



# Financial Statements

Unaudited

September 30, 2017

Contact Information:

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*SVP, Chief Financial Officer*

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September 30, 2017

To our members,

September was another strong month for VolCorp with net interest income of \$667,133, 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 \$634,162 for the month and Operating Expenses came in at \$899,009. Net earnings for the month totaled \$391,992, resulting in a Return on average assets ratio (net income / daily average net assets) of 0.40% 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 \$174 thousand boost to retained earnings, after a 1.25% dividend was paid on PCC balances. This resulted in a R.E. ratio (retained earnings / moving daily average net assets) of 1.86%.

Retained earnings plus equity acquired rose to \$23.2 million, as compared to \$18.2 million a year ago. Month end assets of \$1.27 billion were down slightly from \$1.34 billion a year ago. The securities portfolio stood at \$851.3 million, compared with \$921.9 million a year ago. Current month-end unrealized gains of \$146 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 September, VolCorp's total capital (including equity acquired in mergers) equaled \$92.4 million, and Tier1 capital equaled \$67.6 million. With a Regulatory Tier 1 Capital Ratio of 5.51%, VolCorp is in a "well capitalized" status based on NCUA's regulation 704.

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>2017</u>	<u>2016</u>	<u>% Change</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 387,667	\$ 399,618	-3%
Certificates	1,240	1,719	-28%
FHLB	9,680	9,680	0%
Investment Securities, at Fair Value	851,418	922,173	-8%
Loans to Members	4,053	2,368	71%
Investment in CUSOs	2,925	2,862	2%
Fixed assets	3,345	3,158	6%
Other Assets	8,189	2,717	201%
<b>Total Assets</b>	\$ 1,268,517	\$ 1,344,295	-6%
<b>Liabilities</b>			
Shares/Deposits	\$ 1,076,120	\$ 1,155,877	-7%
Borrowings	15,000	19,842	-24%
Other Liabilities	84,803	81,428	4%
<b>Total Liabilities</b>	\$ 1,175,923	\$ 1,257,146	-6%
<b>Member's Equity</b>			
Perpetual Contributed Capital	\$ 69,242	\$ 69,242	0%
Retained Earnings	22,342	17,327	29%
Equity Acquired in Merger	863	863	0%
<b>Total Capital</b>	\$ 92,448	\$ 87,433	6%
Unrealized Security Gains (Losses)	146	(284)	-151%
<b>Total Members Equity</b>	\$ 92,594	\$ 87,149	6%
<b>Total Liabilities and Member's Equity</b>	\$ 1,268,517	\$ 1,344,295	-6%
Moving Average Assets (Rolling DANA)	\$ 1,250,009	\$ 1,287,770	-3%
Retained Earnings Ratio	1.86%	1.41%	
Tier1 Capital Ratio	5.51%	4.63%	
Base NEV	7.30%	6.48%	

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

	September 30		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
<b>Net Interest Income</b>			
Interest Income	\$ 11,864	\$ 7,898	50%
Interest Expense	5,583	2,304	142%
<b>Total Net interest Income</b>	<b>\$ 6,281</b>	<b>\$ 5,594</b>	<b>12%</b>
Fees and Charges	\$ 5,781	\$ 5,533	4%
<b>Total Operating Income</b>	<b>\$ 12,062</b>	<b>\$ 11,127</b>	<b>8%</b>
<b>Operating Expense</b>	<b>\$ 7,816</b>	<b>\$ 7,392</b>	<b>6%</b>
<b>Non-Operating Income/Expenses</b>	<b>\$ 30</b>	<b>\$ (22)</b>	<b>-235%</b>
<b>Net Income</b>	<b>\$ 4,276</b>	<b>\$ 3,713</b>	<b>15%</b>
 YTD Return on Average Assets	 0.48%	 0.40%	

**Securities Portfolio Analysis (000)**

**By Credit Rating:**

AAA	388,964	46%
AA	454,107	53%
< AA	8,202	1%
	<b>\$ 851,273</b>	<b>100%</b>

**By Type/Obligation:**

U.S. Agency	447,065	53%
ABS (non-RMBS) / Corporates	404,208	47%
Non-Agency RMBS	0	0%
	<b>\$ 851,273</b>	<b>100%</b>