



Financial Statements

Unaudited

February 28, 2018

Contact Information:

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SVP, Chief Financial Officer

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February 28, 2018

To our members,

VolCorp's reported net interest income of \$770,782 for February, coming from portfolio size and composition coupled with the upward movement of one month Libor and Fed rate increases. A significant number of bonds in the portfolio reprice monthly and are tied to 1ML, thus as LIBOR rises so do earnings. Fee Income totaled \$646,024 for the month and Operating Expenses came in at \$959,279. Net earnings for the month totaled \$462,529, equaling a 0.49% return on average assets.

Month end assets of \$1.36 billion were down slightly from \$1.42 billion a year ago. The securities portfolio stood at \$895 million, compared with \$906 million a year ago. Current month-end unrealized losses of \$1.4 million is indicative of current market conditions and the quality of securities held in our portfolio.

VolCorp's total capital equaled \$94 million, and Tier1 capital equaled \$72 million. With a Regulatory Tier 1 Capital Ratio of 6.02%, VolCorp is in a "well capitalized" status based on NCUA's regulation 704. This ratio is obtained by subtracting CUSO investments and a 'PCC exclusion' from total capital. The current PCC exclusion refers to 'Perpetual Contributed Capital balances less Retained Earnings that exceed 2% of Rolling Daily Average Net Assets'. New legislation which passed November of 2017, will allow corporate credit unions to include all PCC balances in the Tier1 ratio when a retained earnings ratio of 2.50% is achieved. With \$1.22 billion in rolling DANA (Daily Average Net Assets) and retained earnings of \$25.2 million, VolCorp's R.E. ratio (retained earnings / moving daily average net assets) stood at 2.07%.

Strong member loyalty, along with VolCorp's exceptional staff, has kept the Corporate in a healthy position among our peers. We look forward to serving our members well into the future. Without question, we appreciate the incomparable loyalty and support of you, our member owners.

Respectfully submitted,

Susan Stack

SVP, Chief Financial Officer

Volunteer Corporate Credit Union
Statement of Financial Condition (000)

(unaudited)

	February 28		
	<u>2018</u>	<u>2017</u>	<u>% Change</u>
Assets			
Cash and Cash Equivalents	\$ 425,825	\$ 483,290	-12%
Certificates	448	1,595	-72%
FHLB	9,680	9,680	0%
Investment Securities, at Fair Value	893,272	906,086	-1%
Loans to Members	2,282	3,398	-33%
Investment in CUSOs	2,562	2,878	-11%
Fixed assets	3,697	3,312	12%
Other Assets	22,078	8,014	175%
Total Assets	\$ 1,359,845	\$ 1,418,253	-4%
Liabilities			
Shares/Deposits	\$ 1,208,743	\$ 1,238,082	-2%
Borrowings	0	21,795	-100%
Other Liabilities	58,036	69,306	-16%
Total Liabilities	\$ 1,266,780	\$ 1,329,183	-5%
Member's Equity			
Perpetual Contributed Capital	\$ 69,242	\$ 69,242	0%
Retained Earnings	24,339	19,596	24%
Equity Acquired in Merger	863	863	0%
Total Capital	\$ 94,444	\$ 89,702	5%
Unrealized Security Gains (Losses)	(1,379)	(632)	118%
Total Members Equity	\$ 93,065	\$ 89,069	4%
Total Liabilities and Member's Equity	\$ 1,359,845	\$ 1,418,253	-4%
Moving Average Assets (Rolling DANA)	\$ 1,219,629	\$ 1,288,283	-5%
Retained Earnings Ratio	2.07%	1.59%	
Tier1 Capital Ratio	6.02%	4.98%	
Base NEV	6.90%	6.28%	

Volunteer Corporate Credit Union
Year-To-Date Statement of Income (000)
(unaudited)

	February 28		<u>%</u> Change
	<u>2018</u>	<u>2017</u>	
Net Interest Income			
Interest Income	\$ 3,346	\$ 2,146	56%
Interest Expense	1,884	761	148%
Total Net interest Income	\$ 1,462	\$ 1,385	6%
Fees and Charges	\$ 1,255	\$ 1,265	-1%
Total Operating Income	\$ 2,717	\$ 2,651	2%
Operating Expense	\$ 1,856	\$ 1,742	7%
Non-Operating Income/Expenses	\$ (10)	\$ 8	-229%
Net Income	\$ 851	\$ 917	-7%
 YTD Return on Average Assets	 0.43%	 0.44%	

Securities Portfolio Analysis (000)

By Credit Rating:		
AAA	422,395	47%
AA	464,594	52%
< AA	7,662	1%
	\$ 894,651	100%
 By Type/Obligation:		
U.S. Agency	508,583	57%
ABS (non-RMBS) / Corporates	386,068	43%
Non-Agency RMBS	0	0%
	\$ 894,651	100%