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Q & ANDY

This fall marks the one-year anniversary of Andrew May joining Nashville Bank & Trust as chief financial officer. To commemorate his anniversary, we sat down with Andy and asked him to comment on his past year and the direction he sees NBT heading towards in the future.

Q: After first being a director for two years and now having been a full-time employee for an entire year, what has surprised you about NBT?

Andy: The depth of talent and professionalism of the NBT team is very impressive. Additionally, the commitment these people have to our clients is first-class. I'm constantly surprised by the level of external scrutiny we undergo from examiners and auditors of many types. Many banks have problems, but they haven't been the result of too little regulation.

Q: In addition to your duties as CFO, you work with the investment team in wealth management services where you are also a client. Describe that experience.

Andy: Managing a portfolio of marketable securities is only a sliver of what most wealthy families need as far as wealth management is concerned. Dealing with family dynamics, special assets, income and estate tax issues, gift and estate planning, etc. requires a team of professionals with exceptional expertise. This is really how NBT distinguishes itself from the hundreds of firms that are solely in the business of managing investments. Our fiduciary powers permit us to extend these comprehensive services beyond the current client relationship and well into the generations that follow.

Q: How is the chief financial officer involved in NBT's traditional banking business?

Andy: The bank's loan committee, of which I'm a member, has the responsibility of making good decisions about the money we lend. Every loan we make represents a commitment of our shareholders' capital and is funded largely by deposits that are guaranteed by the FDIC and, ultimately, all U.S. citizens. Safeguarding that capital and those deposits is an awesome responsibility. A bank like ours, where the managers are also key shareholders, aligns interests perfectly. We are eager to make loans but we are even more eager to preserve shareholders' capital and our depositors' funds.

Q: What competitive advantages do you see NBT enjoying?

Andy: NBT knows exactly what it wants to be: A private bank and wealth management business serving the needs of affluent families and the businesses they own and operate.



Andy May

Chairman's Corner

Doing the Right Thing

In the last issue of our newsletter, I reminded one and all to get around to opening an account with Nashville Bank & Trust or letting us review your estate plan and investment portfolio. I am happy to report that many readers have responded positively to that reminder by becoming customers or increasing an existing relationship. We look forward to building further on that activity.

Perhaps the one characteristic that differentiates us from all others in the banking and financial advisory/trust business is our commitment to “doing the right thing.” Many of our competitors, if not most, compensate their employees based on the volume of new business generated. This approach results in clients and prospects being “sold” products and services, which may not be appropriate or even needed. The focus is on generating revenue for the employer—not a focus on the client.

Nashville Bank & Trust is committed to “doing the right thing” for our clients and prospects even though our approach may not result in obtaining a new piece of business. If we cannot add value to a relationship, then we are not needed even though we love to add to our book of business. We feel that you will respect us more over the long term if we put your needs first.

Having successfully completed our seventh year in this business, I want you to know that our commitment to “doing the right thing” is not just a sales pitch. It is a standard that we not only follow but that we passionately embrace for our clients, employees, and shareholders.

We have completed these challenging first years as a consistently profitable enterprise without the need for federal government assistance, without charge-offs in our loan portfolio and with one of the most successful wealth management businesses in the whole country. The confidence you have placed in us validates our approach, and our commitment to “doing the right thing” is stronger than ever.

We are deeply appreciative of your friendship, your business, and your support. Thank you!



Q & ANDY: *continued from front cover*

This tight focus uniquely empowers us to tailor our staff and our services to meet the complex needs of these customers. We have assembled a group of talented people who have served this customer base for decades.

Q: Having been a client and employee of different financial services firms, what is different about the NBT client experience?

Andy: Having my assets managed at NBT gives me

profound peace of mind. I know I'm getting competent asset management, but also much more. NBT professionals have reviewed our wills and our insurance, assisted me with complex tax issues, and advised me about technical issues in a difficult real estate transaction. These are just not tasks a typical solo practice investment advisor or big firm broker can accomplish. I've got the backing of a whole team at NBT, a team that knows me and knows my family. This is a relationship that can endure through the generations, making sure that my hard-earned wealth does as well. ■

NBT CHAIRMAN AND NBT PRESIDENT & CEO NAMED BANKING POWER LEADERS

September 23, 2011 – Excerpted from the *Nashville Business Journal*

Charles Cook Jr.
Chairman
Nashville Bank & Trust



*Charlie Cook,
Chairman*

Who is your professional mentor, and why?

My first mentor was Sam Fleming. He played a hand in hiring me to work in a bank in the first place and helped counsel me through the early part of my career. Since his retirement and subsequent death, I have received wonderful mentoring from my boards of directors, clients, and fellow employees.

Will there be a double-dip recession?

I am optimistic that the economy will stabilize late this fall and avoid a double-dip recession. On the other hand, the European economy may falter to such a degree that it could drag us down.

Complete this sentence with something from your own life: “You won’t believe this, but…”

I retired as a captain in the U.S. Naval Reserve.”

What change would you make to encourage economic growth?

Provide a solution to our deficit spending habits and create a stable, predictable environment in which businesses can operate.

Tom Stumb
President and CEO
Nashville Bank & Trust



*Tom Stumb
President & CEO*

Have recent financial reforms been good or bad for the banking industry, and why?

Both good and bad. Reforms have helped clean up the mortgage industry, which was the cause of much of the losses for the banking industry in the 2008 crash. Dodd-Frank will prove to be a very costly compliance issue for banks large and small.

Who is your professional mentor, and why?

Each member of our board of directors is a valued mentor. Among our founding board members is Buzz Davis, who has mentored me since I joined Third National Bank as a management trainee in 1983. No other person has taught me more about business.

Which financial writer do you trust most, and why?

I like to read *The Vulture’s Roost*, which focuses on the banking industry. John Spence, the creative genius behind the Spence Ltd banking investment fund, has a great sense of humor and 20-plus years experience evaluating the performance of banks of all shapes and sizes.

What change would you make to encourage economic growth?

Replace politicians whose primary focus is on self-preservation with public servants whose primary focus is on fixing our problems. Businesses will be reluctant to expand as long as they are afraid of the policy makers in Washington, D.C. ... Businesses won’t resume hiring until they cease to fear our government. ■

**WE WANT TO HEAR
FROM YOU!**

We encourage you to send
letters to the editor to
tomstumb@nashvillebankandtrust.com.

NBT REPORTS THIRD QUARTER RESULTS

NBT Holdings Inc. (OTCBB:NBTH.PK), a bank holding company and the parent of Nashville Bank & Trust Company, reported net income of \$585,000 for the third quarter of 2011, a 29 percent increase compared with \$452,000 for the third quarter of 2010. Earnings per fully diluted share for the quarter ending Sept. 30, 2011 totaled \$0.25 versus \$0.21 for the same period in 2010.

For the nine months ended Sept. 30, 2011, net income was \$1,399,000 compared to \$902,000 for the comparable period in 2010, a 55 percent increase. Earnings per fully diluted share rose to \$0.61 for the nine month period compared to \$0.42 in 2010.

At Sept. 30, 2011, the bank reported total assets of \$233.3 million, an 8 percent increase from Sept. 30, 2010. Over the same period, deposits increased 1 percent to \$192.0 million, while total loans rose 9 percent to \$174.0

million. At Sept. 30, 2011, the bank's capital exceeded the FDIC guidelines for a "well capitalized" bank in all categories, including a Tier 1 leverage ratio of 10.47 percent compared with the minimum guideline of 5.0 percent.

Non-interest income for third quarter 2011 was \$979,000, compared to \$941,000 for same period in 2010, an increase of 4 percent.

Our bank continues to grow and achieve greater profitability," said Chief Executive Officer Tom Stumb. "Loans grew \$11.3 million in the third quarter and are up 15 percent this year. Our credit quality continues to be very strong. When clients seek our advice on matters of vital importance to their families and their businesses, they see that we practice what we preach: grow and thrive, but exercise prudence in your associations and acceptance of risk." ■



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