



# Financial Statements

Unaudited

October 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 \$764,288 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 \$623,483 for the month and Operating Expenses came in at \$899,363. Net earnings for the month totaled \$478,628, equaling a 0.47% return on average assets.

Month end assets of \$1.236 billion were down slightly from \$1.241 billion a year ago. The securities portfolio stood at \$829 million, compared with \$796 million a year ago. Current month-end unrealized losses of \$2.2 million is indicative of current market conditions and the quality of securities held in our portfolio.

VolCorp's total capital equaled \$98.7 million, and Tier1 capital equaled \$81.1 million. With a Regulatory Tier 1 Capital Ratio of 6.65%, 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 \$1.236 billion in rolling DANA (Daily Average Net Assets) and retained earnings of \$29.47 million, VolCorp's R.E. ratio (retained earnings / moving daily average net assets) stood at 2.38%.

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)

	October 31		
	<u>2018</u>	<u>2017</u>	<u>% Change</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 195,398	\$ 234,348	-17%
Certificates	603	496	22%
FHLB	11,315	9,680	17%
Investment Securities, at Fair Value	826,968	795,728	4%
Loans to Members	47,541	10,259	363%
Investment in CUSOs	2,534	2,944	-14%
Fixed assets	3,490	3,411	2%
Other Assets	9,897	8,200	21%
<b>Total Assets</b>	<b>\$ 1,097,745</b>	<b>\$ 1,065,066</b>	<b>3%</b>
<b>Liabilities</b>			
Shares/Deposits	\$ 739,587	\$ 859,803	-14%
Borrowings	210,000	50,123	319%
Other Liabilities	51,643	62,227	-17%
<b>Total Liabilities</b>	<b>\$ 1,001,230</b>	<b>\$ 972,153</b>	<b>3%</b>
<b>Member's Equity</b>			
Perpetual Contributed Capital	\$ 69,242	\$ 69,242	0%
Retained Earnings	28,612	22,754	26%
Equity Acquired in Merger	863	863	0%
<b>Total Capital</b>	<b>\$ 98,717</b>	<b>\$ 92,859</b>	<b>6%</b>
Unrealized Security Gains (Losses)	(2,202)	54	-4183%
<b>Total Members Equity</b>	<b>\$ 96,515</b>	<b>\$ 92,913</b>	<b>4%</b>
<b>Total Liabilities and Member's Equity</b>	<b>\$ 1,097,745</b>	<b>\$ 1,065,066</b>	<b>3%</b>
Moving Average Assets (Rolling DANA)	\$ 1,235,990	\$ 1,241,542	0%
Retained Earnings Ratio	2.38%	1.90%	
Tier1 Capital Ratio	6.65%	5.60%	
Base NEV	8.86%	8.73%	

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

	October 31		<u>% Change</u>
	<u>2018</u>	<u>2017</u>	
<b>Net Interest Income</b>			
Interest Income	\$ 21,229	\$ 13,262	60%
Interest Expense	13,142	6,338	107%
<b>Total Net interest Income</b>	<b>\$ 8,088</b>	<b>\$ 6,924</b>	<b>17%</b>
Fees and Charges	\$ 6,376	\$ 6,405	0%
<b>Total Operating Income</b>	<b>\$ 14,464</b>	<b>\$ 13,329</b>	<b>9%</b>
<b>Operating Expense</b>	<b>\$ 9,239</b>	<b>\$ 8,695</b>	<b>6%</b>
<b>Non-Operating Income/Expenses</b>	<b>\$ 590</b>	<b>\$ 54</b>	<b>987%</b>
<b>Net Income</b>	<b>\$ 5,815</b>	<b>\$ 4,688</b>	<b>24%</b>
YTD Return on Average Assets	0.58%	0.49%	

**Securities Portfolio Analysis (000)**

**By Credit Rating:**

AAA	454,100	55%
AA	367,180	44%
< AA	7,891	1%
	<b>\$ 829,171</b>	<b>100%</b>

**By Type/Obligation:**

U.S. Agency	478,348	58%
ABS (non-RMBS) / Corporates	350,823	42%
Non-Agency RMBS	0	0%
	<b>\$ 829,171</b>	<b>100%</b>