

the VolVoice

Talk, Thoughts, News & Views from your Corporate!



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CORPORATE UPDATE: VolCorp—A Good Investment

By Rick Veach, President/CEO

By now, you should have gotten word that

VolCorp will soon be asking your credit union to make their membership capital account permanent in order for us to comply with the new NCUA capital rules for corporate credit unions. The only changes to the terms of the current membership capital account are that (1) you will no longer have the ability to withdraw the funds with a three year notice and (2) there will be no annual adjustment. Hopefully, most of you have already considered your membership capital as being permanent since you have had them for decades. The reason behind the change is to conform to generally accepted accounting principles (GAAP), which states that for funds to be counted as capital they must be permanently invested. Permanent doesn't necessarily mean that you have to keep them forever, as under the proposed new rules they can be sold to another party or you could receive your investment back in a VolCorp liquidation.



“...know that whoever you are dealing with at VolCorp is aware they are speaking to an owner.”

There are several good reasons, I believe, for making your capital investment permanent. First of all, in being an owner of one of your most important service suppliers you achieve a “special” status that you can't attain with just being a customer. You can actually participate in the governance of VolCorp by being on the Board of Directors, as many have, or at the very least know that whoever you are dealing with at VolCorp is aware they are speaking to an owner. VolCorp only has 195 member/owners, so you are part of a very select group.

Another reason is because of the dividend you will receive on your investment. Dividends to be paid on the new permanent capital account are determined by VolCorp's Board of Directors. The VolCorp Board, which is made up of representatives from our member credit unions, has stated their intention of recognizing the further commitment of members who make their capital investment permanent by paying them a premium rate.

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You asked, we listened... New Member Service Hours

Now you can get the same great service from our Member Services



Department with extended hours.

Due to several member requests we received from our annual survey, we have changed our Member Service hours to **7:00 a.m. CT to 4:15 p.m. CT, Monday, Tuesday, Wednesday and Friday.** On Thursday, we are here to serve you from 8:30 a.m. CT to 4:15 p.m. CT. Opening later on Thursday allows time for group training and staff meetings.

These changes were made because you asked. We hope these new hours will accommodate all credit unions, especially those in the Eastern Time zone. As always, we appreciate your survey feedback. We listened to your suggestions and made changes to better serve you.



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Also, as a VolCorp member/owner you share ownership of VolCorp's retained earnings. Should VolCorp be merged or liquidated you would be entitled to receive your share of any payout. A good example of this was the amount that you would have received under the WesCorp merger that was proposed a few years ago.

Making your capital account in VolCorp permanent will also ensure that VolCorp will continue to be here for members and you will have no disruption in service that can result from having to convert to other service providers.

But perhaps the most important reason, however, is to preserve the great cooperative spirit that distinguishes credit unions from banks and other financial institutions. VolCorp is a good example of this cooperation among credit unions. It was created by and for credit unions to keep costs low and serve their collective needs. As long as you continue to support us, we will continue that mission.

I am sure the safety issue is also a concern, considering all of the problems that have beset corporate credit unions. I would like to remind you that through all the turmoil VolCorp has not cost its members one cent. We did suffer significant losses through our investment in U.S. Central, but we were able to cover all of that with our accumulated retained earnings. All of VolCorp's U.S. Central capital was charged off at the end of last year and we no longer face losses from that source. We are now in the process of rebuilding our retained earnings. Also keep in mind that the NCUA is confident that the changes they are making to the corporate rules will prevent a reoccurrence of the problems of the past.

As always, please feel free to call me if you have questions or concerns. I know whom I serve.

Phillip Cochran Promoted to CIO

VolCorp is proud to announce that Phillip Cochran was recently promoted to the position of Chief Investment Officer (CIO). As CIO, Phillip will manage the corporate's investment portfolio and provide significant input regarding VolCorp's asset-liability structure. He will also be responsible for managing the sale of investment and loan products and services to credit unions.

According to VolCorp's Senior Vice President/Chief Financial Officer Jeff Merry, "Phillip is an excellent fit for the position because of his level of expertise in the securities business and in portfolio management. He has done an excellent job helping members manage their securities portfolio and has done very well since taking over the management of our portfolio. He adds value for both us and for our members, so this promotion for Phillip was an easy decision."

Phillip has been with VolCorp for almost six years now, during which time he has held the positions of Investment Services Manager and Consultant. He also currently holds both the Series 7 and Series 63 securities licenses.

Congratulations, Phillip!



Phillip Cochran
Chief Investment Officer

SERVICE SPOTLIGHT!

Why Choose VolCorp for ALM Services?

As quoted by John F. Kennedy, "in a time of turbulence and change, it is more true than ever that knowledge is power." Information is knowledge, and nowhere is that more evident than in asset/liability management (ALM).

ALM is a budgeting tool, a compliance/reporting tool, a decision-making tool, and a risk management tool all rolled into one. An effective asset/liability management process should enable the credit union to operate in a safe and sound manner, regardless of the complexity of the balance sheet.

The ALM process can also help you identify where your credit union's extensive risk lies. Every credit union is unique with its own set of goals and tolerances of risk. Therefore, the ALM process should be designed to help the credit union meet the following strategic goals: to provide sufficient liquidity, to expand income opportunities in order to offer members competitive products and services, and to manage liquidity and interest rate risk ensuring the long-term financial well-being of the credit union.

We know you have options when it comes to an ALM service provider. Here are a few things our report provides that others may not:

- **NEV (Net Economic Value)** – NEV analysis consists of the measurement in the differences in the present value of the credit union's assets and liabilities under the rate shock scenarios. NEV takes into account the optionality within each asset and liability – such as caps, floors, call features, and uncertain cash flows – when calculating their present value.
- **NII (Net Interest Income)** – a one year snap shot of the credit union's NII. Under shock scenarios, this represents earnings at risk profile, whereby all variables remain static, while only interest rates move for their various shock amounts.



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Register Today!

Make plans to attend VolCorp's **FORUM'10** on August 18–19th at the Embassy Suites Nashville – South/Cool Springs. Our theme this year is *Innovate, Impact and Change*, focused on helping you develop new ideas for your credit union.

Beginning August 18th, golf enthusiasts will be able to enjoy a morning of golf at **Vanderbilt Legends Club**. Breakfast and lunch will be provided.

Everyone is invited to spend the evening of August 18th networking and relaxing at **Arrington Vineyards**, which was cofounded by Kix Brooks of the famous duo Brooks and Dunn. What better way to kick off our **FORUM'10** than by watching breathtaking sunsets overlooking the vineyards while sipping wine with friends? Transportation and dinner will be provided along with bottled water and soft drinks.

Join us on **Thursday, August 19th** starting at 9:00 a.m. for a day of presentations from the following speakers:



- **Matt Davis** of Filene Research, also known as CUWarrior will be speaking on *The Magic of “Doing”*.
- **Joe Calloway**, author of *Becoming a Category of One* and *Indispensable*, will discuss *Minds Wide Open: Creating a Mindset of Everyday Innovation, Ideas and Improvement*.
- **Kelley Parks**, creator of *gira{ph}* and editor at CUWaterCooler.com will show us *How Low-Cost Guerilla Marketing Can Really Work*. She will also share *Lessons Learned from Branding, Beancounters & New Beginnings* during her tenure as VP of Marketing & Business Development for Call Federal Credit Union.

VolCorp's **Annual Membership Meeting** will be held in conjunction with our **FORUM'10**. We invite you, your officials, management and staff to attend the Annual Meeting on **Thursday, August 19th** at 3:00 p.m. in Section B of the Embassy Grand Ballroom at the Embassy Suites Nashville – South/Cool Springs. You'll hear about VolCorp's accomplishments for the past year, our future direction, and board election results will be announced.

Come to the Forum ready to learn *innovation* skills that will *impact* your credit union for *change*!

Visit www.volcorp.org for complete details, online registration, and hotel reservation information. We look forward to seeing you at **FORUM'10**!

members corner...

New Users

APEX-ACH Origination

- Holston Methodist FCU

APEX-ACH Receipt

- Holston Methodist FCU

APEX-ACH Returns

- Holston Methodist FCU

Cash Vault

- HealthNet FCU (added 1 branch)

EPD

- Lifeway CU

Home Banking Images

- The Credit Union for Robertson County

Merchant Capture

- NGH CU (added 2 branches)

NET-Statement/VolCorp Online

- Anderson County Employees FCU

VolCorp Design

- HCA FCU
- Tennessee Employees CU
- First Community CU
- Kimberly Clark CU
- Southern CU

New Manager

Ronald E. Scott

Appalachian Community FCU



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Where people are worth more than money.™

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- **NCUA Interest Rate Guidelines** – graphs that determine the credit union’s compliance position in regards to NCUA.
- **NEV and NII Trends** – a look back at the prior reporting and determination of trends.
- **NMS (Non Maturity Shares)** – shares with sensitivities, shares at Par, and shares with a stated maturity date.
- **Peer to Peer Comparison** – a summary of the key ratios and graphs that show the credit union’s position relative to its peers.
- **Most Likely Scenario** – a budgeting tool used to project investment, loan, share, and certificate growth.

Above all, VolCorp’s staff will always be available for report interpretation and ALM advisement. This is crucial as regulators become more and more interested in management’s ability to understand the process rather than simply possessing the report.

If you are interested in learning more about VolCorp’s ALM services, please contact **Veronica Hambrick** at (800) 470-3444 or (615) 232-7900, extension 287.



 corporate information...



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See our websites for more information about VolCorp:
www.volcorp.org
www.volcorpdesign.org



Savings Federally Insured to at least \$250,000.
NCUA, a U.S. Government Agency.

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