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Nashville banks among nation's tops in trusts

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While some banks are getting out of the trust business and others are choosing to ignore it, new data from the Trust Performance Report ranks the trust departments at Nashville Bank & Trust and Pinnacle Bank among the fastest growing in the country.

On average, banks saw assets in their trust departments grow 7 percent in the third quarter, according to the Trust Performance Report.

Nashville Bank & Trust, which has \$200 million in managed assets, experienced 20 percent asset growth in the third quarter. The bank also saw a 70 percent growth in its revenue from its trust department during the quarter.

Pinnacle Bank, which has \$290 million in managed assets, saw its trust assets grow 16 percent during the quarter, while revenue grew approximately 20 percent, according to the company.

Both institutions see trust departments as a niche that can generate fee revenue at a time when banks are experiencing decreasing margins from interest revenue.

"We are a bank focused on banking and wealth management services, it's not just a side-line business, it's as big of part of what we do as loans," says Derrick Jones of Nashville Bank & Trust.



Derrick Jones

Bernard Garbo, editor of the Trust Performance Report, says some banks view trust departments as step-children. For some, trust departments aren't profitable and years ago many banks offered trusts as loss leaders.

But recently, Garbo says, banks have started to pay more attention to the trust departments.

"We are seeing a lot of smaller institutions saying you have a lot of wealth transfer coming up and they think they can get a slice of that, they are going after that area," Garbo says. "Other institutions are getting rid of their trust operations or outsourcing."

Banks face increasing competition from private trust companies, wealth managers and others in the business.

Garbo says about 20 percent of commercial banks have trust departments and of those, 6 percent have trust departments that are viable as an independent business.

Two other Nashville-based banks offer trust services, Garbo says. Citizens Savings Bank & Trust has \$171,000 in managed assets and PrimeTrust Bank, which was acquired by Pinnacle last year, has \$1,000 in managed assets, according to the report.

Officials at Nashville Bank & Trust started the bank three years ago with the intention of making trust services a part of their overall strategy for profitability.

Jones says his company has grown revenue by attracting more customers with more assets. Also, he says, the bank doesn't promote certain investment programs and has more options for investments.

Pinnacle got into the trust business when it acquired Cavalry bank in 2006, says Robert Newman, manager of trust services. Pinnacle gets a lot of business from regional banks that are in the midst of mergers, turmoil and reorganization, he says.

Likewise, Joseph K. Presley, president and CEO of Cumberland Trust, an independent trust company, says within the last five years larger banks have been reducing the number of trust administrators on staff and focusing on loans and deposits.

"We are continuing to do very well in this environment," Presley says.

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