

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **2004-08-12** | Period of Report: **2004-06-30**  
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FILER

**VOLUNTEER BANCORP INC**

CIK: **947440** | IRS No.: **621271025** | State of Incorpor.: **TN** | Fiscal Year End: **1231**  
Type: **10QSB** | Act: **34** | File No.: **000-22473** | Film No.: **04969313**  
SIC: **6022** State commercial banks

Mailing Address  
161 W MAIN ST  
PO BOX 126  
SNEEDVILLE TN 37879

Business Address  
161 W MAIN ST  
PO BOX 126  
SNEEDVILLE TN 37879  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 33-94050

Volunteer Bancorp, Inc.  
(Exact name of registrant as specified in its charter)

Tennessee

62-1271025

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer  
Identification Number)

210 East Main Street, Rogersville,

37857

-----  
Tennessee

-----  
(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code 423-272-2200  
-----

Not applicable

-----  
Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). [ ] Yes [X] No

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest applicable date: 539,027 as of August 11, 2004.

Transitional Small Business Disclosure Format (check one): [ ] Yes [X] No

VOLUNTEER BANCORP, INC.

INDEX

Part I	Financial Information	Page
	Item 1. Financial Statements	-----
	Consolidated Balance Sheet as of June 30, 2004	3

Consolidated Statements of Income for the Three and Six Months Ended June 30, 2004 and June 2003	4
Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2004 and June 2003	5
Notes to Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7
Item 3. Controls and Procedures	10
Part II Other Information	
Item 1. Legal Proceedings	11
Item 2. Changes in Securities	11
Item 3. Defaults upon Senior Securities	11
Item 4. Submission of Matters to a Vote of Securities Holders	11
Item 5. Other Information	11
Item 6. Exhibits and Reports on Form 8-K	11
Signatures	12

PART 1 - FINANCIAL INFORMATION  
VOLUNTEER BANCORP, INC.  
CONSOLIDATED BALANCE SHEETS  
June 30, 2004  
(Unaudited)

ASSETS	
Cash and due from banks	\$ 2,686,197
Federal funds sold	1,100,276
	-----
Total cash and cash equivalents	3,786,473
Investment securities	
Available for sale	21,227,434
Held to maturity	471,352
Loans, net (allowance for loan losses \$878,075)	73,359,782
Federal Home Loan Bank stock, at cost	393,600
Accrued interest receivable	713,861
Premises and equipment, net	3,683,308
Other real estate	146,900
Cash surrender value life insurance	2,133,239
Other assets	709,267
	-----
Total Assets	\$ 106,625,216
	=====
LIABILITIES	
Deposits	
Non-interest bearing	\$ 14,157,968
Interest bearing	79,167,149
	-----
Total deposits	93,325,117
Interest payable	182,656
Federal funds purchased	1,725,000
Securities sold under repurchase agreements	691,523
FHLB advances	2,000,000
Other accrued liabilities	237,146
Note payable	980,000

Total Liabilities	99,141,442
STOCKHOLDERS' EQUITY	
Common stock, \$0.01 par value; 1,000,000 shares authorized; 539,027 shares issued and outstanding	5,390
Additional paid-in capital	1,916,500
Retained earnings	5,572,515
Accumulated other comprehensive income	(10,631)
Total Stockholders' Equity	7,483,774
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 106,625,216

See accompanying notes to consolidated financial statements.

-3-

PART 1 - FINANCIAL INFORMATION  
VOLUNTEER BANCORP, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)

<TABLE>  
<CAPTION>

	Three Months Ended June 30		Six Months Ended June 30	
	2004 ----	2003 ----	2004 ----	2003 ----
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Loans, including fees	\$ 1,217,957	\$ 1,240,801	\$ 2,409,599	\$ 2,481,998
Federal funds	1,190	7,293	2,003	18,952
Investment securities:				
Taxable	135,378	211,114	287,153	443,664
Tax-exempt	72,556	73,062	145,352	144,647
Total interest income	1,427,081	1,532,270	2,844,107	3,089,261
INTEREST EXPENSE				
Deposits	284,105	418,182	600,160	862,425
Other borrowed funds	17,570	22,114	37,118	47,893
Total interest expense	301,675	440,296	637,278	910,318
Net interest income	1,125,406	1,091,974	2,206,829	2,178,943
Provision for loan losses	100,000	290,000	100,000	390,000
Net interest income after provision for loan losses	1,025,406	801,974	2,106,829	1,788,943
NON-INTEREST INCOME				
Service charges on deposits and fees	114,339	132,122	225,807	242,272
Securities gains	0	0	25,017	106,465
Other non-interest income	64,175	66,178	118,980	102,547
Total non-interest income	178,514	198,300	369,804	451,284
NON-INTEREST EXPENSE				
Salaries and employee benefits	499,002	504,917	980,045	1,009,541
Occupancy and equipment expenses	152,110	212,047	312,214	379,270
Other non-interest expense	325,870	292,059	623,310	633,554
Total non-interest expense	976,982	1,009,023	1,915,569	2,022,365
(Loss) income before income taxes	226,938	(8,749)	561,064	217,862
Income tax (benefit) expense	55,124	(32,925)	150,363	32,154

Net Income	\$ 171,814	\$ 24,176	\$ 410,701	\$ 185,708
	=====	=====	=====	=====
Other comprehensive income				
Unrealized gain (loss) on securities available for sale, before tax	\$ (460,825)	\$ 197,785	\$ (342,350)	\$ 126,442
Reclassification for gains included in net income	0	0	(25,017)	(106,465)
Income taxes related to other comprehensive income	175,113	(75,158)	139,599	(7,591)
	-----	-----	-----	-----
	(285,712)	122,627	(227,768)	12,386
	-----	-----	-----	-----
Total comprehensive income	\$ (113,898)	\$ 146,803	\$ 182,933	\$ 198,094
	=====	=====	=====	=====
Net income (loss) per common share	\$ .32	\$ 0.04	\$ .76	\$ 0.34
Common shares outstanding	539,027	539,027	539,027	539,027

</TABLE>

See accompanying notes to consolidated financial statements.

-4-

PART I - FINANCIAL INFORMATION  
VOLUNTEER BANCORP, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

<TABLE>

<CAPTION>

	Six Months Ended June 30	
	2004	2003
	----	----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 410,701	\$ 185,708
Adjustments to reconcile net income to net cash from operating activities		
Provision for loan losses	100,000	390,000
Depreciation and amortization	196,226	198,444
Gain on securities	(22,807)	(107,903)
Writedown of OREO	17,600	5,000
Federal Home Loan bank stock dividends	(7,600)	(7,300)
Increase in cash surrender value of life insurance	(44,535)	(35,077)
Change in:		
Accrued interest receivable	45,527	157,998
Other assets	144,921	170,923
Other liabilities	(21,543)	257,750
	-----	-----
Net cash from operating activities	818,490	1,215,543
CASH FLOWS FROM INVESTING ACTIVITIES		
Activity in held to maturity securities:		
Maturities, prepayments, and calls	236,336	324,300
Activity in available for sale securities:		
Sales	3,744,590	5,797,617
Purchases	0	(17,106,022)
Maturities, prepayments, and calls	1,668,337	7,821,078
Net change in loans	(4,837,655)	(1,481,760)
Purchase of premise and equipment, net	(70,210)	(27,668)
Proceeds from sale - OREO	1,205,765	180,083
Investment in cash surrender value life insurance	0	(2,000,000)
	-----	-----
Net cash from investing activities	1,947,163	(6,492,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposits	(3,387,723)	2,617,322
Net change in securities sold under repurchase agreements	(392,379)	(742,047)
FHLB advances	2,000,000	0

Repayment of long-term debt	(435,000)	(395,000)
Net cash from financing activities	(2,215,102)	1,480,275
Net change in cash and cash equivalents	550,551	(3,796,554)
Cash and cash equivalents at beginning of period	3,235,922	9,155,507
Cash and cash equivalents at end of period	\$ 3,786,473	\$ 5,358,953
Supplemental disclosure of cash flow information		
Transfers from loans to foreclosed real estate	\$ 97,000	\$ 802,430
Cash paid during the period for		
Interest	\$ 772,202	\$ 850,162
Income taxes	3,704	91,204

</TABLE>

See accompanying notes to consolidated financial statements.

-5-

#### 1. Management Opinion

In the opinion of management, the unaudited consolidated financial statements include all normal adjustments considered necessary to present fairly the financial position as of June 30, 2004, the results of operations for the three and six months ended June 30, 2004 and 2003, and cash flows for the six months ended June 30, 2004 and 2003. All of these adjustments are of a normal, recurring nature. Interim results are not necessarily indicative of results for a full year.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions for Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes included in the Company's annual report for the year ended December 31, 2003. The consolidated financial statements include the accounts for the Company and the Bank. All material intercompany balances and transactions have been eliminated in consolidation.

#### 2. Long-Term Debt

The Company's long-term debt consists of a single note payable in the amount of \$980,000 at June 30, 2004, due an unaffiliated national bank. The interest rate on the note adjusts quarterly and is equal to the three-months London Interbank Offered Rate (Three Month LIBOR) plus 1.95% per annum or at the option of the Company, the rate on the note is equal to the lender's index rate as such rate changes from time to time. The Company may change interest rate options at any time with prior notice to the lender. Interest is payable quarterly. At June 30, 2004, the rate on the note was 3.13% per annum. Principal is payable annually on January 31 as follows:

2005	\$ 470,000
2006 (final maturity)	510,000
	-----
	\$ 980,000

The loan is secured by all of the stock of Citizens Bank of East Tennessee owned by the Company.

The note agreement contains financial and operating covenants. As of June 30,

2004, the Company is in compliance with these covenants.

### 3. Contingencies

During the course of business, the Company makes various commitments and incurs certain contingent liabilities that are not presented in the accompanying balance sheet. The commitments and contingent liabilities may include various guarantees, commitments to extend credit, standby letters of credit, and litigation. In the opinion of management, no material adverse effect on the financial position, liquidity or operating results of the Company and its subsidiary is anticipated as a result of these items.

### 4. Certain Regulatory Matters

As a result of certain findings in the Tennessee Department of Financial Institution's Report of Examination dated June 4, 2001, the Board of Directors of the Bank entered into a Memorandum of Understanding (the "Memorandum"), dated August 16, 2001, with the Commissioner of the Tennessee Department of Financial Institutions and the Memphis Regional Director of the Federal Deposit Insurance Corporation. A Memorandum of Understanding is an informal administrative tool for institutions that have some weaknesses that if not properly addressed and corrected could lead to supervisory concern requiring formal administrative action. The areas addressed in the Memorandum covered capital

-6-

adequacy, laws and regulations, data processing audit and review, investment policy maturity strategies, adequate documentation of each of the foregoing but primarily credit administration. As a result, the Board has reviewed a number of the Bank's policies and procedures including its loan policy and has incorporated recommendations designed to strengthen credit quality and the Bank's review procedures regarding loan loss reserve adequacy. Management of the Company and the Bank believe that the Bank is in substantial compliance with the provisions of the Memorandum.

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

As of and for the Three and Six Months Ended June 30, 2004 and 2003

The following provides a narrative discussion and analysis of significant changes in the results of operations and financial condition of Volunteer Bancorp, Inc. (the "Company"). This discussion should be read in conjunction with the consolidated financial statements and related financial analysis set forth in the Company's 2003 Annual Report, the interim unaudited consolidated financial statements and notes for the three months and six months ended June 30, 2004, included elsewhere herein, and the supplemental financial data included herein.

#### CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING INFORMATION

This discussion contains certain forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995). Such statements are based on management's expectations as well as certain assumptions made by, and information available to, management. Specifically, this discussion contains forward-looking statements with respect to the following items:

- effects of projected changes in interest rates,
- effects of changes in the securities markets,
- effects of changes in general economic conditions,
- the adequacy of the allowance for loan losses on loans and the level of future provisions for losses on loans, and
- business plans for the year 2004 and beyond including underwriting criteria.

When used in this discussion, the words "anticipate", "project", "expect", "believe", "should", and similar expressions are intended to identify forward-looking statements.

These forward-looking statements involve significant risks and uncertainties including changes in general economic and financial market conditions, changes in banking laws and regulations, and the Company's ability to execute its business plans. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, actual results could differ materially.

#### SUMMARY

The Company reported net income for the first six months of 2004 of \$410,701, or \$.76 per common share, compared to net income of \$185,708 for the same period a year ago and for the three months ended June 30, 2004 net income was \$171,814, or \$.32 per share compared to a net income of \$24,176 or \$.04 per share in the second quarter of 2003. Total assets decreased approximately \$2,054,000 from December 31, 2003 to June 30, 2004. Our return on average assets was .76% for June 30, 2004 compared to .33% for December 31, 2003. This improvement is primarily due to significantly lower loan loss provisions and a decrease in non-interest expense.

-7-

#### Financial Condition

##### Earning Assets.

Average earning assets has remained constant as a percentage of total average assets. Average earning assets to Average Assets is 90.6% for six months ended June 30, 2004 compared to 90.7% for all of 2003.

##### Loan Portfolio.

The Company's total loan portfolio has increased 6.6% at June 30, 2004 compared to December 31, 2003. There were differences in the mix as summarized below.

	June 30 2004 ----	December 31 2003 ----
	(in thousands)	
Commercial, financial and agriculture	\$ 5,346	\$ 4,721
Real estate - construction	4,919	992
Real estate - mortgage	55,387	54,588
Consumer	7,918	7,765
Other	668	1,565
	-----	-----
	\$ 74,238	\$ 69,631
	=====	=====

##### Allowance for Possible Loan Losses.

Lending officers are responsible for the ongoing review and administration of each loan. They make the initial identification of loans that present some difficulty in collection or where there is an indication that the probability of loss exists. Lending officers are responsible for the collection effort on a delinquent loan. Senior management is informed of the status of delinquent and problem loans on a weekly basis.

Senior management makes recommendations monthly to the Board of Directors as to charge-offs. Senior management reviews the allowance for possible loan losses on a monthly basis.

The Company's policy is to discontinue interest accrual when payment of principal and interest is 90 days or more in arrears, unless there is sufficient collateral to justify continued accrual.

The allowance for losses represents management's assessment of the risks associated with extending credit and its evaluation of the quality of the loan portfolio. Management analyzes the loan portfolio to determine the adequacy of the allowance for loan losses and the appropriate provisions required to maintain a level considered adequate to absorb probable incurred loan losses. The provision for loan losses was \$100,000 for the six months ended June 30, 2004 as compared to \$390,000 in the same period in 2003. For the quarter ended June 30, 2004 the provision was \$100,000 compared to \$290,000 in 2003.



The allowance for loan losses at June 30, 2004 was 1.18% of loans. Management believes that the \$878,075 at June 30, 2004 is adequate to absorb known risks in the portfolio.

-8-

The following table provides the changes in the allowance for loan losses for the periods indicated.

	Six Months Ended June 30	
	2004	2003
	----	----
	(in thousands)	
Balance, beginning of year	\$ 911	\$ 1,111
Provision charged to expense	100	390
Loans charged off	(183)	(565)
Recoveries	50	17
	-----	-----
Balance, end of year	\$ 878	\$ 953

#### Investment Portfolio.

The Company maintains an investment strategy of seeking portfolio yields within acceptable risk levels, as well as providing liquidity. The Company maintains two classifications of investment securities; Available for Sale and Held to Maturity. The Available for Sale securities are carried at fair market value, whereas the Held to Maturity securities are carried at amortized cost. At June 30, 2004, there was an unrealized loss in the Available for Sale securities of approximately \$17,000 compared to an unrealized gain of \$350,000 at December 31, 2003.

The company's Investment securities portfolio decreased approximately \$5.4 million since December 31, 2003. This decrease is primarily attributed to management selling lower yielding securities to fund higher yielding loans.

#### Cash Value of Life Insurance.

During the first quarter of 2003, the Company invested in Bank owned life insurance to provide a higher yield than alternative investments. The cash surrender value of this life insurance is \$2,133,239 at June 30, 2004. All officers of The Citizens Bank of East Tennessee as of February 15, 2003 are insured.

#### Deposits.

Deposits totaled \$93,325,117 at June 30, 2004 compared to \$96,712,840 at December 31, 2003. The deposit decline has primarily been in the Interest Bearing accounts. Management has aggressively priced interest bearing deposits to improve interest margins. Additionally, management is working to limit deposit growth to only core deposit customers. This limited growth will assist in management's overall strategy to strengthen capital ratios.

#### Note Payable.

The company's long-term debt consists of a single note payable in the amount of \$980,000 at June 30, 2004 due an unaffiliated national bank and is discussed further in Note 2 in the Notes to Consolidated Financial Statements.

#### Results of Operations

Net income increased to \$410,701 for the six months ended June 30, 2004 from \$185,708 in the same period in 2003. For the three months ended June 30, 2004, net income was \$171,814 compared to \$24,176 in 2003.

Net interest income increased 1.28% from the six months ended June 30, 2003 to the same period in 2004 from \$2,178,943 to \$2,206,829 and increased 3% from the three month period ended June 30, 2003 to the same period in 2004.

-9-

The provision for loan losses decreased \$190,000 and \$290,000 during the three and six months ended June 30, 2004 compared to the same periods last year. Non-performing assets decreased \$2,123,000 from December 31, 2003 to June 30, 2004.

Non-performing assets were as follows as of June 30, 2004 and December 31, 2003:

	June 30 2004 ----	December 31 2003 ----
	(in thousands)	
Loans past due over 90 days	\$ 100	\$ 1,035
Non-accrual loans	374	175
Other real estate owned	147	1,534
	-----	-----
Total non-performing assets	\$ 621 =====	\$ 2,744 =====

#### Non-Interest Income.

Gains on the sale of securities decreased \$83 thousand from \$108 thousand in the first half of 2003 to \$25 thousand in the first half of 2004. Service charges decreased \$18 thousand and \$16 thousand in the three and six months ended June 30, 2004.

#### Non-Interest Expense.

Salaries and employee benefits decreased \$6 thousand and \$29 thousand in the three and six months ended June 30, 2004 compared to 2003. Occupancy and equipment expenses were significantly lower in the three and six months ended June 30, 2004 than in 2003, as a result of maturing operating leases for equipment. Other non-interest expense decreased \$10 thousand in the six months ended June 30, 2004 compared to 2003 and increased \$34 thousand for the three months ending June 30, 2004.

#### Item 3. Controls and Procedures

##### (a) Evaluation of Disclosure Controls and Procedures.

The Company's President and its Vice President and Cashier have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-14(c)) as of a date within 90 days of the filing date of this quarterly report. Based on that evaluation, the President and the Vice President and Cashier have concluded that the Company's disclosure controls and procedures are effective to ensure that material information relating to the Company and the Company's consolidated subsidiaries is made known to such officers by others within these entities, particularly during the period this quarterly report was prepared, in order to allow timely decisions regarding required disclosure.

##### (b) Changes in Internal Controls.

There have not been any significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

-10-

#### PART II - OTHER INFORMATION

##### Item 1. Legal Proceedings

None

##### Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

At the annual meeting on May 27, 2004, the shareholders voted on the following proposal with the results as indicated:

Elected four of its current directors to continue in office until the 2007 meeting of shareholders. Current directors elected to three-year terms were as follows:

	For	Withhold Authority
	---	-----
Reed Matney	402,336	0
Shirley Price	402,336	0
Carlin Greene	402,336	0
Leon Gladson	402,336	0

Directors continuing to serve include:

William E. Phillips	G. Douglas Price
Scott Collins	Gary Varnell
Neil Miller	George Brooks
Jim Friddell	

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 31.1 Certification of President Pursuant to Section 302 of Sarbanes-Oxley Act
- 31.2 Certification of Vice President Pursuant to Section 302 of Sarbanes-Oxley Act
- 32 Certification of President and Vice President and Cashier Pursuant to Section 18 U.S.C. Section 1350 (As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

- (b) There have been no Current Reports on Form 8-K filed during the quarter ended June 30, 2004.

-11-

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VOLUNTEER BANCORP, INC.

Date: August 12, 2004

/s/ Reed D. Matney

-----  
Reed D. Matney, President

Date: August 12, 2004

/s/ Greg Oliver

-----  
Greg Oliver, Vice President and Cashier



CERTIFICATION OF PRESIDENT  
PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT

I, Reed D. Matney, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Volunteer Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial

reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors:

- (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting

Date: August 12, 2004

/s/ Reed D. Matney

-----  
Reed D. Matney, President

CERTIFICATION OF VICE PRESIDENT AND CASHIER  
PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT

I, Greg Oliver, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Volunteer Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial

reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors:

- (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting

Date: August 12, 2004

/s/ Greg Oliver

-----  
Greg Oliver, Vice President and Cashier



CERTIFICATION OF PRESIDENT AND VICE PRESIDENT AND CASHIER  
PURSUANT TO 18 U.S.C. SECTION 1350 (AS ADOPTED PURSUANT  
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report of Volunteer Bancorp, Inc. (the "Corporation") on Form 10-QSB for the period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the President and Vice President and Cashier of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and;
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation;

Date: August 12, 2004

By: /s/ Reed D. Matney

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Reed D. Matney  
President

Date: August 12, 2004

By: /s/ Greg Oliver

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Greg Oliver  
Vice President and Cashier