# Monthly Financials

Vizo Financial Corporate Credit Union

**April 2022 Edition** | March 2022 Financials

David Brehmer
*President & CEO*

## Corporate Update

I've been working in the credit union industry for many years and, after all this time, I'm still amazed by the good we do as a movement. Every instance of credit union benevolence and kindness is more humbling than the next. Let this serve as my personal thanks to every institution and individual who donated to our recent Ukrainian Credit Union Displacement Fund campaign and for all the good that credit unions do each year. You are truly inspiring!

### Ukrainian Credit Union Displacement Fund Donation Revealed!

We're thrilled to announce that our efforts to help raise money for the Worldwide Foundation of Credit Unions' Ukrainian Credit Union Displacement Fund were incredibly successful, with a total donation of $63,573!

The fund was created to raise money to address both short and long-term needs of Ukraine's credit union system and those it serves, as well as all Ukrainian citizens experiencing hardships because of the ongoing conflict with Russia by leveraging the global credit union network.

Member contributions through our unique Vizo Financial donation link came to $38,573. We then matched the donations up to $25,000. Including Vizo Financial's donation, the Ukrainian Credit Union Displacement Fund has raised more than $1 million so far!

To learn more about the Ukrainian Credit Union Displacement Fund and our involvement, please read the full **press release** on our **website**!

### Capital Reimbursement

We are happy to announce that our board has approved a second member distribution for our primary (PCC) members which will equate to 37% of the losses associated with capital write-downs from 2009. The distribution will occur the week of April 25-29, 2022. With this distribution, we will have fully reimbursed the losses that our capital members incurred, including any losses by credit unions that have since merged into a member credit union.

We could not be more appreciative of your support over the past 12 years which has made this goal achievable. This would not have been possible without our members' trust and belief in our cooperative model. We remain humbled and honored to be your Corporate!

### 2022 Board Election & Annual Meeting

The petition for nominations for the Vizo Financial 2022 board of directors election expired on April 18, 2022 with no new nominees. The Nominating Committee submitted three nominees to fill the three open seats on our board of directors. According to our bylaws, the election of directors is by plurality vote, except where there is only one nominee for a vacant position. Therefore, there will be no formal voting process and the slate of candidates will simply be approved during the Annual Meeting.

The three candidates include Jeff Chelius (incumbent), CFO of Riverfront Federal Credit Union in Wyomissing, Pa.; Derek Fuzzell, chief financial and strategy officer of PAHO/WHO Federal Credit Union in Washington, D.C.; and Scott Woods (incumbent), president and CEO of South Carolina Federal Credit Union in North Charleston, S.C.

Even though we won't be holding a formal board election this year, there are still plenty of reasons to attend our Annual Meeting on June 15, 2022. Since the meeting is virtual, that means you can attend from wherever you are to review the Corporate's financials and discuss various executive/board reports. For more information regarding the 2022 Vizo Financial Annual Meeting, please visit our **Annual Meeting website**, which you can also access from **www.vfccu.org**!

### Attend One of Our Upcoming Events!

We have quite a few **events** coming up in the second quarter (and beyond). Here's what's on the schedule!

**Financial Strategies Workshop**
April 28, 2022 - *The Ballantyne Hotel, Charlotte, N.C.*
May 10, 2022 - *The Hotel Hershey, Hershey, Pa.*

**Member Appreciation Reception**
May 23, 2022 - *Hard Rock Hotel & Casino, Atlantic City, N.J.*

**Annual Meeting**
June 15, 2022 - *Virtual Event*

**Member Appreciation Luncheon**
June 20, 2022 - *Marriott Resort & Spa at Grande Dunes, Myrtle Beach, S.C.*

**Leadership Workshop**
June 22, 2022 - *DoubleTree by Hilton Pittsburgh Cranberry, Pittsburgh, Pa.*

As always, if you have any questions regarding the financials, please don't hesitate to **contact me**.

Vizo financial

# Financial Condition & Performance March 2022

Enclosed please find Vizo Financial Corporate Credit Union's financial statements and supplementary financial information as of March 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 $5.498 billion compared to $5.221 billion in February and $4.776 billion in January. Comparing total deposits, which include the EBA balances, overall average deposits remained stable, increasing by $245.6 million in March. The spread between the single day high and low balances was $1.247 billion compared to $849 million in February and $734 million in January (includes EBA balances). Volatility of total member balances (on-balance sheet plus EBA) picked up slightly but continues to be low, coming in at 13%.

Average off-balance sheet credit union balances – those held in our Excess Balance Account (EBA) – averaged $3.9 billion and ended the month at $3.8 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. From a total deposit perspective, April 2021 recorded our highest combined balances (on-balance sheet plus EBA), coming in at an average of $10.365 billion. In March, this average stood at $9.367 billion. Our 12-month rolling average assets decreased, dropping from $5.805 billion to $5.739 billion. We are targeting an asset size of $6 billion for 2022. Average assets through the first quarter of 2022 stood at $6.022 billion.

In January, we increased the minimum targeted balance in our Fed account from $500 million to $700 million due to higher levels of settlement activity from our credit unions. 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 March 2022, our Fed balances averaged $2.216 billion with a low of $1.576 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 down slightly from the prior month, coming in at $5.712 billion compared to $5.784 billion in February, but up from $5.331 billion in January. Month-end figures can vary considerably depending on the day of the week on which a month ends. Of this month's total, $519.5 million were in certificates while the remaining balances were distributed between the various PSA and settlement deposit accounts.
- Month-end assets came in at $6.284 billion. Average assets were higher, coming in at $6.473 billion. Excluding non-perpetual capital accounts, our total net equity is at $460.7 million. The unrealized gain/loss/AOCL figure was down and now shows an unrealized loss of $3.6 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 $249.9 million. Gross operating income for the month came in at $362,820, which includes net CUSO income of $108,074. In addition, we received our third recovery payment from the U.S. Central estate in the amount of $58.1 million. This was offset by the goodwill write-down of $1,162,899 and the accrual of $36.0 million for a member distribution in April. Distributions to members via PCC dividends totaled $136,591. Our net increase to retained earnings was $21,192,857.
- In March, we wrote down $1.163 million in goodwill, which brought the remaining balance of goodwill on the books to $176,447. This final amount is related to PCSI and will be written down in 2023. Our total goodwill was related to our acquisition of the AMIS core system, our acquisition of PCSI and the merger between First Carolina and Mid-Atlantic corporates. The decision to write-down goodwill was prompted by our decision to decommission the AMIS core system and the transition to our new core solution – the CU*BASE core platform.
- Our leverage/tier 1 capital ratio moved up to 7.92%, as well as our retained earnings ratio, which now stands at 4.35%. *Our total capital ratio ended the month at 8.06%.*
- The net economic value (NEV) dollar value of assets came in at $474.9 million at the end of March with an NEV ratio of 7.56% compared to the prior month's 7.13%. 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 7.21% with a negative fluctuation of 5.3%. 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.

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# Financial Condition & Performance March 2022

*continued from page 2*

- Total capital now stands at $462.6 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 $10.1 million. Without these reductions, our gross total capital amounts to $472.7 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* | $ 1.057 billion |
| EBA Balances | $ 3.778 billion |
| **Total Off-Balance Sheet** | **$ 5.532 billion** |

**Security sales reflect sales over the past 18 months*

## Unrealized Gains/Losses

Market values continue to show volatility with market interest rates rising, and after years of showing positive unrealized gains, we are now showing net unrealized losses of $3.574 million. While there has been price pressure across all asset classes due to the rate environment, it is primarily our U.S. Treasury Note portfolio which has created our overall net unrealized loss position. That portfolio showed unrealized losses of $5.6 million at the end of March. U.S. Treasury securities represent most of our entire fixed rate portfolio, so while there are no credit concerns, they will continue to see their market values worsen as rates go up. We use this fixed rate portfolio to offset our fixed rate term liabilities (member certificates), so they do not create any excess interest rate risk. The SBA portfolio remains the largest percentage of our overall investment portfolio and showed unrealized gains of $3.7 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 45.6%.*

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.

- $1.198 million LOSS is related to our government agency CMO securities portfolio ($661.9 million total book value)
- $0.020 million LOSS is related to our agency MBS/CMBS securities ($5.9 million total book value)
- $0.050 million LOSS is related to our government guaranteed mortgage securities ($25.2 million total book value)
- $0.460 million LOSS is related to our agency floater portfolio ($75.0 million total book value)
- $0.362 million GAIN is related to our corporate bond portfolio ($60.4 million total book value)
- $0.009 million LOSS is related to our commercial paper portfolio ($80.0 million total book value)
- $0.604 million GAIN is related to our credit card asset-backed securities ($551.4 million total book value)
- $0.050 million GAIN is related to our auto floor-plan asset-backed securities ($16.0 million total book value)
- $0.927 million LOSS is related to our student loan asset-backed securities ($82.9 million total book value)
- $5.645 million LOSS is related to our U.S. treasury securities ($412.2 million total book value)
- $3.719 million GAIN is related to our government guaranteed SBA portfolio ($2.154 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.

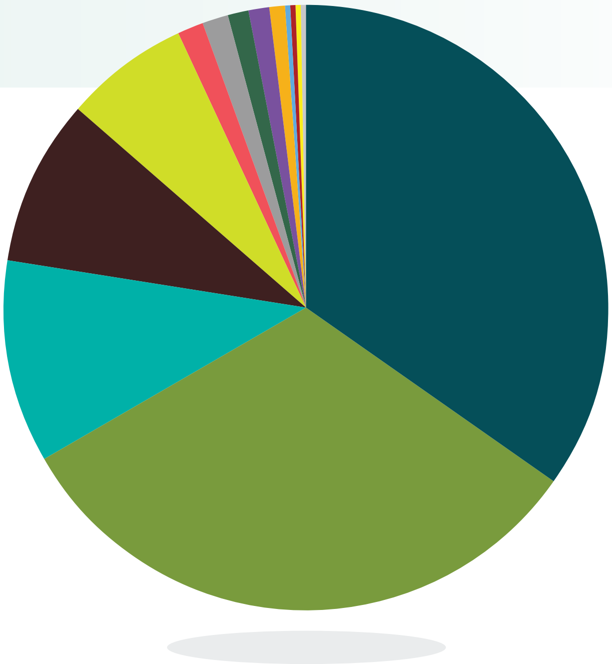
We are very grateful to our members for their continued support and for the trust you place in us. If you have any questions, please do not hesitate to contact us.

**David W. Brehmer**
*President & CEO*

# Investment Portfolio March 2022

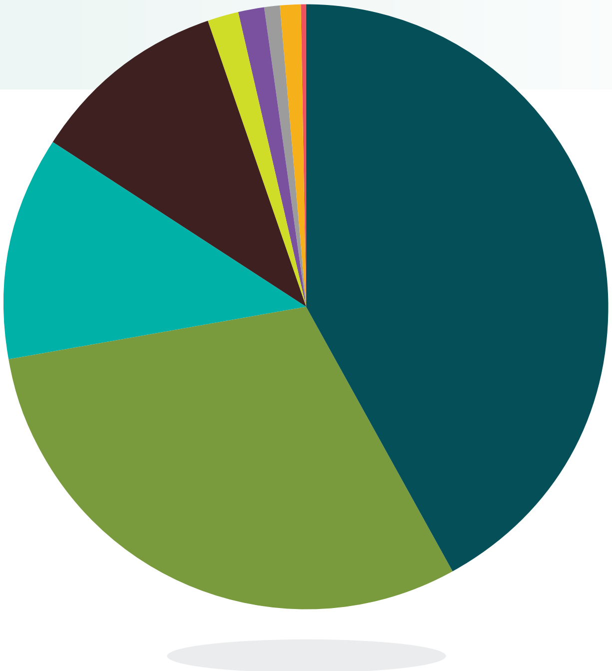
## Total Book Values as of March 31, 2022

- $ 2,155 - SBA Pool
- $ 1,974 - Cash/FI Deposits
- $ 662 - Agency CMO
- $ 551 - ABS Credit Cards
- $ 412 - U.S. Treasuries
- $ 83 - ABS Student Loans
- $ 80 - Commercial Paper
- $ 75 - Agency Floaters
- $ 60 - Corporate Bonds
- $ 58 - CLF Stock
- $ 25 - GNMA
- $ 16 - ABS Auto
- $ 10 - CUSOs
- $ 6 - CMBS/MBS
- $ 3 - FHLB Stock



## Credit Quality as of March 31, 2022

- $ 2,592 - U.S. Gov't Guaranteed
- $ 1,872 - Federal Reserve
- $ 743 - U.S. Gov't Agency
- $ 650 - Asset-Backed Securities (AAA)
- $ 102 - CU/Bank Cash Holdings
- $ 80 - Commercial Paper
- $ 60 - Corporate Bonds (AA-/AA+)
- $ 58 - CLF Stock
- $ 10 - CUSOs
- $ 3 - FHLB Stock



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

# Financial Condition & Performance March 2022

| Balance Sheet | | March 31, 2022 | | March 31, 2021 |
|---|---|---|---|---|
| **Assets** | | | | |
| Loans | $ | 1,234,094 | $ | 1,219,831 |
| Investments: | | | | |
| Asset-Backed Securities (Non-Mortgage) | $ | 650,020,181 | $ | 825,708,244 |
| U.S. Gov't (Notes/Floaters/Callables) | $ | 74,539,875 | $ | 0 |
| U.S. Gov't Agency (CMOs) | $ | 685,846,733 | $ | 958,328,742 |
| U.S. Gov't Agency (MBS) | $ | 5,924,509 | $ | 13,811,664 |
| U.S. Gov't (SBA) | $ | 2,158,220,404 | $ | 2,430,143,705 |
| Corporate Bonds | $ | 60,809,270 | $ | 61,322,804 |
| U.S. Treasuries | $ | 406,574,577 | $ | 0 |
| Commercial Paper | $ | 79,981,600 | $ | 0 |
| Federal Home Loan Bank - Atlanta | $ | 2,691,900 | $ | 3,909,500 |
| Credit Union & Bank Deposits | $ | 102,136,615 | $ | 180,613,390 |
| CUSOs | $ | 10,073,458 | $ | 8,654,061 |
| Federal Reserve Bank | $ | 1,871,805,312 | $ | 2,564,050,108 |
| CLF Stock | $ | 57,738,003 | $ | 57,738,003 |
| Receivables | $ | 57,180,331 | $ | 41,502,261 |
| Fixed Assets | $ | 9,064,496 | $ | 2,167,496 |
| Goodwill/Core Deposit Intangible | $ | 176,447 | $ | 2,282,127 |
| Other Assets | $ | 50,504,951 | $ | 50,099,399 |
| **Total Assets:** | **$** | **6,284,522,756** | **$** | **7,201,551,335** |

| | | | | |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Other Liabilities: | $ | 7,344,823 | $ | 1,800,455 |
| Accounts Payable: | $ | 60,111,715 | $ | 56,942,443 |
| Accrued for Member Distribution: | $ | 36,000,000 | $ | 0 |
| Notes Payable: | $ | 0 | $ | 5,690,500 |
| Shares | $ | 5,192,285,208 | $ | 5,916,969,456 |
| Certificates/Term Deposits | $ | 519,547,785 | $ | 843,839,338 |
| **Total Shares:** | **$** | **5,711,832,993** | **$** | **6,760,808,794** |
| Non-Perpetual Capital Accounts (NCA) | $ | 8,505,410 | $ | 8,505,410 |
| Perpetual Contributed Capital (PCC) | $ | 214,433,317 | $ | 214,237,649 |
| Reserves & Undivided Earnings | $ | 227,306,708 | $ | 108,817,434 |
| Equity Acquired in Merger | $ | 22,562,000 | $ | 22,562,000 |
| Accumulated Other Comprehensive Loss | $ | (3,574,210) | $ | 22,186,650 |
| **Total Equity:** | **$** | **469,233,225** | **$** | **376,309,143** |
| **Total Liabilities & Equity:** | **$** | **6,248,522,756** | **$** | **7,201,551,335** |

*unaudited financials*

# Financial Condition & Performance March 2022

| Income Statement YTD | | March 2022 | | March 2021 |
|---|---|---|---|---|
| Interest Income | $ | 7,581,778 | $ | 10,076,199 |
| Interest Expense | $ | (1,909,350) | $ | (1,393,856) |
| **Net Interest Income** | **$** | **5,672,428** | **$** | **8,682,343** |
| Correspondent Service Income | $ | 7,442,684 | $ | 6,329,717 |
| Correspondent Service Expense | $ | (4,188,797) | $ | (2,675,294) |
| **Net Correspondent Income** | **$** | **3,253,887** | **$** | **3,654,423** |
| **Gross Operating Income** | **$** | **8,926,315** | **$** | **12,336,766** |
| Operating Expense | $ | (7,466,580) | $ | (7,921,313) |
| **Net Income** | **$** | **1,459,735** | **$** | **4,415,453** |
| Non-Operating Gains/(Losses) | $ | 0 | $ | 862,616 |
| Amortization of Core Deposit Intangible | $ | (1,162,899) | $ | 0 |
| CUSO Income | $ | (24,981) | $ | (31,766) |
| USC MCA Distribution | $ | 58,129,527 | $ | 0 |
| -Less Member Distributions | $ | (36,000,000) | $ | 0 |
| **Net Income before PCC Distributions** | **$** | **22,401,382** | **$** | **5,246,303** |
| Less: Non-Controlling Interest in Net Income | $ | 0 | $ | 0 |
| Less: Equity Transfer for PCC Distribution | $ | (396,549) | $ | (396,193) |
| **Net Increase to Retained Earnings** | **$** | **22,004,833** | **$** | **4,850,110** |

| Earnings Spread/Net Operating Margin | March 2022 | March 2021 |
|---|---|---|
| Return on Average Assets | 0.511% | 0.577% |
| Interest/Dividend Expense | -0.129% | -0.080% |
| **Net Interest Margin** | **0.382%** | **0.498%** |
| Correspondent Service Income | 0.219% | 0.209% |
| Operating Expenses | -0.503% | -0.454% |
| Non-Operating Gains/(Losses) | 0.000% | 0.049% |
| Amortization of Core Deposit Intangible | -0.078% | 0.000% |
| USC MCA Distribution | 3.915% | 0.000% |
| CUSO Income | -0.002% | -0.002% |
| Non-Controlling Interest in Net Income | 0.000% | 0.000% |
| Trf to Accrued Liability/Member Payout | -2.424% | 0.000% |
| PCC Distributions | -0.027% | -0.023% |
| **Net Margin** | **1.482%** | **0.278%** |

| Asset Quality | March 2022 |
|---|---|
| Non-Earning Assets/Average Assets | 1.96% |
| Delinquent Loans/Total Loans | 0.00% |
| **Investment Portfolio** | |
| U.S. Gov't/Agency Securities | 53.52% |
| Asset-Backed Securities (Non-Mortgage) | 10.44% |
| Federal Home Loan Bank | 0.04% |
| Corporate Bonds | 0.98% |
| Commercial Paper | 1.29% |
| Bank & Credit Union Deposits | 1.64% |
| Federal Reserve Bank | 30.08% |
| CUSO Equity | 0.16% |
| CLF Stock | 0.93% |
| Cash & Receivables | 0.92% |
| **Credit Ratings** | |
| 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 March 2022

| Capital Adequacy | | March 2022 | | March 2021 |
|---|---|---|---|---|
| RUDE + Acquired Equity Capital/monthly Average Net Assets | | 3.86% | | 1.81% |
| RUDE + Acquired Equity Capital/12-month Average Net Assets | | 4.35% | | 1.89% |
| Tier 1 (Leverage) Capital/12-month Average Net Assets | | 7.92% | | 4.86% |
| Total Capital/12-month Average Net Assets | | 8.06% | | 4.98% |
| Tier 1 Capital/12-month Average Risk-Weighted Assets | | 44.77% | | 27.49% |
| Total Capital/12-month Average Risk-Weighted Assets | | 45.59% | | 28.17% |
| Total Capital | $ | 462,575,546 | $ | 345,353,209 |
| Tier 1 (Leverage) Capital | $ | 454,228,567 | $ | 336,963,022 |
| Tier 2 Capital | $ | 8,346,979 | $ | 8,390,187 |
| PCC deducted from Tier 1 Capital | $ | 0 | $ | 0 |
| Unrealized Gain/Loss on Securities | $ | (3,574,210) | $ | 22,186,650 |
| Monthly Average Assets | $ | 6,472,786,241 | $ | 7,266,984,995 |
| Average 12-month Assets | $ | 5,738,709,475 | $ | 6,933,339,644 |
| Year-to-date Average Assets | $ | 6,022,341,340 | $ | 7,076,933,564 |

| Liquidity & Interest Rate Risk as of March 31, 2022 | | |
|---|---|---|
| **Available Liquidity:** | | **Available Within 90 Days** |
| Net Cash and Receivables: | $ | 1,928,985,643 |
| Net Available For Sale (AFS) securities: (securities with adequate market values to sell) | $ | 1,933,073,028 |
| Overnight & Investments Maturing within 90 days: | $ | 91,976,615 |
| 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: | $ | 5,869,134,186 |
| Federal Reserve (FRB) Discount Window - borrowing capacity: | $ | 319,379,788 |
| Excess Balance Account (EBA) - funds held for members @ FRB: | $ | 3,776,469,164 |
| Secondary Sources of Liquidity: | $ | 4,095,848,952 |
| **Total Available Liquidity:** | **$** | **9,964,983,138** |

| Interest Rate Risk as of March 31, 2022 | | | |
|---|---|---|---|
| | | | **Regulation 704 Operating Level: Base Plus** |
| **Base/Current Rate Environment** | Net Economic Value (NEV): | $ | 474,942,608 |
| | NEV Ratio: | | 7.56% |
| **Up 3% Rate Environment** | Net Economic Value (NEV): | $ | 449,679,174 |
| | NEV Ratio: | | 7.21% |
| | Percentage Change: | | -5.3% |
| **Down 1% Rate Environment** | Net Economic Value (NEV): | $ | 484,400,385 |
| | NEV Ratio: | | 7.69% |
| | Percentage Change: | | 2.0% |

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# Notes to Financials March 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 (3/31/22) - 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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