

April 2017



Jim Robinson
President & CEO

Dear Fellow Shareholder:

The management team at Heritage Bank & Trust would like to provide you, as shareholders, with an update of your Bank. We are proud to announce record earnings of \$1,009,000 for 2016, for a Return on Assets of 0.93% and Return on Equity of 9.88%. This is the third straight year of

record earnings and is a result of several years of hard work. This translates to increasing your book value by \$0.48 per share to \$5.54 at December 31, 2016. We have seen shares trading at the \$5.00 level recently.

With a firm balance sheet now established, the management team has begun to focus on growing the loan portfolio size. The Bank has been quite successful in so doing: gross loans are up by \$11.9 million, or 15.5% for 2016.

We are also very pleased to announce the hiring of two new officers in the first quarter of 2017. Carrie Goolsby joined the Bank in February to develop business in the Lawrenceburg market. Carrie brings over 20 years of community banking experience to Heritage. The very next day, we brought on Brian Cooper to augment the growth of the Columbia portfolio. Brian brings over 30 years of experience, having

worked his first 13 years at First Farmers and the last 17 years at Regions. We are optimistic about

our opportunities here in Southern Middle Tennessee.

We hope that you are pleased with the progress

that we have made. We believe that we are now beginning to see the earnings improvement that will drive the Bank's book value back towards \$10 per share. As we shared years ago, a strong, healthy balance sheet is the precursor to a healthy income statement. We firmly believe that we have a very healthy portfolio. The next step is to grow the balance sheet such that we can enjoy economies

of scale. We are confident that we are only in the very early innings of this. We hope that you will proudly be a shareholder who watches your Bank live out its mission statement, "Quality Work to Maximize Value."

Should you have any questions, please contact me at (931) 388-1970.



Carrie Goolsby



Brian Cooper

"A strong healthy balance sheet is a precursor to a healthy income statement."

- Robinson

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Robinson".

Jim Robinson
President & CEO



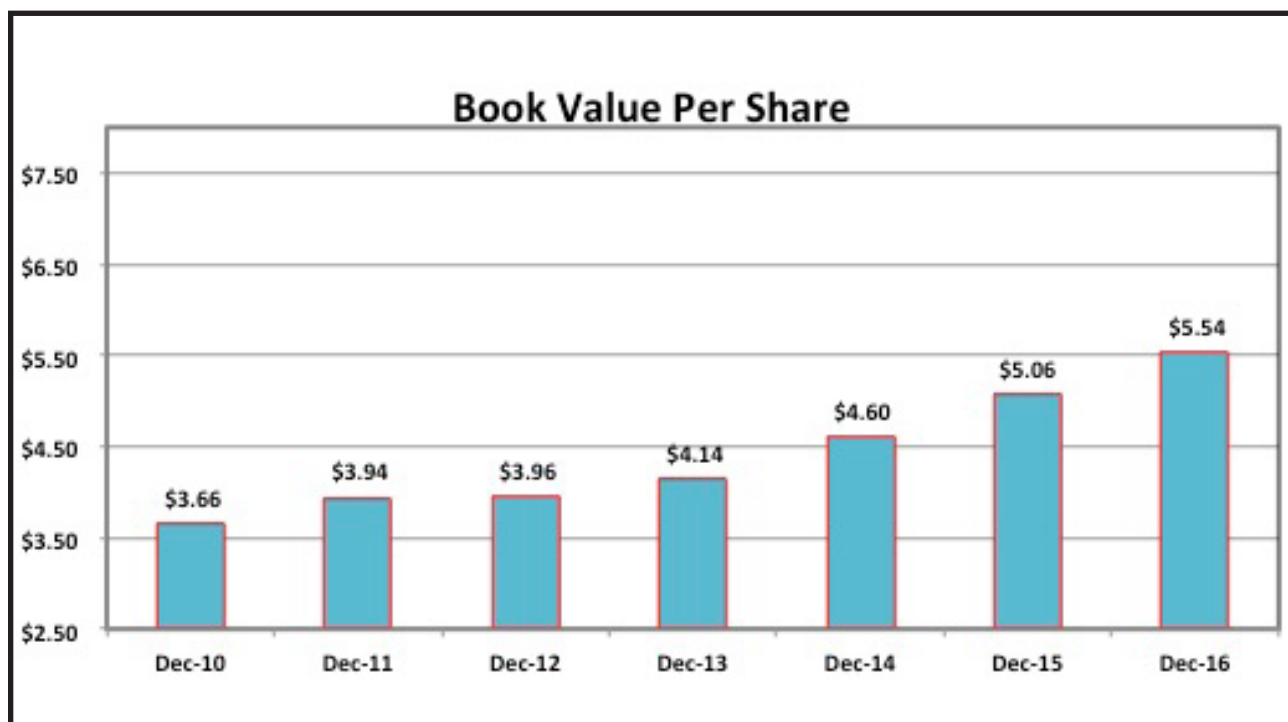
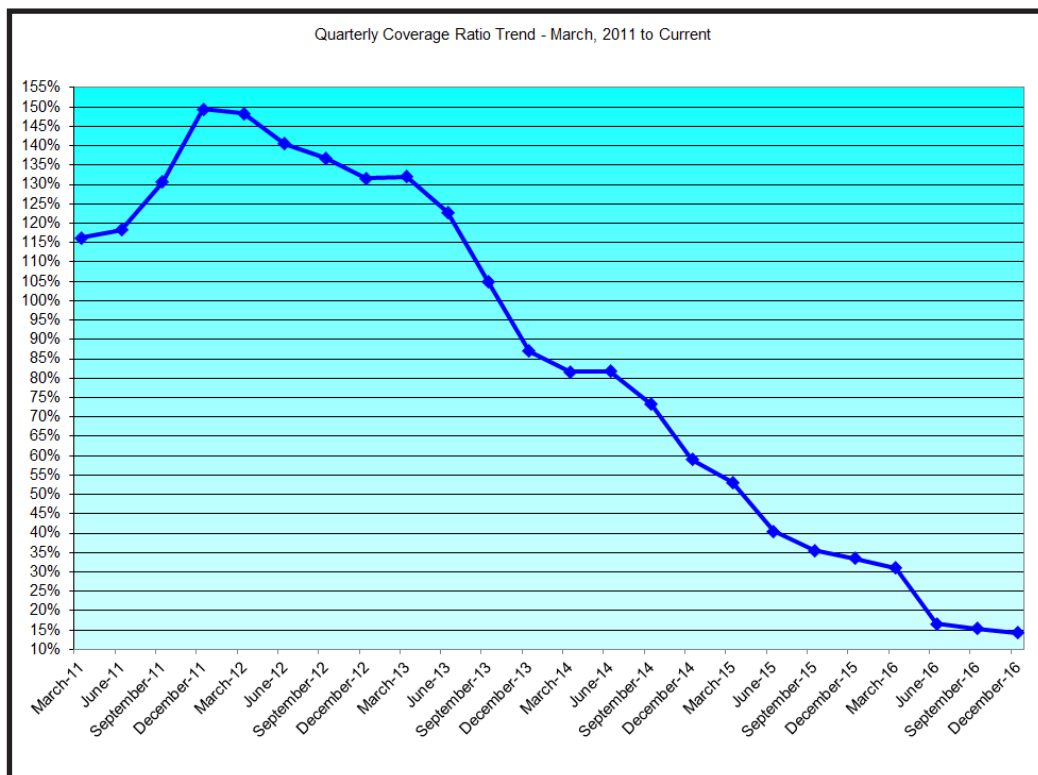
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217 South James Campbell Blvd.
823 Nashville Hwy.
Columbia, TN
931-388-1970
heritagebankandtrust.com



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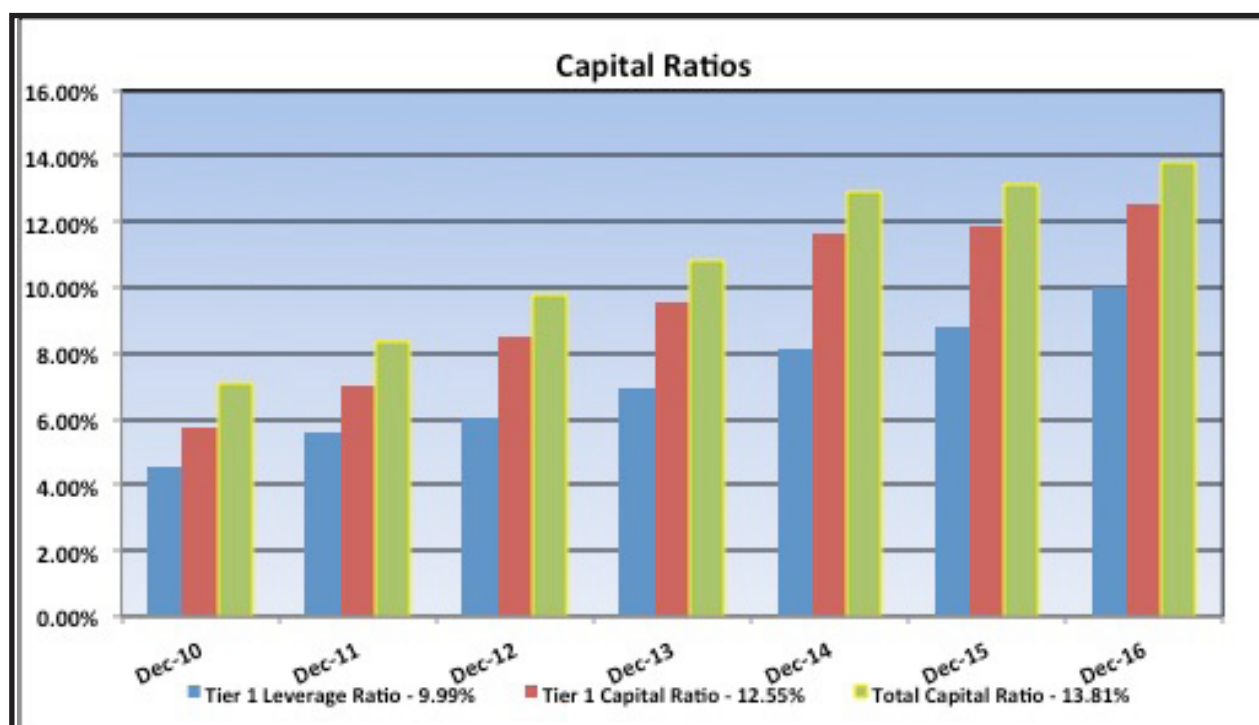
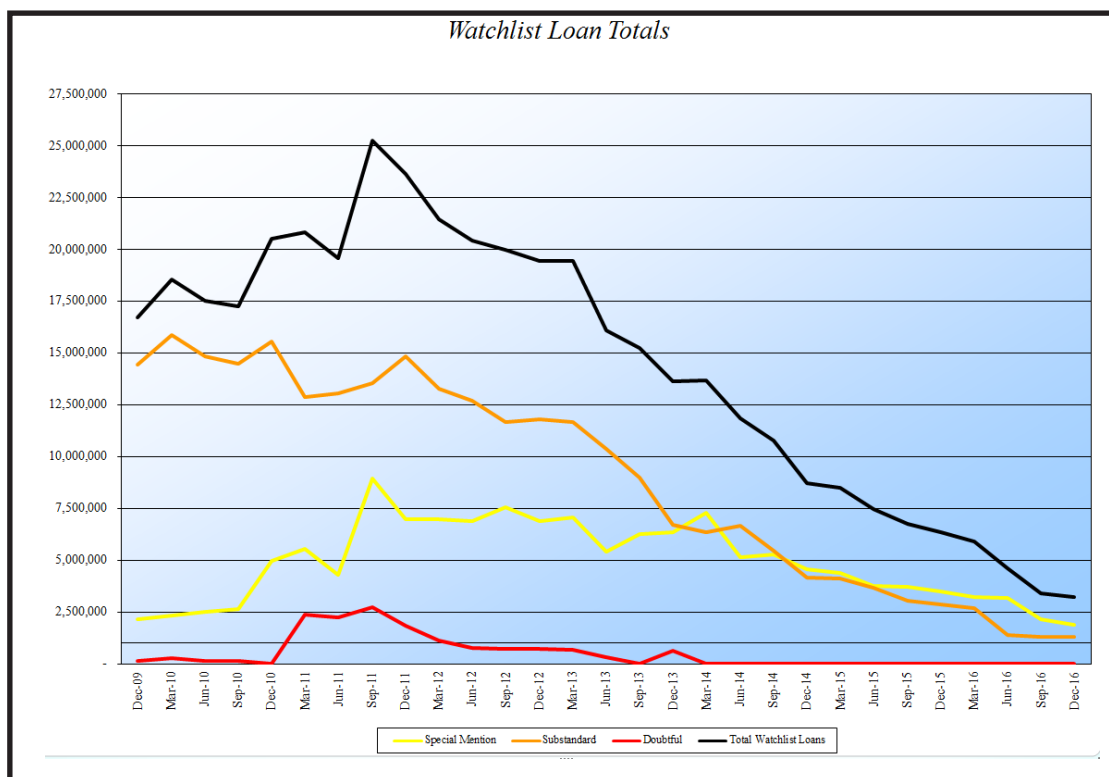


Community Involvement



Both offices provided RC's and Moon Pies the Friday before Mule Day for bank customers.





Bank staff enjoyed attending the Boys & Girls Club of Maury County Great Futures luncheon earlier this month.



In honor of Community Banking Month in April, both locations provided Kasasa Easter cookies for customers.

Heritage Bank & Trust is excited to offer Kasasa Cash, Cash Back and Kasasa Saver. These new accounts are interest bearing and designed to meet your needs.

The bank is also offering Kasasa Protect, which is an identity theft and fraud protection service. Kasasa Protect's monthly service fee is automatically drafted from your checking

Kasasa

account, so there's no need to remember to pay for this service. Kasasa is more than rewards. It's protection.

Contact a client banker at Heritage Bank & Trust today at 931-388-1970 or visit heritagebank-andtrust.com to learn more.



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FREE CHECKING
you can feel
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on balances up to \$25,000
if qualifications are met

0.02 %
APY*

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qualifications aren't met

And it's easy to earn our highest rates...

Just do the following transactions & activities in your Kasasa Cash® account each monthly qualification cycle:

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- Be enrolled in and agree to receive e-Statements
- Be enrolled in and log into online banking or mobile banking



Ask for **Kasasa®**

*APY=Annual Percentage Yield. Account approval, conditions, qualifications, limits, timeframes, enrollments, log-ons and other requirements apply. Monthly Direct Deposit or ACH credit, enrollment in and log on to online/mobile banking, receipt of electronic statements are conditions of these accounts. Enrollment in electronic services (e.g. online banking, electronic statements, and log-ons) are required to meet some of the account's qualifications. Limit one account per social security number. There are no recurring monthly service charges or fees to open or close this account. Contact one of our Heritage Bank & Trust representatives for additional information, details, restrictions, processing limitations and enrollment instructions. Member FDIC.

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Ask for **KASASA®**



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Columbia, TN 38401