



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Tennessee Commerce Bancorp, Inc. and Tennessee Commerce Bank

Person to be contacted regarding this report:	Frank Perez	RSSD: (For Bank Holding Companies)	2916169
UST Sequence Number:	101	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	30,000,000	FDIC Certificate Number: (For Depository Institutions)	2874634
CPP Funds Repaid to Date:	0	City:	Franklin
Date Funded (first funding):	Dec 19, 2008	State:	Tennessee
Date Repaid <sup>1</sup> :	N/A		

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Loan growth was \$134.5 million in 2009. This was a 13% increase over 12/31/2008. Without CPP capital, growth would have been severely limited in 2009 in order to maintain a total risk based capital ratio above 10%.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	1-4 family residential real estate loans increased \$4.6 million (12%) Commercial real estate loans increased \$88 million (51%) C&I loans increased \$60 million (10%)
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The ratio of allowance for loan losses to NPAs increased to 93.5% at 12/31/09 from 37.2% at 12/31/08. The allowance for loan losses as a percentage of total loans increased from 1.3% to 1.7%.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Total charge-offs in 2009 were \$26.1 million compared to \$6.1 million in 2008. Net charge-offs as a percentage of average total loans was 2.17% at 12/31/09 and 0.64% at 12/31/08.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

CPP funds allowed us to avoid shutting down lending in 2009.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

CPP funds allowed us to continue lending to the small business community.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

CPP funds provided capital to financial institutions that was otherwise unavailable and/or extremely expensive at the time. In addition