



*Roy Harmon Jr.,  
Chairman, President and CEO,  
Bank of Tennessee, Kingsport*

## DON'T WORRY, Bank Happy...

AT BANK OF TENNESSEE



In the mid 1990s, the slogan “The Happy Bank” was conceived as part of an advertising campaign designed to differentiate the Bank of Tennessee, Kingsport, from a competitor with a similar name. Rolled out to the community with a catchy tune and a dance in order to enhance recognition, this slogan really worked. Within 18 months, Bank of Tennessee enjoyed an increase in business by 30 percent.

Never one to shy away from reinventing itself, the bank decided in 2007 to update the phrase and introduce a new tune. Bank of Tennessee’s ad agency coined the phrase, “Don’t Worry, Bank Happy,” and the new jingle, which sounds similar to the popular mainstream song, “Don’t Worry, Be Happy,” is used for commercials and the music customers hear when they call the bank and are asked to hold. The bank’s slogan appears in places where you think it might, such as on letterhead, as well as in unique locations like front license plates.

“I was the last one to sign on to the original ‘The Happy Bank’ slogan because I didn’t think it was sophisticated enough,” said Chairman, President and CEO Roy Harmon Jr. “But now I know that slogans like this work. ‘The Happy Bank’ has had a long run, and now it has a new life.” The ad campaign is only one of several reasons contributing to the ongoing success at Bank of Tennessee.

### **BANK OF TENNESSEE**

Founded in 1974, Bank of Tennessee has 12 branches, 209 employees, and is located in the east Tennessee “Tri-Cities” area which covers Kingsport, Johnson City, Bristol and Bristol, Virginia. “We are close to the picturesque Appalachian Mountains as well as to Bristol Motor Speedway, where 165,000 of our closest friends gather two times a year,” Roy explained.

He joined the bank in 1991 as a senior vice president in charge of lending. He moved through the ranks of EVP and COO before being named President. Since that time, Bank of Tennessee has grown from \$100 million in assets to its current \$689 million

AT A GLANCE • BANK OF TENNESSEE • KINGSPORT, TN

ESTABLISHED	1974	BRANCHES	12
CEO	Roy Harmon Jr.	EMPLOYEES	209
ASSETS	\$689 million	FHLBANK MEMBER SINCE	1993

for the quarter ended 3/31/09. The loan portfolio rose to \$500 million from \$70 million. “We are proud of this growth as it has been solely organic; we have had no acquisitions,” Roy said.

Bank of Tennessee performed well in 2008 despite obvious challenges to the economic environment. “We were profitable, we paid a 3 percent bonus to all employees, and we gave them a raise,” said Roy. “You can build a lot of loyalty doing that.”

Bank management works hard to build loyalty among employees, by linking their performance to the bank’s overall success. For instance, in April, the bank hosted a gala called the Employees’ Choice Awards where the Employee of the Year was named. It was a black-tie optional event, complete with a red carpet at the entrance. Bank of Tennessee directors who attended “got to know many of our employees better,” said Roy. “They walked away thinking, ‘These people really love working here, they put their hearts and souls into this company and they really care.’”

**FHLBANK ADVANCE USAGE**

Bank of Tennessee is “a typical community bank,” said Roy. “We do a lot of commercial real estate loans (\$283 million) and a lot of residential loans (\$210 million).” As such, the bank, which became a member of the Federal Home Loan Bank in 1993, has come to rely on numerous FHLBank Advances and Housing and Community Investment (HCI) programs.

At 3/31/09, Bank of Tennessee held \$38 million in FHLBank Advances. It primarily utilizes the Convertible/Puttable Fixed-Rate Advances, Cash Management Advance, and Regular Fixed Rate Advance. It also holds \$30 million in Letters of Credit as collateral for public unit deposits.

“We use FHLBank Advances to help manage our interest rate risk profile, as well as to fill in funding gaps not covered by core deposits,” said CFO Darla Scott. She often participates in the FHLBank’s Advance specials, and if in a particular special the term of the Advance is not exactly what she is seeking, she will call the Credit Department and suggest an alternative. “I like the fact that the department will try our ideas,” Darla said. “If there is some kind of Advance maturity structure I could use, they will try to make it work. Everybody at the FHLBank is very helpful.”

**HOUSING AND COMMUNITY INVESTMENT**

Bank of Tennessee is a familiar name in the FHLBank’s HCI Department. The bank has been awarded \$1.6 million from the FHLBank’s Affordable Housing Program (AHP), which created 161 units of owner-occupied and rental housing in the community, as well as \$553,000 from the Welcome Home Program, which helped 98 individuals and families purchase their own homes. In addition, the bank has participated in the Community Investment Program, American Dream Homeownership Challenge, and new Preserving the American Dream program.

The George Washington School Apartments renovation, dedicated in March 2008, is a particularly successful AHP project in which Bank of Tennessee was involved. Kingsport’s first public elementary and middle school was transformed into a 54-unit apartment complex for very low- and low-income seniors. Bank of Tennessee partnered with the Greater Kingsport Alliance for Development to receive a \$550,000 AHP direct grant and a \$600,000 below-market rate Advance.

CRA Officer Stephen Dixon is the man tasked with ensuring that Bank of Tennessee successfully matches its affordable housing needs with the FHLBank’s HCI programs. “We are pleased to be a component of the FHLBank’s housing and community development programs,” Stephen remarked. “These programs allow us to provide opportunities that improve both the quality and the quantity of affordable housing in our region.”

FHLBank Assistant Vice President-Marketing Todd Berry makes member calls throughout Tennessee, and over the years he has seen Roy at groundbreaking and ribbon-cutting ceremonies. “It’s clear from their extensive use of our housing and community investment programs that Bank of Tennessee is dedicated to improving the lives of people in their community, especially those with limited incomes,” Todd said.

**IN THE COMMUNITY**

As you might expect, Bank of Tennessee employees are active in their community. They enjoy participating in the annual United Way Day of Caring, which partners the bank with a local nonprofit agency, and bank employees spend the day helping the agency with projects such as painting and planting gardens.

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## DEPARTMENT PROFILE *continued from page 8*

customized reports for members in a variety of areas. He also chairs the FHLBank's End-User Computing Committee, which helps ensure our internal spreadsheets and databases are used in an environment that promotes consistency, accuracy and business continuity.

Assistant Vice President-Marketing **Tom Muth** makes member calls in Ohio, informing members about all of the FHLBank's services. He also attends trade shows and related conferences in the state. Assistant Vice President-Marketing **Nancy Baker** makes member calls in Ohio and Kentucky, spearheads the Board of Directors election process and processes all membership applications. She, too, attends banking seminars in the Fifth District on behalf of the FHLBank. The only FHLBank employee to reside outside of the Greater Cincinnati area, Assistant Vice President-Marketing **Todd Berry** is based in Nashville, Tennessee. He makes member calls throughout Tennessee and in southern Kentucky, as well as attends state and regional banking trade meetings.

Part-time Marketing Communications Specialist **Jamie Helmes** is the "webmaster" of the FHLBank. She oversees the Web site, [www.fhlbcin.com](http://www.fhlbcin.com), conducts webinars, distributes FHLBank news and Advance Specials emails to members, and she designs ads for placement in both internal and external publications. Marketing Coordinator **Sherri Federmann** assists Jamie with her responsibilities and serves as the chief administrative specialist of the department. She prepares marketing reports and coordinates materials and related planning for the Regional Stockholder Meetings and member seminars. Administrative Assistant **Gena Niederkorn** supports Sherri in those efforts and also manages the membership files created for each new institution that joins the FHLBank.

The Public Affairs area of Member Services addresses corporate and external communications of the FHLBank. It handles government and media relations, crisis communications, internal and external publications, and the planning and implementation of community outreach events and other special events as needed.

Also reporting to Paul is Vice President-Public Affairs **Melissa Dallas**, who has responsibility for the FHLBank's government and media relations, publications and public

disclosure, and community outreach. She serves as a member of the FHLBank System's government relations officers group, which monitors regulation and legislation, and assists with crisis communications as needed. Assistant Vice President-Communications **John Byczkowski** oversees media relations for the FHLBank, maintaining relationships with local and national reporters and working with the communications officers at the 11 other FHLBanks. He assists with public disclosures, SEC filings and supervision of publications.

Projects Manager-Public Affairs **Connie Kolita** oversees production of the FHLBank's internal and external publications. She writes feature stories about members and other topics and assists with media relations, event planning, photography and desktop publishing. Public Affairs Specialist **Carol Foutch** coordinates community outreach events such as groundbreakings and dedications celebrating affordable housing and community investment projects funded through FHLBank programs. She also creates a variety of in-house publications for multiple departments. ♦

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## MEMBER FEATURE *continued from page 5*



In addition to physical labor, employees tend to be politically active as well. "Currently our staff roster boasts former mayors, City Council members, a school board

member, a city commissioner, and numerous past aldermen," Roy said. "We pay attention to the issues and trends affecting our area."

Overall, the FHLBank has helped Bank of Tennessee meet its growth goals and become a better institution for its customers. "Without the FHLBank, our bank would look significantly different than it does," said Roy. "It helps us bring a wide variety of products to people who would otherwise have trouble accessing them. We truly are a community bank, so for us, helping our residents is what it is all about." ♦