



# Financial Statements

Unaudited

November 30, 2017

Contact Information:

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November 30, 2017

To our members,

November was another strong month for VolCorp with net interest income of \$644,267, 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 \$633,457 for the month and Operating Expenses came in at \$880,902. Net earnings for the month totaled \$392,690, resulting in a Return on average assets ratio (net income / daily average net assets) of 0.42% 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 \$393 thousand boost to retained earnings. This resulted in a R.E. ratio (retained earnings / moving daily average net assets) of 1.95%. Retained earnings plus equity acquired rose to \$24.0 million, as compared to \$19.1 million a year ago.

As our economy continues to gain ground since the turmoil of 2007 – 2009, liquidity is contracting as members continue to be optimistic and grow their loan portfolios. This has led to a decline in member deposits and therefore a decline to VolCorp's total assets. Month end assets of \$1.13 billion were down from \$1.22 billion a year ago. The securities portfolio stood at \$858.6 million, compared with \$915.6 million a year ago. Current month-end unrealized losses of \$356 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 November, VolCorp's total capital (including equity acquired in mergers) equaled \$93.3 million, and Tier1 capital equaled \$68.9 million. With a Regulatory Tier 1 Capital Ratio of 5.68%, VolCorp is in a "well capitalized" status based on NCUA's regulation 704. New legislation which passed November of 2017, will have a substantial positive effect on the calculation of Tier 1 Capital, once VolCorp reaches a Retained Earnings ratio of 2.50%.

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)

	November 30		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 230,806	\$ 265,052	-13%
Certificates	248	1,719	-86%
FHLB	9,680	9,680	0%
Investment Securities, at Fair Value	858,241	914,122	-6%
Loans to Members	18,796	18,652	1%
Investment in CUSOs	2,946	2,845	4%
Fixed assets	3,411	3,127	9%
Other Assets	8,565	2,823	203%
<b>Total Assets</b>	<b>\$ 1,132,692</b>	<b>\$ 1,218,019</b>	<b>-7%</b>
<b>Liabilities</b>			
Shares/Deposits	\$ 853,570	\$ 967,340	-12%
Borrowings	130,000	120,619	8%
Other Liabilities	56,227	43,191	30%
<b>Total Liabilities</b>	<b>\$ 1,039,796</b>	<b>\$ 1,131,150</b>	<b>-8%</b>
<b>Member's Equity</b>			
Perpetual Contributed Capital	\$ 69,242	\$ 69,242	0%
Retained Earnings	23,147	18,277	27%
Equity Acquired in Merger	863	863	0%
<b>Total Capital</b>	<b>\$ 93,252</b>	<b>\$ 88,383</b>	<b>6%</b>
Unrealized Security Gains (Losses)	(356)	(1,514)	-76%
<b>Total Members Equity</b>	<b>\$ 92,896</b>	<b>\$ 86,869</b>	<b>7%</b>
<b>Total Liabilities and Member's Equity</b>	<b>\$ 1,132,692</b>	<b>\$ 1,218,019</b>	<b>-7%</b>
Moving Average Assets (Rolling DANA)	\$ 1,233,182	\$ 1,289,341	-4%
Retained Earnings Ratio	1.95%	1.48%	
Tier1 Capital Ratio	5.68%	4.77%	
Base NEV	8.27%	7.13%	

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

	November 30		<u>% Change</u>
	<u>2017</u>	<u>2016</u>	
<b>Net Interest Income</b>			
Interest Income	\$ 14,643	\$ 9,695	51%
Interest Expense	7,075	2,788	154%
<b>Total Net interest Income</b>	\$ 7,568	\$ 6,907	10%
Fees and Charges	\$ 7,039	\$ 6,809	3%
<b>Total Operating Income</b>	\$ 14,607	\$ 13,716	6%
<b>Operating Expense</b>	\$ 9,576	\$ 9,027	6%
<b>Non-Operating Income/Expenses</b>	\$ 50	\$ (25)	-299%
<b>Net Income</b>	\$ 5,081	\$ 4,663	9%
 YTD Return on Average Assets	 0.48%	 0.41%	

**Securities Portfolio Analysis (000)**

**By Credit Rating:**

AAA	363,682	42%
AA	486,968	57%
< AA	7,947	1%
	\$ 858,597	100%

**By Type/Obligation:**

U.S. Agency	490,485	57%
ABS (non-RMBS) / Corporates	368,112	43%
Non-Agency RMBS	0	0%
	\$ 858,597	100%