



# Financial Statements

Unaudited

July 31, 2017

Contact Information:

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*SVP, Chief Financial Officer*

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To our members,

July was another strong month for VolCorp with net interest income of \$650,347, coming from portfolio size and composition coupled with the upward movement of one month Libor. 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 \$648,238 for the month and Operating Expenses came in at \$855,701. Net earnings for the month totaled \$454,503, resulting in a Return on average assets ratio (net income / daily average net assets) of 0.45% for the month.

Strategies remain in place to focus on maintaining competitive rates for our members while simultaneously increasing our retained earnings position going forward. The month produced a \$455 thousand boost to retained earnings. This resulted in a R.E. ratio (retained earnings / moving daily average net assets) of 1.79%.

Retained earnings plus equity acquired rose to \$22.6 million, as compared to \$17.4 million a year ago. Month end assets of \$1.17 billion were down slightly from \$1.46 billion a year ago. The securities portfolio stood at \$858.7 million, compared with \$917.8 million a year ago. Current month-end unrealized losses of \$120 thousand is indicative of current market conditions and the quality of securities held in our portfolio.

OCT 2016 brought about change in regulatory definitions and capital ratios. Based on NCUA REG 704, VolCorp's Tier1 Capital is obtained by subtracting CUSO investments, Equity Acquired in Mergers and a new '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'. At the end of July, VolCorp's total capital (including equity acquired in mergers) equaled \$91.9 million, and Tier1 capital equaled \$66.8 million. The resulting Tier 1 Capital Ratio of 5.37% places VolCorp in a "well capitalized" status based on NCUA's regulation 704.

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)

	July 31		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 277,783	\$ 516,134	-46%
Certificates	1,595	1,860	-14%
FHLB	9,680	9,680	0%
Investment Securities, at Fair Value	858,723	917,800	-6%
Loans to Members	11,168	3,341	234%
Investment in CUSOs	2,926	2,844	3%
Fixed assets	3,256	3,237	1%
Other Assets	8,238	2,748	200%
<b>Total Assets</b>	\$ 1,173,369	\$ 1,457,644	-20%
<b>Liabilities</b>			
Shares/Deposits	\$ 939,710	\$ 1,272,698	-26%
Borrowings	46,000	19,149	140%
Other Liabilities	95,914	80,088	20%
<b>Total Liabilities</b>	\$ 1,081,624	\$ 1,371,935	-21%
<b>Member's Equity</b>			
Perpetual Contributed Capital	\$ 69,242	\$ 69,242	0%
Retained Earnings	21,759	16,563	31%
Equity Aquired in Merger	863	863	0%
<b>Total Capital</b>	\$ 91,865	\$ 86,669	6%
Unrealized Security Gains (Losses)	(120)	(959)	-88%
<b>Total Members Equity</b>	\$ 91,745	\$ 85,710	7%
<b>Total Liabilities and Member's Equity</b>	\$ 1,173,369	\$ 1,457,644	-20%
Moving Average Assets (Rolling DANA)	\$ 1,276,430	\$ 1,284,682	-1%
Retained Earnings Ratio	1.79%	1.35%	
Tier1 Capital Ratio	5.37%	4.51%	
Base NEV	7.82%	5.88%	

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

	July 31		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
<b>Net Interest Income</b>			
Interest Income	\$ 8,972	\$ 6,096	47%
Interest Expense	4,003	1,795	123%
<b>Total Net interest Income</b>	<b>\$ 4,969</b>	<b>\$ 4,302</b>	<b>16%</b>
Fees and Charges	\$ 4,476	\$ 4,254	5%
<b>Total Operating Income</b>	<b>\$ 9,445</b>	<b>\$ 8,556</b>	<b>10%</b>
<b>Operating Expense</b>	<b>\$ 6,012</b>	<b>\$ 5,706</b>	<b>5%</b>
<b>Non-Operating Income/Expenses</b>	<b>\$ 42</b>	<b>\$ (41)</b>	<b>-203%</b>
<b>Net Income</b>	<b>\$ 3,475</b>	<b>\$ 2,810</b>	<b>24%</b>
 YTD Return on Average Assets	 0.50%	 0.36%	

**Securities Portfolio Analysis (000)**

**By Credit Rating:**

AAA	383,921	45%
AA	466,622	54%
< AA	8,299	1%
	<b>\$ 858,842</b>	<b>100%</b>

**By Type/Obligation:**

U.S. Agency	459,414	53%
ABS (non-RMBS) / Corporates	399,428	47%
Non-Agency RMBS	0	0%
	<b>\$ 858,842</b>	<b>100%</b>