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WE WANT TO HEAR FROM YOU!

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

COOK RETURNS TO NBT AS CHAIRMAN

Charles W. Cook, Jr., a founding member of Nashville Bank & Trust who served as vice chairman from opening day until 2007, has been named chairman of the board of directors for NBT.

"Charlie Cook helped us organize Nashville Bank & Trust six years ago and has served on our board ever since," said Tom Stumb, NBT president. "With the recent passing of our founding chairman, Don Thurmond, we are very fortunate to have someone with Charlie's abilities and experience to serve as our chairman and we are very pleased that he has accepted the board's invitation."

Charlie has more than 40 years of experience in the Nashville banking industry, having served as president and chairman of Third National Bank and chief executive



Charlie Cook, with his wife, Mary

officer of Third National Bank Corporation. He retired from SunTrust Bank in 1990 as executive vice president. He also served as director of finance for the Metropolitan Government of Nashville and Davidson County and as president and chairman of Union Planters Bank of Middle Tennessee.

"This is an exciting time to be a banker," he said.

"I'm proud of this bank and look forward to serving our clients as we continue to succeed."

He is a graduate of Yale University, the Stonier Graduate School of Banking at Rutgers University and attended Harvard University School of Business. He currently serves as chairman of Nashville Public Television Corp., President of the Tennessee Historical Society, and Vice Chairman of the Douglas Henry State Museum Commission. He also serves as Treasurer and Board Member of the Community Foundation of Middle Tennessee. He previously served as President of the Nashville Exchange Club, Chairman of Nashville Electric Service, Chairman of United Way of Middle Tennessee, Chairman of St. Luke's Community House and on the boards of Centennial Medical Center, Nashville Area Chamber of Commerce, Tennessee Performing Arts Management Corp., and Nashville Symphony as well as several other local organizations. ■

Chairman's Corner

In a Tough Year, NBT Came Out On Top

A recent Wall Street Journal headline read, "TARP Panel: Small Banks Are Facing Loan Woes." The article that followed noted that, based on a congressional inquiry, nearly 3,000 small U.S. banks would be forced to dramatically curtail their lending because of losses on real-estate loans. That number represents approximately 37 percent of the banks in the country.



*Charlie Cook,
Chairman*

I am happy to report that Nashville Bank & Trust is not in this crowd. NBT ended 2009 with credit quality that is the envy of our peers. We had no past due loans, no non-accrual loans and no real estate owned – in short, no bad assets, which is basically unheard of in the current economic climate. In addition, Tier 1 capital was 12.1 percent, more than double the regulatory guideline.

These outstanding results are thanks to a team of experienced bankers who know their customers and this marketplace. Our bankers not only know the value of providing outstanding service to our customers, they know how to appraise risk and make sound loans.

Another major contributor to NBT's strength is our team of wealth management experts, to whom many high net worth individuals and families are turning for assistance during these challenging economic times. Our focus on providing comprehensive wealth management services to our clients, rather than just investment management, is a key component of our success. NBT is winning new business because customers and prospects have recognized the value of doing business with people they know and trust. Our team is professional, experienced and highly credentialed. And perhaps more importantly, they manage relationships with integrity and sensitivity to our clients' needs.

Of course, without our loyal stockholders, customers and employees, this success would not have been possible. Thank you for the trust you place in this institution.

A handwritten signature in black ink that reads "Charlie Cook". The signature is written in a cursive, flowing style.

NBT REPORTS 2009 RESULTS

Nashville Bank and Trust Company has reported unaudited results for the year ending Dec. 31, 2009.

Total assets increased by 17.1 percent to \$183 million from Dec. 31, 2008 to Dec. 31, 2009. Over the same period, total loans increased by 6.8 percent to \$136 million and

deposits increased by 19.8 percent to \$155 million. At Dec. 31, 2009, the bank's capital exceeded the FDIC guidelines for a "well capitalized" bank in all categories, including a Tier 1 leverage ratio of 12.1 percent compared with the minimum guideline of 5.0 percent. NBT also had no non-performing assets as of Dec. 31, 2009. ■

HERE WE GO AGAIN . . .

Investors are still blindly chasing high yield investments.

By Derrick Jones, J.D., CFP®, CTFA, Managing Director, Wealth Management Services

Wasn't it less than three years ago that investors lost big by reaching for yield in high-yield bond funds, auction-rate securities, collateralized mortgage obligations, and other structured investment vehicles? You know the story: Investors lost billions of dollars and many are still tied up in a host of vehicles for which there is no market. The entire structured investment vehicle market collapsed like the house of cards it was. Nevertheless, we are seeing more and more investors migrating towards the same kind of products, hoping to beat the system to get a little more "yield."



Derrick Jones

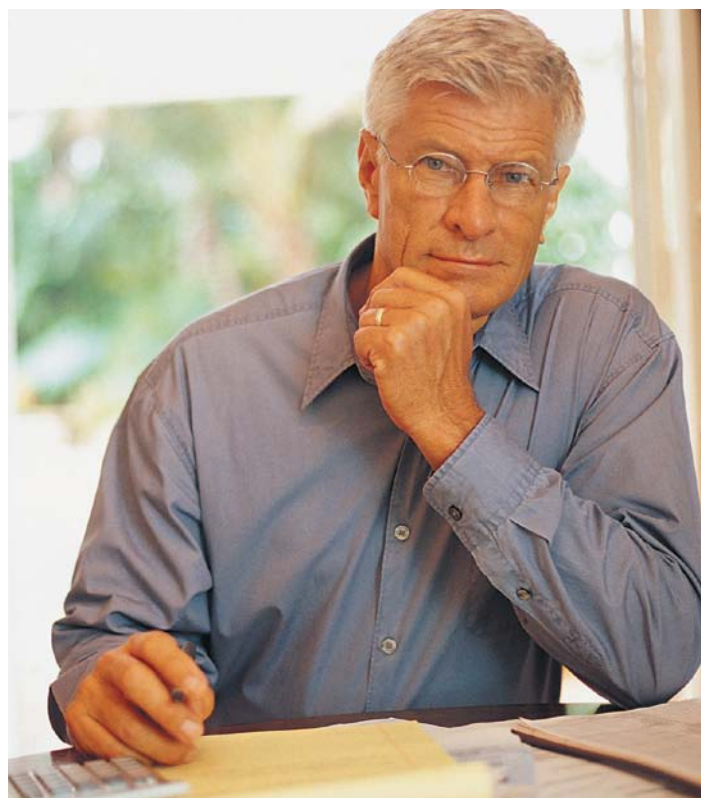
We all understand that interest rates have dropped and stayed at historically low levels for what seems like a long time now and, naturally, we are looking to get a little better return on our capital. But focusing on return on principal without first considering return of principal can be very expensive. In general, if an income-producing vehicle is paying more than market rates, it merits pulling the curtain back a little further and asking why. Why are they offering me such a high yield to give them my capital? Why couldn't they simply borrow the money from a bank? After all, these historic low interest rates are extremely attractive to borrowers.

Occasionally we all have to be reminded that if it seems too good to be true, it probably is. I agree that you don't make money by following the herd – the market offers opportunities for good investments no matter what the Dow Jones says – but straying away from time-tested investment strategies toward "the next big thing" is inviting disaster. A disciplined, well-researched investment strategy is much more likely to increase your yield while protecting your principal. It won't happen overnight, but neither are you likely to be wiped out in a day.

Another fascinating thing we hear from time-to-time are the comments, "Look how great the yield is!" or "I'm not sure I want to sell that investment because the yield is so good." Often totally overlooked is the fact that the yield may have gone up because the price of the investment

has tanked, potentially indicating the market perceives an underlying problem with the asset itself. In the case of stocks, for example, you calculate dividend yield by dividing the stock's annual dividend per share by the stock's price per share. So, if the stock's price drops, but the dividend remains the same, you get a higher yield, but lose principal. If you're only looking at the yield, it looks like you've picked a winner, but that may be far from the case.

The same aforementioned low interest rates will cause some investors to further conclude that they should hold onto an investment because the dividend seems better than what they can get elsewhere. But consider the plight of investors who held bank stocks just because of the dividends. They learned that not only can the stock price tank, but those dividends can go away.



Considering yield alone isn't enough to determine the value of an investment. Ask the tough questions and demand answers. That way, the next time this same scenario cycles around and others are having this same conversation again, you can be enjoying the rewards of your vigilance. ■

TWO BANKING VETERANS JOIN NBT FAMILY

Nashville Bank & Trust welcomes two veteran bankers – Peggy Craig and Bill Farris – as the bank’s newest senior vice presidents in private banking.

Peggy comes to NBT from SunTrust Bank, where she served as first vice president in the wealth and investment management division since 1997. Her banking career began in 1978



Peggy Craig
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in the commercial banking area of Commerce Union Bank (now Bank of America), where she later moved to the private banking group. She holds a BA from the University of North Carolina and an MBA from Emory University. She is a former board member of Junior League of Nashville, Prevent Blindness Tennessee, YWCA of Middle Tennessee and a current Board member of Cheekwood Botanical Gardens.

Before joining NBT, Bill was first vice president and senior lender at

SunTrust Bank’s private wealth management group. He has more than 37 years experience in Nashville banking, with extensive experience in commercial real estate finance, leasing and portfolio management. He earned his AS degree at Cumberland College and his BS degree at Belmont University, where he graduated magna cum laude. He is a former



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member of the board of directors of Tennessee Venture Capital, Inc. and Mid-Cumberland Area Development Corporation. Bill is a member of the West End Sertoma Club and a volunteer with Habitat for Humanity.

“Bill and Peggy are two very experienced, highly sought after bankers in this market,” said Tom Stumb, NBT president & CEO. “We are very pleased to have them join us. They have deep roots in this market and understand our commitment to outstanding personal service.” ■



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