

Hear ye, hear ye

The Town Crier

OFFICIAL NEWSLETTER OF TOWN & COUNTRY BANK

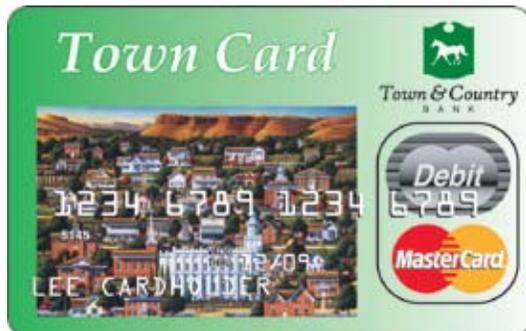


Town & Country
BANK

September 2008

Town Card Discount Partners Now Top 100

That nice looking Town & Country Bank debit card you carry is really getting valuable! Besides the fact that the bank's "Town Card" is both a debit card and an ATM card accepted without surcharge at 35,000 nationwide STAR terminals, it now provides significant discounts at more than 100 area stores, restaurants and businesses. But hold on — the number of merchants offering Town Card discounts is expected to double as early as next month's publication date of *The Town Crier*. Stay tuned.



The rapid increase in participating merchants is attributable to bank Advisory Board members Bob Morse and Jon Prince. They have leased to the bank a team of three business development officers, who are methodically calling on select businesses on behalf of the Town Card. Their success rate approximates 50%. Kudos to Bob and Jon, as they are donating their time and passing along all lease proceeds to the three calling officers. The bank's business development officer, Wendy Holt, has guided the discount program and has secured dozens of merchant discounts herself.

Town Card discounts vary from merchant to merchant. It's always a great idea to visit the bank's website tcbankutah.com before shopping to see where Town Card

discounts can be obtained and what type of discount is offered. If you don't have a Town Card, get one. It will save you beaucoup bucks.

Loan Activity On The Rise

P. West Martin, Executive Vice President & Chief Lending Officer, reports that Town & Country Bank's loan commitments have risen from \$14,076,470 in mid August to \$18,204,684 on September 19th. Martin notes that the bank's concentration between disbursed and undisbursed loans improved by 9% during this span. The improvement helps the bank to generate additional income and increase return.

According to Martin, "Our loans are of high quality and are well diversified across many market sectors. I'm pleased with the strength and character of our borrowers." Although



economic conditions have deteriorated, Martin says, "Our Town & Country loan portfolio should continue to perform admirably." He also credits his staff as being, in his view, "the greatest lending team in Washington County." Team members include John Jones, Scott Mathews and Keri Randall. A new loan officer will also be joining the bank next month.

Bank President Speaks At Dixie State College

On September 18th, Dixie State College of Utah's Udvar-

Hazy School of Business kicked off its 2008-2009 bi-monthly noontime Business and Ethics Forum series with featured speaker, Bruce Jensen, President and CEO of Town & Country Bank. The school's Boeing Auditorium was nearly full as Jensen delivered two presentations. The first was a timely primer on the current economic crisis, entitled "Financial Meltdown 101," which was a last minute request by the school. The second presentation dealt with the advertised topic, "How to Build a High Octane, High Ethics Business Team."

The lecture was attended by students, faculty and a fair representation of local business people and community residents. The topics generated lively



questions and discussion, and several requests were made for copies of the PowerPoint presentations Jensen delivered. Copies are still available by request and can be obtained by calling the bank at (435) 673-1150.

Town & Country Bank Parade Entry Wins 2ND Place

The bank generated a lot of warm feelings with its entry in the 74th Annual Lions Dixie Round Up Rodeo Children's Parade. Business Development Officer Wendy Holt conjured up an award winning idea with her production of "Town & Country Bank Herd of White Horses Riding through the Future of Banking." The entry included 17 small children, 15 of which rode white plush stick horses that were custom made and complete with logo-matching green-and-white polka dot ribbon. The other two children held a Town & Country Bank banner and marched in front of the junior posse.



Message From The President

Several years ago, Mrs. Jensen and I were meandering through the Duval Street tourist shops in Key West, Florida, when my eye caught sight of a novel looking t-shirt. On the front was a large, official looking logo that read: "Bank of Dad." As a father of six, I could certainly relate, and I suggested to my wife that I acquire this garment as a symbol of my great power and status. Her response: "Are you kidding? That shirt will simply invite more offspring bailouts!" As usual, Mrs. Jensen was right (on the money?) and I judiciously took a pass on buying and wearing such an ill-advised billboard.

With the seemingly never-ending government financial safety nets being doled out these days, my thoughts have returned to that Bank of Dad shirt.



Sadly, Uncle Sam has now become just plain "Dad." When Bear Stearns was on the ropes in March, Dad came to the rescue. Earlier this month, Dad stepped in to bail out FNMA (Fannie Mae) and FHLMC (Freddie Mac). And just when we thought the system had been fixed, along comes Dad's massive deliverance of AIG and a Dad-sponsored plan to bail out a host of other bad decision-makers. Does father really

know best???

Generally speaking, bankers and business people are proponents of free markets and believe that the outcome of all financial decisions should be governed by the risk/reward axiom. That is, the greater the risk, the greater the reward or the greater the fall. Put another way, the markets reward or punish participants according to the viability of their pursuit. As economist Milton Friedman liked to point out, our economic system isn't just based on profit. It's a profit *and* loss system. So for many of us, it's painful to watch those accountable for such gross irresponsibility get off the hook at the expense of taxpayers.

While subsidizing the rescues of so many large institutions would seem to favor those responsible for the mess on Wall Street — and not the rest of us on Main Street — the truth is that what happens on Wall Street directly impacts our entire economy. When I first entered the banking industry over 33 years ago, I learned that the financial system is based on trust. When trust evaporates, the system's fragility is manifest. So it becomes necessary to infuse into the system a large dose of trust, which in the context of today's environment means some sort of acquisition of non-performing loans and the fostering of greater liquidity. And that's why "Dad" has of necessity been so generous. Unlike the bad loan crisis of the late 1980's and early '90s, where troubles were confined to banks and S&Ls, today's crisis involves entities outside the standard system because subprime debt was securitized and widely distributed. We're now in uncharted waters and that's why it's better to avert a total collapse with a timely bailout than worry about why we're saving some of the crisis perpetrators, or why we shouldn't take weeks to hammer out a "perfect" plan that would be hypothetical anyway.

To be sure, the debate over the size of the huge bipartisan government bailout has been a healthy one — as have been the debates about oversight and excessive executive pay for rescued company chiefs. However, because of the fragile nature of our markets and the expectations of nervous investors, a quick course of action has

been required. It is unfortunate that the impending November elections have influenced some of the grandstanding that's resulted in delays and tainted decision-making. It is also embarrassing to have watched some of the very politicians originally responsible for pressuring lenders to engage in subprime loans now try and take the moral high ground by solely blaming evil financial institutions for the meltdown.

So what does the future hold for commercial banks and Town & Country Bank, in particular? Despite the adoption of a government rescue plan and the creation of a bad asset repurchase entity, the economy is expected to weaken further and we'll likely see some more bank failures and possibly some predatory mergers. Former FDIC chairman Bill Seidman expects the industry to be under pressure "to shrink or raise more capital." That said, regulators report that 98% of banks are "well capitalized" and able to withstand an economic downturn. FDIC-insured deposits should be considered safe, but banks will no doubt experience a hefty rise in insurance premiums.

Town & Country Bank is flush with liquidity and has a loan portfolio that is the envy of other area banks. The timing of our opening earlier this year shielded us from the subprime problem and we continue to perform ahead of projections. We count our lucky stars and daily give thanks to our heavenly "Dad" for the hand we've been dealt during these uncertain times.



Bruce T. Jensen
President &
Chief Executive Officer
bjensen@tcbankutah.com

Customer Spotlight

Company Wake, Inc.

Tel. (888) 339-9253

www.companywakeboards.com



COMPANY. WAKEBOARDS

After three years of planning, Company Wake, Inc. has arrived and it is about to make a real splash in the water sports industry.

They have assembled a talented dream team consisting of Steve Holm, Justin Stephens and Randall Harris. The trio has been rubbing shoulders with wakeboard industry pros for years and is now in the process of launching their initial product line of cutting edge wakeboards, wake handles and boots, luggage and bags, t-shirts, hoodies and hats.



Company Wake intends to ride the wave of innovation to take the sport to the next level. Co-founder Steve Holm explains, "The current state of the wake industry is very comfortable, controlled and quite frankly, just getting boring. The new generation of kids coming up are not relating to this." Steve and his partners wanted to shake things up.

Holm says, "We felt it was absolutely necessary to invest in a new manufacturing process in order to enable creativity and guarantee innovation, longevity and the ability to get ideas to the market more efficiently than our competitors." As the threesome developed their ideas, they were approached by some of the most well known brands in the business. The established firms offered up their current manufacturing methods in an effort to help Company Wake roll out their line. Flattered, Holm says "We turned away from them because they would drop us back into the old ways of manufacturing. We knew they would ultimately

discourage our unique vision for the future."

Knowing that an "edge" was needed to proceed, Company Wake located a manufacturing partner having similar vision called Slingshot Wakeboards. The two firms decided to join forces to lead the way into a new era of wakeboarding.



In need of a financial partner, Company Wake required capital to progress to its products launch stage. "We were in a position where we had started our business and needed capital and we needed it fast," says Holm. "John Jones and Town & Country Bank were able to step in and get us what we needed within a couple of days. Without their help, we probably wouldn't be around as a business today." He adds, "The free sodas aren't too bad either," referring to Town & Country's popular private label drink offerings of "Green Apple," "Black Cherry" and Cream Soda" (available at the bank's Town & Country Store).



Company Wake's promotional materials proclaim, "We have a message to spread, we have a story to tell; and the brand with the best story to tell, wins!" At Town & Country Bank, we share the same philosophy. That's why we're proud to call Company Wake, Inc. one of our select business customers!



Town & Country
BANK

Where banking is a simple pleasure

(435) 673-1150 | www.tcbankutah.com