



Statement of Condition December 31, 2010

Volunteer Federal

Volunteer Federal

Main Branch

108 Main Street
Madisonville, TN 37354

Sweetwater Branch

415 E. North Street
Sweetwater, TN 37874

Tellico Plains Branch

111 Cherohala Skyway
Tellico Plains, TN 37385

Madisonville 68 Branch

4650 New Highway 68
Madisonville, TN 37354

Sweetwater 68 Branch

906 New Highway 68
Sweetwater, TN 37874

Vonore Branch

1111 U.S. Highway 411
Vonore, TN 37885

BOARD OF DIRECTORS

Larry Hicks
Board Chairman

John H. (Bob) Dalton
President

Charles Hall
Secretary/Treasurer

Bobby Richesin
Vice-Chairman

Carol Hammontree
Vice President

OFFICERS

Larry Hicks
Chief Executive Officer

John H. (Bob) Dalton
Chief Operating Officer

Bobby Moser
Vice President
Loan Administration Officer

Tim Moree
Assistant Vice President
Compliance Officer
Security Officer

Ruby McLemore
Vice President
Branch Manager
Main Branch

Sonya Harris
Vice President
Branch Manager
Tellico Plains Branch

Rob Rule
Assistant Vice President
Branch Manager
Sweetwater Branch

Rita White
Assistant Vice President
Branch Manager
Vonore Branch

Leslie Hicks
Branch Manager
Madisonville 68 Branch

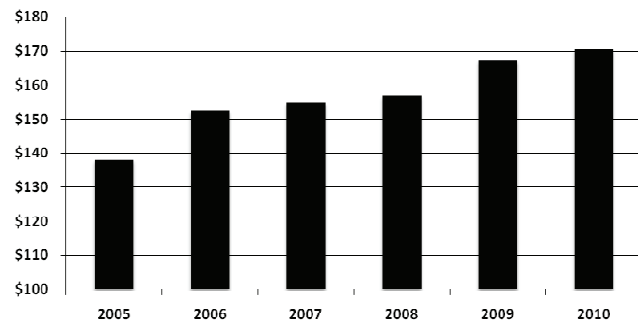
Kressa Mason
Assistant Vice President
Assistant Branch Manager
Tellico Plains Branch

Shelia Knox
Assistant Vice President
Branch Manager
Sweetwater 68 Branch

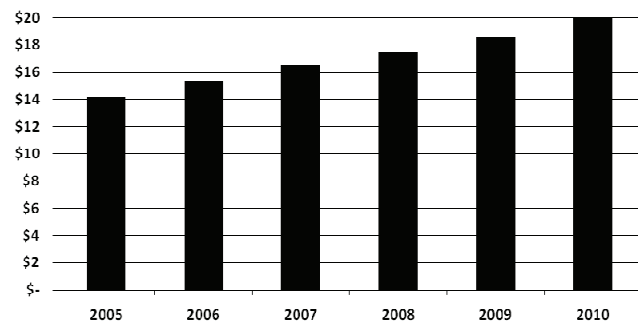
Adam Pennington
Assistant Vice President
Operations Officer

Volunteer Federal Statement of Condition — as of December 31, 2010

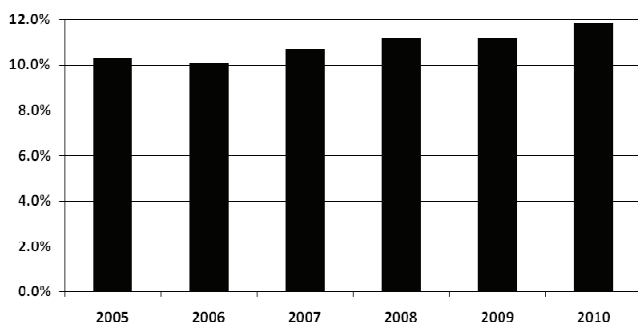
Total Asset Growth in Millions



Net Worth in Millions



Capital Assets Ratio



ASSETS

2010

Loans on Real Estate

These include investments in carefully selected loans on homes and other prime properties and investments. These loans afford many of our customers the opportunity to own their own homes.

\$116,635,195.87

Other Loans

These are loans to our customers for any worthwhile reason: Savings Loans, Auto Loans, Personal Loans, Boat Loans, Mobile Home Loans, etc.

\$25,661,380.09

Cash, Government Bonds and Securities

In order to meet the daily requirements of our savers and borrowers, Volunteer Federal maintains substantial liquidity prudently invested in exceptionally sound government bonds and other short term investments.

\$17,256,338.11

Real Estate Owned

\$865,180.70

Other Assets

This account includes stock in wholly owned service corporations, prepaid income tax, bank owned life insurance, and sundry prepaid items.

\$3,827,326.94

Federal Home Loan Bank (FHLB) Stock

Our required purchase of stock in the Federal Home Loan Bank entitles us to membership in the FHLB credit system.

\$1,423,300.00

Office, Land, Buildings and Equipment

Investment in Volunteer Federal's offices and equipment is carried at cost less depreciation.

\$4,599,690.37

TOTAL ASSETS

\$170,268,412.08

LIABILITIES AND NET WORTH

2010

Savings and Checking Accounts

This amount is entrusted to Volunteer Federal by individuals, families, businesses and fiduciaries. Savings are insured by the Federal Deposit Insurance Corporation (FDIC) and are further protected by sound investments in real estate loans and other assets and by our strong net worth.

\$119,571,177.81

Federal Home Loan Bank (FHLB) Advances

The FHLB provides member institutions with a dependable source of credit when supplementary funds are needed due to seasonal or other fluctuations in the economy. As a member of the FHLB system, we have utilized that line of credit in order to serve the demand for real estate loans in our lending area.

\$29,731,057.07

Other Liabilities

Other liabilities include accrued interest, accrued taxes, accounts payable and deferred income tax.

\$993,107.15

Net Worth

Accumulated net earnings provide additional protection for our savers. This amount is more than double the minimum amount required by law. Volunteer Federal's net worth is 11.81% of assets.

\$19,973,070.05

TOTAL LIABILITIES AND NET WORTH

\$170,268,412.08