$	385,478,868
<b>Total Shares:</b>	<b>\$</b>	<b>5,123,575,930</b>	<b>\$</b>	<b>5,686,041,407</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	\$	230,569,435	\$	138,455,356
Equity Acquired in Merger	\$	22,562,000	\$	22,562,000
Accumulated Other Comprehensive Loss	\$	(12,285,585)	\$	15,451,233
<b>Total Equity:</b>	<b>\$</b>	<b>463,784,577</b>	<b>\$</b>	<b>399,211,648</b>
<b>Total Liabilities &amp; Equity:</b>	<b>\$</b>	<b>5,658,208,032</b>	<b>\$</b>	<b>6,146,564,859</b>

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# Financial Condition & Performance July 2022

Income Statement YTD	July 2022	July 2021
Interest Income	\$ 30,814,110	\$ 23,153,837
Interest Expense	\$ (16,600,155)	\$ (2,845,453)
<b>Net Interest Income</b>	<b>\$ 14,213,955</b>	<b>\$ 20,308,384</b>
Correspondent Service Income	\$ 25,091,606	\$ 16,216,843
Correspondent Service Expense	\$ (17,150,316)	\$ (8,503,666)
<b>Net Correspondent Income</b>	<b>\$ 7,941,290</b>	<b>\$ 7,713,177</b>
<b>Gross Operating Income</b>	<b>\$ 22,155,245</b>	<b>\$ 28,021,561</b>
Operating Expense	\$ (17,239,283)	\$ (18,560,404)
<b>Net Income</b>	<b>\$ 4,915,962</b>	<b>\$ 9,461,157</b>
Non-Operating Gains/(Losses)	\$ 0	\$ 1,874,282
Amortization of Core Deposit Intangible	\$ (1,162,899)	\$ 0
CUSO Income	\$ (2,533)	\$ (89,515)
USC MCA Distribution	\$ 58,129,527	\$ 24,175,364
-Accrued Liability/Member Payouts	\$ (35,632,865)	\$ 0
<b>Net Income before PCC Distributions</b>	<b>\$ 26,247,192</b>	<b>\$ 35,421,288</b>
Less: Non-Controlling Interest in Net Income	\$ 0	\$ 0
Less: Equity Transfer for PCC Distribution	\$ (979,632)	\$ (933,255)
<b>Net Increase to Retained Earnings</b>	<b>\$ 25,267,560</b>	<b>\$ 34,488,033</b>
Earnings Spread/Net Operating Margin	July 2022	July 2021
Return on Average Assets	0.897%	0.613%
Interest/Dividend Expense	-0.483%	-0.075%
<b>Net Interest Margin</b>	<b>0.414%</b>	<b>0.538%</b>
Correspondent Service Income	0.231%	0.204%
Operating Expenses	-0.502%	-0.491%
Non-Operating Gains/(Losses)	0.000%	0.050%
Amortization of Core Deposit Intangible	-0.034%	0.000%
USC MCA Distribution	1.691%	0.640%
CUSO Income	0.000%	-0.002%
Non-Controlling Interest in Net Income	0.000%	0.000%
Accrued Liability/Member Payout	-1.037%	0.000%
PCC Distributions	-0.029%	-0.025%
<b>Net Margin</b>	<b>0.735%</b>	<b>0.913%</b>
Asset Quality	July 2022	
Non-Earning Assets/Average Assets	2.52%	
Delinquent Loans/Total Loans	0.00%	
<b>Investment Portfolio</b>		
U.S. Gov't Guaranteed Securities	51.49%	
U.S. Agency Securities	13.44%	
Asset-Backed Securities (non-mortgage)	11.95%	
Fed Home Loan Bank	0.05%	
Corporate Bonds	0.54%	
Commercial Paper	0.00%	
Bank & Credit Union Deposits	1.74%	
Federal Reserve Bank	18.40%	
CUSO Equity	0.18%	
CLF Stock	1.05%	
Cash & Receivables	1.15%	
<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 July 2022

Capital Adequacy	July 2022	July 2021
RUDE + Acquired Equity Capital/monthly Average Net Assets	4.61%	2.89%
RUDE + Acquired Equity Capital/12-month Average Net Assets	4.47%	2.46%
Tier 1 (Leverage) Capital/12-month Average Net Assets	8.08%	5.60%
Total Capital/12-month Average Net Assets	8.23%	5.72%
Tier 1 Capital/12-month Average Risk-Weighted Assets	48.09%	31.89%
Total Capital/12-month Average Risk-Weighted Assets	48.96%	32.62%
Total Capital	\$ 465,801,067	\$ 375,034,477
Tier 1 (Leverage) Capital	\$ 457,468,846	\$ 366,658,693
Tier 2 Capital	\$ 8,332,221	\$ 8,375,784
PCC deducted from Tier 1 Capital	\$ 0	\$ 0
Unrealized Gain/Loss on Securities	\$ (12,285,585)	\$ 15,451,233
Monthly Average Assets	\$ 5,485,190,397	\$ 5,571,836,873
Average 12-month Assets	\$ 5,660,864,776	\$ 6,552,056,424
Year-to-date Average Assets	\$ 5,916,741,801	\$ 6,502,157,953

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

Available Liquidity:	Available Within 90 Days
Net Cash and Receivables:	\$ 1,073,072,022
Net Available For Sale (AFS) securities: (securities with adequate market values to sell)	\$ 1,759,327,234
Overnight & Investments Maturing within 90 days:	\$ 86,781,206
Unsecured Fed Funds Lines Available:	\$ 150,000,000
Secured Fed Funds Lines Available:	\$ 150,000,000
Federal Home Loan Bank (FHLB) - borrowing capacity:	\$ 1,885,356,900
-less fixed term existing loan advances	\$ 0
Primary Sources of Liquidity:	\$ 5,104,537,362
Federal Reserve (FRB) Discount Window - borrowing capacity:	\$ 343,521,049
Excess Balance Account (EBA) - funds held for members @ FRB:	\$ 2,327,705,734
Secondary Sources of Liquidity:	\$ 2,671,226,783
<b>Total Available Liquidity:</b>	<b>\$ 7,775,764,145</b>

## Interest Rate Risk as of July 31, 2022

		Regulation 704 Operating Level: Base Plus
<b>Base/Current Rate Environment</b>	Net Economic Value (NEV):	\$ 472,477,775
	NEV Ratio:	8.35%
<b>Up 3% Rate Environment</b>	Net Economic Value (NEV):	\$ 430,106,568
	NEV Ratio:	7.69%
	Percentage Change:	-9.0%
<b>Down 1% Rate Environment</b>	Net Economic Value (NEV):	\$ 484,373,335
	NEV Ratio:	8.53%
	Percentage Change:	2.5%

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# Notes to Financials July 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) - \$8,332,220.
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 \$1,885,356,900 (7/31) - 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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