

# Monthly Financials

Vizo Financial Corporate Credit Union

October 2022 Edition | September 2022 Financials



David Brehmer  
President & CEO

## Corporate Update

Another month and another conference in the books! Thanks to all the credit union attendees, speakers and everyone who helped to put on our virtual Payments

Conference. Knowledge is power, and the more we can learn about payments, or anything that will allow our institutions to grow, the better off our movement will be.

And, speaking of education, it's a very big deal for us here at Vizo Financial, so we do our best to provide as many resources as we can to share information with our members. Keep reading to learn more about the different avenues available to you in our education arsenal!

## Webinars: Online Learning That Comes to You

Want live education that comes to you? Look no further! Vizo Financial hosts several webinars throughout the year to bring credit unions the training and education they deserve.

Look for webinars to cover the foundational components of financial institution operations, featuring expert speakers from our very own staff and our partner organizations. As a bonus, the majority of our webinars are free to credit unions, recorded for playback and offer CPE credits. Webinars for the win!

You can always find our upcoming webinars on the [Upcoming Webinars](#) page of our website. Get all the details - including speakers, dates, times and webinar descriptions - at a quick glance, and even register right from this page. It's that easy!

## Events: Conferences & Workshops Galore

There are two things we absolutely love: meeting with people and learning for the future. Put them both together and you get Vizo Financial's renowned conferences and workshops, as well as member appreciation, community-driven and other events.

Each year, we host the following conferences and workshops to help credit union employees keep on learning:

- Financial Strategies Workshops
- Risk Management Conference
- Leadership Workshops
- Financial Conference
- Payments Conference

Head over to our [Upcoming Events](#) page to see what we have coming up in the near future - you might just find something you can't wait to attend!

## Blog: Power of the Written Word

Looking for a fun and easy way to find new information and insights? Check out the Vizo Financial blog, where we unlock the power of the written word to help you discover credit union knowledge and news, curated just for you!

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.

Look for our latest blog posts on the [Blog](#) page of our website. Happy reading!

## Podcast: Learning Through Audio (& Video)

Audio learners, rejoice! Vizo Financial started our podcast in 2022, and we're thrilled to be closing in on one year of bringing expertise and relevant topics of conversation to you in a fun and different way.

In *Financial Minds: Meet the Experts*, we gather experts inside the corporate along with our partners to ask them credit union-related questions about what's going on in the financial industry, as well as relevant questions about the products and services we have to offer. We see this as another way to provide education that you can listen to on your drive to work or on your lunch break.

Listen to the podcast on the [Podcast](#) page of our website or on [Apple Podcast](#), or watch the podcast with video on our [YouTube](#) channel!

## Webinar Recordings: Education on Your Time

We realize that sometimes schedules don't allow you to attend every educational opportunity you wish. That's why we provide archived recordings plus presentation materials from webinars within the past year on the [Webinar Recordings](#) page of our website.

The recordings are free to view at any time and are broken out by topic, which makes searching for the webinar you want to watch even easier. Check out our entire webinar recordings library today!

When we say education is a big deal, we truly mean it. Just look at all the resources we have to offer - it's quite a list!

All of these (and many more) are always available on our [Resources](#) and [Education](#) pages at [www.vfccu.org](http://www.vfccu.org). We hope that when you think knowledge, you think Vizo Financial!

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



# Financial Condition & Performance September 2022

Enclosed please find Vizo Financial Corporate Credit Union's financial statements and supplementary financial information as of September 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 \$4.888 billion compared to \$4.067 billion in August and \$4.357 billion in July. Comparing total deposits, which include the EBA balances, overall average overnight deposits dropped another \$566 million as credit union liquidity continues to tighten. Total average overnight deposits stood at \$5.388 billion, compared to \$5.954 billion in August and \$6.834 billion in July. The spread between the single day high and low balances was \$1.382 billion, compared to \$1.524 billion in August and \$1.610 billion in July (includes EBA balances). Volatility of short-term member balances has increased significantly over the last several months (on-balance sheet plus EBA), with September coming in at 22%.

Average off-balance sheet credit union balances – those held in our Excess Balance Account (EBA) – averaged just \$500 million and ended the month at just over \$138 million. The EBA has proved to be a key tool for controlling the size of our balance sheet, however, with liquidity coming down dramatically, we moved the majority of EBA funds back onto the balance sheet in September. After peaking at over \$5 billion, EBA balances have steadily declined in 2022 and are now approaching pre-pandemic levels.

From a seasonal cash flow perspective, March-April have historically been the months where deposits peak. Total deposits (on-balance sheet plus EBA), hit a record high of \$10.365 billion in April 2021. In September 2022, this average stood at \$5.388 billion. Our 12-month rolling average assets moved up slightly, going from \$5.679 billion to \$5.733 billion due to moving EBA funds back onto the balance sheet. 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 September, our Fed balances averaged \$1.574 billion with a low of \$416.1 million.

While tightening liquidity continued in September, access to advances remains readily available 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 \$6.226 billion compared to \$4.397 billion in August and \$5.124 billion in July. Month-end figures can vary considerably depending on the day of the week on which a month ends, although September's increase was due to the transfer of funds from our EBA account back onto the balance sheet in recognition of tighter member liquidity. Of this month's total, \$595.7 million were in certificates while the remaining

balances were distributed between the various PSA and settlement deposit accounts.

- ▶ Month-end assets came in at \$6.974 billion. Average assets were below that figure, coming in at \$6.060 billion. Excluding non-perpetual capital accounts, our total net equity is at \$494.2 million. The unrealized gain/loss/AOCL figure dropped to an unrealized loss of \$20.9 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 \$300.7 million, as we received a fourth recovery payment from the U.S. Central estate. This brings our recovery up to 80% of what was written off back in 2009. Earlier this year, we issued our second member distribution of capital which completed a full reimbursement of capital our primary members wrote off in 2009. Current projections are that we could still recover another 10% of losses, but it appears the recovery payments are nearing an end and we will not recover the full extent of our losses. With the recovery payment, our net income for the month totaled \$47.3 million. Distributions to members via PCC dividends totaled \$176,247. Year-to-date, we have added \$72,824,697 to retained earnings.

We continue to anticipate volatility in operating revenues throughout the Fed's tightening cycle in 2022 and into 2023. As has been shared previously, delays in the repricing of our assets, particularly our SBA portfolio, has led to shrinking margins over the last two months of the quarter while the Fed has been increasing rates. Our SBA portfolio interest rates reset the first day of each quarter. Therefore, we anticipate strong earnings in October followed by narrower margins in November and December as we match Fed rate increases on all of our PSA-related accounts. We are projecting the Fed to increase its overnight rate another 75 bps in November and 50 bps in December.

- ▶ Our leverage/tier 1 capital ratio is at 8.82% and our retained earnings ratio now stands at 5.24%. *Our total capital ratio ended the month at 8.96%.*
- ▶ The net economic value (NEV) (economic value of assets less the economic value of liabilities) came in at \$519.1 million at the end of September with an NEV ratio of 7.44% compared to the prior month's 8.78%. 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 7.01% with a negative fluctuation of 6.6%. 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*

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Due to favorable conditions, we borrowed \$173 million for 30 days from the FHLB-Atlanta to add liquidity to our Fed account. This loan will pay off by the end of October.

- › Total capital now stands at \$513.8 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 \$9.6 million. Without these reductions, our gross total capital amounts to \$523.4 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	\$ 899 million
Security Sales*	\$ 1.064 billion
EBA Balances	\$ 138 million
<b>Total Off-Balance Sheet</b>	<b>\$ 2.101 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 increased from \$11.4 million to \$20.9 million, as prices across all asset classes decreased, although primarily in the fixed rate U.S. Treasury portfolio that shows the highest unrealized loss figure at \$16.8 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 \$4.9 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 55.05%.*

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.

- › \$4.714 million LOSS is related to our government agency CMO securities portfolio (\$609.8 million total book value)
- › \$0.033 million LOSS is related to our agency MBS/CMBS securities (\$5.0 million total book value)
- › \$0.439 million LOSS is related to our government guaranteed mortgage securities (\$22.1 million total book value)
- › \$0.987 million LOSS is related to our agency floater portfolio (\$79.8 million total book value)
- › \$0.158 million LOSS is related to our corporate bond portfolio (\$30.0 million total book value)
- › \$0.532 million LOSS is related to our credit card asset-backed securities (\$473.4 million total book value)
- › \$0.025 million LOSS is related to our auto asset-backed securities (\$39.0 million total book value)
- › \$2.194 million LOSS is related to our student loan asset-backed securities (\$75.9 million total book value)
- › \$16.799 million LOSS is related to our U.S. treasury securities (\$648.2 million total book value)
- › \$4.979 million GAIN is related to our government guaranteed SBA portfolio (\$2.105 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.

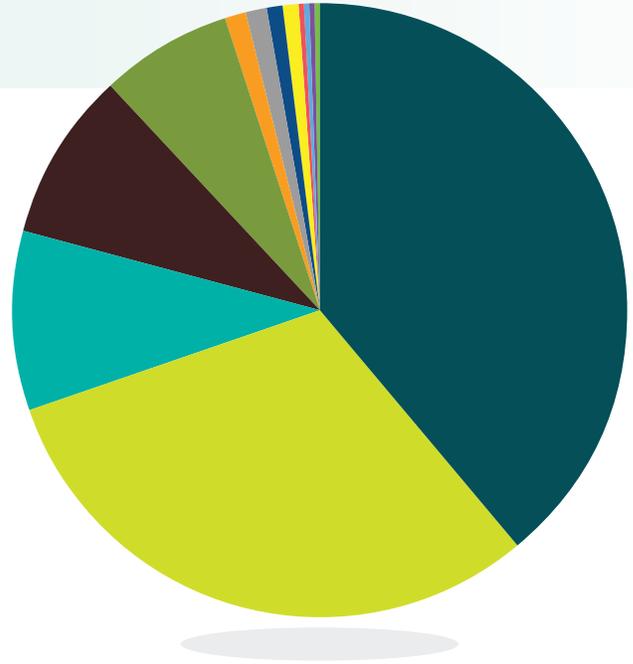
We are grateful to our members for their continued support and for the trust you place in us. If you have any questions, please do not hesitate to contact us.



**David W. Brehmer**  
President & CEO

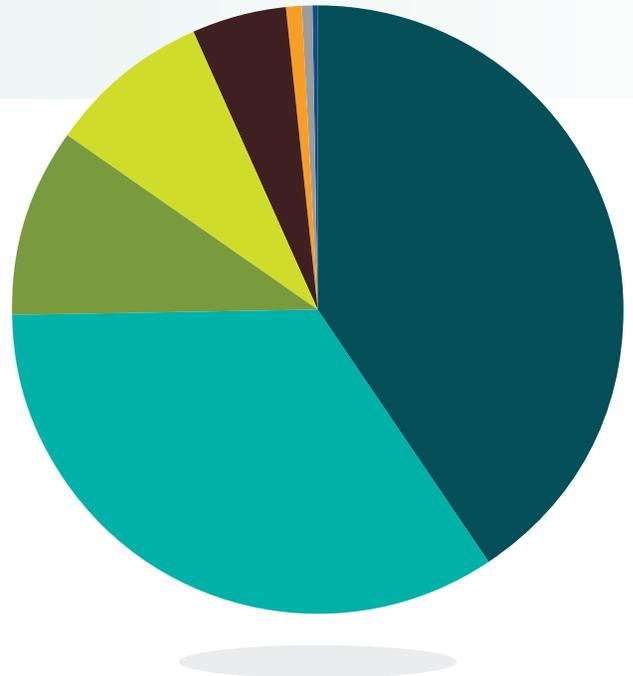
## Total Book Values as of September 30, 2022

- \$ 2,667 - Cash/FI Deposits
- \$ 2,105 - SBA Pool
- \$ 648 - U.S. Treasuries
- \$ 610 - Agency CMO
- \$ 473 - ABS Credit Cards
- \$ 80 - Agency Floaters
- \$ 76 - ABS Student Loans
- \$ 58 - CLF Stock
- \$ 39 - ABS Auto
- \$ 30 - Corporate Bonds
- \$ 22 - GNMA
- \$ 10 - CUSOs
- \$ 9 - FHLB Stock
- \$ 5 - CMBS/MBS



## Credit Quality as of September 30, 2022

- \$ 2,775 - U.S. Gov't Guaranteed
- \$ 2,335 - Federal Reserve
- \$ 695 - U.S. Gov't Agency
- \$ 588 - Asset-Backed Securities (AAA)
- \$ 332 - CU/Bank Cash Holdings
- \$ 58 - CLF Stock
- \$ 30 - Corporate Bonds (AA-/AA+)
- \$ 10 - CUSOs
- \$ 9 - FHLB Stock



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

Balance Sheet	September 30, 2022	September 30, 2021
<b>Assets</b>		
Loans	\$ 47,493,325	\$ 4,959,230
Investments:		
Asset-Backed Securities (Non-Mortgage)	\$ 585,549,839	\$ 666,445,689
U.S. Gov't (Notes/Floaters/Callables)	\$ 78,801,515	\$ 0
U.S. Gov't Agency (CMOs)	\$ 626,745,853	\$ 801,726,105
U.S. Gov't Agency (MBS)	\$ 4,931,775	\$ 6,977,059
U.S. Gov't (SBA)	\$ 2,109,603,330	\$ 2,137,965,487
Corporate Bonds	\$ 29,838,160	\$ 61,310,373
U.S. Treasuries	\$ 631,395,054	\$ 0
Commercial Paper	\$ 0	\$ 0
Federal Home Loan Bank - Atlanta	\$ 9,179,400	\$ 3,692,000
Credit Union & Bank Deposits	\$ 331,817,980	\$ 126,276,390
CUSOs	\$ 9,620,594	\$ 8,539,193
Federal Reserve Bank	\$ 2,335,409,597	\$ 1,277,688,379
CLF Stock	\$ 57,738,003	\$ 57,738,003
Receivables	\$ 49,290,402	\$ 47,126,418
Fixed Assets	\$ 8,231,851	\$ 2,931,718
Goodwill/Core Deposit Intangible	\$ 176,447	\$ 2,282,127
Other Assets	\$ 58,679,992	\$ 48,923,603
<b>Total Assets:</b>	<b>\$ 6,974,503,117</b>	<b>\$ 5,254,581,774</b>
<b>Liabilities</b>		
Other Liabilities:	\$ 7,563,907	\$ 2,124,250
Accounts Payable:	\$ 64,968,924	\$ 58,202,783
Accrued for Member Distribution:	\$ 0	\$ 215,502
Notes Payable:	\$ 173,000,000	\$ 0
Shares	\$ 5,630,579,681	\$ 4,389,433,617
Certificates/Term Deposits	\$ 595,665,347	\$ 338,598,868
<b>Total Shares:</b>	<b>\$ 6,226,245,028</b>	<b>\$ 4,728,032,485</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	\$ 278,126,570	\$ 204,979,712
Equity Acquired in Merger	\$ 22,562,000	\$ 22,562,000
Accumulated Other Comprehensive Loss	\$ (20,902,039)	\$ 15,721,983
<b>Total Equity:</b>	<b>\$ 502,725,258</b>	<b>\$ 466,006,754</b>
<b>Total Liabilities &amp; Equity:</b>	<b>\$ 6,974,503,117</b>	<b>\$ 5,254,581,774</b>

# Financial Condition & Performance September 2022

Income Statement YTD	September 2022	September 2021
Interest Income	\$ 53,587,526	\$ 28,857,102
Interest Expense	\$ (35,148,233)	\$ (3,529,126)
<b>Net Interest Income</b>	<b>\$ 18,439,293</b>	<b>\$ 25,327,976</b>
Correspondent Service Income	\$ 33,723,239	\$ 21,377,537
Correspondent Service Expense	\$ (23,457,121)	\$ (11,737,725)
<b>Net Correspondent Income</b>	<b>\$ 10,266,118</b>	<b>\$ 9,639,812</b>
<b>Gross Operating Income</b>	<b>\$ 28,705,411</b>	<b>\$ 34,967,788</b>
Operating Expense	\$ (22,965,694)	\$ (23,634,118)
<b>Net Income</b>	<b>\$ 5,739,717</b>	<b>\$ 11,333,670</b>
Non-Operating Gains/(Losses)	\$ 0	\$ 1,750,455
Amortization of Goodwill	\$ (1,162,899)	\$ 0
CUSO Income	\$ (477,844)	\$ (146,635)
USC MCA Distribution	\$ 109,196,588	\$ 149,126,684
-Accrued Liability/Member Payouts	\$ (35,632,865)	\$ (59,850,000)
-Accrued Liability	\$ (3,500,000)	\$ 0
<b>Net Income before PCC Distributions</b>	<b>\$ 74,162,697</b>	<b>\$ 102,214,174</b>
Less: Non-Controlling Interest in Net Income	\$ 0	\$ 0
Less: Equity Transfer for PCC Distribution	\$ (1,338,000)	\$ (1,201,785)
<b>Net Increase to Retained Earnings</b>	<b>\$ 72,824,697</b>	<b>\$ 101,012,389</b>
Earnings Spread/Net Operating Margin	September 2022	September 2021
Return on Average Assets	1.214%	0.616%
Interest/Dividend Expense	-0.796%	-0.075%
<b>Net Interest Margin</b>	<b>0.418%</b>	<b>0.541%</b>
Correspondent Service Income	0.232%	0.206%
Operating Expenses	-0.520%	-0.505%
Non-Operating Gains/(Losses)	0.000%	0.037%
Amortization of Core Deposit Intangible	-0.026%	0.000%
USC MCA Distribution	2.473%	3.184%
CUSO Income	-0.011%	-0.003%
Non-Controlling Interest in Net Income	0.000%	0.000%
Accrued Liability/Member Payout	-0.807%	-1.278%
PCC Distributions	-0.030%	-0.026%
<b>Net Margin</b>	<b>1.728%</b>	<b>2.156%</b>
Asset Quality	September 2022	
Non-Earning Assets/Average Assets	2.08%	
Delinquent Loans/Total Loans	0.00%	
<b>Investment Portfolio</b>		
U.S. Gov't Guaranteed Securities	39.96%	
U.S. Agency Securities	10.36%	
Asset-Backed Securities (non-mortgage)	8.54%	
Fed Home Loan Bank	0.13%	
Corporate Bonds	0.43%	
Commercial Paper	0.00%	
Bank & Credit Union Deposits	4.84%	
Federal Reserve Bank	34.04%	
CUSO Equity	0.14%	
CLF Stock	0.84%	
Cash & Receivables	0.72%	
<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	

# Key Financial Ratios September 2022

Capital Adequacy	September 2022	September 2021
RUDE + Acquired Equity Capital/monthly Average Net Assets	4.96%	4.21%
RUDE + Acquired Equity Capital/12-month Average Net Assets	5.24%	3.58%
Tier 1 (Leverage) Capital/12-month Average Net Assets	8.82%	6.81%
Total Capital/12-month Average Net Assets	8.96%	6.94%
Tier 1 Capital/12-month Average Risk-Weighted Assets	54.16%	39.25%
Total Capital/12-month Average Risk-Weighted Assets	55.05%	40.01%
Total Capital	\$ 513,832,804	\$ 441,608,751
Tier 1 (Leverage) Capital	\$ 505,501,293	\$ 433,240,168
Tier 2 Capital	\$ 8,331,511	\$ 8,368,583
PCC deducted from Tier 1 Capital	\$ 0	\$ 0
Unrealized Gain/Loss on Securities	\$ (20,902,039)	\$ 15,721,983
Monthly Average Assets	\$ 6,060,091,487	\$ 5,406,469,530
Average 12-month Assets	\$ 5,733,306,929	\$ 6,359,311,559
Year-to-date Average Assets	\$ 5,903,965,622	\$ 6,262,699,758

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

Available Liquidity:	Available Within 90 Days
Net Cash and Receivables:	\$ 2,384,699,999
Net Available For Sale (AFS) securities: (securities with adequate market values to sell)	\$ 1,702,892,134
Overnight & Investments Maturing within 90 days:	\$ 323,841,980
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	\$ (173,000,000)
Primary Sources of Liquidity:	\$ 6,226,139,313
Federal Reserve (FRB) Discount Window - borrowing capacity:	\$ 628,988,721
Excess Balance Account (EBA) - funds held for members @ FRB:	\$ 138,001,000
Secondary Sources of Liquidity:	\$ 766,989,721
<b>Total Available Liquidity:</b>	<b>\$ 6,993,129,034</b>

## Interest Rate Risk as of September 30, 2022

	Regulation 704 Operating Level: Base Plus
<b>Base/Current Rate Environment</b>	
Net Economic Value (NEV):	\$ 519,079,221
NEV Ratio:	7.44%
<b>Up 3% Rate Environment</b>	
Net Economic Value (NEV):	\$ 484,745,723
NEV Ratio:	7.01%
Percentage Change:	-6.6%
<b>Down 2% Rate Environment</b>	
Net Economic Value (NEV):	\$ 533,405,258
NEV Ratio:	7.62%
Percentage Change:	2.8%

# Notes to Financials September 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) - \$8,331,511.
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 (9/30) - 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.



7900 Triad Center Drive  
Suite 410  
Greensboro, NC 27409

1201 Fulling Mill Road  
Middletown, PA 17057

[www.vfccu.org](http://www.vfccu.org)