

the VolVoice

Talk, Thoughts, News & Views from your Corporate!



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An Analysis of VolCorp's Value to Our Credit Union Members

When looking at the value of a product or service, price isn't all that plays a part. Many important components are included in VolCorp's pricing, providing additional value within our products and services. In the coming months, VolCorp will be explaining the additional value to your credit union that is not always readily apparent in our products and services.

VolCorp's Value includes:

- Staff who perform many back office functions which allow you to focus more of your time on your members' needs.
- A Fed account that is available to you for settlement purposes, i.e. share draft processing, deposit processing, ATM, credit and debit card processing, etc.
- Acting as a volume aggregator to bring lower per item costs to the membership.

Our VolCorp value information will be shared with you through the VolVoice as well as on our website under the **Member Corner** section at www.volcorp.org.

And, we would like to hear from you, too. Where do you find the value for your credit union in VolCorp's products and services?

Here is value information from **Darlene Winegar**, CEO, AGC Credit Union, Kingsport, TN:

I do truly believe that VolCorp provides tremendous value to the credit union membership, but VolCorp is especially valuable to the small credit unions. Small credit unions do not have the resources, time or money to keep up on issues and regulations in the electronic world. Without the help of VolCorp's services, small credit unions would be at a greater liability risk. I pick up the telephone and call VolCorp and you always help out in any way you can. VolCorp gives me peace of mind and allows me more time to devote to my members.

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- The Titanic
- VolCorp's Business Writing Service
- VolCorp Now Offers BSA Independent Testing

Annual Meeting

VolCorp held its 29th annual meeting on August 19th at the Embassy Suites in Franklin, Tennessee. The meeting was held in conjunction with VolCorp's **Forum '10**.

Rick Veach, CEO, reviewed the financial condition, new products and services added to VolCorp as well as new operational and technological advances made at VolCorp in 2009. In closing, Rick reiterated VolCorp's commitment to our members:

"As we build towards a solid 2010, look to VolCorp to maintain our focus on empowering our members—finding new and creative ways to bring you more yield, liquidity solutions, or new levels of efficiency. VolCorp is committed to our credit union partnership—with our feet firmly planted in today's economic realities and our hearts focused on the success of your credit union. We sincerely thank you for your support and we look forward to our partnership continuing for many years into the future."

New directors elected to the Board for three year terms were **John Jacoway**, Executive Vice President/CFO, Southeast Financial CU; **Gary W. Land**, CEO, Chattanooga Area Schools FCU and **Bonnie Sensing**, CEO, Nashville Firemen's CU.

Elected officers for the year are **Hank Flury**, Chairman, CEO, Cornerstone Financial CU; **Ken Swann**, Vice-Chairman, CEO, City of Memphis CU; **Karen Jordan**, Secretary, CEO, P&G Jackson Employees FCU and **John Jacoway**, Treasurer, Executive Vice President/CFO, Southeast Financial CU.

Other board members include **Mike Haggard**, HealthNet FCU, **Wade Stapleton**, Lifeway CU and **Rose Melton**, Altra FCU.

SERVICE SPOTLIGHT!

Got a Case of Writer's Block?

Are you struggling with writing a press release or content for your website? Are you really good at what you do, but simply can't find the right words to express your-



self on paper? Whether you lack the expertise on staff, or your staff simply doesn't have the time, VolCorp can help with your next writing project. Developed through an idea provided by VolCorp's Product Council, VolCorp now offers business writing services. Some examples of writing services offered include:

- Website content
- Press releases
- Newsletter articles
- Bios
- Business plans
- Business letters

A member of VolCorp's Consulting Team will work with you one on one to determine the objective and desired style for your writing assignment. VolCorp will then provide you with a price quote based on the complexity of the assignment and estimated writing time. Upon completion, you will have an opportunity to review the draft and provide comments and/or revisions. All revisions are included in the quoted price, and you are not billed until you are 100% satisfied with the final product. References and sample writing pieces are available upon request.

If you are interested in learning more about this service, please contact **Cassie Fivecoat** at 800-470-3444 or 615-232-7900 (ext. 282). Cassie can also be reached via email at cfivecoat@volcorp.org.

The Titanic

By: Jeff Merry, SVP, CFO

Please don't ask how or why this comparison came to mind when asked to write this article. The truth is I'm not sure myself. However, as I thought about it, the notable comparisons and the potential for it to develop into an interesting read became clear. We all know much of the history of the Titanic, but let's look at how it is actually an interesting metaphor when thinking about the economic crisis, or more specifically, the impact of the mortgage markets on investment portfolios. I'm less interested in the glamour of the movie that came out in 1997, and more interested in the facts of the actual history. However, it is interesting to me that at the end of the 'story', VolCorp closely resembles Rose (Kate Winslet) from the movie. If there is actually anyone out there who did not see the movie, she was the lead actress who experienced the same crisis as the rest of the passengers, but managed to survive the sinking of the ship and lived to tell about it.

When the Titanic set off on her maiden voyage from Southampton, England to New York City on April 10, 1912, she was the largest passenger steamship the world had ever seen. Similarly, when this mortgage meltdown started, many financial institutions, including some corporates, had portfolios that had grown to sizes larger than they had ever seen in their respective histories. With this increased size, came increased risk exposure. The Titanic struck the infamous iceberg on April 14, 1912 at 11:40 p.m. and sank only 2 hours and 40 minutes later. Reports indicate that 1,517 people lost their lives on the Titanic. The jury is still out on the total dollars lost as a result of the mortgage crisis, but some of the explanations for both carry further

similarities. According to Wikipedia, the Titanic "set sail for New York City with 2,227 people on board; the high casualty rate when the ship sank was due in part to the fact that, although complying with the regulations of the time, the ship carried lifeboats for only 1,178 people." The similarity: over the period of time this mortgage crisis was building up, many institutions also *complied with the regulations of the time*. The problem is that neither the Titanic nor many portfolio managers prepared for the unthinkable. You see, the Titanic was engineered by some of the smartest, most experienced minds in the business. She was also built with many of the most advanced technologies the industry had seen as of the early 1900's. However, not ever imagining the unthinkable—the Titanic sank. In the last few years, investment portfolios at financial institutions, have also been 'engineered' by some bright minds and using some advancements in analytical tools and derivative vehicles. But, the unthinkable happened, and these too sank.

Fast forward 85 years to the movie and we find Rose. Is her situation extraordinarily different from that of VolCorp...of course. But, humor me and you will see that the end is the same. Rose was on that ship, as a passenger, exposed to the tragedy, not at fault in any way, but forced into

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the environment of sink or swim. She hit the same glacier and watched the same vessel sink. She was surrounded by an unthinkable crisis, but made good decisions, and the movie concludes with her safely on dry ground. VolCorp, well, we have been exposed to the same mortgage crisis and the same 'worst recession since the Great Depression' but as the smoke clears, we find ourselves on dry ground.

The good news is that we aren't headed for dry ground just because we made good instinctive decisions once the crisis was upon us as Rose did, but actually because we have been making good conservative decisions all along with an eye on 'what if the unthinkable actually happened.' Did we suspect it would, no, not really. But it did. I joined VolCorp as the Chief Investment Officer in June 2004. Long before me, we had a very conservative approach to investing and managing our balance sheet. We were interested in growth, sure, but never concerned with being the biggest...just the safest. We always left the overwhelming majority of your funds invested in Government-backed securities and imposed even tighter policies than the regulations required of us. Even when the mortgage markets were moving right along without any hitches, we were limiting geographic exposures, capping exposure to pre-pay vulnerabilities, prohibiting illiquid securities, requiring minimum collateral qualifications, and generally investing in ways to limit your exposure if the markets turned against us. We did so to such an extent that we often discussed how we might be too conservative, but that it would pay off if it ever really had to. It did. As financial institutions discovered we had struck a glacier bigger than any of us had imagined, VolCorp rested comfortably on our laurels and the knowledge that we had prepared for the worst with years of conservative investing and playing it safe...taking just enough risk to offer competitive rates to our members, but never over-exposing them for the sake of being the biggest or fastest ship in the sea.

As we jump ahead to the present, we find ourselves doing a heavy analysis on our investment philosophies and looking at what changes we need to make to our conservative approach. The answer...NONE. We continue to invest very conservatively with one eye on doing what we need to do to remain competitive (even if the current rate environment is anything but attractive) and the other eye on *what if the unthinkable happens...again*. Sure, we are making changes to adhere to the new environment and the new 704 Regulations, but we aren't changing our overall philosophy. We aren't changing the fundamentals that got us here. Wikipedia also indicates "the conclusion of the British Inquiry into the sinking was 'that the loss of the [Titanic] was due to collision with an iceberg, brought about by the excessive speed at which the ship was being navigated.' At the time it was common (but not universal) practice to maintain normal speed in areas where icebergs were expected. It was thought that any iceberg large enough to damage the ship would be seen in sufficient time to be avoided." The perception was that the Titanic was unsinkable. VolCorp has never likened itself to the Titanic. We have never assumed we could see any crisis coming in sufficient time to avoid it. We have also fallen under the 'but not universal' category of subscribing to safe and sound rather than big and fast. Still, despite the conservative approach and endlessly open eye on the *what-if's*, we weren't smart enough to actually see the size of the mortgage glacier coming, nobody was, but we knew to at least have enough life boats for all of your dollars and all of them are making it safely to dry ground. Like Rose, they survived the same sinking ship that took so many down, and have lived to tell about it.

members corner...

New Users

APEX-ACH – Derived Returns

- Oak Ridge Schools FCU (added 1 branch)

Branch Capture

- HealthNet FCU (added 1 branch)

Cash Vault

- HealthNet FCU

EPD International Wires

- Comtrust FCU

VolCorp Design

- Methodist Healthcare FCU
- First Community CU
- Life CU
- United Southeast FCU
- Trust FCU
- Upper Cumberland FCU

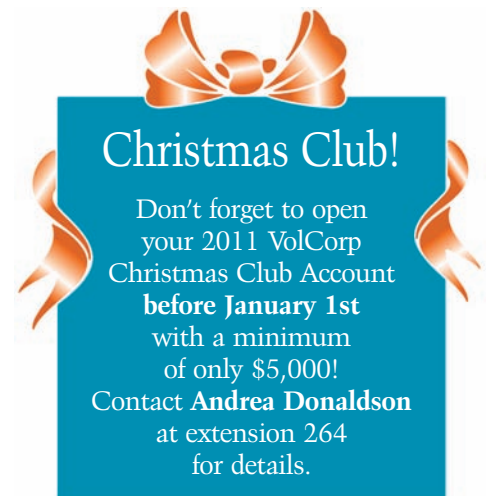
New Manager

Terri Odom

MUNA FCU

Robin Addis

Knox County Employees CU



Christmas Club!

Don't forget to open your 2011 VolCorp Christmas Club Account **before January 1st** with a minimum of only \$5,000!

Contact **Andrea Donaldson** at extension 264 for details.



AMERICA'S
CREDIT UNIONS™

Where people are worth more than money.™



Have YOU Heard???

VolCorp Now Offers BSA Independent Testing

VolCorp is available to perform an independent review of your credit union's Bank Secrecy Act ("BSA") / Anti-Money Laundering ("AML") program. A sound practice is for credit unions to conduct independent testing every 12 to 18 months, commensurate with the risk profile of the credit union.

Some of the processes reviewed and/or evaluated will include:

- Overall adequacy and effectiveness of the BSA/AML compliance program
- A review of the credit union's risk assessment for reasonableness based on the credit union's risk profile
- Risk-based transaction testing to verify the credit union's adherence to BSA recordkeeping and reporting
- Review of the credit union's BSA training
- Assessment of the Customer Identification Program (CIP)

Upon completion of the independent review, VolCorp will provide a report summarizing the procedures performed and the results of those procedures. With the level of trust you have in VolCorp, we hope you will think of us for this very important function.

If you are interested in learning more about the new BSA Independent Testing Service, please contact our Marketing Department at 615-232-7900 or 800-470-3444, ext. 3.



 corporate information...



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2460 Atrium Way
Nashville, Tennessee 37214

Numbers:
(615) 232-7900 or (800) 470-3444
Fax: (615) 232-7999 (Main)
Fax: (615) 232-7979 (Item Processing)
After Hours: (615) 232-7977

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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