



HERITAGE

BANK & TRUST

January 6, 2012

Dear Fellow Shareholder:

On behalf of the Bank, we hope your Holidays were safe and happy, and that your New Year is off to an excellent start. Management and the Board have been working diligently to explore our strategic alternatives and to position the Bank to meet both our current challenges, and the challenges yet to come.

After careful consideration, Management and the Board voted to restructure itself so as to serve you as shareholders more efficiently. Directors Jim Sloan, Tim Smith, Rose Rainey, Billie Johns and Janis Johns are retiring, but will remain involved with the bank as directors emeritus. They will also be serving as charter members of the bank's advisory board. These individuals have spent many hours in service to Heritage Bank & Trust. I look forward to working together with each of them in their new roles. Attached is a press release that went out today concerning this reorganization.

The board continues to explore solutions to the capital needs of the bank. The primary options remain (1) finding a different strategic merger partner, (2) raising additional capital internally or externally with large investors, and (3) shrinking the asset size of the Bank. We will advise you of any progress made at the appropriate time.

Upon closing of the bank's books, we will update you with financial information.

In the meanwhile, I sincerely hope you will call me at (931) 388-1970 if you have any questions.

Sincerely,



Jim Robinson
Chief Executive Officer

**HERITAGE BANK BOARD REORGANIZES
For Immediate Release**

COLUMBIA, TN (January 6, 2012) - Heritage Bank & Trust today announced a reorganization of its board of directors pursuant to which the board was streamlined to seven members. The retiring directors will remain active with the Bank as directors emeritus and advisory board members focusing primarily on community involvement.

Bank CEO Jim Robinson, explained, "This has been under consideration for some time. With the continuing pressure in the banking industry, management and the board felt strongly that now is the time to make sure that our governing structure is aligned with the needs of our shareholders, customers and the Maury County community."

Board members retiring are Jim Sloan, Rose Rainey, Tim Smith and Janis and Billie Johns. Members who will continue on the governing board are Will Rainey, Larry Johns, Tom Yokley, Kent Pardon, Paul Watson and Jim Robinson.

On behalf of the Bank, Jim Robinson expressed appreciation to the retiring board members citing long hours of dedicated service on the bank's behalf.

Heritage Bank & Trust is a \$121,000,000 million state chartered financial institution with two branches in Maury County.

FOR FURTHER INFORMATION CONTACT

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