



# Financial Statements

Unaudited

September 30, 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 \$815,938 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 \$603,561 for the month and Operating Expenses came in at \$968,416. Net earnings for the month totaled \$443,189, equaling a 0.44% return on average assets. A PCC dividend totaling \$261,788 was paid for the quarter, leaving an \$181,401 transfer to equity.

Month end assets of \$1.24 billion were down slightly from \$1.27 billion a year ago. The securities portfolio stood at \$841 million, compared with \$851 million a year ago. Current month-end unrealized losses of \$2 million is indicative of current market conditions and the quality of securities held in our portfolio.

VolCorp's total capital equaled \$98.2 million, and Tier1 capital equaled \$80.1 million. With a Regulatory Tier 1 Capital Ratio of 6.58%, 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 \$1.23 billion in rolling DANA (Daily Average Net Assets) and retained earnings of \$29 million, VolCorp's R.E. ratio (retained earnings / moving daily average net assets) stood at 2.35%.

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)

	September 30		
	<u>2018</u>	<u>2017</u>	<u>% Change</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 346,545	\$ 387,667	-11%
Certificates	448	1,240	-64%
FHLB	11,315	9,680	17%
Investment Securities, at Fair Value	838,644	851,418	-2%
Loans to Members	30,555	4,053	654%
Investment in CUSOs	2,541	2,925	-13%
Fixed assets	3,500	3,345	5%
Other Assets	9,559	8,189	17%
<b>Total Assets</b>	<b>\$ 1,243,105</b>	<b>\$ 1,268,517</b>	<b>-2%</b>
<b>Liabilities</b>			
Shares/Deposits	\$ 953,747	\$ 1,076,120	-11%
Borrowings	108,000	15,000	620%
Other Liabilities	84,978	84,803	0%
<b>Total Liabilities</b>	<b>\$ 1,146,724</b>	<b>\$ 1,175,923</b>	<b>-2%</b>
<b>Member's Equity</b>			
Perpetual Contributed Capital	\$ 69,242	\$ 69,242	0%
Retained Earnings	28,133	22,342	26%
Equity Acquired in Merger	863	863	0%
<b>Total Capital</b>	<b>\$ 98,238</b>	<b>\$ 92,448</b>	<b>6%</b>
Unrealized Security Gains (Losses)	(1,857)	146	-1376%
<b>Total Members Equity</b>	<b>\$ 96,381</b>	<b>\$ 92,594</b>	<b>4%</b>
<b>Total Liabilities and Member's Equity</b>	<b>\$ 1,243,105</b>	<b>\$ 1,268,517</b>	<b>-2%</b>
Moving Average Assets (Rolling DANA)	\$ 1,232,112	\$ 1,250,009	-1%
Retained Earnings Ratio	2.35%	1.86%	
Tier1 Capital Ratio	6.58%	5.51%	
Base NEV	7.82%	7.30%	

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

	September 30		
	<u>2018</u>	<u>2017</u>	<u>% Change</u>
<b>Net Interest Income</b>			
Interest Income	\$ 18,835	\$ 11,864	59%
Interest Expense	11,511	5,583	106%
<b>Total Net interest Income</b>	<b>\$ 7,323</b>	<b>\$ 6,281</b>	<b>17%</b>
Fees and Charges	\$ 5,753	\$ 5,781	0%
<b>Total Operating Income</b>	<b>\$ 13,076</b>	<b>\$ 12,062</b>	<b>8%</b>
<b>Operating Expense</b>	<b>\$ 8,340</b>	<b>\$ 7,816</b>	<b>7%</b>
<b>Non-Operating Income/Expenses</b>	<b>\$ 600</b>	<b>\$ 30</b>	<b>1908%</b>
<b>Net Income</b>	<b>\$ 5,336</b>	<b>\$ 4,276</b>	<b>25%</b>
YTD Return on Average Assets	0.58%	0.48%	

**Securities Portfolio Analysis (000)**

**By Credit Rating:**

AAA	460,166	55%
AA	372,220	44%
< AA	8,115	1%
	<b>\$ 840,501</b>	<b>100%</b>

**By Type/Obligation:**

U.S. Agency	483,619	58%
ABS (non-RMBS) / Corporates	356,882	42%
Non-Agency RMBS	0	0%
	<b>\$ 840,501</b>	<b>100%</b>