



Financial Statements

Unaudited

June 30, 2009

Contact Information:

Jeff Merry

VP, Chief Financial Officer

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June 30, 2009

To our members,

June was another strong month for VolCorp. That being said, it wasn't without a speed bump or two. First, US Central's 2008 Audited Financials were delayed again. As of now, we aren't sure when they will be issued, but we remain hopeful that it will be in plenty of time to complete our financials prior to the Annual Meeting in August. The second speed bump came in the form of an OTTI charge. VolCorp hired RiskSpan to do another Impairment Analysis on all of our non-agency securities. This time they came back with an opinion that we have 1 security that is likely to experience losses in the future with all other securities receiving favorable opinions. Accounting rules being what they are, that translates into us having to book those anticipated losses now and to do so through income. The result, we booked an OTTI charge of \$658,898.87 in June. The good news is that, in a step taken to further protect our members' capital, we took gains on 5 other securities to offset the losses and booked the reversal of the NCUSIF impairment booked previously. The 3 components netted an addition to income for June of \$22,333.03, preserving all of our Retained Earnings and keeping VolCorp in a strong position. A strong position that, as previously mentioned, entails your capital investment in VolCorp remaining unimpaired (regardless as to the size of the US Central write-down we face in the coming weeks) since our Retained Earnings position remains adequate to absorb the US Central impairment, keeping your capital safe and intact.

At the end of June, VolCorp had unrealized losses of \$5.2 million as compared to total capital of \$84.9 million and retained earnings of \$34.6 million. This accounts for the aforementioned OTTI. The underlying credit quality on all other holdings remains strong and we have both the ability and intent to hold all investments until maturity as we continue to see consistent cash flows in the form of both principal and interest payments. Even the security with the impairment is expected to continue to pay on time until September 2010.

For month-end June 30, 2009 VolCorp increased retained earnings by \$349 thousand to \$34.6 million. The increase to R.E. exceeded budget and kept VolCorp's R.E. ratio (retained earnings /12-month moving average assets) at 2.96%; well in excess of the regulatory minimum of 2%. The increase to RE was aided by lower than budgeted cost of funds, steady performance of our securities, and Corporate wide expense reductions.

Our total capital of \$84.9 million on June 30, 2009, was an increase of \$6 million from a year ago. The year-over-year increase continues to be due to positive earnings and capital investments by new members. The total capital ratio (total capital/12-month moving average assets) as of June 30, 2009 was 7.25% compared to 6.38% for the same day last year. The ratio significantly exceeds the 4% minimum required by the NCUA.

Assets totaled \$1.33 billion as of June 30, 2009, compared to \$1.17 billion a year ago. On a 12-month moving average basis, assets decreased by \$66 million from last year, a 5.3% decrease.

VolCorp had net income of \$349 thousand for June 2009, compared to \$307 thousand for the same period last year. The return on average assets was 0.31%, as compared to 0.32% for 2008.

VolCorp continues to appreciate the incomparable loyalty and support of you, our member owners.

Respectfully submitted,

Jeffrey W. Merry
VP, Chief Financial Officer

Volunteer Corporate Credit Union
Statement of Financial Condition (000)
(unaudited)

	June 30		%
	<u>2008</u>	<u>2009</u>	
Assets			
Cash and Cash Equivalents	\$ 77,044	\$ 75,169	-2%
Overnight Deposits at U.S. Central	187,892	198,155	5%
Shares in U.S. Central	27,420	33,116	21%
Certificates	719,682	718,194	0%
FHLB	0	1,919	
Investment Securities, at Fair Value	154,136	298,093	93%
Loans to Members	290	1,322	356%
Investment in CUSOs	56	57	2%
Fixed assets	2,528	2,980	18%
Other Assets	7,126	5,110	-28%
Total Assets	\$ 1,172,404	\$ 1,334,116	14%
Liabilities			
Shares/Deposits	\$ 1,036,035	\$ 1,208,128	17%
Borrowings	-	-	
Other Liabilities	61,193	46,315	-24%
Total Liabilities	\$ 1,097,228	\$ 1,254,443	14%
Member's Equity			
Membership Capital Shares	\$ 48,486	\$ 50,252	4%
Retained Earnings	30,460	34,641	14%
Total Regulatory Capital	\$ 78,946	\$ 84,893	8%
Unrealized Security Gains (Losses)	(3,770)	(5,220)	38%
Total Members Equity	\$ 75,176	\$ 79,672	6%
Total Liabilities and Member's Equity	\$ 1,172,404	\$ 1,334,116	14%
12-Month Moving Average Assets	\$ 1,237,013	\$ 1,170,976	-5%
Retained Earnings Ratio	2.46%	2.96%	
Capital Ratio	6.38%	7.25%	
Base NEV	6.62%	6.13%	

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

(unaudited)

	June 30		<u>% Change</u>
	<u>2008</u>	<u>2009</u>	
Net Interest Income			
Interest Income	\$ 23,394	\$ 7,963	-66%
Interest Expense	20,075	5,015	-75%
Total Net interest Income	\$ 3,319	\$ 2,948	-11%
Fees and Charges	\$ 2,512	\$ 2,921	16%
Net Realized Gains (Losses)	-	-	
Total Operating Income	\$ 5,831	\$ 5,869	1%
Noninterest Expense	\$ 3,765	\$ 3,977	6%
Net Income	\$ 2,066	\$ 1,892	-8%
Return on Average Assets	0.31%	0.29%	

Securities Portfolio Analysis (000)

By Credit Rating:

AAA	\$296,368	98%
AA	0	0%
< AA	6,945	2%
	\$303,313	100%

By Type:

U.S. Agency	\$219,807	72%
Credit Cards	73,545	24%
Non-Agency RMBS	9,961	4%
	\$303,313	100%