



2008
Annual Report

2008 Annual Report

**Tennessee Department of Financial Institutions
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2008 TDFI ANNUAL REPORT

February 27, 2009



Dear Governor Bredesen and Citizens of the State of Tennessee:

I am pleased to present to you and our fellow Tennesseans this 34th Annual Report of the Department of Financial Institutions for fiscal year 2008.

The Department regulates banks, credit unions, trust companies, business and industrial development corporations, industrial loan and thrift companies, insurance premium finance companies, mortgage lenders, brokers, servicers and originators; title pledge lenders, check cashers, deferred presentment services companies and money transmitters.

We play a vital role in regulating and supporting the financial services industry and ensuring that Tennessee financial institutions remain fiscally strong and comply with governing authority.

The Department's mission is to ensure a safe and sound system of state-chartered institutions for Tennessee citizens. The condition of the Tennessee banking system remains sound despite challenging economic times. Depository institutions remain well-capitalized, profitable as a whole and innovative in their diverse offerings of products and services. Although we continue to see some consolidation and expect that to accelerate, total net assets continue to increase and the complexity and breadth of operations continue to grow. The formation of de novo state banks has stopped at this time. There were no applications for a state bank charter filed in 2008. One federally chartered savings bank did convert to a state bank in 2008.

The Department recommends legislation to implement the recently passed federal "Secure and Fair Enforcement for Mortgage Licensing Act of 2008" (SAFE Act), through amendments of the Residential Lending, Brokerage and Servicing Act of 1988 (Mortgage Act) and the Industrial Loan and Thrift Companies Act (Thrift Act). Under the SAFE Act, a state's failure to enact law implementing the SAFE Act's requirements will cause the U.S. Department of Housing and Urban Development to implement and administer its own mortgage loan originator licensing system in such state.

In 2008, a great deal of media attention was placed on systemic issues in the banking industry and efforts by Congress to stabilize the financial services industry. When IndyMac, a California federal savings bank, failed in July 2008, our department received a number of calls from Tennessee citizens asking if Tennessee banks were failing. In response, the department initiated outreach events across the state to respond to public concern about the state of the Tennessee banking system.

Our experience indicates to us that financial literacy is one of the keys to dealing with the economic issues facing us today. The Department initiated a number of activities in 2008. Public service announcements, workshops, consumer alerts, panel discussions and an effort to reach Tennessee teachers and students were all part of this effort. We are partnering with THDA to assist in the provision of counseling and a direct outreach to those borrowers holding adjustable rate mortgages. The Department is also partnering with the SmartTennessee program out of the University of Memphis to reach schools throughout Tennessee.

Throughout this report you will find additional information related to the work of this agency, as well as the condition of the entities the Department regulates. As you peruse this report, you will notice that Tennessee remains a premier state for banking and financial services companies. On behalf of the employees of the Department, this report is respectfully submitted.

Sincerely,

A handwritten signature in black ink that reads "Greg Gonzales". The signature is fluid and cursive.

Greg Gonzales

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DEPARTMENTAL OVERVIEW

DEPARTMENTAL OVERVIEW

OUR MISSION

The primary statutory mission of the Department of Financial Institutions is to provide the citizens of Tennessee with a sound system of state-chartered and licensed financial institutions by providing for and encouraging the development of depository financial institutions while restricting their activities to the extent necessary to safeguard the interests of depositors; and seeking to ensure compliance by both depository and non-depository financial institutions with governing law and regulations.

OUR VISION

Our vision is the establishment of a regulatory program that provides for a sound state financial services system within which well meaning institutions have the opportunity to succeed and serve their communities by encouraging commerce while there is strong enforcement of laws and regulations to protect citizens.

WHO ARE WE?

A Little About Our History

Created in 1913, the Banking Department was headed by the Superintendent of Banks. Ten years later, supervision of State-chartered credit unions was added to its responsibilities. Over the next 70 years, the Department witnessed more changes, one of which was a final name change to the Tennessee Department of Financial Institutions.

ADMINISTRATIVE AND LEGAL DIVISION

TOTAL NUMBER OF STATE-CHARTERED INSTITUTIONS AND LICENSEES/REGISTRANTS

CHARTERS	June 30, 2008	June 30, 2007
Commercial Banks/Savings Banks	160	164
Trust Companies	8	8
BIDCOs	2	2
Credit Unions	112	115
TOTAL NUMBER OF CHARTERS	284	289

LICENSEES/REGISTRANTS	June 30, 2008	June 30, 2007
Industrial Loan and Thrift Companies	1,011	885
Insurance Premium Finance Companies	71	74
Mortgage Companies	1,277	1,577
Mortgage Loan Originators	12,464	17,000
Money Transmitters	58	55
Deferred Presentment	1,481	1,499
Check Cashers	699	568
Title Pledge Lenders	790	758
TOTAL # LICENSEES/REGISTRANTS	17,851	22,416

TOTAL # OF ADMINISTRATIVE ACTIONS - CALENDAR YEAR 12/31/2008 - 113**TOTAL # OF EXAMINATIONS PER INDUSTRY - FISCAL YEAR 6/30/2008**

LICENSEES/REGISTRANTS	
Industrial Loan and Thrift Companies	1,001
Mortgage Companies	317
Deferred Presentment	1,239
Check Cashers	429
Title Pledge Lenders	669

TOTAL # OF REFUNDS TO CONSUMERS - FISCAL YEAR 6/30/2008

LICENSEES/REGISTRANTS	
Industrial Loan & Thrift Companies	\$ 174,934
Mortgage Companies	\$2,293,756
Deferred Presentment	\$ 152,700
Check Cashers	\$ 29,301
Title Pledge Lenders	\$ 397,064
Money Transmitters	\$1,013,465
Total Refunded	\$4,061,220

ADMINISTRATIVE AND LEGAL DIVISION

ADMINISTRATIVE AND LEGAL DIVISION

HEADQUARTERS PERSONNEL- NASHVILLE

COMMISSIONER'S OFFICE

Greg Gonzales, Commissioner

Cullen Earnest, Legislative Liaison and Communications Director
Debbie Curry, Commissioner's Assistant

ADMINISTRATIVE AND LEGAL DIVISION

Tina Miller, General Counsel
Marsha Anderson, Attorney
David Axford, Attorney
Joseph Schmidt, Attorney
Derek Church, Attorney
Eric Rogers, Attorney
Paula Cagle, Legal Assistant
Kelley Cole, Administrative Assistant
Tommie Pendergrass, CPA, Fiscal Director/Acting Assistant Commissioner of Administration
Leslie Yanez, Human Resources Director
Maria Broussard, Human Resources Technician
Mary Jane Friedmann, Accountant 2
Sandra Janus, Accountant 1
Barbara Jones, Administrative Services Assistant
Steve Asper, Information Systems Director
Robert Eddy, Information Systems Consultant
Paul Maier, Information Systems Analyst
Charles Ingram, Information Resource Support Specialist
Christy Beadle Adams, Analyst
Melody Johnson, Analyst
Memory Barber, Administrative Assistant
Nick Ragsdale, Administrative Assistant
Carmen McCreedy, Executive Secretary

ADMINISTRATIVE AND LEGAL DIVISION

ADMINISTRATIVE DIVISION NARRATIVE

The Administrative Division administers the Department's budget and oversees fiscal services, human resources, training and development, and information systems. Over the past year, this division has been training to implement the Edison System. The Edison System is a suite of fully integrated software applications that will replace the State's existing administrative business processes such as financial management, procurement, personnel, and payroll administration. Initial implementation began in July of 2008.

The Department continues to work with both the Department of Human Resources and the Department of Finance and Administration to develop and improve career path with salary progression for our examiners.

Training is another integral part of developing and maintaining a qualified examination staff. To ensure value, the Department's training needs are annually assessed and budgeted. The majority of the structured training curriculum is acquired through external training sources such as the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Board of Governors of the Federal Reserve System, the Educational Foundation of the Conference of State Bank Supervisors, the National Association of the State Credit Union Supervisors, the Federal Financial Institutions Examination Council, the National Association of Consumer Credit Administrators, and the Money Transmitters Regulators Association as well as other sources.



ADMINISTRATIVE AND LEGAL DIVISION

LEGAL DIVISION NARRATIVE

The Legal Division provides legal advice and representation for the Department. This Division consists of a General Counsel, five staff attorney positions, a Legal Assistant and an Administrative Assistant.

The Department's lawyers advise the Commissioner and departmental personnel in all legal matters affecting the Department. They work with regulated entities and the general public in addressing legal issues. They also work closely with the Governor's Office and the Tennessee General Assembly on legislative issues affecting financial institutions. The Legal Division assists in the coordination of enforcement initiatives with other federal and state regulators as well as with various law enforcement agencies. Also, they represent the Department in all administrative enforcement actions initiated by the various divisions in the Department. The number of enforcement actions initiated this fiscal year, is nearly double the number of enforcement actions initiated during the previous fiscal year.

The Legal Division was heavily involved in the 2008 Legislative session by tracking bills, working closely with the Governor's Office, the General Assembly, and other groups sponsoring legislation which impacted the Department. This Division provided assistance to operating divisions on issues involving title pledge lenders, mortgage loan originator registration, predatory lending, bank and trust company operations including interstate transactions, bank and credit union applications, money transmission, Bank Secrecy Act compliance, check cashing, deferred presentment, mortgage companies, and credit union fields of membership, as well as other areas requiring legal expertise.



ADMINISTRATIVE AND LEGAL DIVISION

2008 LEGISLATION**Public Chapter 677
Amends T.C.A. § 45-2-907
Effective Date: 3/17/08**

Public Chapter 677 amends T.C.A. 45-2-907(d) to authorize the sale of abandoned property in safe deposit boxes by any method approved by the commissioner of financial institutions, the state treasurer, or in accordance with the appropriate section of the Uniform Commercial Code (T.C.A. 47-9-610).

**Public Chapter 648
Amends T.C.A. §§ 47-9-503 and 47-9-516
Effective Date: 5/1/08**

Under the Uniform Commercial Code, it is important for financing statements to provide the correct name of the debtor because financing statements are indexed under the debtor's name. Those wishing to find a particular financing statement would search for it by utilizing the debtor's name. Subsection (a) of T.C.A. 47-9-503 stipulates what constitutes a debtor's name for the purposes of a financing statement.

If the debtor is a "registered organization" (a corporation, limited liability company, etc.), Public Chapter 648 amends subsection (a) by clarifying that the debtor's formation documents filed in the debtor's formation jurisdiction are to be used by a lender as the source for "registered organization" debtor's name on the financing statement (including any amendments to the formation documents for the express purpose of amending the debtor's name).

If the debtor is an "individual," Public Chapter 648 amends subsection (a) by stating that the following forms of identification may be used by a lender as sources for an "individual" debtor's name: 1) a state-issued driver's license or identification card issued in lieu of a driver's license; 2) a birth certificate; 3) a passport; 4) a social security card; or 5) a government-issued military identification card.

Under the Uniform Commercial Code, in order to "perfect" a security interest, a lender must properly file the financing statement in a filing office. T.C.A. § 47-9-516 stipulates what actions, on behalf of a lender, constitute a proper "filing" of the financing statement. Public Chapter 648 amends subsection (b) by clarifying that a proper "filing" of the financing statement does not occur if a filing office refuses the financing statement because the financing statement does not correctly provide the name of the debtor.

**Public Chapter 686
Amends T.C.A. § 47-9-317(e)
Effective Date: 3/20/08**

Public Chapter 686 amends T.C.A. § 47-9-317(e) relative to priorities between parties with respect to purchase money security interests. T.C.A. § 47-9-317(e) governs priority conflicts between a purchase-money security interest and a buyer, lessee, or lien creditor (e.g. bankruptcy trustee) between the time the debtor gets possession of the collateral and the time the purchase-money secured party files a financing statement. Public Chapter 686 amends T.C.A. § 47-9-317(e) by increasing the time period for filing the financing statement from 20 days to 30 days.

ADMINISTRATIVE AND LEGAL DIVISION

Public Chapter 743**Amends T.C.A. § 35-5-101(e)****Effective Date: 4/10/08**

Public Chapter 743 amends T.C.A. § 35-5-101(e) by clarifying where notice of foreclosure is to be sent to the debtor. The new language in subdivision (1) provides that a notice of foreclosure sale shall be mailed to the debtor: at any address designated by the debtor in any loan document, correspondence or notice for purposes of receiving notices, correspondence or information from the creditor or creditor's agent. If no address has been designated, then notice may be mailed to the last known residence or other mailing address of the debtor; or to the location of the property unless the property is unimproved, vacant land or farmland, or commercial property, or the debtor has designated an address different from the location of the property for the purpose of receiving notices or correspondence from the creditor or creditor's agent.

The new language in subdivision (2) provides that notice of the foreclosure sale shall be mailed to a co-debtor at any address designated by the co-debtor. If no address has been designated, then notice shall be mailed to the last known residence or other mailing address of the co-debtor that is received by the creditor or the creditor's agent at least 30 days prior to the publication date, if the residence or other address of the co-debtor is different from the address of the property and from the debtor.

**Public Chapter 788****Amends T.C.A. § 45-10-107****Effective Date: 4/22/08**

Public Chapter 788 adds a new subsection to T.C.A. § 45-10-107 to make it clear that a financial institution responding to a defective or improperly issued subpoena is entitled to recover its expenses including attorneys fees.

ADMINISTRATIVE AND LEGAL DIVISION

Public Chapter 821
Amends T.C.A. Title 45, Chapter 13
Effective Date: 1/1/09

Public Chapter 821 amends Title 45, Chapter 13, known as the “Tennessee Residential Lending, Brokerage and Servicing Act”. Below is a summary of the changes made to the Act:

- Authorizes the commissioner to request identifying information such as the name and address of persons owning ten percent (10%) or more of the stock of the applicant for a license or certificate of registration.
- Authorizes the commissioner to establish professional education requirements which must be successfully completed as a condition to obtaining a license under the Act, and requires applicants to submit to a criminal history record check as a condition to obtaining a license. The educational requirements would not become effective until the commissioner approves at least one educational training course. In addition, mortgage loan originators are required to submit to a criminal history check as a condition to being registered in affiliation with a licensee or registrant.
- Clarifies that the time within which the commissioner must act upon an application does not begin until a “complete” application has been filed for a license.
- Authorizes the commissioner to require continuing professional education of licensees and registrants as a condition of license and registration renewal.
- Clarifies that persons applying for a certificate of registration under the Mortgage Act are subject to the same financial responsibility, experience, and character standard as persons applying for a license.

ADMINISTRATIVE AND LEGAL DIVISION

- Authorizes the commissioner to participate in the establishment and implementation of a multi-state automated licensing system for persons subject to licensing and registration under the Act and allows the commissioner to enter into any agreements necessary for the organization of the system. It also provides the commissioner with authority to require that applications for licensing/registration be filed with the system. Further, the commissioner may require that all application fees required under the Act and any other fee necessary for participation in the system to be paid to the system. The commissioner may establish by rule any new requirements or take any action reasonably necessary to participate in the system. It makes clear that the commissioner may not require participation in the system for persons not subject to the Act and also that participation in the system shall not be deemed a derogation of the commissioner's authority.

Public Chapter 968**Amends T.C.A. Title 45, Chapter 11****Effective Date: 5/19/08**

Clarifies that when a credit union seeks to convert to a mutual savings bank, that the majority of members who voted at the meeting called to consider the conversion must approve the conversion as opposed to requiring approval by a majority of all members.



ADMINISTRATIVE AND LEGAL DIVISION

Public Chapter 1010
Amends T.C.A. Title 35, Chapter 16
Effective Date: 7/1/08

Public Chapter 1010 adds a new subsection to T.C.A. 35-16-104 of the Tennessee Investment Services Act of 2007. This new subsection provides that the limitations on actions by creditors set forth in subsections (a) and (b) of Section 35-16-104 shall not apply in the event that the transferor (generally defined as the owner of property transferred to the investment services trust) is indebted on account of an agreement or court order for payment of support for the transferor's spouse or former spouse or children or for a division of property in favor of the transferor's spouse or former spouse, but only to the extent of such debt, legally mandated interest and reasonable costs of collection.

This Act also creates an exception to allow property transferred to an investment services trust to be subject to claims for payment of support of the transferor's spouse, former spouse, or children and a division of property in favor of the transferor's spouse or former spouse.

Public Chapter 1055
Amends: T.C.A. Title 56
Effective Date: 5/28/08

This Act clarifies that a guaranteed asset protection waiver (GAP waiver) is not insurance and is not subject to the insurance laws of Tennessee. Therefore, a person marketing, soliciting, negotiating, selling or offering to sell a GAP waiver is exempt from Tennessee's insurance license requirements. The Act imposes several requirements on GAP waivers and mandates certain consumer disclosures.

Rulemaking

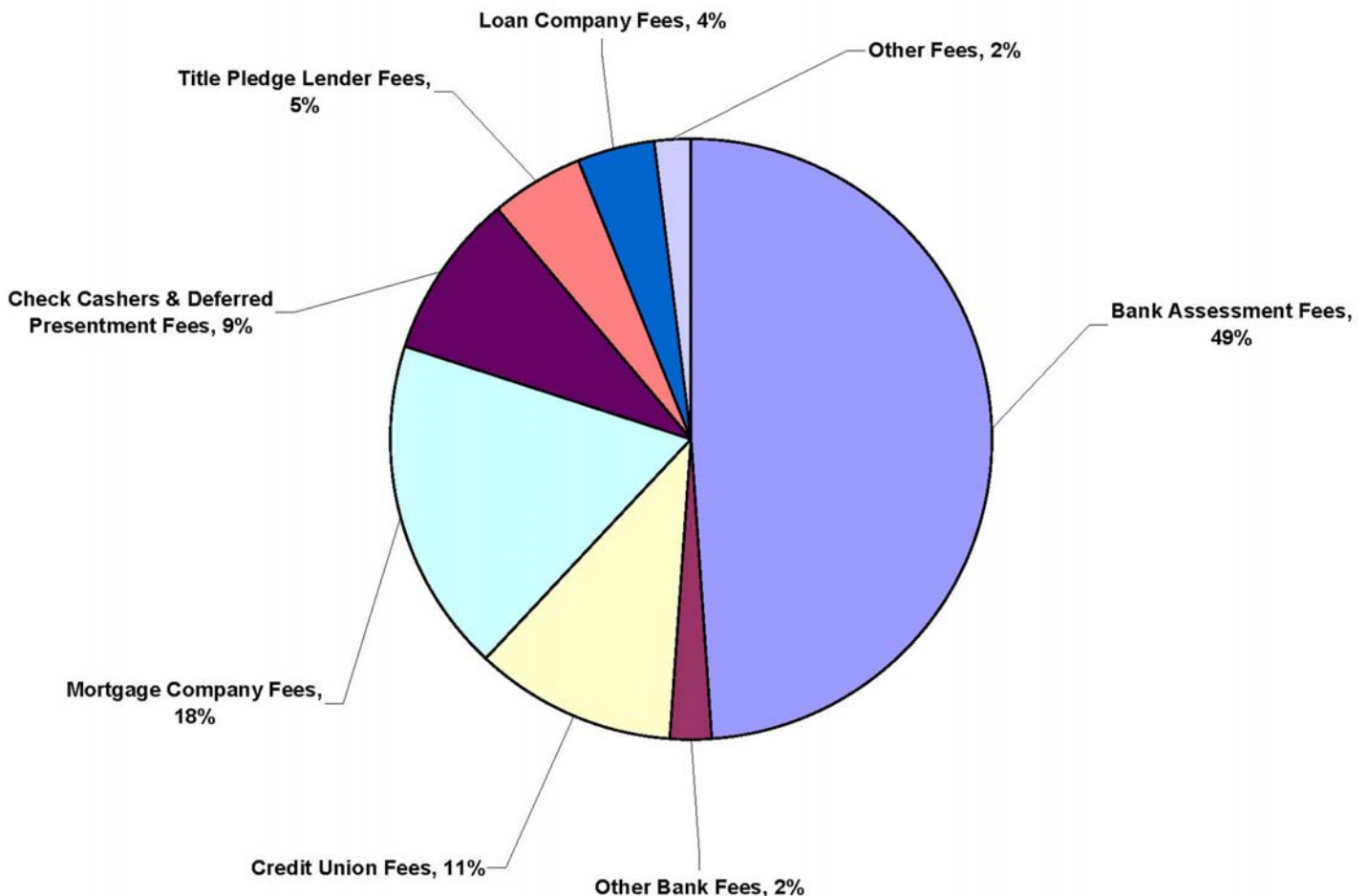
No new rules or amendments were filed in 2008.

ADMINISTRATIVE AND LEGAL DIVISION

2008 FISCAL NUMBERS AT A GLANCE

The Department of Financial Institutions receives no federal or state taxpayer funds and is fully funded by the fees assessed to the financial institutions regulated and supervised by the Department.

At the end of fiscal year 2008, the Department reverted \$3,362,269.93 to the State’s general fund. Most of this reversion is due to some vacant positions in fiscal year 2008, resulting in savings for payroll and operational costs. The Department regulates state-chartered banks, state-chartered credit unions, business and industrial development corporations, trust companies, check cashing companies, deferred presentment companies, loan companies, money transmitters, mortgage companies, mortgage loan originators, insurance premium finance companies, and title pledge lenders. We must maintain and budget for an adequate number of available examiner positions to be able to respond to industry trends as required.



ADMINISTRATIVE AND LEGAL DIVISION

**EXPENDITURE AND FUNDING SOURCES
FY 2007 - 2008**

EXPENDITURE AND FUNDING SOURCES FY 2007 - 2008	
REVENUES	
Appropriations-Bank Assessment Fee	\$ 8,199,200.00
Other Bank Fees	\$ 390,141.66
BIDCO's & Trust Company Fees	\$ 17,623.09
Credit Union Fees	\$ 1,933,507.32
Money Order Fees	\$ 167,532.00
Loan Company Fees	\$ 728,300.00
Insurance Premium Finance Company Fees	\$ 27,900.00
Mortgage Company Fees	\$ 3,037,183.34
Check Cashers Fees	\$ 477,850.00
Deferred Presentment Fees	\$ 1,021,900.00
Title Pledge Lender Fees	\$ 833,050.00
Miscellaneous	\$ 1,800.00
TOTAL REVENUES	\$ 16,835,987.41
EXPENDITURES	
Personal Services	\$ 7,629,094.59
Employee Benefits	\$ 2,805,093.98
TOTAL PAYROLL	\$ 10,434,188.57
Travel	\$ 921,714.05
Printing Duplicating and Film Processing	\$ 110,721.20
Communication & Shipping Costs	\$ 68,667.46
Maintenance, Repair & Services	\$ 16,147.00
Professional and Administrative Services	\$ 649,199.87
Supplies	\$ 109,220.50
Rentals & Insurance	\$ 928,242.50
Awards & Indemnities	\$ 1,752.01
Grants & Subsidies	\$ 221,040.00
Unclassified	\$ 4,400.00
Equipment	\$ 8,424.32
TOTAL OPERATIONAL	\$ 3,039,528.91
TOTAL EXPENDITURES	\$ 13,473,717.48
EXCESS OF REVENUE OVER EXPENDITURES	\$ 3,362,269.93
Reverted to the State's General Fund	\$ 3,362,269.93

ADMINISTRATIVE AND LEGAL DIVISION

2008 TECHNOLOGICAL ADVANCEMENTS

The Management Information Systems (MIS) staff completed the full disk encryption of all Departmental computers. This included all laptop and desktop computers. In addition, media encryption was implemented to the field Banking Examiners to ensure data is secure while being transitioned from one computer to another. These security related accomplishments have allowed the Department to stay on schedule with the progressive information security plan that began implementation in 2005 with a goal of continually looking for ways to minimize the risk of loss or exposure of sensitive personal and financial data, better ensure data integrity and authenticity, and facilitate compliance with state and federal laws requiring the protection of such data. The Department was able to find and acquire a business application that will replace the aging Regulatory Board System and also planned the implementation, which will occur throughout 2009, of requirements legislated by Congress in the “Secure and Fair Enforcement for Mortgage Licensing Act” (S.A.F.E.) to bring our mortgage licensees under the National Mortgage Licensing System (NMLS).



BANK DIVISION

BANK DIVISION

Bank Division Personnel

HEADQUARTERS PERSONNEL- NASHVILLE

Tod Trulove, CEM, Assistant Commissioner

Tony Matthews, Chief Administrator

Justin Cary, Financial Analyst

Justin McClinton, Financial Analyst

Philip Ruffin, Financial Analyst

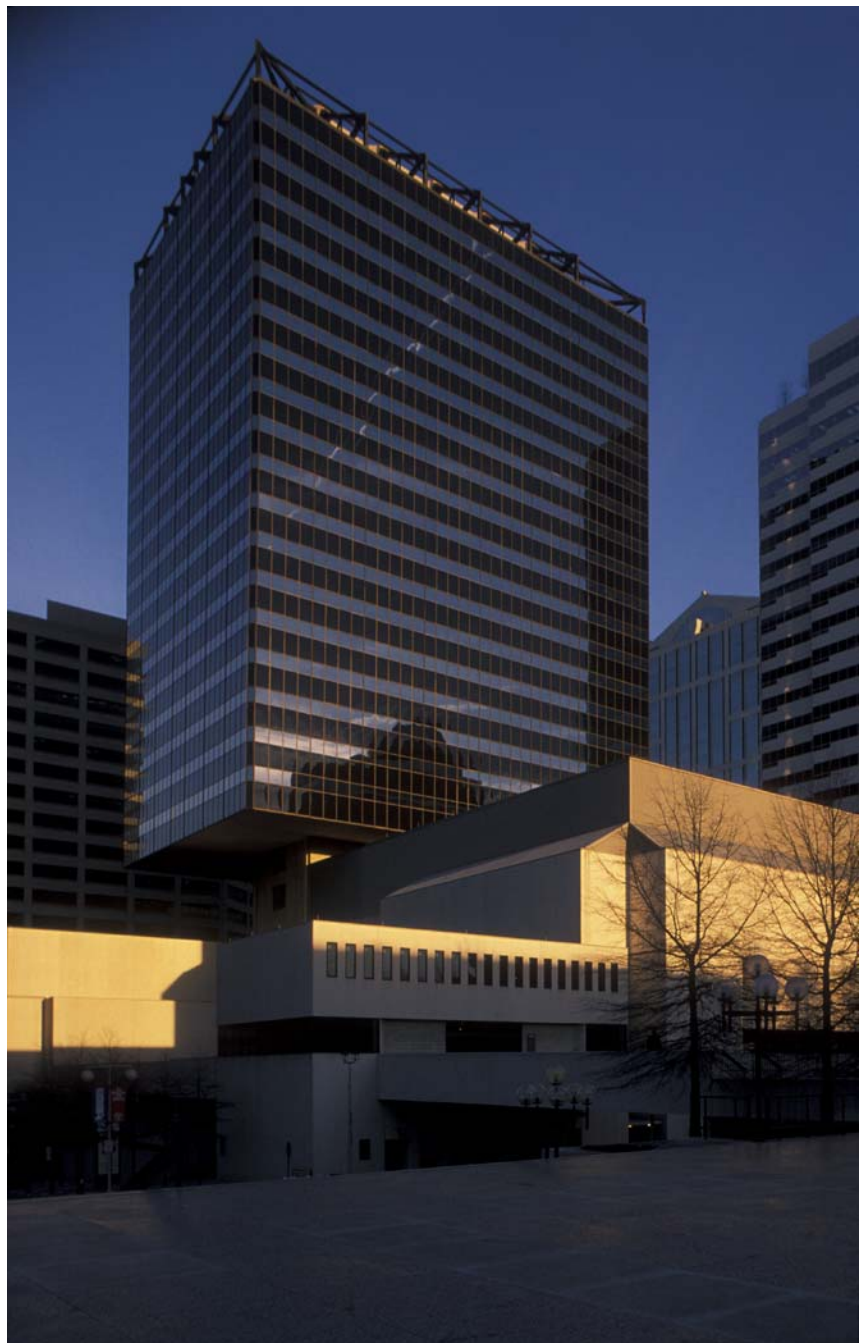
APPLICATIONS

Joyce Simmons, CPA, Program Administrator

Debra Grissom, Applications Specialist

TRUST

Vivian Lamb, CEM, Program Administrator



BANK DIVISION

EXAMINATION PERSONNEL**East Tennessee District**

Kenneth Kelley, CEM, District Manager
Louella McElroy, CEM, Supervisor
Wade McCullough, CEIC, Supervisor
Jonathan Piper, CEIC, Off-Site Monitoring Supervisor
Robert Broshears, AFE, IT Specialist, IV
Brooke Roberson, COE, AFE, III
James M. Curtis, II
Chad Holbert, II
Robert Stanton, II
Jessica Huff, II
Brian Carl, I
Anthony Valentino, I

Middle Tennessee District

Todd Rice, CEM, District Manager
John Hudson, CEIC, Supervisor
Mike Sisk, CEIC, Supervisor
Storm Miller, Off-Site Monitoring Supervisor
Sherri Cassetty, CEIC, Trust Specialist
Clyde McClaran, IT Specialist, IV
JoAnn Schumann, III
Ekaette Udoumana, III
William Cook, II
Alan Kirkwood, II
Edward Black, I
Chrystine Glaze, I
Darnell Tate, I

West Tennessee District

Todd Rice, CEM, Acting District Manager
Danny Nolen, CEM, Supervisor
Terry Warren, CEIC, Supervisor
Phil Stafford, CEIC, Off-Site Monitoring Supervisor
Timothy Runions, CEIC, Trust Specialist
Jerry Davis, CEIC, IT Specialist, IV
Vicki Ivey, CEIC, IV
Robert Prather, CEIC, IV
Roxanne Taylor, CEIC, IV
Toniece Johnson, III
Judy Morgan, COE III
Grant Casselberry, II

BANK DIVISION

BANK DIVISION NARRATIVE

As a whole, our state-chartered banks are capably positioned both strategically and financially to meet new opportunities in the changing economic and regulatory environments and continuing technological and financial innovation.

The Bank Division has legal responsibility for ensuring the Tennessee state-chartered banking system runs on a safe and sound basis. In its supervisory role, the Bank Division periodically examines the financial soundness of all state-chartered banks, savings banks, and independent non-depository trust companies. The Department met the statutory obligation of examining all institutions within a 12-month or an 18-month basis. This was accomplished through coordination with federal banking regulators. Bank examiners perform evaluations of each institution's assets, liabilities, income and expenses; monitor compliance with governing laws and regulations; and rate the effectiveness of the institution's management. The adequacy of capital is assessed to ensure the protection of deposits. In addition, examiners review the Information Technology (IT) functions of state-chartered institutions for compliance with generally accepted IT practices and for adherence to Departmental regulations. Since 2005, the Bank Division has been incorporating Bank Secrecy Act (BSA) reviews into its independent examination to determine compliance with the Federal BSA/Anti-Money Laundering regulations. Bank Division staff also examine Business and Industrial Development Companies (BIDCOs) for compliance with governing statutes and evaluates applications for new institutions, branches, expanded financial activities, and corporate reorganizations.

**BANK DIVISION INFORMATION
AT A GLANCE
(AS OF JUNE 30, 2008)**

BANK REGULATED INSTITUTIONS

160 Banks

2 BIDCOs
(Business and Industrial Development
Corporations)

8 Independent
(non-depository trust companies)

BANK DIVISION

**Business and Industrial Development Corporation
(BIDCOs)**

Tennessee Code Annotated, Section 45-8-225, requires a report to be published annually that summarizes the accomplishments of the various BIDCOs operating in Tennessee. Effective March 29, 2007, one BIDCO surrendered its license decreasing the number of BIDCOs currently licensed and regulated by this Department to two. The two BIDCOs licensed during calendar year 2008 provided financing totaling \$2,885,530 to nine small businesses, preserving and/or creating an estimated 101 jobs. No loans were made to a minority-owned business, and two loans totaling \$275,000 were made to a female-owned business. The summary analysis of the number and dollar amount of loans extended to certain broad categories is detailed as follows:

CATEGORY	NUMBER	AMOUNT
Finance, Insurance, & Real Estate	4	\$2,002,930
Service	<u>5</u>	<u>\$ 882,600</u>
	9	\$2,885,530

INTEREST RATES

BANK DIVISION

BANK DIVISION DATA

CONSOLIDATED TOTAL ASSETS

- \$40.9 billion, representing a \$2.6 billion increase since June 30, 2007

CONSOLIDATED CAPITAL:

- \$4.3 billion, representing 10.43 percent of Total Assets

RETURN ON AVERAGE ASSETS (ROAA)

- Median ROAA of 0.78 percent with a median net interest margin of 3.91 percent (includes all banks)

ALLOWANCE FOR LOAN AND LEASE LOSSES (ALLL)

- Median ALLL to Total Loans and Lease ratio of 1.21

PAST DUE RATIO

- Median past due ratio of 2.10 percent

TRUST COMPANY DATA

TOTAL CONSOLIDATED CORPORATE ASSETS:

- \$78.6 million, representing a 134 percent increase over the past year

AGGREGATED NET INCOME FOR TRUST COMPANIES:

- \$2.8 million representing a 13.7 percent decrease compared to the same period in 2007

TRUST ASSETS UNDER MANAGEMENT AND/OR CUSTODY:

- Reflect a nominal decrease of 1.14 percent from \$12.3 billion to \$12.2 billion, inclusive of assets invested in common/collective trust funds.

UPDATE ON SENTINEL TRUST COMPANY (CURRENTLY IN LIQUIDATION)

As of June 30, 2008, the Department continued to oversee the liquidation of Sentinel Trust Company, Hohenwald, TN, subject to a Notice of Liquidation issued on June 18, 2004.

Pursuant to Tennessee Code Annotated, Section 45-2-150, et seq., former Commissioner Kevin P. Lavender took possession of Sentinel on May 18, 2004. Immediately thereafter, pursuant to Tennessee Code Annotated, Section 45-2-1502(b) (2), the Commissioner issued an Order appointing a Receiver. These actions were prompted because it had been determined that the Company was engaging in unsafe and unsound fiduciary practices. These practices had caused a shortage in the fiduciary cash position for which Sentinel's capital was insufficient to cover.

On March 7, 2007, the Receiver, pursuant to Court Order, made an initial distribution of \$3,650,492 to claimants. This represents a 37 percent distribution of approved claims. No decision regarding a second distribution has been made pending further legal actions.

As of June 30, 2008, the Sentinel estate held corporate assets and liabilities totaling \$1,202,592 and \$14,308, respectively. The Receiver also held fiduciary cash and liabilities totaling \$793,163 and \$418,559, respectively.

BANK DIVISION

BANK DIVISION APPLICATION ACTIVITIES FY 2007-08

NEW BANKS OPEN

Franklin Synergy Bank, Franklin, TN
(November 2007)

BANK MERGERS

Capital Bank & Trust Company, Nashville, TN,
Merged with and into Renasant Bank, Tupelo,
MS, under the title of Renasant Bank
(July 2007)

Citizens City & County Bank, Trenton, TN,
merged with and into Farmers and Merchants
Bank, Trezevant, TN, under the title of Farmers
and Merchants Bank
(August 2007)

First National Bank of Centerville, Centerville,
TN, merged with and into Community First
Bank & Trust, Columbia, TN, under the title of
Community First Bank & Trust
(January 2008)

PrimeTrust Bank, Nashville, TN, merged with
and into Metropolitan Bank, Ridgeland, MS,
under the title of Metropolitan Bank
(February 2008)

Bank of the South, Mt. Juliet, TN, merged with
and into Pinnacle National Bank, Nashville,
TN, under the title of Pinnacle National Bank
(February 2008)

CONVERSIONS

There were no conversions in fiscal year 2007-2008.

BIDCO TRANSACTIONS

There were no BIDCO application transactions
in fiscal year 2007-2008

TRUST COMPANY TRANSACTIONS

First Mercantile Trust Company, Cordova,
TN acquired by Massachusetts Mutual Life
Insurance Company, Springfield, MA
(May 2008)



2008 TDFI ANNUAL REPORT

BANK DIVISION

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	Total Assets	(F) Deposits	(G) Other Liabilities	(H) MIUS	(I) Capital	(J) Net Income
ADAMSVILLE	Farmers & Merchants Bank	9188	341	14127	14193	407	1608	29862	24586	1694	0	3582	104
ASHLAND CITY	Community Bank & Trust	35258	5868	49105	149711	2303	14493	216874	170416	26945	0	19513	967
ATHENS	SouthEast Bank & Trust	57348	5037	25368	178227	2246	13487	219873	191513	9028	0	19332	928
ATWOOD	Citizens Bank & Trust Company	6100	667	9304	12712	81	767	23369	21167	285	0	1917	119
BARTLETT	Bank of Bartlett	23123	13040	133714	319104	3599	31452	493711	386772	72936	140	34003	-456
BELLS	Bank of Crockett	1468	3781	55778	46836	900	6403	111898	99474	683	0	11741	706
BENTON	Benton Banking Company	10696	3750	26171	66323	1380	12762	107626	90528	0	0	16435	340
BOLIVAR	First South Bank	9170	9303	78573	283228	3344	28700	396460	328903	27919	0	39638	3001
BRADFORD	The Bank of Bradford	2382	1522	21618	12785	305	2434	38054	32967	330	0	4757	130
BRENTWOOD	Reliant Bank	58209	2033	73861	196151	2457	6364	275952	218106	30171	0	27675	-376
BRIGHTON	Brighton Bank	9189	4290	13174	53876	654	5565	76251	64277	3964	0	8010	-75
BROWNSVILLE	INSOUTH Bank	22020	14255	69067	428390	5126	53017	559603	449855	66033	1666	43715	892
BYRDSTOWN	People's Bank and Trust Company of Pickett County	22756	1686	18749	82195	1405	8818	110043	96661	2077	0	11305	861
CAMDEN	Bank of Camden	9176	3707	55706	76895	999	21902	157211	113447	19279	0	24485	433
CARTHAGE	Citizens Bank	893	17372	208520	262024	2189	12221	497948	420160	3759	43	74029	5466
CHAPEL HILL	First State Bank	2383	1916	19026	32789	319	2443	55855	49576	352	0	5927	234
CHATTANOOGA	First Volunteer Bank of Tennessee	10307	19470	56949	429823	4980	38097	539359	475439	9176	0	54744	2721
CHATTANOOGA	Cornerstone Community Bank	26256	13039	45948	377410	7240	20632	449789	314347	98484	0	36958	2781
CHATTANOOGA	Cohutta Banking Company	57913	1541	10443	94590	833	7371	113112	64055	38404	0	10652	226
CHATTANOOGA	CapitalMark Bank & Trust	58507	4148	37309	218262	2730	4807	261796	230005	1820	0	29971	-962
CLARKSVILLE	F&M Bank	9963	10704	64254	549049	3893	55250	675364	536039	86458	0	52867	1514
CLARKSVILLE	Legends Bank	34936	9307	61131	175653	2126	15223	259188	215560	23407	0	20221	812
CLARKSVILLE	Cumberland Bank and Trust	57091	2546	18807	90568	941	4354	115334	97333	8671	0	9330	319
CLEVELAND	Bank of Cleveland	26955	5695	1595	240963	2740	8861	254374	211761	14474	0	28138	2251
CLEVELAND	Southern Heritage Bank	35093	6239	48140	153599	2311	11670	217337	192327	4038	0	20972	821
CLIFTON	Peoples Bank	9489	3614	17999	100507	1469	12052	132703	113664	8566	132	10473	290
CLINTON	The Community Bank of East Tennessee	34847	2222	13048	62511	699	4114	81196	68698	4211	0	8287	182
COLLIERVILLE	BankTennessee	29177	5721	61384	196268	2190	23926	285109	216612	42555	0	25942	704
COLLIERVILLE	Landmark Community Bank	34982	657	14252	41338	576	4508	60179	48893	286	0	11000	-1006
COLUMBIA	First Farmers and Merchants Bank	1487	30435	260893	535621	7692	57022	876279	712101	54117	0	100961	5340
COLUMBIA	Community First Bank & Trust	35165	11315	61386	549818	6818	40817	656518	550481	46444	2044	59593	1342
COLUMBIA	Heritage Bank & Trust	58220	1329	10543	91751	1774	9954	111803	96545	5464	0	9794	-1248
COOKEVILLE	Bank of Putnam County	8432	12440	153040	164170	1271	13557	341936	312730	7436	0	21770	1176
COOKEVILLE	Putnam 1st Mercantile bank	58079	879	18101	48684	624	4135	71175	61321	467	0	9387	-97
CORDOVA	First Alliance Bank	35245	4093	12386	106770	1522	7813	129540	105371	13867	0	10302	48
CROSSVILLE	Cumberland County Bank	18364	9598	69779	143737	1215	7137	229036	210790	2903	0	15343	1364
DECATURVILLE	Decatur County Bank	6101	2677	31210	51009	502	4988	89382	66779	11937	0	10666	472
DECHERD	Franklin County United Bank	57851	1445	14913	65773	837	6009	87303	75792	207	0	11304	195
DICKSON	Bank of Dickson	17327	3558	60032	106755	1033	8445	177757	147874	6932	0	22951	974
DICKSON	TriStar Bank	35417	1932	20689	89659	1027	10336	121589	96249	13808	0	11532	562
DUNLAP	Mountain Valley Bank	1705	2901	14962	76843	829	4206	98083	89306	830	0	7947	542
DUNLAP	Citizens Tri-County Bank	20818	20452	119689	306535	3801	38861	481736	433061	5799	0	42876	3867
DYER	The Farmers & Merchants Bank	1480	2536	42284	38366	300	7831	90717	75906	7973	285	6838	385
DYERSBURG	Security Bank	2391	6575	38451	81982	1214	11781	137575	110236	10194	0	17145	938
ELIZABETHTON	Citizens Bank	14851	13359	88213	497349	4547	34154	628528	464745	91937	4125	71846	5260
ELIZABETHTON	Carter County Bank of Elizabethton, Tennessee	15685	4994	40166	217763	2161	12212	272974	212465	39332	0	21177	2093
ERIN	Traditions First Bank	57092	2001	15807	56543	612	4947	78686	64492	6414	0	7780	262
ERWIN	Mountain Commerce Bank	4931	8692	65510	238532	2746	30133	340121	292048	14169	0	33904	-1478
FAYETTEVILLE	Bank of Lincoln County	57396	5655	35722	123578	1680	7828	171103	155465	1483	0	14155	716
FRANKEWING	Bank of Frankewing	1484	5308	28438	154089	1591	11056	197300	177761	2266	0	17274	904
FRANKLIN	Tennessee Commerce Bank	35296	5287	96861	938636	11520	34708	1063972	962522	12087	0	89363	4209
FRANKLIN	Franklin Synergy Bank	58714	1056	64565	44643	556	3205	112913	80816	11345	0	20752	-901
GALLATIN	Sumner Bank & Trust	57954	2529	24521	61650	771	2639	90568	78663	668	0	11237	-285
GATES	Gates Banking and Trust Company	10306	909	16843	15542	309	2050	35035	29494	1898	0	3643	176
GERMANTOWN	First Capital Bank	57552	2285	41603	162023	2229	7038	208900	169994	21027	0	17879	181
GLEASON	Bank of Gleason	2379	4399	41847	46217	692	3276	95047	77141	434	0	17472	599
GREENEVILLE	GreenBank	895	59672	311831	2349781	35351	328135	3014068	2273357	335486	0	405225	10642
GREENEVILLE	Andrew Johnson Bank	22015	4452	3106	212002	1990	10323	227893	202356	5669	0	19868	944
GREENEVILLE	American Patriot Bank	57169	1873	4739	100220	982	9281	115131	101039	5043	0	9049	236
GREENEVILLE	Heritage Community Bank	57656	823	7905	96029	955	7834	111636	82021	20342	0	9273	41
GREENFIELD	Greenfield Banking Company	15255	1534	15319	32526	301	2051	51129	42380	2686	0	6063	130
HALLS	Bank of Halls	10315	1979	17941	30964	291	3795	54388	45826	2131	0	6431	300
HALLS	The Lauderdale County Bank	22835	971	17759	19731	297	2472	40636	36136	864	0	3636	128
HARROGATE	Commercial Bank	22354	17447	50015	351978	3981	43150	458609	352738	52340	0	53531	2468
HARTSVILLE	Citizens Bank	6103	3566	29453	90114	975	3429	125587	110433	4647	0	10507	675
HENDERSON	Clayton Bank and Trust	6104	17228	49505	406480	5963	27600	494850	398161	41373	0	55316	2245
HENDERSON	Chester County Bank	19813	1901	22233	19827	588	1296	44669	39305	1234	0	4130	220
HENDERSONVILLE	American Security Bank and Trust Company	57636	3522	35594	117346	1653	9118	163927	120785	19719	0	23423	-191
HUNTINGDON	Carroll Bank and Trust	2380	8403	24555	122082	557	16898	171381	146763	8811	0	15807	759
JACKSON	The Bank of Jackson	34457	3693	21342	88356	1030	8517	120878	100736	6658	0	13484	375
JAMESTOWN	Union Bank	6088	5055	53329	87681	900	11932	157097	136361	2130	0	18606	987
JAMESTOWN	COMMUNITY BANK OF THE CUMBERLANDS	57111	4554	9452	105322	1297	8155	126186	116025	1099	5	9062	167
JASPER	Citizens State Bank	20100	3138	9897	43894	375	5595	62149	56753	268	0	5128	206
JEFFERSON CITY	First Peoples Bank of Tennessee	21874	7285	23321	86343	510	4438	120877	99955	11296	0	9586	796
JELICO	Union Bank	1693	1799	17278	36313	359	3697	58728	51282	783	0	6663	521
JOHNSON CITY	State of Franklin Savings Bank	34137	5547	73002	225986	1617	49666	352584	267391	65083	0	21381	1196
KINGSPORT	Bank of Tennessee	21573	17381	119528	497327	6149	52691	680778	518211	114741	3106	47826	4139
KINGSPORT	TriSummit Bank	58467	2069	36301	42357	529	9090	89288	55097	10332	1	23859	-2293
KNOXVILLE	BankEast	19869	7264	25731	261501	3151	48532	339877	273062	34877	0	31938	-578
KNOXVILLE	American Trust Bank of East Tennessee	57689	2094	27460	108818	1360	3083	140095	112218	13122	0	14755	58
LA FOLLETTE	Peoples Bank of the South	4945	3395	13273	119358	916	5723	140833	115315	7144	0	18374	1038
LAFAYETTE	Citizens Bank of Lafayette	1711	9120	139768	167440	2018	15200	329510	288422	9413	91	31675	1653
LAFAYETTE	Macon Bank and Trust Company	6091	9650	142201	120575	1664	14407	285169	252361	3177	0	29631	1355
LAFAYETTE	Wilson Bank and Trust	26962	31188	234042	1073090	10474	60792	1388638	1235541	33004	0	120093	6075
LEBANON	CedarStone Bank	57684	3426	24707	103665	1063	9904	140639	112372	16374	0	11893	-428
LEBANON	First Freedom Bank	58208	1862	32814	130420	1948	7348	170496	152698	619	0	17179	-510
LEWISBURG	First Commerce Bank	57465	3600	54313	135584	1478	10193	202212	173651	12461	0	16100	770

2008 TDFI ANNUAL REPORT

BANK DIVISION

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	Total Assets	(F) Deposits	(G) Other Liabilities	(H) MIUS	(I) Capital	(J) Net Income
LEXINGTON	First Bank	8663	33398	298232	1558929	16607	127984	2001936	1608751	189764	0	203421	6949
LEXINGTON	Community Bank	31272	1913	12415	47413	513	4419	65647	51201	7630	0	6816	267
LIBERTY	Liberty State Bank	11881	2961	28987	75663	1247	4019	110383	97004	2372	45	11007	587
LIVINGSTON	Union Bank & Trust Company	9179	1560	32285	42254	550	2433	77982	68476	2041	387	7465	989
LIVINGSTON	American Bank & Trust of the Cumberlandands	31980	2736	7025	78148	1172	7129	93866	84142	3989	0	5735	-1348
LOBELVILLE	Bank of Perry County	1713	2229	21246	100129	1099	8195	130700	108677	9087	119	12936	1115
LYNCHBURG	The Farmers Bank of Lynchburg	1690	1780	17362	35620	931	4516	58347	49902	646	0	7799	189
MADISONVILLE	Peoples Bank of East Tennessee	34517	5887	25412	131883	1500	13206	174888	157873	3874	0	13141	401
MANCHESTER	Peoples Bank & Trust Company	1475	1310	22567	47101	598	6006	76386	65186	3859	0	7341	305
MANCHESTER	Coffee County Bank	22090	1118	15028	105374	1392	4859	124987	101158	12160	0	11669	1501
MARYVILLE	Citizens Bank of Blount County	21227	10445	34385	260525	3435	11603	313523	241919	19243	0	52361	2229
MARYVILLE	Foothills Bank & Trust	58591	1028	22430	35551	449	2903	61463	40424	3752	0	17287	-498
MASON	The Bank of Mason	9956	367	2976	4890	41	2608	10800	6879	60	0	3861	-55
MC KENZIE	McKenzie Banking Company	13955	4498	43011	52583	1163	4301	103230	90210	649	0	12371	565
MC MINNVILLE	Homeland Community Bank	57632	2698	20606	51297	530	2988	77059	67011	600	0	9448	169
MEDINA	Medina Banking Co.	10316	2341	16813	11452	229	735	31112	25602	198	0	5312	154
MEMPHIS	Tri-State Bank of Memphis	16511	6773	30408	84295	1420	4987	125043	108857	935	0	15251	425
MEMPHIS	Trust One Bank	34059	6649	45750	389197	11454	82806	512948	361350	61394	0	92024	-31065
MEMPHIS	Independent Bank	34728	12409	77991	535694	5787	22265	642572	567478	20325	0	54769	1386
MEMPHIS	Triumph Bank	58227	2501	27142	112134	1504	4890	145163	119516	10255	0	15392	-1276
MILAN	The Bank of Milan	33851	1375	27468	29816	515	3796	61940	50123	6629	0	5189	252
MILLINGTON	Patriot Bank	57416	4467	9601	155366	1704	14680	182410	148530	18583	0	15297	791
MOSCOW	The Bank of Fayette County	10308	7551	30314	200393	2368	12719	248609	190701	37242	0	20666	613
MOUNTAIN CITY	Farmers State Bank	13775	4749	38009	74974	735	7871	124868	98363	6726	0	19779	584
MOUNTAIN CITY	Johnson County Bank	22070	1809	7325	93592	1207	5760	102729	81738	12647	0	12894	737
MURFREESBORO	MidSouth Bank	57659	5627	30795	205019	2261	14127	253307	206637	16803	0	29867	-569
NASHVILLE	Avenue Bank	6106	4500	58565	208836	5959	26601	292543	215515	16962	0	60066	-7171
NASHVILLE	Citizens Savings Bank and Trust Company	10319	2044	7225	59026	585	1685	69395	59405	2390	0	7600	192
NASHVILLE	The Bank of Nashville	32713	17711	90653	803684	11164	82597	983481	711328	138863	0	133290	-1089
NASHVILLE	InsBank	35521	1524	38115	89337	933	6284	134327	70849	49504	0	13974	278
NASHVILLE	Nashville Bank and Trust Company	57825	4636	27377	111783	1217	2212	144791	123929	277	0	20585	296
NASHVILLE	Civic Bank & Trust	58040	316	20374	83213	1057	1644	104490	73282	18653	0	12555	-49
NEW TAZEVELL	Citizens Bank	1695	1907	25860	103542	1115	12075	142269	128492	1069	0	12708	245
OAK RIDGE	TNBANK	34023	2954	44325	142690	2225	11646	199390	153798	28057	0	17535	-185
OAKLAND	Oakland Deposit Bank	10320	4076	17141	97354	1226	10933	128278	110269	8745	0	9264	368
ONEIDA	First Trust and Savings Bank, Oneida, Tennessee	6109	5019	25920	84942	1033	5398	120246	102104	6517	0	11625	763
OOLTWAH	Community Trust & Banking Company	35138	3480	16212	111897	1218	7868	138239	118710	6452	0	13077	590
PARIS	Commercial Bank & Trust Co.	8660	12795	100386	443560	6927	31588	581402	492051	39759	0	49592	3030
PARIS	Security Bank and Trust Company	9172	3267	27301	114285	698	7569	151724	131821	5817	0	14086	1139
PARSONS	Farmers Bank	8661	1582	12311	20128	394	1914	35541	31078	340	0	4123	1
PARSONS	Community South Bank	19849	6131	28935	551205	4954	52243	633560	503365	83776	95	46419	2427
PIGEON FORGE	Tennessee State Bank	20720	17361	78046	536655	5440	42909	669531	530669	80919	0	57943	5011
PORTLAND	The Farmers Bank	1696	19898	95985	321866	3418	20129	454460	379660	33053	1312	43447	3198
PORTLAND	Volunteer State Bank	22451	6974	28361	228735	2722	24325	285673	216526	46642	0	22505	2203
RIPLEY	Bank of Ripley	15673	3690	71032	83681	1239	11533	168697	141152	1378	0	26167	906
ROGERSVILLE	The Citizens Bank of East Tennessee	9499	2855	28261	94447	1083	9625	134105	114511	4387	0	11267	277
ROGERSVILLE	First Community Bank of East Tennessee	33794	6115	23777	191802	2038	17688	237344	186010	27967	0	23367	1196
RUTLEDGE	Citizens Bank and Trust Company of Grainger County	10317	4714	71457	74491	1141	10589	160110	131065	2495	0	26550	902
SARDIS	The Peoples Bank	6110	1018	23847	23639	255	2084	50333	43070	1541	1	5723	438
SAVANNAH	The Hardin County Bank	20993	6238	56614	191954	1329	23590	277067	231457	24897	691	20713	1299
SAVANNAH	Central Bank	31545	3958	17608	108579	939	6650	135850	108714	13720	0	13416	782
SELMER	Home Banking Company	9196	1580	19863	35120	502	4400	60461	54052	694	0	5715	315
SEVIERVILLE	Sevier County Bank	10318	10678	127770	257593	3181	26062	418922	368215	5286	0	45421	1026
SEVIERVILLE	SmartBank	58463	6426	32209	159582	1995	8585	204807	163427	21486	0	19894	-337
SHELBYVILLE	First Community Bank of Bedford County	27211	12487	64961	163758	2261	17319	256264	197878	27693	0	30693	1565
SHELBYVILLE	PEOPLES BANK OF BEDFORD COUNTY	35604	1793	14724	67874	689	4989	88691	79809	731	0	8151	492
SOMERVILLE	The Somerville Bank & Trust Company	9174	5689	68459	109834	1956	9084	191110	170340	1487	0	19283	876
SPENCER	Citizens Bank of Spencer, Tenn.	6092	939	10054	27430	467	2274	40230	33595	1387	0	5248	167
SPRING CITY	First Bank of Tennessee	10693	7337	22538	171301	1671	9916	209421	181872	9930	540	17619	1781
SPRINGFIELD	Commerce Union Bank	58366	1979	38112	66075	826	5762	111102	73286	10489	0	27327	-93
TAZEVELL	First Century Bank	1700	13978	59949	178565	2605	18641	268528	233895	5324	0	29309	1032
TOONE	Merchants & Planters Bank	8665	3456	26846	52619	1053	7721	89589	78181	2306	0	9102	-223
TRENTON	Peoples State Bank of Commerce	1701	8004	57012	147801	1106	27683	239394	200683	10779	0	27932	441
TREZEVANT	Farmer's and Merchants Bank	8439	6650	3981	150638	1993	16001	175277	144809	15180	0	15288	464
TULLAHOMA	American City Bank of Tullahoma	21663	5147	22219	153257	1442	19749	198930	157905	10890	0	30135	1696
TULLAHOMA	The Bank of Tullahoma	58105	1026	12220	41675	525	4440	58836	47044	193	0	11599	97
TULLAHOMA	First Vision Bank of Tennessee	58201	1535	7730	72054	926	7785	88178	69525	4282	0	14371	-119
UNION CITY	First State Bank	1479	24810	194610	953256	9742	84525	1247459	1022908	121601	14	102950	2754
UNION CITY	Reelfoot Bank	9199	8638	35691	84919	844	12256	140660	126143	2031	0	12486	-104
WARTBURG	Citizens First Bank	34311	3971	34866	106055	1017	11739	155614	133269	10656	84	11689	350
WAYNESBORO	The Bank of Waynesboro	2375	3678	25850	103348	2395	9002	139483	120822	5287	0	13374	755
WAYNESBORO	Wayne County Bank	9168	5431	15046	178526	4385	21432	216050	170600	18621	421	26829	1329
WINCHESTER	Citizens Community Bank	33739	6436	20399	116592	1324	9893	151996	129182	7064	0	15750	1188
WOODLAND MILLS	The Farmers Bank, Woodland Mills, Tennessee	15205	898	5199	5230	108	187	11406	9261	34	0	2111	19

1005103 7360867 30145033 374770 2766413 40902646 33406659 3229443 15347 4267153 103562

- (A) Cash - Includes currency/coin, both interest-bearing and non-interest bearing balances due from depository institutions
- (B) Investments - Investments owned: Includes securities, federal funds sold, and securities purchased under agreements to resell
- (C) Total Loans - Includes all loans and lease financing receivables, net of unearned income
- (D) Loan Loss Reserve - Allowance for Loan and Lease Losses
- (E) Other Assets - Includes premises and fixed assets, trading assets, other real estate owned, investments in unconsolidated subsidiaries and associated companies, customer's liability to bank on acceptances outstanding, intangible assets, and assets not reportable elsewhere.
- (F) Total Deposits - Includes all interest bearing and non-interest bearing customer deposits held.
- (G) Other Liabilities - Includes federal funds purchased, securities sold under agreements to repurchase, demand notes issued to U.S. Treasury, mortgage indebtedness, obligations under capital leases, bank's liability on acceptances outstanding, and all other liabilities
- (H) Minority Interest in Unconsolidated Subsidiaries
- (I) Equity Capital - Includes preferred stock, common stock, surplus, undivided profits, and accumulated other comprehensive income
- (J) Net Income - Income earned after all expenses, taxes, and extraordinary items

BANK DIVISION

CONSOLIDATED BALANCE SHEET (In Millions)

	30-Jun-08	30-Jun-07	\$ Change	% Change
ASSETS				
Cash and Due from Banks	1005	1170	-165	-14.10%
Total Investments	6704	6461	243	3.76%
Federal Funds Sold and Securities Purchased Under Agreement to Resell	657	925	-268	-28.97%
Loans and Leases Held for Sale	425	310	115	37.10%
Loans and Leases Not Held for Sale	29720	27201	2519	9.26%
Allowance for Loan & Lease Losses	-374	-332	-42	12.65%
Assets held in Trading Accounts	27	36	-9	-25.00%
Premises and Fixed Assets	1036	977	59	6.04%
Other Real Estate Owned	169	76	93	122.37%
Investments in Unconsolidated Subsidiaries	15	14	1	7.14%
Intangible Assets	459	500	-41	-8.20%
Other Assets	1060	971	89	9.17%
TOTAL ASSETS	40903	38309	2594	6.77%
LIABILITIES				
Non-Interest Bearing Deposits	3230	3727	-497	-13.34%
Interest Bearing Deposits	30177	27899	2278	8.17%
TOTAL DEPOSITS	33407	31626	1781	5.63%
Federal Funds Purchased and Securities (Sold Under Repurchase Agreement)	837	679	158	23.27%
Other Borrowed Money	2074	1548	526	33.98%
Other Liabilities	318	329	-11	-3.34%
TOTAL LIABILITIES	36636	34182	2454	7.18%
Minority Interests in Consolidated Subsidiaries	15	2	13	650.00%
EQUITY CAPITAL				
Preferred Stock	4	4	0	0.00%
Common Stock	265	265	0	0.00%
Surplus	2155	2060	95	4.61%
Undivided Profits	1900	1870	30	1.60%
Accumulated Other Comprehensive Income	-56	-73	17	21.92%
Other Equity Capital Components	-1	-1	0	0.00%
TOTAL EQUITY CAPITAL	4267	4127	140	3.39%
TOTAL LIABILITIES AND EQUITY CAPITAL	40903	38309	2594	6.77%

BANK DIVISION

CONSOLIDATED INCOME STATEMENT (In Millions)		
	30-Jun-08	30-Jun-07
Interest Income	1244	1252
Interest Expense	551	579
Non-Interest Income	175	169
Non-Interest Expense	629	560
Provision for Loan Losses	84	40
Securities Gains/Losses	8	-1
Pre-Tax Net Income	163	241
Applicable Income Taxes	60	73
NET OPERATING INCOME	103	168
Extraordinary Gains/Losses	0	0
NET INCOME	103	168
TOTAL CASH DIVIDENDS	75	71

BANK DIVISION

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	(F) Total Assets	(G) Deposits	(H) Other Liabilities	(I) MIUS	(J) Capital	(K) Net Income
ADAMSVILLE	Farmers & Merchants Bank	9188	341	14127	14193	407	1608	29662	24586	1694	0	3582	104
ASHLAND CITY	Community Bank & Trust	35258	5868	49105	149711	2303	14483	216874	170416	26845	0	19513	967
ATHENS	SouthEast Bank & Trust	57348	5037	25368	178227	2246	13487	219873	191513	9028	0	19332	928
ATWOOD	Citizens Bank & Trust Company	6100	687	9304	12712	81	767	23369	21167	285	0	1917	119
BARTLETT	Bank of Bartlett	23123	13040	133714	319104	3589	31452	483711	386772	72936	140	34003	-456
BELLS	Bank of Crockett	1468	3781	55778	46936	900	6403	111898	99474	683	0	11741	706
BENTON	Benton Banking Company	10696	3750	26171	86323	1380	12762	107628	90528	0	0	16435	340
BOLIVAR	First South Bank	9170	9303	78673	283228	3344	28700	366460	328903	27919	0	39638	3001
BRADFORD	The Bank of Bradford	2392	1522	21618	12785	305	2434	38054	32967	330	0	4757	130
BRENTWOOD	Reliant Bank	58209	2033	73861	196151	2457	6364	275952	218106	30711	0	27875	-376
BRIGHTON	Brighton Bank	9189	4290	13174	53876	654	5565	76251	64277	3984	0	8010	-75
BROWNSVILLE	INSOUTH Bank	22020	14255	69067	428390	5126	53017	559603	449655	66033	1686	43715	892
BYRSTOWN	People's Bank and Trust Company of Pickett County	22756	1686	18749	82195	1405	8818	110043	96661	2077	0	11305	861
CAMDEN	Bank of Camden	9176	3707	55706	76895	999	21902	157211	113447	19279	0	24485	433
CARTHAGE	Citizens Bank	893	17372	208520	262024	2189	12221	497948	420160	3759	43	74029	5466
CHAPEL HILL	First State Bank	2393	1916	19026	32789	319	2443	55855	49576	352	0	5927	234
CHATTANOOGA	First Volunteer Bank of Tennessee	10307	19470	56949	429823	4980	38097	538359	475439	9176	0	54744	2721
CHATTANOOGA	Comerstone Community Bank	26256	13039	45948	377410	7240	20632	449789	314347	98484	0	36958	2781
CHATTANOOGA	Cohutta Banking Company	57913	1541	10443	94590	833	7371	113112	64055	38404	0	10852	226
CHATTANOOGA	CapitalMark Bank & Trust	56607	4148	37309	218262	2730	4807	261796	230005	1820	0	29871	-962
CLARKSVILLE	Legends Bank	34936	9307	61131	175653	2128	15223	259188	215560	23407	0	20221	812
CLARKSVILLE	Cumberland Bank and Trust	57091	2546	18807	90568	941	4354	115334	97333	8671	0	9330	319
CLEVELAND	Bank of Cleveland	28955	5695	1595	240963	2740	8861	254374	211761	14474	0	28138	2251
CLEVELAND	Southern Heritage Bank	35093	6239	48140	153599	2311	11670	217337	192327	4038	0	20972	821
CLIFTON	Peoples Bank	9489	3614	17989	100670	1469	12052	132703	113664	8566	132	10473	290
CLINTON	The Community Bank of East Tennessee	34847	2222	13048	62511	899	4114	81196	88898	4211	0	8287	182
COLLIERSVILLE	Bank Tennessee	29177	5721	61384	196268	2190	23926	285109	216612	42555	0	25942	704
COLLIERSVILLE	Landmark Community Bank	34982	657	14252	41338	576	4508	60179	48893	286	0	11000	-1006
COLUMBIA	First Farmers and Merchants Bank	1487	30435	260983	556621	7892	57022	876279	721201	54117	0	100961	5340
COLUMBIA	Community First Bank & Trust	35165	11315	61366	549818	6818	40817	666518	550481	46444	2044	59593	1342
COLUMBIA	Heritage Bank & Trust	58220	1329	10543	91751	1774	9954	111803	96545	5464	0	9794	-1248
COOKEVILLE	Bank of Putnam County	8432	12440	153040	164170	1271	13557	341936	312730	7436	0	21770	1176
COOKEVILLE	Putnam 1st Mercantile bank	58079	879	18101	48684	624	4135	71175	61321	467	0	9387	-97
CORDOVA	First Alliance Bank	35245	4093	12386	106770	1522	7813	129540	105371	13867	0	10302	48
CROSSVILLE	Cumberland County Bank	18364	9598	69779	143737	1215	7137	229036	210790	2903	0	15343	1364
DECATURVILLE	Decatur County Bank	6101	2677	31210	51009	502	4988	89382	66779	11937	0	10866	472
DECHERO	Franklin County United Bank	57851	1445	14913	65773	837	6009	87303	75792	2037	0	11304	195
DICKSON	Bank of Dickson	17327	3558	60032	108755	1033	8445	177757	147874	6932	0	22951	974
DICKSON	TriStar Bank	35417	1932	20889	89659	1027	10336	121589	96249	13808	0	11532	582
DUNLAP	Mountain Valley Bank	1705	2901	14962	76843	829	4206	98083	89306	830	0	7947	542
DUNLAP	Citizens Tri-County Bank	20818	20452	119689	306535	3801	39861	481736	433061	5799	0	42876	3667
DYER	The Farmers & Merchants Bank	1480	2536	42284	38366	300	7831	90717	75906	7973	285	6838	385
DYERSBURG	Security Bank	2391	6575	81982	81982	1214	11781	137575	110236	10194	0	17145	938
ELIZABETHON	Citizens Bank	14851	13359	88213	497349	4547	34154	628528	464745	91937	4125	71846	5280

BANK DIVISION

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	(F) Total Assets	(G) Deposits	(H) Other Liabilities	(I) MIUS	(J) Capital	(K) Net Income
ELIZABETHTON	Carter County Bank of Elizabethton, Tennessee	16985	4994	40166	217763	2161	12212	272974	212465	39332	0	21177	2093
ERIN	Traditions First Bank	57092	2001	15807	56543	612	4947	78686	64492	6414	0	7780	262
ERWIN	Mountain Commerce Bank	4931	8692	65510	239532	2746	30133	340121	292048	14169	0	33904	-1478
FAYETTEVILLE	Bank of Lincoln County	57396	5655	35722	123578	1680	7828	171103	155465	1483	0	14155	716
FRANKFORD	Bank of Frankewing	1484	5308	28438	154089	1591	10566	197300	177761	2266	0	17274	904
FRANKLIN	Tennessee Commerce Bank	35296	5287	96961	939636	11520	34708	1063972	962522	12087	0	89363	4209
FRANKLIN	Franklin Synergy Bank	58714	1056	64565	44643	556	3205	112913	80816	11345	0	20752	-901
GALLATIN	Sumner Bank & Trust	57954	2529	24521	61650	771	2639	90568	78663	668	0	11237	-285
GATES	Gates Banking and Trust Company	10306	909	16943	15542	309	2050	35035	29494	1898	0	3643	176
GERMANTOWN	First Capital Bank	57552	2285	41603	160203	2229	7038	208900	169994	21027	0	17879	181
GLEASON	Bank of Gleason	2379	4399	41847	46217	692	3276	95047	77141	434	0	17472	599
GREENEVILLE	GreenBank	895	59672	311831	2349781	35351	328135	3014088	2273357	335498	0	405225	10642
GREENEVILLE	Andrew Johnson Bank	22015	4452	3106	212002	1980	10323	227893	202356	5689	0	19868	944
GREENEVILLE	American Patriot Bank	57169	1873	4739	100220	982	9281	115131	101039	5043	0	9049	236
GREENEVILLE	Heritage Community Bank	57656	823	7905	96029	955	7834	111636	82021	20342	0	9273	41
GREENFIELD	Greenfield Banking Company	15255	1534	15319	32526	301	2051	51129	42380	2686	0	6063	130
HALLS	Bank of Halls	10315	1979	1794	30964	291	3795	54388	45826	2131	0	6431	300
HALLS	The Lauderdale County Bank	22835	971	17759	19731	297	2472	40636	36136	884	0	3636	128
HARROGATE	Commercial Bank	22354	17447	50015	351978	3981	43150	458609	352736	52340	0	53531	2468
HARTSVILLE	Citizens Bank	6103	3566	29453	90114	975	3429	125587	110433	4647	0	10507	675
HENDERSON	Clayton Bank and Trust	6104	17228	49505	406480	5963	27600	494650	398161	41373	0	55316	2245
HENDERSON	Chester County Bank	19813	1901	22233	19827	588	1296	44669	39305	1234	0	4130	220
HENDERSONVILLE	American Security Bank and Trust Company	57636	3522	35594	117346	1653	9118	163927	120765	19719	0	23423	-191
HUNTINGDON	Carroll Bank and Trust	2390	8403	24555	122082	557	16898	171381	146763	8811	0	15907	759
JACKSON	The Bank of Jackson	34457	3693	21342	88356	1030	8517	120878	100736	6658	0	13484	375
JAMESTOWN	Union Bank	6088	5055	53329	87681	900	11932	157097	136361	2130	0	18806	987
JAMESTOWN	COMMUNITY BANK OF THE CUMBERLANDS	57111	4554	9452	105322	1297	8155	126186	116025	1099	5	9062	167
JASPER	Citizens State Bank	20100	3138	9897	43894	375	5595	62149	56753	268	0	5128	206
JEFFERSON CITY	First Peoples Bank of Tennessee	21874	7285	23321	86343	510	4438	120877	98995	11296	0	9586	796
JELICO	Union Bank	1693	1799	17278	36313	359	3697	58728	51282	783	0	6663	521
JOHNSON CITY	State of Franklin Savings Bank	34137	5547	73002	225986	1617	49666	362584	267391	65093	0	21381	1196
KINGSPORT	Bank of Tennessee	21573	17381	119528	497327	6149	52691	680778	518211	114741	3106	47826	4139
KINGSPORT	TriSummit Bank	59467	2089	36301	42357	529	9090	89288	55097	10332	1	23959	-2293
KNOXVILLE	BankEast	19869	7264	25731	261501	3151	48532	339877	273062	34877	0	31938	-578
KNOXVILLE	American Trust Bank of East Tennessee	57689	2094	27460	108818	1360	3083	140095	112218	13122	0	14755	58
LA FOLLETTE	Peoples Bank of the South	4945	3395	13273	119358	916	5723	140833	115315	7144	0	16374	1038
LAFAYETTE	Citizens Bank of Lafayette	1711	9120	139798	167440	2018	15200	329510	288422	9413	91	31675	1653
LAFAYETTE	Macon Bank and Trust Company	6091	9650	142201	120575	1664	14407	285169	252361	3177	0	29631	1355
LEBANON	Wilson Bank and Trust	26962	31188	234042	1073090	10474	60792	1388638	1235541	33004	0	120993	6075
LEBANON	CedarStone Bank	57684	3426	24707	103665	1063	9904	140639	112372	16374	0	11893	-428
LEBANON	First Freedom Bank	58208	1862	32814	130420	1948	7348	170496	152698	619	0	17179	-510
LEWISBURG	First Commerce Bank	57465	3600	54313	135584	1478	10193	202212	173651	12461	0	16100	770
LEXINGTON	First Bank	8663	33398	298232	1558829	16607	127984	2001936	1608751	189764	0	203421	6949
LEXINGTON	Community Bank	31272	1913	12415	47413	513	4419	65647	51201	7630	0	6816	267
LIBERTY	Liberty State Bank	11881	2961	28987	75663	1247	4019	110383	97004	2372	45	11007	587

BANK DIVISION

City	Institution	FDIC Cert #	(A) Cash	(B) Investments	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	(F) Total Assets	(G) Deposits	(H) Other Liabilities	(I) MIUS	(J) Capital	(K) Net Income
LIVINGSTON	Union Bank & Trust Company	9179	1580	32285	42254	550	2433	77982	68476	2041	387	7465	989
LIVINGSTON	American Bank & Trust of the Cumberland	31980	2736	7025	78148	1172	7129	93866	84142	3989	0	5735	-1348
LOBELVILLE	Bank of Perry County	1713	2229	21246	100129	1099	8195	130700	108677	9087	119	12936	1115
LYNCHBURG	The Farmers Bank of Lynchburg	1690	1780	17362	36820	931	4516	58347	49802	646	0	7798	189
MADISONVILLE	Peoples Bank of East Tennessee	34517	5987	25412	131983	1500	13206	174888	157873	3874	0	13141	401
MANCHESTER	Peoples Bank & Trust Company	1475	1310	22667	47101	598	6008	76386	65186	3959	0	7341	305
MANCHESTER	Coffee County Bank	22090	1118	15028	105374	1382	4859	124987	101158	12160	0	11669	1501
MARYVILLE	Citizens Bank of Blount County	21227	10445	34395	260525	3435	11603	313523	241919	19243	0	52361	2229
MARYVILLE	Foothills Bank & Trust	56891	1028	22430	35551	449	2903	61463	40424	3752	0	17287	-498
MASON	The Bank of Mason	9956	367	2976	4890	41	2608	10600	6879	60	0	3981	-55
MC KENZIE	McKenzie Banking Company	13955	4498	43011	52583	1163	4301	103230	90210	649	0	12371	565
MC MINNIVILLE	Homeland Community Bank	57632	2698	20806	51297	530	2988	77059	67011	600	0	9448	169
MEDINA	Medina Banking Co.	10316	2341	16813	11452	229	735	31112	25602	198	0	5312	154
MEMPHIS	Tri-State Bank of Memphis	16511	6773	30408	84295	1420	4987	125043	108857	935	0	15251	425
MEMPHIS	Trust One Bank	34059	6649	45750	389197	11454	82806	512948	361350	61394	0	90204	-31065
MEMPHIS	Independent Bank	34728	12409	77991	535694	5787	22265	642572	567478	20325	0	54769	1386
MEMPHIS	Triumph Bank	58227	2501	27142	112134	1504	4890	145163	119516	10255	0	15392	-1276
MILAN	The Bank of Milan	33951	1375	27468	29816	515	3796	61940	50123	6629	0	5189	252
MILLINGTON	Patriot Bank	57416	4487	9801	155366	1704	14680	182410	148530	18593	0	15297	791
MOSCOW	The Bank of Fayette County	10308	7551	30314	200393	2368	12719	248609	190701	37242	0	20666	613
MOUNTAIN CITY	Farmers State Bank	13775	4749	38009	74974	735	7871	124868	98363	6726	0	19779	584
MOUNTAIN CITY	Johnson County Bank	22070	1809	7325	93592	1207	5780	107279	87738	12847	0	12894	737
MURFREESBORO	MidSouth Bank	57659	5627	30795	205019	2261	14127	253307	206637	18803	0	29867	-569
NASHVILLE	Avenue Bank	8106	4500	59565	208936	5959	26601	292543	215515	16992	0	60066	-7171
NASHVILLE	Citizens Savings Bank and Trust Company	10319	2044	7225	59026	585	1685	69395	59405	2390	0	7600	192
NASHVILLE	The Bank of Nashville	32713	17711	90653	803684	11164	82597	983481	711328	138863	0	133290	-1089
NASHVILLE	InsBank	35521	1524	38115	89337	933	6284	134327	70849	49504	0	13974	278
NASHVILLE	Nashville Bank and Trust Company	57825	4636	27377	111783	1217	2212	144791	123929	277	0	20585	296
NASHVILLE	Civic Bank & Trust	58040	316	20374	83213	1057	1644	104940	73282	18653	0	12555	-49
NEW TAZEWELL	Citizens Bank	1695	1907	25960	103542	1115	12075	142269	128492	1069	0	12708	245
OAK RIDGE	TNBANK	34023	2954	44325	142690	2225	11646	199390	153798	28057	0	17535	-185
OAKLAND	Oakland Deposit Bank	10320	4076	17141	97354	1226	10933	128278	110269	8745	0	9284	368
ONEIDA	First Trust and Savings Bank, Oneida, Tennessee	6109	5019	25920	84942	1033	5398	120246	102104	6517	0	11625	783
OOLTEWAH	Community Trust & Banking Company	35138	3480	16212	111897	1218	7868	138239	118710	6452	0	13077	590
PARIS	Commercial Bank & Trust Co.	8660	12795	100386	443560	6927	31588	581402	492051	39759	0	49592	3030
PARIS	Security Bank and Trust Company	9172	3267	27301	114285	898	7569	151724	131821	5817	0	14086	1139
PARSONS	Farmers Bank	8661	1582	12311	20128	394	1914	35541	31078	340	0	4123	1
PARSONS	Community South Bank	19849	6131	28935	551205	4954	52243	633580	503365	83776	95	46419	2427
PIGEON FORGE	Tennessee State Bank	20720	17361	78046	536655	5440	42909	689531	530669	80919	0	57943	5011
PORTLAND	The Farmers Bank	1696	18898	95985	321866	3418	20129	454466	377960	33053	1312	43447	3198
PORTLAND	Volunteer State Bank	22451	6974	28361	228735	2722	24325	285673	216526	46642	0	22505	2203
RIPLEY	Bank of Ripley	15673	3690	71032	83681	1239	11533	168697	141152	1378	0	26167	906
ROGERSVILLE	The Citizens Bank of East Tennessee	9499	2855	28261	94447	1083	9625	134105	118451	4387	0	11267	277
ROGERSVILLE	First Community Bank of East Tennessee	33794	6115	23777	191802	2038	17688	237344	188010	27987	0	23367	1196
RUTLEDGE	Citizens Bank and Trust Company of Gainger County	10317	4714	71457	74491	1141	10589	160110	131065	2495	0	26550	902
SARDIS	The Peoples Bank	8110	1018	23947	23639	255	2084	50333	43070	1541	1	5723	436
SAVANNAH	The Hardin County Bank	20993	6238	56614	191954	1329	23590	277067	231457	24687	691	20713	1299

BANK DIVISION

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SAVANNAH	Central Bank	31545	3952	1708	10879	939	6650	135850	108714	13720	0	13416	782
SELMER	Home Banking Company	9196	1580	19663	35120	502	4400	60461	54052	694	0	5715	315
SEVIERVILLE	Sevier County Bank	10318	10678	127770	257593	3181	26062	418922	368215	5286	0	45421	1026
SEVIERVILLE	SmartBank	59463	6426	32209	199582	1995	9585	204807	163427	21486	0	19894	-337
SHELBYVILLE	First Community Bank of Bedford County	27211	12487	64961	163758	2261	17319	256264	197878	27693	0	30693	1565
SHELBYVILLE	PEOPLES BANK OF BEDFORD COUNTY	35804	1793	14724	67874	889	4989	98691	79809	731	0	8151	492
SOMERVILLE	The Somerville Bank & Trust Company	9174	5689	68459	109834	1966	9084	191110	170340	1487	0	19283	876
SPENCER	Citizens Bank of Spencer, Tenn.	6092	839	10054	27430	467	2274	40230	33595	1387	0	5248	167
SPRING CITY	First Bank of Tennessee	10693	7337	22538	171301	1671	9916	209421	181872	9930	540	17819	1781
SPRINGFIELD	Commerce Union Bank	59366	1979	38112	66075	826	5762	111102	73286	10489	0	27327	-93
TAZEWELL	First Century Bank	1700	13978	59949	178565	2605	18841	268528	233895	5324	0	29309	1032
TOONE	Merchants & Planters Bank	8665	3456	26946	52819	1053	7721	89589	78181	2306	0	9102	-223
TRENTON	Peoples State Bank of Commerce	1701	8004	57012	147801	1106	27683	239394	200683	10779	0	27932	441
TREZEVANT	Farmer's and Merchants Bank	8439	6650	3981	150638	1993	16001	175277	144809	15180	0	15288	464
TULLAHOMA	American City Bank of Tullahoma	21663	5147	22219	153257	1442	19749	198930	157905	10890	0	30135	1696
TULLAHOMA	The Bank of Tullahoma	58105	1026	12220	41675	525	4440	58936	47044	193	0	11599	97
TULLAHOMA	First Vision Bank of Tennessee	58201	1535	7730	72054	926	7785	88178	68525	4282	0	14371	-119
UNION CITY	First State Bank	1479	24810	194610	953256	9742	84525	1247459	1022908	121601	14	102950	2754
UNION CITY	Reelfoot Bank	9199	8638	35691	84919	844	12256	140660	126143	2031	0	12486	-104
WARTBURG	Citizens First Bank	34311	3971	34866	106055	1017	11739	155614	133289	10656	84	11689	350
WAYNESBORO	The Bank of Waynesboro	2375	3678	29560	103348	2395	9002	139483	120822	5287	0	13374	755
WAYNESBORO	Wayne County Bank	9188	5431	15046	178526	4385	21432	216050	170600	18621	421	28829	1329
WINCHESTER	Citizens Community Bank	33739	6436	20399	116592	1324	9893	151996	129182	7064	0	15750	1188
WOODLAND MILLS	The Farmers Bank, Woodland Mills, Tennessee	15205	898	5199	5230	108	187	11406	9261	34	0	2111	19
			1005103	7360867	30145033	374770	2766413	40902646	33406659	3229443	15347	4267153	103562

(A) Cash - Includes currency/coin, both interest-bearing and non-interest bearing balances due from depository institutions
 (B) Investments - Investments owned: Includes securities, federal funds sold, and securities purchased under agreements to resell
 (C) Total Loans - Includes all loans and lease financing receivables, net of unearned income
 (D) Loan Loss Reserve - Allowance for Loan and Lease Losses
 (E) Other Assets - Includes premises and fixed assets, trading assets, other real estate owned, investments in unconsolidated subsidiaries and associated companies, customer's liability to bank on acceptances outstanding, intangible assets, and assets not reportable elsewhere.
 (F) Total Deposits - Includes all interest bearing and non-interest bearing customer deposits held.
 (G) Other Liabilities - Includes federal funds purchased, securities sold under agreements to repurchase, demand notes issued to U.S. Treasury, mortgage indebtedness, obligations under capital leases, bank's liability on acceptances outstanding, and all other liabilities
 (H) Minority Interest in Unconsolidated Subsidiaries
 (I) Equity Capital - Includes preferred stock, common stock, surplus, undivided profits, and accumulated other comprehensive income
 (J) Net Income - Income earned after all expenses, taxes, and extraordinary items

COMPLIANCE DIVISION

COMPLIANCE DIVISION**HEADQUARTERS PERSONNEL - NASHVILLE (As of 12/31/08)**

Mike Igney, Assistant Commissioner
 Chris Adams, Chief Administrator
 David Axford, JD, Chief Administrator
 Trey Tally, JD, Legal Liaison
 Beau Barker, Project Manager

APPLICATIONSMortgage, Industrial Loan & Thrift, and Insurance Premium Finance

Carl Scott, CFSA, Director
 David Gaines, Financial Analyst
 Sharon Barnard, CPA, Financial Analyst

Check Cashing, Deferred Presentment, Money Transmitter, and Title Pledge

Stephen Henley, CPA, Director
 Tat Mysayphonh, CPA, Financial Analyst

EXAMINATION PERSONNEL

Brian Williams, Regional Manager	Kevin Hicks
Nicole Chamblee, Regional Manager	Robert Hornbeak
Chad Haney, Supervisor	Marcia Jacks, CFE
David Kelly, Supervisor	William Justice
Jack Lay, CFE, Supervisor	Alisa Logan
Patrick Somers, Supervisor	Wes Martin
Cathy Wilkerson, Supervisor	Rich Regan
Frank Barnes, CFSA	Kerry Rial
Brian Bjork	Marilyn Schroepfel, CFSA
Robert Campbell	Kamela Settles
Brian Caroland	Keith Sharp
Michael Cranor	James Simmons
Robert Doyle	John Stewart
Stephanie Dunn	Calvin Stout
Joshua Evans	Robert Walker
Harvie Franklin	James Waterman
Grant Gouveia	Mike Wiggins
Kathryn Grigsby	Dennis Woodmore, CFSA
Elizabeth Harrell	James Worley

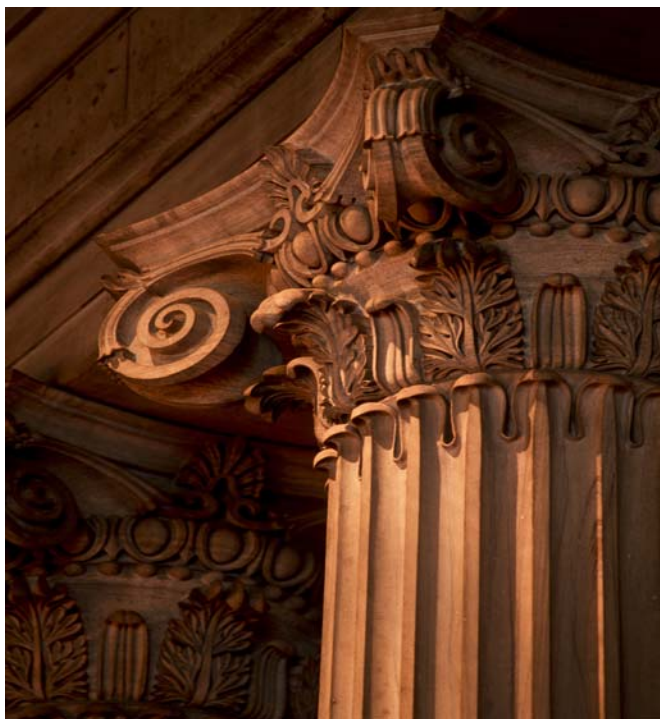
COMPLIANCE DIVISION

COMPLIANCE DIVISION NARRATIVE

The Compliance Division is responsible for the licensing and regulatory supervision of the following types of financial institutions operating in Tennessee:

•	Industrial Loan & Thrift Companies
•	Insurance Premium Finance Companies
•	Residential Mortgage Lenders, Brokers and Servicers
•	Check Cashing Companies
•	Deferred Presentment Service Companies
•	Money Transmitters
•	Title Pledge Lenders

Mortgage Licensees and Mortgage Registrants are responsible for the registration with the Department of all Mortgage Loan Originators (MLOs) conducting business in Tennessee. The Department is responsible for the regulatory oversight of the institutions with which the MLOs are affiliated.



REGULATORY OVERSIGHT

Through a comprehensive examination program, regulated entities are subject to periodic examination by the Division's compliance examiners. The Compliance Division's examinations are designed to test and enforce compliance with Tennessee laws, as well as certain Federal regulations. These laws were written in order to protect the consumer by limiting the amount of interest, loan charges and insurance charges that can be assessed as well as providing for specific disclosures to the consumer regarding loan provisions. The compliance examiners also investigate consumer complaints and allegations of consumer fraud and usury.

With the Administration's commitment to increased regulatory compliance through the examination of non-depository financial institutions, additional examiners were added to the Division beginning in 2004. As a result, exam penetration has been increased across industry types but particularly in the mortgage arena.

As a result of on-site examination, and other regulatory oversight of non-depository financial institutions, the Department returned refunds in excess of \$4 million to consumers for the fiscal year ending June 30, 2008. In addition, the Division initiated 113 administrative enforcement actions for calendar year ending December 31, 2008.

Through increased regulatory oversight, the Department continues to send a clear and consistent message that, while credit availability is vital to Tennessee's economy and all of its citizens should have access, the extension of credit must be fair and equitable.

COMPLIANCE DIVISION

MILESTONES AND ACCOMPLISHMENTS***The Secure and Fair Enforcement for Mortgage Licensing Act of 2008***

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (“S.A.F.E.”) was signed into law by the President on July 30, 2008. The S.A.F.E. Act sets forth objectives for uniform mortgage licensing and specifies the use of the Nationwide Mortgage Licensing System (“NMLS”) through which all mortgage loan originators will be registered or licensed. The S.A.F.E. Act also requires that mortgage loan originators submit to fingerprinting for the purpose of a criminal background check, and demonstrate professional proficiency by passing a pre-licensure test, and meeting continuing education requirements. Since the effective date of the S.A.F.E. Act, the Department has worked diligently to ensure that Tennessee meets all of the federal mandates for S.A.F.E. Act compliance and that the requirements are fulfilled in a timely manner. The Department implemented fingerprint-based background checks on January 1, 2009 for all new applicants for a mortgage loan originator registration certificate as well as principals of the companies for which the originator works.

Nationwide Licensing System for the Residential Mortgage Industry

The Conference of State Bank Supervisors and American Association of Residential Mortgage Regulators developed a national licensing system and database intended to provide uniform applications for residential mortgage lenders and brokers, as well as a central repository of information about licensing and publicly adjudicated enforcement actions. The internet-based system, Nationwide Mortgage Licensing System (“NMLS”), was launched on January 1, 2008. The primary objectives of

the system are to protect consumers, increase accountability among industry professionals and streamline the licensing process for mortgage regulators, brokers and lenders.

The Department has been supportive of the project since inception and has served on a national task force involved in development of the NMLS. The Department will deploy the system February 1, 2009 after which all licensing and registration of mortgage companies and individuals will be through the NMLS.

Multi-state Mortgage Supervision

The Department has entered into a Nationwide Cooperative Agreement for Mortgage Supervision with the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators. The purpose of the agreement is to assist state mortgage regulators by outlining a framework for the coordination and supervision of multi-state mortgage entities. Among the goals are to: protect consumers, identify and prevent mortgage fraud, supervise and examine in a uniform manner across state jurisdictions, and foster consistency, coordination and communication among state regulators.

Multi-state Mortgage Regulatory Cooperative

The Department is a participant in a multi-state regulatory initiative whose purpose is to identify and cross-level information about issues and concerns related to mortgage companies and individuals that engage in the business of mortgage brokerage or lending in multiple states. The cooperative effort among state regulators has proven an effective method by which individual state regulatory authorities can coordinate their efforts to deal more effectively with issues related to common licensees.

COMPLIANCE DIVISION

INDUSTRIAL LOAN AND THRIFT COMPANIES

Consumer loan companies operate under the “Industrial Loan and Thrift Act”, codified as T.C.A. Title 45, Chapter 5. The stated purpose of the Act is to allow citizens to have the services of regulated lending institutions at rates and charges reasonably commensurate with economic realities. This Act authorizes those companies that obtain a certificate of registration to charge rates and fees somewhat higher than what may be charged under the State’s General Usury statutes. While the Act allows higher interest rates, it also contains many consumer protection provisions particularly with respect to loan charges. In 2001, legislation was enacted that requires companies licensed under this Act to secure a surety bond. The bonding requirements are as follows: If the applicant proposes to make loans secured by a mortgage, the surety bond or letter of credit shall be in the amount of \$200,000. For all other applicants, the bond or letter of credit shall be in the amount of \$50,000. Only one bond or letter of credit is required for any registrant, irrespective of the number of employees or offices of such registrant.

Registration

To obtain a certificate of registration, an applicant must maintain a net worth of at least \$25,000 and demonstrate sufficient character to command the confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. As of June 30, 2008, there were 1,011 locations licensed under the Act.

Examinations

For fiscal year ending June 30, 2008, the Department conducted 1,001 examinations that resulted in refunds of \$174,613 to consumers of the State. Special examinations are conducted as needed as a result of complaints filed with the Department’s Consumer Resources Division.

COMPLIANCE DIVISION

INDUSTRIAL LOAN AND THRIFT COMPANIES

Composite Annual Report
(Year Ending December 31, 2007)

Number of Offices Included in this Report	852
Number of Employees in State at Year-End	3,511

REGULATED ENTITIES PROFIT PERCENTAGE

RATE OF RETURN

Average Net Receivable (industry)	\$3,479,648,172
Average Net Receivable (location)	\$4,084,094
Net Income (industry)	\$48,033,463
Net Income (location)	\$56,377
Rate of Return on Outstanding Receivables (location)	1.38%

ANALYSIS OF ACCOUNTS OUTSTANDING

Average Number of Accounts Outstanding (industry)	589,405
Average Number of Accounts Outstanding (company)	4,366
Average Number of Accounts Outstanding (location)	692

OTHER INFORMATION

Number of Loans Outstanding at Beginning of Year	588,463
Dollar Volume of Loans Outstanding at Beginning of Year	\$3,254,859,090
Average per Loan Outstanding at Beginning of Year	\$5,531
Number of Loans Made During the Year	1,179,596
Dollar Volume of Loans Made During the Year	\$2,290,159,227
Average per Loan Outstanding	\$1,942
Number of Loans Charged Off During the Year	103,569
Dollar Volume of Loans Charged Off During the Year	\$152,921,428
Average Loan Amount Charged Off	\$1,477

COMPLIANCE DIVISION

Number of Loans Outstanding at Year End	627,952
Dollar Volume of Loans Outstanding at Year End	\$4,051,949,296
Average per Loan Outstanding at Year End	\$5,395

ANALYSIS OF LOAN RECEIVABLES OUTSTANDING

Gross Loan Receivables Outstanding - January	\$3,796,708,122
Gross Loan Receivables Outstanding - February	\$3,702,356,892
Gross Loan Receivables Outstanding - March	\$3,719,986,586
Gross Loan Receivables Outstanding - April	\$3,748,327,570
Gross Loan Receivables Outstanding - May	\$3,811,399,065
Gross Loan Receivables Outstanding - June	\$3,827,927,696
Gross Loan Receivables Outstanding - July	\$3,859,607,989
Gross Loan Receivables Outstanding - August	\$3,897,397,633
Gross Loan Receivables Outstanding - September	\$3,918,664,615
Gross Loan Receivables Outstanding - October	\$3,946,360,717
Gross Loan Receivables Outstanding - November	\$3,989,377,267
Gross Loan Receivables Outstanding - December	\$4,051,949,296

SIZE OF DISTRIBUTION

	Number	Net Amount
\$1,000 or less	889,093	\$ 453,268,798
\$1,001 to \$5,000	148,380	\$ 346,237,236
\$5,001 to \$10,000	98,130	\$ 475,588,395
In excess of \$10,000	43,965	\$ 1,015,064,798
TOTAL	1,179,568	\$ 2,290,159,227

DISTRIBUTION MADE BY TYPE OF SECURITY

	Number	Net Amount
Household Goods Only	469,712	\$ 435,077,948
Automobiles Only	67,976	\$ 291,756,881
Household Goods & Automobiles	103,111	\$ 199,260,337
Unsecured	459,637	\$ 710,477,153
Real Estate	16,446	\$ 604,609,586
Other	62,686	\$ 48,977,322
TOTAL	1,179,568	\$ 2,290,159,227

COMPLIANCE DIVISION

INSURANCE PREMIUM FINANCE COMPANIES

The activities of Premium Finance Companies are governed by the “Premium Finance Company Act of 1980”, codified as T.C.A. Title 56, Chapter 37. “Premium Finance Company” means a person engaged in the business of entering into premium finance agreements or acquiring premium finance agreements from other premium finance companies. “Premium finance agreement” means an agreement by which an insured, or prospective insured, promises to pay to a premium finance company the amount advanced, or to be advanced under the agreement to an insurer or to an insurance agent or producing agent in payment of premiums of an insurance contract, together with interest and a service charge as authorized and limited by this Chapter.

Licensing

To obtain a license, an applicant must, pursuant to T.C.A. § 56-37-104(b), be competent and trustworthy, act in good faith, have a good business reputation, experience, training or education in this business. Furthermore, if the applicant is a foreign or domestic corporation, LLC, or limited partnership, it must be authorized to conduct business in the State of Tennessee. As of June 30, 2008, there were 71 companies licensed under the Act.

RESIDENTIAL MORTGAGE LENDERS, BROKERS AND SERVICERS

The activities of Residential Mortgage Lending, Brokering, and Servicing companies are governed by the “Tennessee Residential Lending, Brokerage and Servicing Act of 1988”, codified as T.C.A. Title 45, Chapter 13. T.C.A. § 45-13-103(a) expands this further by stating “no person shall act as a mortgage lender, mortgage loan broker, mortgage loan servicer, or mortgage loan originator in this state without first complying with the applicable licensing or registration requirements under this chapter.” Certain companies may be exempt under criteria explained in T.C.A. § 45-13-103. If the applicant proposes to make or service mortgage loans, a surety bond or irrevocable letter of credit shall be in the amount of \$200,000. For all applicants whose activities are limited to the brokering of mortgage loans, the surety bond or irrevocable letter of credit shall be in the amount of \$90,000. Only one bond or letter of credit is required for any licensee, irrespective of the number of employees or offices of such licensee.

Licensing/Registration

To obtain a license or certificate of registration, an applicant must maintain a net worth of at least \$25,000 and demonstrate sufficient character to command the confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. As of June 30, 2008, there were 1,277 companies licensed or registered under the Act. Additionally, with passage of amendments to the Residential Mortgage Lending, Brokerage and Servicing Act during the 2004 session of the General Assembly, the Department began registering individual mortgage loan originators effective January 1, 2005. As of June 30, 2008, there were 12,464 mortgage loan originators actively registered.

COMPLIANCE DIVISION

Examinations

For fiscal year ending June 30, 2008, the Compliance Division conducted 317 examinations of mortgage licensees/registrants that resulted in refunds of \$2,293,756 to consumers. Special examinations are also conducted as a result of consumer complaints forwarded from the Department's Consumer Resources Division.

CHECK CASHING COMPANIES

The activities of Check Cashing Companies are governed by the "Check Cashing Act of 1997" codified as T.C.A. Title 45, Chapter 18. Retailers who cash checks incidental to their retail operations are exempt from the Act if their compensation for cashing checks does not exceed five percent of their gross receipts. See T.C.A. § 45-18-103(5).

Licensing

To obtain a check cashing license, an applicant must maintain a minimum net worth of \$25,000 per location and demonstrate sufficient character and experience to command confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. As of June 30, 2008, there were 699 licensed check casher locations in Tennessee.

Examinations

Examinations of licensed check cashers are conducted pursuant to T.C.A. § 45-18-113. For the fiscal year ending June 30, 2008, the Compliance Division of the Department performed 429 check cashing examinations resulting in refunds of \$29,301 to 176 consumers.



COMPLIANCE DIVISION

DEFERRED PRESENTMENT SERVICE COMPANIES

The activities of the Deferred Presentment Services Companies are governed by the “Deferred Presentment Services Act” codified as T.C.A. Title 45, Chapter 17.

Licensing

To obtain a deferred presentment services license, an applicant must maintain a minimum net worth of \$25,000 per location and demonstrate sufficient character and experience to command confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. As of June 30, 2008, there were 1,481 deferred presentment locations licensed in Tennessee.

Examinations

For fiscal year ending June 30, 2008, the Department’s Compliance Division conducted 1,239 examinations of deferred presentment offices. Typically, the Department’s compliance examiners review a random sample of the licensee’s transactions by looking at the fees charged and the disclosures given to the consumers. As a result, licensees made total refunds of \$152,708 to consumers for charging excessive or unauthorized fees pursuant to T.C.A. § 45-17-115.

Annual Report Information

By September 1st of each year, licensees are required by T.C.A. § 45-17-119 to file with the Commissioner of Financial Institutions an Annual Report covering the licensee’s business activities as of the close of business on December 31. These reports include a balance sheet, statement of income and expense, as well as other statistical data. Below is a recapitulation of the 2007 annual reports for the purpose of reflecting the general results of the operations for the year ending December 31, 2007.

Annual Report Information for Calendar Year Ending December 31, 2007

The following tabulation represents aggregate information from reports filed by 401 licensed companies. The Department did not require an annual report from companies that opened after December, 2007.

Total Assets	\$1,910,343,531
Total Liabilities	\$1,457,102,551
Net Worth	\$ 453,240,980

As of December 31, 2007, the average assets of a deferred presentment company operating in Tennessee were \$4,763,949. Eighty-eight companies reported assets greater than \$500,000; 189 companies had assets of between \$100,000 and \$500,000; and the remaining 124 showed total assets of less than \$100,000.

COMPLIANCE DIVISION

Statement of Income and Expenses

The following information was compiled from the statements of income and expenses for the period of January 1, 2007 to December 31, 2007.

Total Operating Income	\$181,487,787
Salary Expense	\$ 46,950,374
Bad Debt Expense	\$ 24,987,438
Net Income	\$ 10,213,650

Of the 401 reporting companies, 117 reported operating losses and 36 reported net income of over \$100,000 for the period ending December 31, 2007. The average company made a profit of \$25,470.

Salaries are a major company expense, amounting to about 26 percent of total operating income. The average salary expense for reporting company was \$117,083.

Losses on receivables constitute another major industry expense. Bad debt expense represented approximately 14 percent of total operating income.

Effective June 7, 2005, the return check fee authorized under T.C.A. 47-29-102 increased from \$25.00 to \$30.00. The Deferred Presentment Services Act allows licensees to assess a handling charge, in accordance with that which is authorized under T.C.A. 47-29-102, if a check is returned from a payer financial institution due to insufficient funds, stop payment order or closed account.

Transactional Data

The following transactional data was reported for the period ending December 31, 2007:

Number of transactions	4,688,093
Dollar amount of transactions during the year	\$1,091,761,680
Average size of receivable transactions	\$ 232.88

Number of transactions by size of check:

\$1 - \$150:	558,792
\$151 - \$250:	3,094,309
\$251 - \$500:	1,034,992

COMPLIANCE DIVISION

MONEY TRANSMITTERS

The activities of Money Transmitter companies are governed by the “Tennessee Money Transmitter Act of 1994”, codified as T.C.A. Title 45, Chapter 7. There are exemptions that apply to certain government agencies, as well as business organizations. See T.C.A. § 45-7-204.

Licensing

Each applicant for a license must demonstrate, and each licensee must maintain, a net worth of not less than \$100,000 computed according to generally accepted accounting principles. Persons transmitting, or proposing to transmit, money shall have an additional net worth of \$25,000 per additional location or agent located in Tennessee, as applicable, to a maximum of \$500,000. The applicant must demonstrate such experience, character, and general fitness as to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly. As of June 30, 2008, there were 58 licensed money transmitters.

Examinations

Examinations of money transmitters are conducted pursuant to T.C.A. § 45-7-214. The Commissioner may accept, in lieu of an on-site examination, the examination report of an agency of another state, or a report prepared by an independent accounting firm, and reports so accepted are considered, for all purposes, as an official report of the Commissioner. As of June 30, 2008, refunds in the amount of \$1,013,465 were issued to consumers.

TITLE PLEDGE LENDERS

The activities of Title Pledge Lenders are governed by the “Tennessee Title Pledge Act”, codified as T.C.A. Title 45, Chapter 15.

Licensing

To obtain a title pledge lender license, an applicant must maintain a minimum net worth of \$75,000 per location and demonstrate sufficient character and experience to command confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. As of June 30, 2008, there were 790 licensed title pledge lenders.

Examinations

For fiscal year ending June 30, 2008, the Department’s Compliance Division conducted 669 examinations of title pledge lender offices resulting in refunds of \$397,064 to 2,078 consumers.



CONSUMER RESOURCE DIVISION

CONSUMER RESOURCE DIVISION

HEADQUARTERS PERSONNEL - NASHVILLE

Alan Smith, Assistant Commissioner
 Bart Daughdrill, Program Administrator-Consumer Complaints
 Christina Coleman, Program Administrator-Financial Literacy
 Alicia Gay, Consumer Resources Specialist
 Diedre Nation, Consumer Resources Specialist
 Johanna Thompson, Consumer Resources Specialist

CONSUMER PROTECTION

A key responsibility of the Division is the handling and tracking of consumer complaints. The Department of Financial Institutions is the only state agency that has the statutory jurisdiction to handle consumer concerns and complaints involving financial institutions operating under the various laws the Department administers in the State of Tennessee. The Division processes all complaints related to financial institutions chartered and licensed by the Department. If the Department receives information that does not fall within the Department's jurisdiction, those inquiries or complaints are forwarded to the appropriate agency or entity and the consumer is accordingly advised. The Division's routine practice is to submit the consumer's written complaint to the financial institution for response and communicates this in writing to the complainant. If a complaint indicates that further review is necessary, the complaint is referred to the appropriate regulatory Division in the Department for investigation as warranted.

The Division processed a total of 454 formally filed consumer complaints in 2008. These were received from 67 of the state's 95 counties. The Division's assistance in these complaints led to refunds totaling \$8032.91 to some of the affected consumers in these instances.

Top 10 Consumer Complaint Allegations

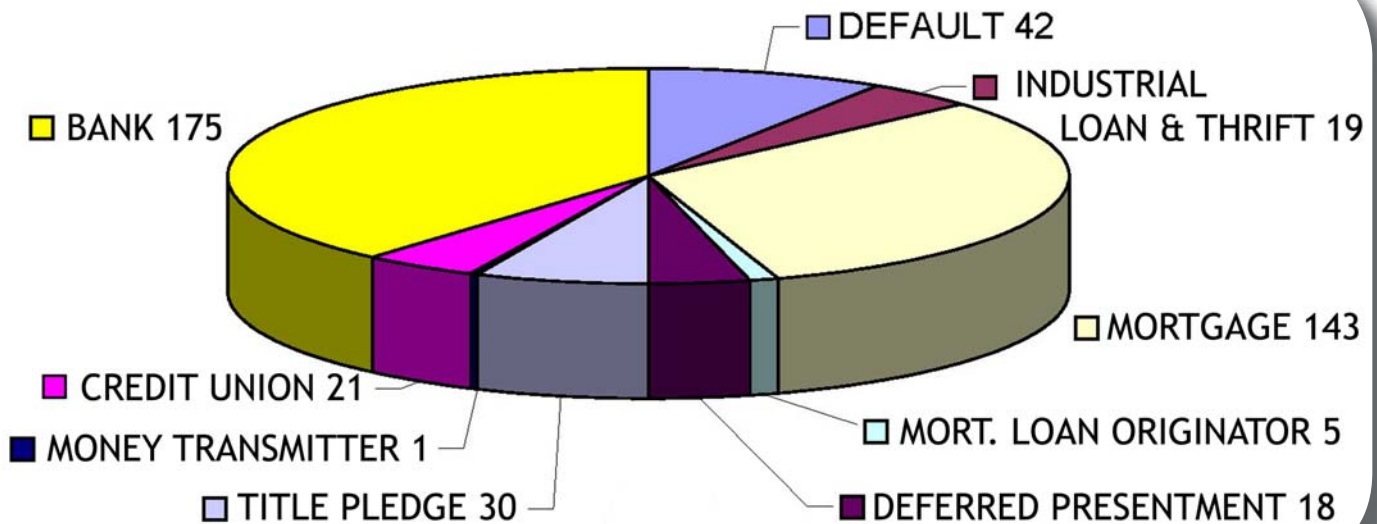
Allegation	Number of Occurrences
Customer Service Issues	103
Misrepresentation	42
Account Fee Issues	31
Payment Processing-Payment History Disputes	25
Excessive Fees	16
Account Balance Discrepancies	15
Foreclosure Issues	15
Fraud	15
Scams	11
Repossession Issues	10

CONSUMER RESOURCE DIVISION

CONSUMER EDUCATION

A key strategy in helping protect consumers is to develop and coordinate educational resources that can assist consumers in making informed financial decisions. Education is a powerful tool in financial literacy. Consumers who understand their rights and responsibilities are less likely to become involved in situations that are not in their best interests. Serving as a conduit, the goal of the Division is to ensure that all Tennesseans have access to financial literacy programs, which help them make sound money management decisions. In the 2008 calendar year, the Division concluded its partnership with Tennessee Jumpstart, a Coalition for Personal Financial Literacy to provide funding and training in an effort to get financial literacy materials to elementary school teachers throughout Tennessee. Department staff assisted in conducting workshops which allowed elementary school teachers to enhance skills and learn how to incorporate personal finance topics into classroom lessons. Workshop participants received curriculum valued at more than \$120. Based on the final grant report, dated July 31, 2008, this program reached 249 educators from 36 counties in Tennessee, reaching an estimated 6,225 students. The average number of educators per training was 16.60 and the counties in attendance accounted for 37.89 percent of Tennessee counties. Shelby County had the highest attendance at 60 participants and Hamilton County had the second highest attendance at 49 participants.

2008 Consumer Complaint Distribution



CONSUMER RESOURCE DIVISION

Members of Division staff have been trained in the FDIC Money Smart Adult Education financial literacy program, the Freddie Mac CreditSmart program and the Neighborworks Homebuyers Education program. Additionally, the Division was a certified homebuyer training agency with the Tennessee Housing Development Agency (THDA) in 2008. In 2008, the Consumer Resources Division participated in the following financial literacy workshops across the State:

University of Memphis/\$marTennessee

In March 2008 the Department awarded a \$75,000 grant to the University of Memphis to provide training and curriculum to elementary and middle school teachers for the purposes of implementing personal financial education in the classroom. Grant proceeds will provide 560 school teachers in 70 schools curriculum sets including the teachers guide, student storybook and CD ROM. In addition, an estimated 2,950 students will receive student workbooks and parent guides from which the materials may be reinforced at home.

CONSUMER RESOURCE DIVISION

2008 Education and Outreach

TN JumpStart Elementary Teacher's Workshop	Dyersburg, TN
TN JumpStart Elementary Teacher's Workshop	Jackson, TN
TN JumpStart Elementary Teacher's Workshop	Knoxville, TN
Volunteer Income Tax Preparation, New Level CDC	Nashville, TN
TN JumpStart Elementary Teacher's Workshop	Memphis, TN
UT Extension Life Smarts Competition	Nashville, TN
Nashville Roundtable on Financial Literacy, Federal Reserve Bank	Nashville, TN
THDA Foreclosure Prevention Training Luncheon	Nashville, TN
Representative Hardaway's Citiwide/District 92 Housing Conference	Memphis, TN
Federal Reserve Bank High School Teachers Training	Nashville, TN
Homeland Community Bank Youth Council Presentation	Nashville, TN
Financial Literacy Summit--Mt Zion Baptist Church	Nashville, TN
TN JumpStart Elementary Teacher's Workshop	Nashville, TN
Federal Reserve Bank—High School Teachers Training	Memphis, TN
TN JumpStart Elementary Teacher's Workshop	Chattanooga, TN
Federal Reserve Bank High School Teachers Training	Jackson, TN
Federal Reserve Bank High School Teachers Training	Memphis, TN
TN JumpStart Bankers Workshop	Memphis, TN
Lakeview Elementary School Teach Children to Save Day	Mt. Juliet, TN
4-H Agent Presentation	Paris Landing, TN
Neighborworks Foreclosure Prevention Workshop	Memphis, TN
Columbia Elementary School Presentation	Nashville, TN
Neighborworks Foreclosure Prevention Workshop	Jackson, TN
TN JumpStart Bankers Workshop	Germantown, TN
Dept. of Human Services Employee Lunch & Learn	Nashville, TN
TN JumpStart Annual Teachers Conference	Gatlinburg, TN
13th Annual Health Summit for Minority Communities	Knoxville, TN
WMH Toolgroup Employee Presentation	Lavergne, TN
TN JumpStart Elementary Teacher's Workshop	Dyersburg, TN
TN JumpStart Elementary Teacher's Workshop	Jackson, TN
TN JumpStart Teachers Training, MTSU	Murfreesboro, TN
ACORN Foreclosure Prevention Workshop	Nashville, TN
New Level Community Development Corporation Homebuyers Training	Nashville, TN
4-H Agent Conference	Paris Landing, TN
Representative Hardaway's Conference for Senior Citizens	Memphis, TN
McKendree Arbors Nursing Home	Springfield, TN
United Way-Train the Trainers Session	Nashville, TN
THDA Peer to Peer Foreclosure Workshop	Nashville, TN
Representative Gilmore Foreclosure Prevention Workshop	Nashville, TN
WMH Toolgroup	Lavergne, TN

CREDIT UNION DIVISION

CREDIT UNION DIVISION

This Division is responsible for the supervision and examination of each state-chartered credit union and one corporate credit union. Credit Union Examiners perform safety and soundness examinations of each state-chartered credit union and Volunteer Corporate Credit Union to determine compliance with governing laws and regulations. Credit union examiners perform evaluations of each credit union's assets, liabilities, income, and expenses in order to assess the solvency of the credit union. They also perform investigations as a result of complaints filed with the Department's Consumer Resources Division.

The financial health of Tennessee's credit union industry remains strong and is insured by the NCUSIF. Collectively, the 111 natural person credit unions regulated by the Credit Union Division have assets of approximately \$6.7 billion and assets grew 6.5% during the past 12 months. Capitalization remains excellent, with net worth totaling 13.01% of assets. Delinquency and charge-offs remain manageable and the return on assets was 0.78%. Individually, the institutions present a vast array of asset sizes, fields of membership and services. From the \$2.0 billion Eastman Credit Union in Kingsport to the \$50,000 Langston Bag Company Employees Savings Association in Memphis - all across the State, Tennessee's consumers receive valuable service from member-owned cooperatives.

Volunteer Corporate Credit Union continues to meet the financial services needs of our State's natural person credit unions (both State and Federal). This \$1.1 billion corporate credit union serves over 250 member credit unions. Primary offerings include traditional correspondent services such as investments, item processing, security safekeeping, consulting services, and web design.

With each examination mailed out, the Credit Union Division includes a voluntary survey to be completed at the conclusion of each examination. This is done to measure the overall efficiency and effectiveness of the examination and to determine the adequacy of communication skills. To ensure the confidentiality and the integrity of this process, completed surveys are mailed to an independent third-party who then handles accumulation of data and prepares a summary report. The results of the survey reveal that credit unions agree that the examination process continues to meet its goals.

The Credit Union Division remains accredited by the National Association of State Credit Union Supervisors (NASCUS). The NASCUS accreditation was recertified during 2005 (for another five-year period). Additionally, eligible Division examiners and supervisors have met the comprehensive criteria for NASCUS examination certifications. This Certification Program provides recognition to superior State credit union examiners and encourages continued professional development through the certification's required continuing education hours.

CREDIT UNION DIVISION

CREDIT UNION DIVISION PERSONNEL

(As of December 31, 2008)

Headquarters-Nashville

Trevor R. Williams, Assistant Commissioner
 Vickie Young, Safety and Soundness Manager
 Alica C. Owen, Financial Analyst
 Kayce Cawthon-Stoker, Executive
 Administrative Assistant

Examination Personnel

West Tennessee District

Randall Means, CSCUES, V, Supervisor
 Dana R. Owen, CFE, CEIC, CISE, IV

Middle Tennessee District

Steve Eddings, CFE, CSCUE, CEIC, V,
 Supervisor
 Thomas Harper, CSCUE, IV
 Harry P. Murphy, CFE, CSCUE, IV

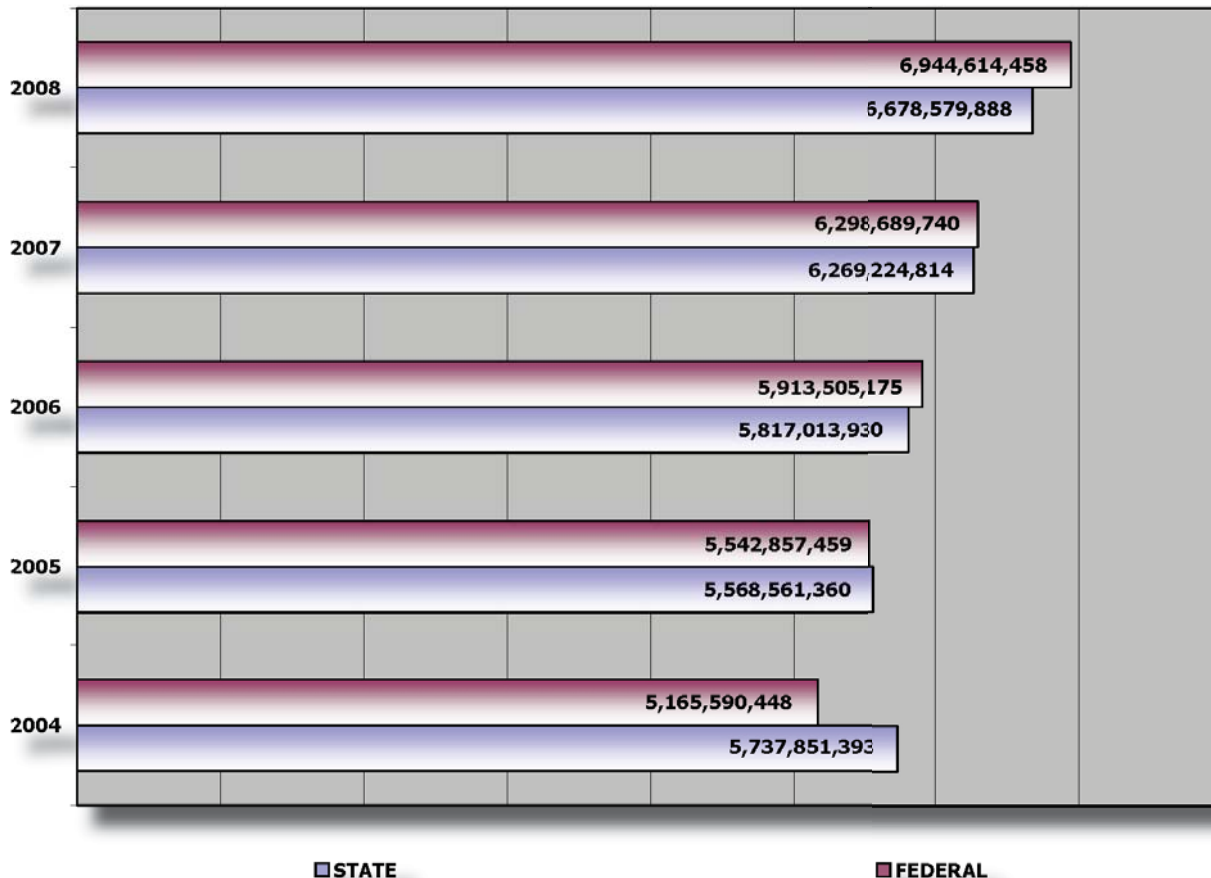
East Tennessee District

John R. Shires, CSCUES, V, Supervisor
 William Cave, CFE, CEIC, CSCUE, IV
 Lance Hogelin, CFE, CSCUE, IV
 Shane Hardin, CFE, CSCUE, IV
 Dwight Ward, IV

Examination Personnel Designation

“CEIC” Certified Examiner-in-Charge;
 “CFE” Certified Financial Examiner;
 “CISE” Certified Information Systems Examiner;
 “CSCUE” Certified State Credit Union Examiner,
 “CSCUES” Certified State Credit Union Examiner Supervisor.
 Roman Numerals denote field examiner level.

Credit Union Assets (in Millions)



CREDIT UNION DIVISION

Corporate Reorganizations

July 1, 2007 - June 30, 2008

Mergers

08/03/2007 Tennessee Paper Mills Credit Union, Chattanooga, TN, merged with and into Allied Printers/IBEW 846 Credit Union, Chattanooga, TN.

01/08/2008 League Central Credit Union, Chattanooga, TN, merged with and into Southeast Financial Federal Credit Union, Nashville, TN.

Name Changes

08/03/2007 Allied Printers/IBEW 846 Credit Union, Chattanooga, TN, changed its name to River City United Credit Union.

08/03/2007 AFG Employees Credit Union, Kingsport, TN, changed its name to AGC Credit Union.

11/29/2007 Medical Center Credit Union, Johnson City, TN, changed its name to Mountain States Credit Union.

Charter Conversions

01/22/2008 Covenant Health Credit Union, Knoxville, TN, converted to a Federal charter.



CREDIT UNION DIVISION

Voluntary Liquidations

01/28/2008 Bristol Tennessee Electric System Credit Union, Bristol, TN.

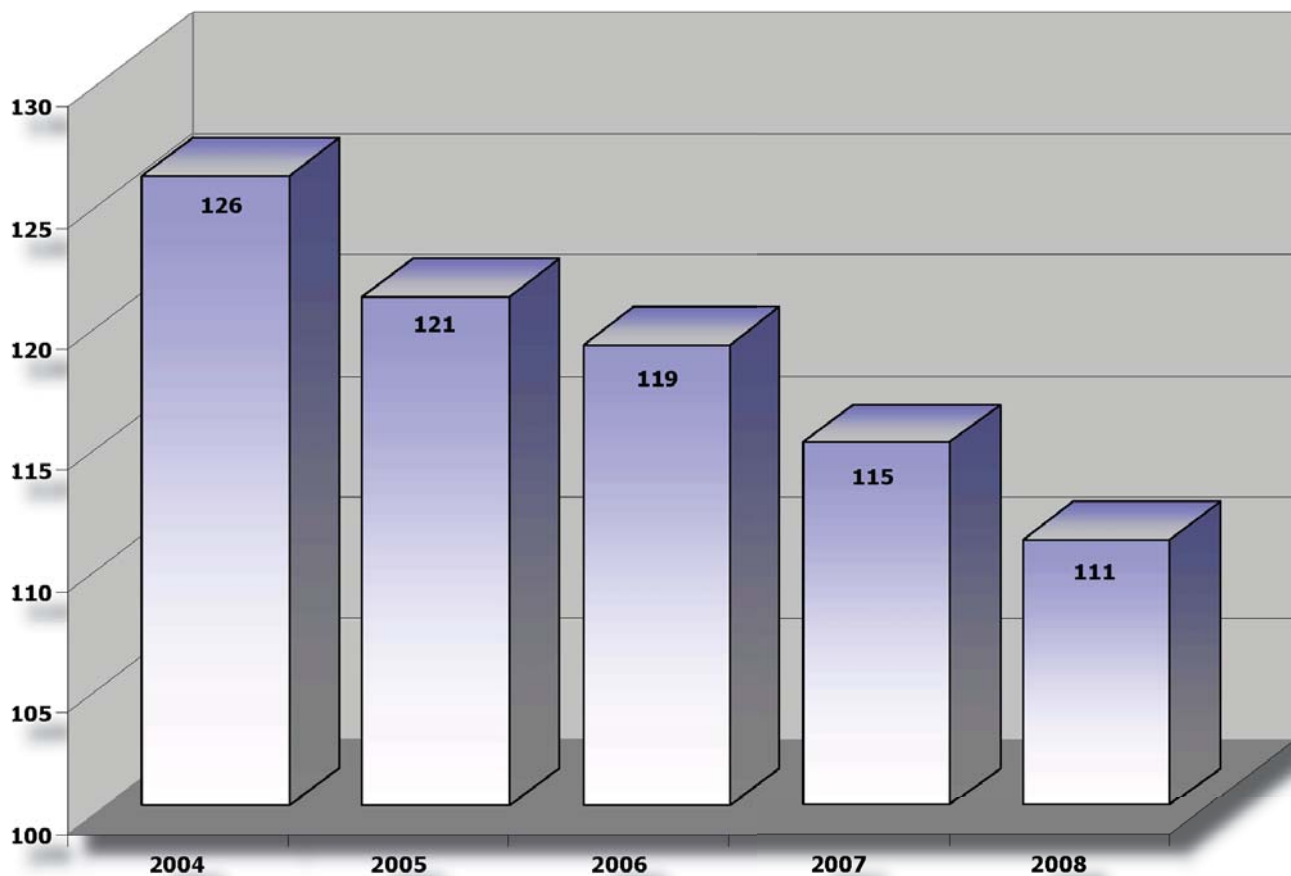
Field of Membership Expansions

8/14/2007 American Savings Credit Union, Memphis, TN, added specific census tracts as an expanded underserved area in Crittenden, Arkansas and Tunica County, Mississippi.

9/13/2007 Knoxville TVA Credit Union, Knoxville, TN, added Johnson City, TN, to their existing community field of membership.

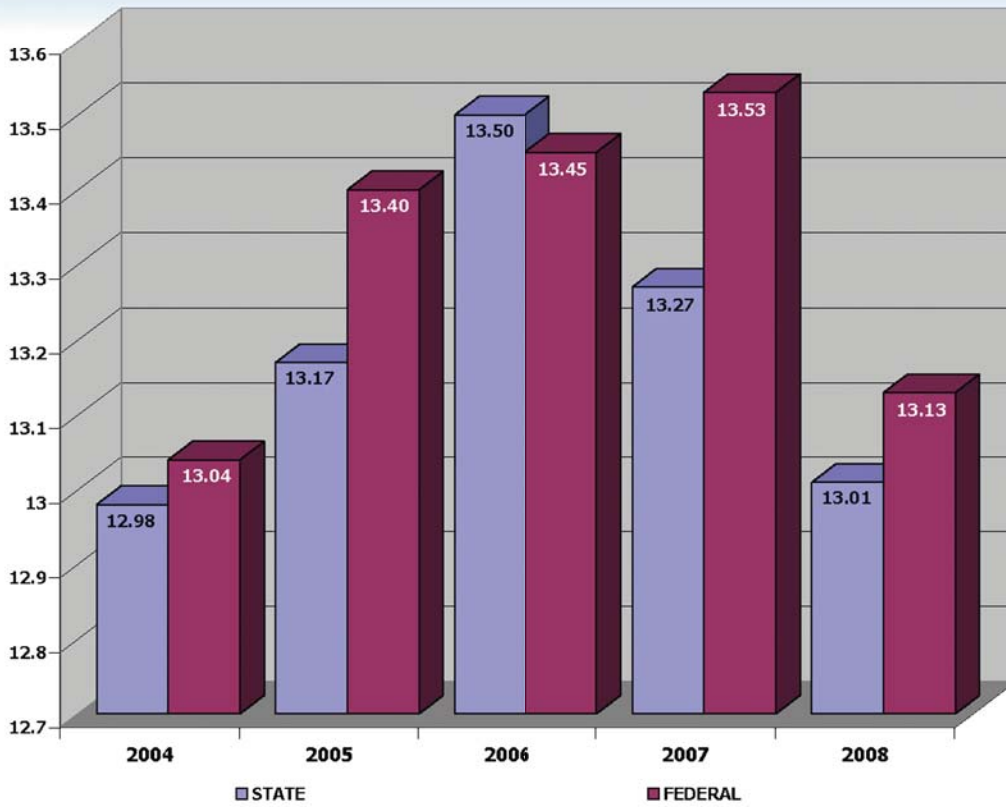
09/25/2007 Cornerstone Financial Credit Union, Nashville, TN, added Storico Industries, Nashville, TN.

05/31/2008 Leaders Credit Union, Jackson, TN, added specific census tracts as an expanded underserved area of the City of Jackson in Madison County, TN.

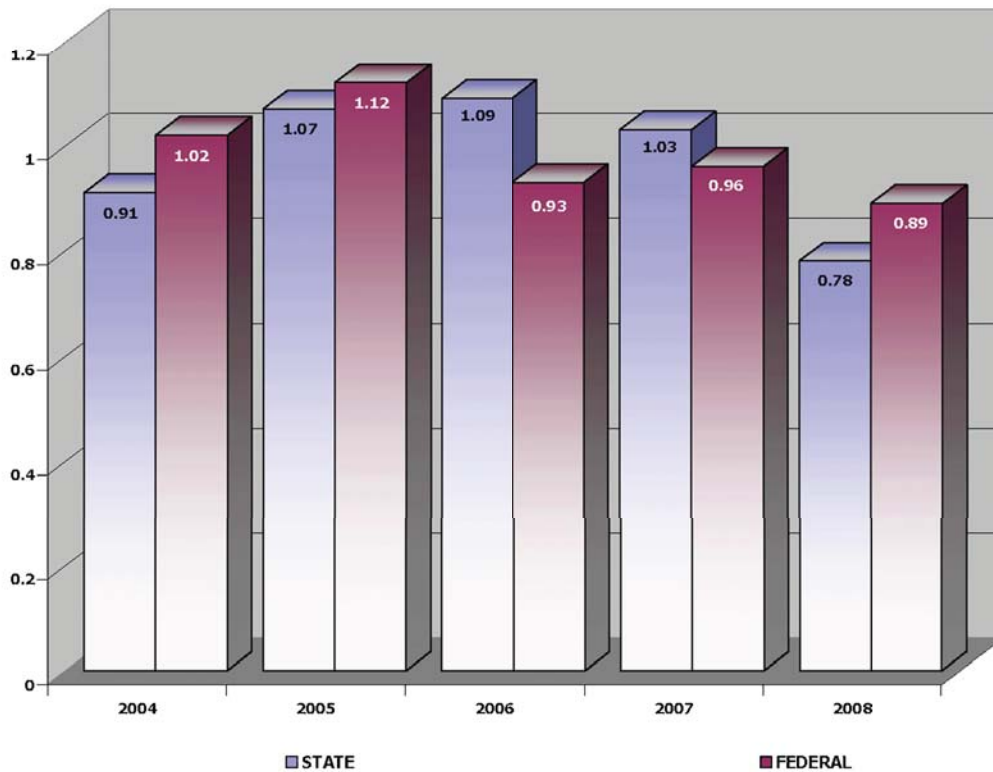
Number of State-Chartered Credit Unions in Tennessee (as June 30, 2008)

CREDIT UNION DIVISION

NET WORTH RATIOS (As of June 30, 2008)



CREDIT UNION RETURN ON ASSETS (As of June 30, 2008)



CREDIT UNION DIVISION

Tennessee State-Chartered Credit Unions Consolidated Balance Sheet

	June 2008	June 2007	% Change
ASSETS			
CASH:			
Cash on Hand	69,153,483	65,644,175	5.35%
Cash on Deposit	451,174,598	448,985,665	0.49%
Cash Equivalents	94,680,949	66,669,497	42.02%
Total Cash	\$615,009,030	\$581,299,337	5.80%
INVESTMENTS:			
Trading Securities	29,030,564	0	N/A
Available for Sale Securities	407,686,430	493,935,356	-17.46%
Held-to-Maturity Securities	180,328,402	298,125,877	-39.51%
Deposits in Commercial Banks, S & Ls, Savings Banks	436,439,833	202,596,236	115.42%
Loans to, Deposits in, & Investments in Natural Person Credit Unions	16,856,237	13,094,804	28.72%
Total MCSD and PIC in Corporate	30,333,969	28,285,075	7.24%
All Other Investments in Corporate Credit Unions	361,099,061	333,933,131	8.14%
All Other Investments	31,197,351	20,945,190	48.95%
Total Investments	\$1,492,971,847	\$1,390,915,669	7.34%
LOANS HELD FOR SALE	\$0	\$93,575	N/A
LOANS AND LEASES:			
Unsecured Credit Card Loans	125,917,875	117,685,945	6.99%
All Other Unsecured loans	275,953,905	274,774,103	0.43%
New Auto Loans	662,467,866	664,435,986	-0.30%
Used Auto Loans	1,007,499,190	951,347,347	5.90%
First Mortgage Real Estate Loans	1,686,618,693	1,469,788,797	14.75%
Other Real Estate Loans	370,782,723	376,754,217	-1.58%
Leases Receivable	1,540,968	2,127,104	-27.56%
Other Member Loans	186,770,662	203,491,294	-8.22%
Total Loans	\$4,317,551,882	\$4,060,404,793	6.33%
ALLOWANCE FOR LOAN & LEASE LOSSES	(38,479,278)	(31,693,593)	21.41%

CREDIT UNION DIVISION

Tennessee State-Chartered Credit Unions Consolidated Balance Sheet (cont.)

	June 2008	June 2007	% Change
ASSETS			
Foreclosed and Repossessed Assets	3,904,253	3,368,948	15.89%
Land and Building (Net of Depreciation)	133,355,971	120,340,968	10.82%
Other Fixed Assets	32,381,999	29,786,296	8.71%
Share Insurance Capitalization Deposit	45,918,904	44,143,153	4.02%
Total Other Assets	75,965,280	70,565,668	7.65%
Total Assets	\$6,678,579,888	\$6,269,224,814	6.53%
TOTAL CREDIT UNIONS	111	115	-3.48%
LIABILITIES, SHARES AND EQUITY			
Liabilities:			
Promissory and Other Notes Payable	123,624,246	158,996,303	-22.25%
Borrowing Repurchase Transactions	0	0	N/A
Uninsured Second Capital	0	0	N/A
Dividend and Interest Payable	6,527,120	7,202,609	-9.38%
Accounts Payable and Liabilities	57,055,499	46,153,165	23.62%
Total Liabilities	\$187,206,865	\$212,352,077	-11.84%
SAVINGS/DEPOSITS:			
Share Drafts	615,172,713	614,116,206	0.17%
Regular Shares	1,401,332,250	1,394,695,024	0.48%
All Other Shares and Deposits	3,610,006,312	3,223,216,587	12.00%
Total Savings/Deposits	\$5,626,511,275	\$5,232,027,817	7.54%

CREDIT UNION DIVISION

Tennessee State-Chartered Credit Unions Consolidated Balance Sheet (cont.)

	June 2008	June 2007	% Change
EQUITY:			
Undivided Earnings	596,698,952	564,668,254	5.67%
Regular Reserves	238,020,255	228,467,795	4.18%
Appropriations for Non-Conforming Investments	0	0	N/A
Other Reserves	28,381,466	26,962,913	5.26%
Miscellaneous Equity	51,865	2,800	1752.32%
Unrealized Gains/Losses Average For Sale Securities	(-1,549,000)	(-7,207,892)	-78.51%
Other Comprehensive Income	(-2,778,751)	16,559	16880.91%
Net Income	6,036,961	1,934,491	-49.42%
EQUITY TOTAL	\$864,861,748	\$824,844,920	4.85%
TOTAL SAVINGS/EQUITY	\$6,491,373,023	\$6,056,872,737	7.17%
TOTAL LIABILITIES/SAVINGS/EQUITY	\$6,678,579,888	\$6,269,224,814	6.53%
NATIONAL CREDIT UNION ADMINISTRATION INSURED SAVINGS:			
Uninsured Shares	761,340,828	631,284,344	20.60%
Uninsured Non-Member Deposits	621,058	549,239	13.08%
Total Uninsured Shares and Deposits	761,961,886	631,833,583	20.60%
Insured Shares and Deposits	4,864,549,389	4,600,194,234	5.75%



CREDIT UNION DIVISION

KEY RATIOS FOR TENNESSEE STATE-CHARTERED CREDIT UNIONS

Ratio Description	June 2008	June 2007
CAPITAL ADEQUACY		
Net Worth/Total Assets	13.01	13.27
Net Worth/Total Assets—		
Incl. Optional Total Assets Election (if used)	13.03	13.28
GAAP Equity/Total Assets	12.95	13.16
Total Delinquent Loans / Net Worth	3.76	3.11
Solvency Evaluation (Estimated)	115.37	115.77
Classified Assets (Estimated) / Net Worth	4.43	3.81
ASSET QUALITY		
Delinquent Loans / Total Loans	0.76	0.64
*Net Charge-Offs / Average Loans	0.61	0.44
Fair (Market) HTM Investments Value/ Book Value HTM Investments	103.37	98.95
Accumulated Unreal G/L on AFS/Cost of AFS	-0.38	-1.44
Delinquent Loans / Assets	0.49	0.41
EARNINGS		
*Return on Average Assets	0.78	1.03
*Gross Income/Average Assets	7.16	7.37
*Yield on Average Loans	7.12	7.07
*Yield on Average Investments	3.78	4.65
* Fee & Other Operation Income / Average Assets	1.39	1.37
*Cost of Funds / Average Assets	2.50	2.58
*Net Margin / Average Assets	4.67	4.79
*Operating Expenses / Average Assets	3.43	3.45
*Provision for Loan and Lease Losses / Average Assets	0.49	0.31
*Net Interest Margin/Average. Assets	3.28	3.42
Operating Expenses./Gross Income	47.87	46.85
Fixed Assets & Foreclosed & Repossessed Assets / Total Assets	2.60	2.45
*Net Operating Expenses /Average Assets	2.38	2.40

Key Ratios for Tennessee State-Chartered Credit Unions (cont.)

	June 2008	June 2007
ASSET / LIABILITY MANAGEMENT		
Net Long-Term Assets / Total Assets	29.88	29.57
Regular Shares / Total Shares & Borrowings	24.37	25.87
Total Loans / Total Shares	76.74	77.61
Total Loans / Total Assets	64.65	64.77
Cash + Short-Term Investments / Assets	19.38	19.73
Total Shares, Deposits and Borrowings / Earning Assets	90.46	90.35
Regular Shares and Share Drafts / Total Shares and Borrowings	35.07	37.26
Borrowings / Total Shares and Net Worth	1.90	2.62
PRODUCTIVITY		
Members / Potential Members	9.10	8.60
Borrowers / Members	47.51	46.78
Members / Full-Time Employees	340.43	345.96
Average Shares per Member	\$7,068	\$6,598
Average Loan Balance	\$11,415	\$10,947
* Salary and Benefits / Full-Time Employees	\$50,167	\$48,843
OTHER RATIOS		
* Net Worth Growth	5.87	7.28
* Market (Share) Growth	14.02	9.32
* Loan Growth	6.30	6.06
* Asset Growth	10.71	8.49
* Investment Growth	21.96	14.09
* Membership Growth	3.71	3.33

* Annualized figures