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Chairman

THOMAS S. STUMB
President & Chief Executive Officer

J. OVERTON COLTON
Chief Administrative Officer

DERRICK A. JONES
*Managing Director,
Wealth Management Services*

THOMAS R. SNYDER
Managing Director, Private Banking

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WILLIAM S. WIRE, II

ADDITIONAL ORGANIZERS

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**WE WANT TO
HEAR FROM YOU!**

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

NBT TO FORM BANK HOLDING CO.

With an eye to future growth, the Nashville Bank & Trust board of directors has voted to form a bank holding company, NBT Holdings, Inc. Shareholders will be asked to approve the plan of exchange at the annual meeting in May.

The plan calls for the exchange of one share of outstanding NBT common stock for each share of NBT Holdings common stock. Applications have been filed with the Board of Governors of the Federal Reserve System and the Tennessee Department of Financial Institutions for regulatory approvals. Current NBT shareholders will continue to have the same ownership interest in the bank indirectly through their ownership of NBT Holdings common stock as they currently have in NBT.

"This is a natural step in the evolution of Nashville Bank & Trust," said Tom Stumb, president and CEO, "Since opening in 2004, Nashville Bank & Trust has established itself as a well capitalized, financially sound and profitable private bank and wealth management firm. We have the most talented and experienced group of bankers, trust and investment professionals anywhere."

The officers, directors and shareholders will stay the same after the exchange, and NBT Holdings and NBT will have the same directors. Nashville Bank & Trust will continue to be locally owned and managed. ■



Donald W. Thurmond



Thomas S. Stumb



Rita Bennett



William F. Blaufuss, Jr.



Charles W. Cook, Jr.



W. Lipscomb Davis, Jr.



Bruce Dobie



Stanley M. Ezell



Decosta E. Jenkins



Andrew L. May



Gustavous A. Puryear IV



Christopher C. Whitson



William S. Wire, II

Chairman's Letter

Why Form A Bank Holding Company?

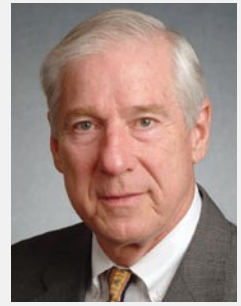
Recently, the board of directors voted to form a bank holding company, which will own the stock of Nashville Bank & Trust. Applications to the proper regulators have gone out and we are preparing for this exciting new phase in the life of NBT. The shareholders are being asked to approve the plan.

But how will this affect you, as an NBT client? Day-to-day operations of NBT will continue as normal. The management, officers, ownership and board will not change. We will continue to be a locally owned and operated bank and trust. NBT shareholders will continue to have the same ownership interest in the bank. The difference will be the opportunities afforded NBT to grow in this market.

The many advantages to forming a bank holding company include more flexibility in raising capital through a broader range of instruments, greater ability with respect to future acquisitions and an increase in our ability to engage in bank-related, but noncommercial banking activities.

The decision to form a bank holding company was the right one for NBT at this time in its growth trajectory. As a client of our bank, you can be assured that we will continue to provide excellent service and access to the most experienced and talented bankers in the market.

We are excited about the future and thank you for your continuing commitment to Nashville Bank & Trust. Thanks to you, NBT has become the most successful new bank in this market. Forming a bank holding company presents new opportunities to build on this success.



*Don Thurmond,
Chairman*

NBT BUCKS A NEGATIVE TREND

In the past six years, 11 banks have been started in Middle Tennessee. Only one of them made a profit in 2008: Nashville Bank & Trust.

To say that 2008 was a difficult year in the banking industry would, of course, be a huge understatement. Many banks in America – large and small, old and new – lost money. So, the fact that 10 out of 11 banks lost money does not necessarily mean that any of these banks did something drastically wrong. They were dealing with the most significant challenge to banks since the 1930s.

The real question is: *what did Nashville Bank & Trust do right?*

Perhaps it is our business philosophy, which is simply to do the right thing for our clients, rather than to sell as many

products as possible. This leads to a bank culture that is consultative and advisory, not transactional. We work on building real relationships with people, not maximizing product sales. We take the long view, rather than following trends.

It's a very conservative approach, and it certainly runs counter to the prevailing business philosophy of most banks, which has tended to be "get all you can while you can." Detractors might say, "How can you hope to succeed if you're not focused on selling products? How can simply 'doing the right thing' possibly be a sustainable business model?"

The answer is in the results. And perhaps these results should not be so surprising. "Doing the right thing" is inherent in the golden rule, after all. ■

IT'S A WONDERFUL LIFE?

By Tom Stumb, President & CEO

For many years, “*It’s a Wonderful Life*” has been a favorite movie of mine. As the events of the past two years have unfolded, I have often found myself thinking of the powerful message about a good man, George Bailey, and the struggles he faces in running his family firm, The Bailey Building & Loan Company.



Tom Stumb

Like George Bailey in his darkest hour, your life – financially speaking – is probably not wonderful these days. In the past two years the stock market has suffered its greatest decline since the 1930s. Bank failures are increasing. Unemployment is rising. Automobile dealerships and a multitude of other businesses have been closing. People are afraid, in a manner not seen since the Great Depression. As bankers, we work with a variety of individuals, families and businesses, some of which are struggling to come to terms with a sudden and substantial loss of net worth and discretionary income.

Some have labeled the recession of 2008-2009 a “once in 100 years catastrophe.” The loss of wealth has forced many to re-evaluate not only their tolerance for risk in the equity and real estate markets, but it has also caused many to re-evaluate what aspects of their lives are really most important. In the midst of this crisis, it has been interesting to see how many, who have lost millions of dollars, have simultaneously experienced a strong resurgence of the character which empowered many of them to become wealthy in the first place. You might say that they’ve found the George Bailey in themselves.

It has become important again for people to do business with people they know and trust, instead of where they might find the best deal this week. People seem to be placing a much higher value on receiving thoughtful advice from experienced professionals who have a high degree of personal and corporate integrity. Warren Buffett is credited with saying: “Price is what you pay, value is what you get.” When dollars become more precious, this message becomes more important.

In the five years since Nashville Bank & Trust was organized, our company has been blessed to attract a group of the most experienced bankers and wealth management professionals anywhere. These fine people work very hard

every day to give expert advice to our clients, whether they might be contemplating a loan to expand their business, making adjustments to their will due to changes in their estate plans, or just looking for a safe place to store their money.

The banking industry has changed in ways that we were not smart enough to foresee five years ago. However, our founders were smart enough to know that the economy, and the banking industry, has had a long history of operating through up and down cycles, through good and bad times. For this reason, our bank’s management has been careful to employ very conservative underwriting in the loans we have made. Our asset quality is very strong as a result. Our wealth management people have been careful to analyze the risk tolerances and income needs of each client and to employ appropriate asset allocation across a diversity of equity classes, hedging that risk with investments in bonds and cash instruments to offset possible market downturns.

Nashville Bank & Trust is one the few banks our age and/or our size in the country that has operated profitably through the financial crisis of the past two years. Why? It’s because of the experience and discipline of the people who work here. They are simply the best anywhere.

If you have been licking your financial wounds lately, I would encourage you to think about re-evaluating your relationships with your financial advisors. Have they provided value to you and your family in the last few years? Have they looked out for your best interests? Or have they mainly just sold you products from which they profited?

These are tough times, no doubt about that. People with means are often called upon to help family and friends. At the conclusion of “*It’s a Wonderful Life*,” Clarence, the guardian angel, pens this encouraging message to George Bailey: “No man is a failure who has friends.” If these recent times have caused you to fret over money, I pray that you have good friends and family you can turn to for support and comfort.

History assures us that times will eventually get better. In the meantime, if you need someone to talk to about your financial situation, I would encourage you to call on someone you know with great personal integrity and a lot of experience... someone you can count on to give you good advice... someone that you are certain cares passionately about you and your family. Someone like George Bailey... ■

THIRD ANNUAL – SLATED FOR JUNE 9

The *Lighter Side* of Nashville's Business Past



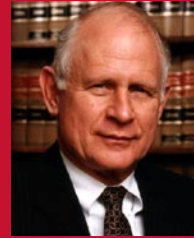
Jack May
Host



Bruce Dobie
President and CEO,
Dobie Media LLC



David Ewing
Attorney, Rudy, Wood
& Winstead, PLLC



Aubrey Harwell
Managing Partner,
Neil & Harwell, PLC



Axson West
Principal,
Southeast Venture

Once again Nashville Bank & Trust has gathered a panel of the city's luminaries for an evening of humorous stories and anecdotes. The third annual Lighter Side of Nashville's Business Past will be 5:30 p.m., Tuesday, June 9 at Montgomery Bell Academy. The group will trade amusing stories of surviving past economic downturns and living to fight on.

"The economy is on people's minds right now, so we want to remind everyone that we've been through this before and we'll get through it again," said Tom Stumb, NBT president and CEO. "This event is always a lot of fun and we're glad to give these gentlemen a forum to share their insights."

The event is free and open to the public, but reservations are recommended. To reserve your seat, call 615-515-1700 or go to www.nashvillebankandtrust.com today.

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