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MATT KING JOINS NBT BOARD

Officials with Nashville Bank & Trust announced recently that Matthew A. King, managing partner of FCA Venture Partners, has joined the six-year-old company's board of directors. King was one of the bank's 20 founding organizers when NBT was formed in 2004.

"We look forward to benefiting from Matt's insights and experience," said Tom Stumb, NBT president. "It is through our relationships with community and business leaders like Matt that Nashville Bank & Trust will continue to succeed in changing the way banking is done in Nashville."

King is also managing partner of Triple Play Ventures, LLC, an investment partnership started in 1999. He served as

vice president of Third National Bank and its successor, SunTrust Bank, from 1983 to 1989. He is the former president and CEO of Radar Business Systems, Inc., and served as regional vice president of its successor company, U.S. Office Products, Inc.

In addition to Nashville Bank & Trust, King serves on the boards of My Office Products, Inc.; HCCA International, Inc.; ProfitPoint, Inc.; Proxsys, LLC; edo Interactive, Inc.; New Day Pharmacy, Inc.; Dollar Texas Properties, LLC; ProMedTek, Inc.; OnFocus Healthcare, LLC and Pro Charging Systems, LLC. – each of which is an FCA Venture Partners' or Triple Play Ventures, portfolio company.

He is a graduate of Wake Forest University where he is a trustee and is a member of the Nashville Rotary Club. ■



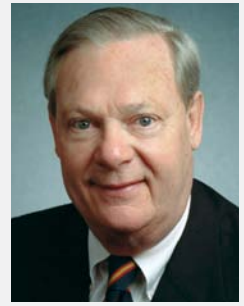
Matthew A. King

WE WANT TO HEAR FROM YOU!

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

Chairman's Corner

Nashville Bank & Trust: A Six-Year-Old Bank with Decades of Experience



**Charlie Cook,
Chairman**

On August 30, Nashville Bank and Trust will celebrate its sixth anniversary as a bank serving the Nashville and Middle Tennessee market. In the summer of 2004, we were experiencing a booming economy and rising interest rates. Several new banks had recently entered this marketplace or were in the planning stages with over 60 banks now serving the Middle Tennessee market. Competition was fierce as it was very difficult to build a loan portfolio in a rising rate environment with so many banks competing for the business available.

Four years later, we saw the collapse of financial markets and the beginning of the worst economic decline in our lifetime. Many of the banks in this marketplace and around the country began to see deterioration in their loan portfolios, foreclosures, and severe financial losses. Through the mid-year point of 2010, the FDIC has closed 88 banks nationwide. Fortunately, none of those were in Tennessee. The Federal Reserve and many economists are beginning to see a limited recovery in the economy, but it may not be enough to save some of the banks that are still struggling.

Nashville Bank and Trust has weathered this turmoil in the economy and the banking industry with a clean portfolio of loans, a growing book of assets under management in its wealth management area, and a team of professional and experienced bankers who have used their talents to ensure that the bank has grown responsibly for the benefit of our stockholders, customers, and employees.

“THE TEAM WE HAVE ASSEMBLED HERE IS THE BEST I HAVE EVER HAD THE PLEASURE TO WORK WITH.” – NBT CHAIRMAN CHARLIE COOK

In my nearly fifty years of experience in this industry, the team we have assembled here is the best I have ever had the pleasure to work with. Every member of the team at every level – management, banking, wealth management and administration – is highly skilled, dedicated to our mission of profitability and outstanding service to our customers, and really fun to work with. It is a true team with everyone pulling together toward the common goal of making this the finest financial institution in this marketplace with the ability to weather any storm the economy throws at us.



Tom Stumb
President & Chief
Executive Officer



Overton Colton
Chief Administrative
Officer



Derrick Jones
Managing Director, Wealth
Management Services



Tom Snyder
Managing Director,
Private Banking



Bob Napier
Senior Vice President,
Senior Credit Officer

2010: ALREADY, THE FIRST SIX MONTHS ARE OVER

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

Seemingly, just a short while ago, we began 2010 with hopes of calmer seas, clarity in regulation, and warmer embracement of productivity. Six months later we might settle for a simple acknowledgment that America is in fact good and that our systems have not only led to our own unprecedented history of prosperity but also enabled us to share that bounty like no other society before.



Derrick Jones

Without question, the diseases we are battling are significant and complex. The medicines being administered seem worse, either because the Rx is wrong or the formula is so fluid. At every level (individual, corporate, government) we gawk at the evidence of what happens when our actions aren't guided by those fundamental values that have stood the test of time.

The first six months of 2010 included Toyota struggling with cars that won't stop; a flash crash on Wall Street yet to be explained; the failure of 88 more banks; a mine collapse in West Virginia; an oil rig disaster in the Gulf of Mexico; a Federal government that has spent \$700 Billion more than it took in; state and local governments with unprecedented deficits; a 2000+ page health care bill was passed; a new General was put in charge of Afghanistan; Greeks (among others) rioting over austerity measures; uncertainty as to whether the housing crisis is over; and an unemployment level which remains way too high.

The six months ending June 30, 2010 saw the S&P 500 decline 6.7 percent and the Dow Jones Industrial Average fall 5 percent. Generally, first quarter corporate earnings were robust but in few cases did this translate into sustained higher share prices. International markets were even worse

with the EAFE declining 13 percent. For this same six month period, gold went from \$1,100 an ounce to \$1,246 per ounce. The yield on the 10 year Treasury went from 3.84 percent to 2.93 percent. Oil went from \$82.53 a barrel to \$75.63 a barrel.

So much for calmer seas.

The good news is that America is not only good, but we are the very best. Even with our mind-boggling debt and paltry yields, the world still buys our debt when they want safety. The American worker remains the most productive in the world. The American spirit remains defiantly undaunted.

At NBT we remain committed to customized investment allocations for each of our clients. These allocations are driven first by our clients' needs and preferences; and

Even with our mind-boggling debt and paltry yields, the world still buys our debt when they want safety.

secondly, by our assessment of markets and the industries and companies within. Continuing to focus on all aspects of wealth management and not just investment management is serving our clients well. Solid portfolio construction is absolutely vital but times like these prove yet again that cash flow is important; taxes must be monitored; other capital sources must be considered; expenses must be scrutinized; and hard questions must be asked.

Focusing on high quality corporations and exposure to various equity styles is critical. Moreover, a carefully constructed, high-quality fixed income portfolio is a safety net that should be present in almost every investor's portfolio. In these uncertain times, the value of the NBT approach to wealth management can hardly be measured in percentages. No, the seas are not calmer but our pilot house is ready for the challenge and we are blessed to have the most experienced, capable, and caring crew on board. It is our pleasure to serve our clients and we do so with the greatest of gratitude. ■

NASHVILLE BANK & TRUST REPORTS RESULTS FOR 2010 SECOND QUARTER

NBT Holdings Inc., the parent company of Nashville Bank & Trust, reported net income of \$251,000 for the second quarter 2010, a 106 percent increase compared with \$122,000 for the second quarter 2009. Earnings per undiluted share for the quarter ending June 30, 2010 totaled \$0.12 versus \$0.06 for the same period in 2009. Net income for the first six months 2010 was \$451,000, an 84 percent increase compared to \$245,000 for the comparable period of 2009.

At June 30, 2010, the bank reported total assets of \$212.7 million, a 30 percent increase from June 30, 2009. Over the same period, deposits increased 32.5 percent to \$180.3 million, while loan growth was 22.6 percent reaching \$163.6 million. At June 30, 2010, the bank's capital exceeded the FDIC guidelines for a "well capitalized" bank in all categories,

including a Tier 1 leverage ratio of 10.65 percent compared with the minimum guideline of 5.0 percent.

Nashville Bank & Trust reported no non-performing assets at June 30, 2010.

Non interest income year-to-date 2010 was \$1,515,000, compared to \$1,287,000 for the first six months of 2009.

"Nashville Bank & Trust continues to grow and prosper despite the lingering recessionary environment," said Tom Stumb, president and CEO. "The success of our company is a credit to our clients' commitment and to the experience and hard work of our bankers and wealth management team." ■



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