



Financial Statements

Unaudited

May 31, 2018

Contact Information:

Susan Stack

SVP, Chief Financial Officer

615-232-7942

sstack@volcorp.org

May 31, 2018

To our members,

VolCorp's reported net interest income of \$865,528 for the month, 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 \$647,791 for the month and Operating Expenses came in at \$931,561. Net earnings for the month totaled \$1,232,669, equaling a 1.14% return on average assets. Non-Operating income supplied a large portion of the month's bottom line, with a large portion of these proceeds coming from the sale of a VolCorp developed and owned software application.

Month end assets of \$1.21 billion were up slightly from \$1.18 billion a year ago. The securities portfolio stood at \$920 million, compared with \$900 million a year ago. Current month-end unrealized losses of \$1.8 million is indicative of current market conditions and the quality of securities held in our portfolio.

VolCorp's total capital equaled \$96.6 million, and Tier1 capital equaled \$76.5 million. With a Regulatory Tier 1 Capital Ratio of 6.39%, 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 \$27.4 million, VolCorp's R.E. ratio (retained earnings / moving daily average net assets) stood at 2.25%.

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)

	May 31		%
	<u>2018</u>	<u>2017</u>	
Assets			
Cash and Cash Equivalents	\$ 252,105	\$ 242,079	4%
Certificates	448	1,595	-72%
FHLB	9,680	9,680	0%
Investment Securities, at Fair Value	919,006	899,648	2%
Loans to Members	8,887	13,253	-33%
Investment in CUSOs	2,568	2,909	-12%
Fixed assets	3,635	3,227	13%
Other Assets	9,692	8,354	16%
Total Assets	\$ 1,206,021	\$ 1,180,744	2%
Liabilities			
Shares/Deposits	\$ 910,351	\$ 937,988	-3%
Borrowings	139,000	90,000	54%
Other Liabilities	61,867	61,930	0%
Total Liabilities	\$ 1,111,218	\$ 1,089,918	2%
Member's Equity			
Perpetual Contributed Capital	\$ 69,242	\$ 69,242	0%
Retained Earnings	26,514	21,038	26%
Equity Acquired in Merger	863	863	0%
Total Capital	\$ 96,619	\$ 91,144	6%
Unrealized Security Gains (Losses)	(1,816)	(318)	471%
Total Members Equity	\$ 94,803	\$ 90,826	4%
Total Liabilities and Member's Equity	\$ 1,206,021	\$ 1,180,744	2%
Moving Average Assets (Rolling DANA)	\$ 1,214,847	\$ 1,282,265	-5%
Retained Earnings Ratio	2.25%	1.71%	
Tier1 Capital Ratio	6.39%	5.21%	
Base NEV	7.92%	7.69%	

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

	May 31		%
	<u>2018</u>	<u>2017</u>	
Net Interest Income			
Interest Income	\$ 9,813	\$ 6,142	60%
Interest Expense	5,696	2,504	127%
Total Net interest Income	<u>\$ 4,117</u>	<u>\$ 3,638</u>	13%
Fees and Charges	\$ 3,158	\$ 3,171	0%
Total Operating Income	<u>\$ 7,275</u>	<u>\$ 6,809</u>	7%
Operating Expense	<u>\$ 4,676</u>	<u>\$ 4,297</u>	9%
Non-Operating Income/Expenses	<u>\$ 641</u>	<u>\$ 26</u>	2382%
Net Income	<u>\$ 3,239</u>	<u>\$ 2,538</u>	28%
YTD Return on Average Assets	0.62%	0.49%	

Securities Portfolio Analysis (000)

By Credit Rating:		
AAA	463,977	50%
AA	449,468	49%
< AA	7,378	1%
	<u>\$ 920,823</u>	100%
By Type/Obligation:		
U.S. Agency	545,800	59%
ABS (non-RMBS) / Corporates	375,023	41%
Non-Agency RMBS	0	0%
	<u>\$ 920,823</u>	100%