



# Financial Statements

Unaudited

March 31, 2018

Contact Information:

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*SVP, Chief Financial Officer*

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To our members,

VolCorp's reported net interest income of \$905,505 for March, 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. March was a significant month for NII, due to LIBOR's steady upward climb. The FED moved mid-month and in response VolCorp increased member rates to coincide with this move. Fee Income totaled \$617,431 for the month and Operating Expenses came in at \$904,191. Net earnings for the month totaled \$608,748, equaling a 0.53% return on average assets. Based on first quarter earnings VolCorp's board approved a 1.25% dividend payment totaling \$213,413 on PCC balances.

Month end assets of \$1.48 billion were down slightly from \$1.55 billion a year ago. This asset level is anticipated based on historical trends which show a rise in assets through March, with a decline beginning in April through about October where they level off and begin to rise again. This high level of assets also contributed to the peak in net earnings achieved in March. The securities portfolio stood at \$907 million, compared with \$927 million a year ago. Current month-end unrealized losses of \$1.6 million is indicative of current market conditions and the quality of securities held in our portfolio.

VolCorp's total capital equaled \$95 million, and Tier1 capital equaled \$73 million. With a Regulatory Tier 1 Capital Ratio of 6.10%, 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 \$1.21 billion in rolling DANA (Daily Average Net Assets) and retained earnings of \$25.6 million, VolCorp's R.E. ratio (retained earnings / moving daily average net assets) stood at 2.11%.

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)

	March 31		
	<u>2018</u>	<u>2017</u>	<u>% Change</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 544,934	\$ 596,161	-9%
Certificates	448	1,595	-72%
FHLB	9,680	9,680	0%
Investment Securities, at Fair Value	904,882	926,687	-2%
Loans to Members	1,074	492	118%
Investment in CUSOs	2,552	2,881	-11%
Fixed assets	3,712	3,284	13%
Other Assets	9,348	8,183	14%
<b>Total Assets</b>	<b>\$ 1,476,629</b>	<b>\$ 1,548,963</b>	<b>-5%</b>
<b>Liabilities</b>			
Shares/Deposits	\$ 1,334,015	\$ 1,357,171	-2%
Borrowings	0	22,409	-100%
Other Liabilities	49,406	79,843	-38%
<b>Total Liabilities</b>	<b>\$ 1,383,421</b>	<b>\$ 1,459,423</b>	<b>-5%</b>
<b>Member's Equity</b>			
Perpetual Contributed Capital	\$ 69,242	\$ 69,242	0%
Retained Earnings	24,734	19,963	24%
Equity Acquired in Merger	863	863	0%
<b>Total Capital</b>	<b>\$ 94,840</b>	<b>\$ 90,068</b>	<b>5%</b>
Unrealized Security Gains (Losses)	(1,631)	(528)	209%
<b>Total Members Equity</b>	<b>\$ 93,208</b>	<b>\$ 89,540</b>	<b>4%</b>
<b>Total Liabilities and Member's Equity</b>	<b>\$ 1,476,629</b>	<b>\$ 1,548,963</b>	<b>-5%</b>
Moving Average Assets (Rolling DANA)	\$ 1,214,530	\$ 1,288,154	-6%
Retained Earnings Ratio	2.11%	1.62%	
Tier1 Capital Ratio	6.10%	5.03%	
Base NEV	6.37%	5.78%	

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

	March 31		<u>%</u> Change
	<u>2018</u>	<u>2017</u>	
<b>Net Interest Income</b>			
Interest Income	\$ 5,429	\$ 3,484	56%
Interest Expense	3,061	1,305	134%
<b>Total Net interest Income</b>	<b>\$ 2,367</b>	<b>\$ 2,179</b>	<b>9%</b>
Fees and Charges	\$ 1,872	\$ 1,865	0%
<b>Total Operating Income</b>	<b>\$ 4,240</b>	<b>\$ 4,044</b>	<b>5%</b>
<b>Operating Expense</b>	<b>\$ 2,760</b>	<b>\$ 2,590</b>	<b>7%</b>
<b>Non-Operating Income/Expenses</b>	<b>\$ (20)</b>	<b>\$ 9</b>	<b>-326%</b>
<b>Net Income</b>	<b>\$ 1,460</b>	<b>\$ 1,463</b>	<b>0%</b>
YTD Return on Average Assets	0.44%	0.42%	

**Securities Portfolio Analysis (000)**

**By Credit Rating:**

AAA	438,602	48%
AA	460,295	51%
< AA	7,616	1%
	<b>\$ 906,513</b>	<b>100%</b>

**By Type/Obligation:**

U.S. Agency	513,646	57%
ABS (non-RMBS) / Corporates	392,867	43%
Non-Agency RMBS	0	0%
	<b>\$ 906,513</b>	<b>100%</b>