



Frequently Asked Questions and Answers

1. Who is Volunteer Corporate Credit Union (VolCorp)?

VolCorp is a credit-union-owned-and-controlled cooperative organized for the purposes of lowering member costs and giving them control over an important supplier of investment, liquidity and payment services. VolCorp was founded in 1981 and is capitalized by its members.

2. How is VolCorp different from the corporate credit unions that have caused the losses to their members as well as to the National Credit Union Share Insurance Fund (NCUSIF)?

VolCorp did not take the risks that some other corporate credit unions took. Our investment portfolio was, and continues to be, heavily invested in government guaranteed instruments. As a result, we did not cause losses to the share insurance fund or to our members. All of our members' contributed capital is still intact. Also, VolCorp does not hold any legacy assets.

3. Why are we being asked to contribute the new Perpetual Contributed Capital (PCC) for membership in VolCorp?

Because of the losses suffered by some corporate credit unions, the NCUA has revised its regulations to ensure that those losses do not happen again. One of the changes is to require that member contributed capital be permanent, as it is in almost all other types of organizations. Under the current capital agreements between VolCorp and its members, members can (1) withdraw their capital with three years notice and (2) the amount is adjusted annually to coincide with member asset growth. Under the new PCC agreement, both of these provisions are eliminated.

4. What are your membership/PCC requirements?

We are asking for $\frac{3}{4}$ of 1% of your assets, with a cap of \$1 million dollars. This is the same capital requirement that exists for our current members. This capital contribution is needed to ensure that VolCorp can meet the capital requirements of the new regulations. We will not convert any of your capital until we are sure we have enough commitments to meet those requirements.

5. Will we ever be required to increase our PCC investment?

There is no provision in the PCC agreement, or in the regulations, that requires your credit union to ever increase its capital investment in VolCorp. Our ten-year strategy is built on the foundation of a one-time deposit into your PCC account.

6. What is VolCorp's strategic business plan?

The strategic plan for 2011-2020 is based upon our normal annual asset growth rate without price increases, elimination of services or taking excessive risk. To achieve our required capital ratios, our return on assets (ROA) is projected to be 20 basis points through 2020, which we are currently achieving.

Additionally, VolCorp's Board has determined that there is too much risk and uncertainty among other corporate credit unions right now and that the immediate path for VolCorp is to remain independent, disconnect from U.S. Central, focus on member needs, create efficiencies, and comply with the new regulations. We are open, however, to taking advantage of any proven opportunities that would benefit our members and are willing to explore partnering with other financially sound corporates.

7. What are the risks in purchasing PCC?

Corporate capital accounts are not government guaranteed and are, therefore, at risk if VolCorp should suffer catastrophic losses. It should be noted, however, that VolCorp has weathered the recent economic crises without losing one penny of current members' contributed capital. History has shown that the major risk with any corporate credit union lies with their securities portfolio. As of November 30, 2010, VolCorp's securities portfolio only has a \$221,000 market adjustment on a \$547 million portfolio and is 99% government guaranteed or AAA rated. VolCorp's low-risk portfolio coupled with the confidence NCUA has in the ability of the new regulations to prevent future losses should reassure members.

8. How will my credit union benefit by purchasing PCC?

The benefits of ownership are many and are very similar to the benefits that your own members receive:

- Your credit union will join a corporate that has not lost a single dollar of members' money and does not hold any legacy assets.
- VolCorp's plan requires no member price increases, no drastic expense reductions or shrinking of our balance sheet.
- As a VolCorp owner, your credit union receives the attention and service that you just can't get when you are a "customer" somewhere else.
- You credit union can participate in the governance of VolCorp.
- You can rest assured that you are an owner of a financially sound corporate.
- Ownership entitles your credit union to share in VolCorp's profits, through the dividends that are paid on your capital investment
- Your capital investment will grow in value as VolCorp grows and builds its retained earnings.
- Your credit union will always receive our best prices, highest deposit rates, and lowest loan rates, which non-owner members may not receive.
- By becoming a member of VolCorp, your credit union can avoid using multiple vendors and going through the cost and hassle of conversions.
- With VolCorp, you know you are staying within the credit union system and working with someone that understands your operations well.

- And, finally, your credit union staff can have the peace of mind that comes only with having a close working relationship with a trusted partner.

9. Under what circumstances could we get our PCC investment back?

The new Perpetual Contributed Capital can be sold to another credit union or to another party that is not a credit union. Your investment could also be returned in the case of VolCorp's liquidation, depending upon VolCorp's condition at the time. If your credit union merges with another credit union, you could receive your investment back if it is approved by the NCUA. The VolCorp Board could also determine that VolCorp has excess contributed capital and return a portion back to members with NCUA approval.

10. How will the new corporate regulations impact VolCorp?

After a very thorough analysis, VolCorp has determined that the new rules will only result in minor changes to VolCorp's operations and will not require us to increase our prices, change our rates, eliminate services, shrink our balance sheet, or undergo drastic cost reductions.

11. Is VolCorp working with other corporate credit unions to lower costs and/or increase services?

Yes, we are always seeking better ways of serving our members and are actively exploring opportunities that we feel does not put your capital at risk. Protecting your capital investment is our number one priority.

12. Why should I join VolCorp when my credit union can get the same services from other vendors?

At VolCorp, our guiding philosophy is that all members are created equal, a principle underscored by the fact we offer our best prices to our entire membership, regardless of asset size. Unlike some other corporates, achieving our planned goals requires no member price increases and no drastic expense reductions or shrinking of our balance sheet. Furthermore, we understand your operations and we have a broad range of products and services currently available which eliminates the need to manage multiple vendor relationships. Our staff includes several employees with over 20 years experience at VolCorp as well as employees who have worked at credit unions prior to joining VolCorp. This adds up to the high standard of service and support that VolCorp consistently provides to all members.