

July 2017

HERITAGE BANK & TRUST



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 earnings of \$565,000 through June 30, 2017 for a Return on Assets of 0.96%, and Return on Equity of 9.83%. This translates to an

increase

in your book value to \$5.82 since December 31, 2016.

The Bank is beginning to perform in the manner that so many of you anticipated when you elected to invest. 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; as of June 30 gross loans have increased by 11.14% in the last twelve months and 29.37% from 24 months prior.

The Bank has also had a busy and successful first half of the year.

- We are very pleased to announce the establishment of loan production offices in Lawrenceburg and Mount Pleasant. Executive Vice President Brent Wheeley and Loan Officer Carrie Goolsby are working to develop business in the

Lawrenceburg market.

- The Bank plans to open a full service branch later this year in Mount Pleasant. The Mount Pleasant office is located at 109 South Main Street. Hendley Edwards, a Mount Pleasant native with years of community banking experience, will be taking the lead with the Mount Pleasant location.
- We rolled out our Kasasa products, which include interest bearing checking and savings accounts, as well as an identity and fraud protection service called Kasasa Protect.
- The Bank has recently upgraded to a mobile and tablet friendly website. Read more about our website and new My Mobile Money app on the next page.

Finally, early in the year, Mr. Tom Yokley informed the Board of Directors that he planned to retire from service in June. As you may know, Mr. Yokley has served on the board for well over a decade and as chairman of the board for four years. I hope you will

join me in thanking him for the many hours he has spent working on your behalf.

We remain optimistic for 2017 and hope to continue to reward you with sustained earnings for the remainder of this year and beyond. In the meantime, please review the attached graphs that show some of the increasingly positive trends we have discussed for the past several quarters.

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

*"We remain optimistic for 2017 and hope to continue to reward you with sustained earnings."
- Robinson*

Sincerely,

Jim Robinson
President & CEO



Follow us on social media!

217 South James Campbell Blvd.
823 Nashville Hwy.
Columbia, TN

109 South Main Street
Mount Pleasant, TN

106 Weakley Creek Road
Lawrenceburg, TN



EQUAL HOUSING
LENDER

Institution ID:
478373

Member FDIC

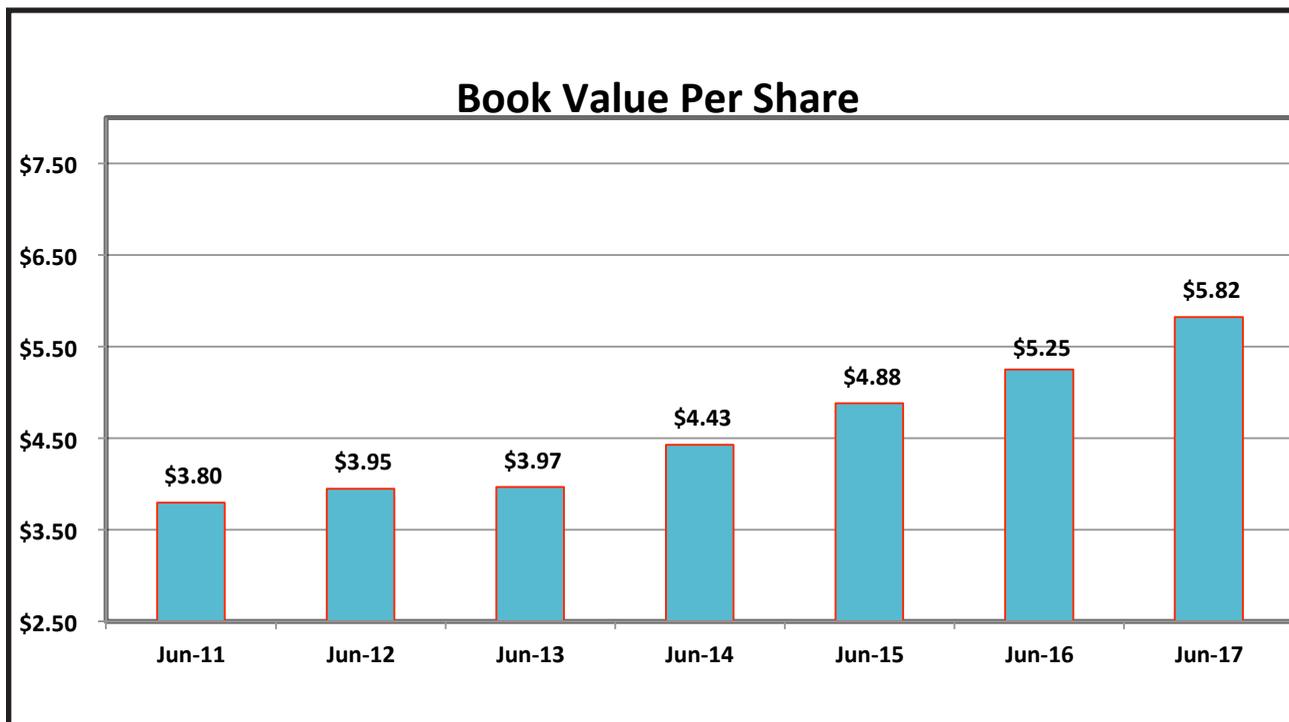
Heritage Bank & Trust Releases New Website & My Mobile Money App

Heritage Bank & Trust released a mobile and tablet friendly website in May. The site is now easily accessible on smart phones and tablets. You can bank 24/7 with us via our website and the Heritage Bank & Trust mobile app.

The Bank also released the My Mobile Money app earlier this year. This app allows you to have complete control of your debit card. You can set location and transaction alerts along with setting spend limits for your card. If you lose or misplace your card, simply turn the card off until you find it.

“Banking with us has never been easier,” says Heritage Bank & Trust President & CEO Jim Robinson.

Contact a client banker at (931) 388-1970 or visit our website at heritagebankandtrust.com to learn more about online and mobile banking.

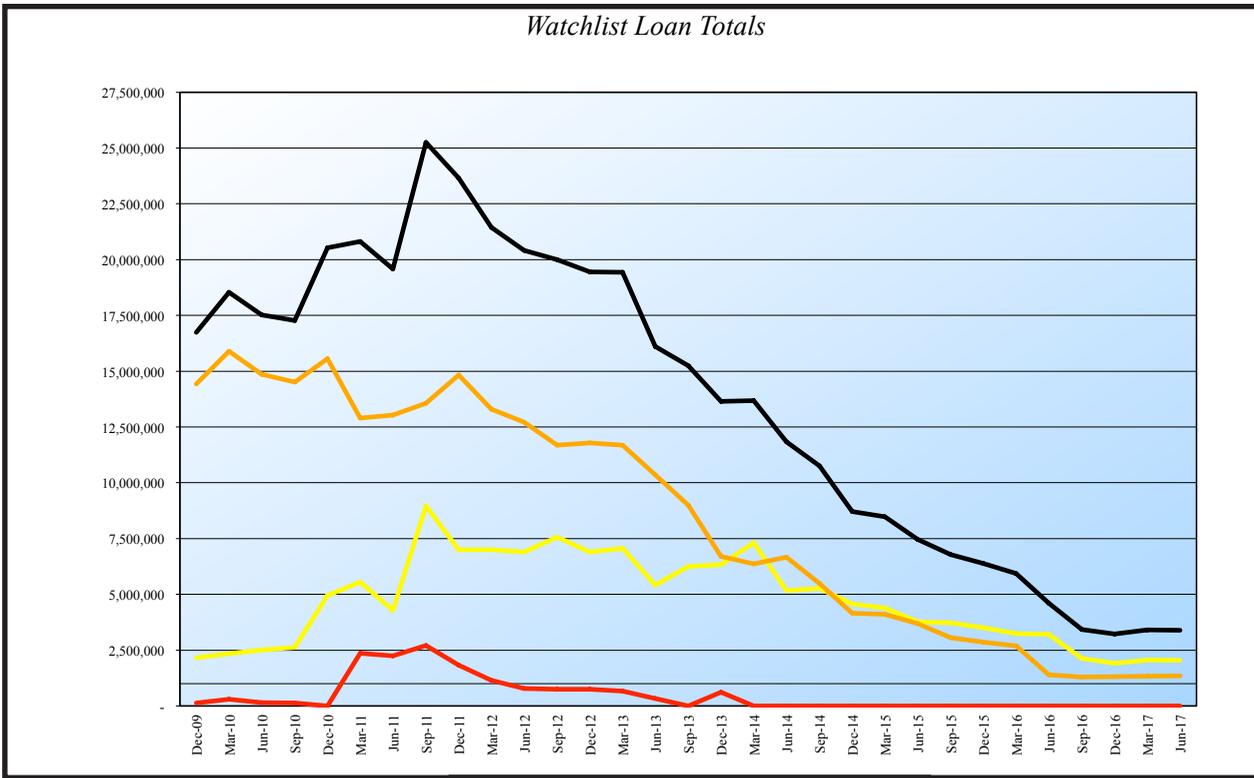


Heritage Happenings

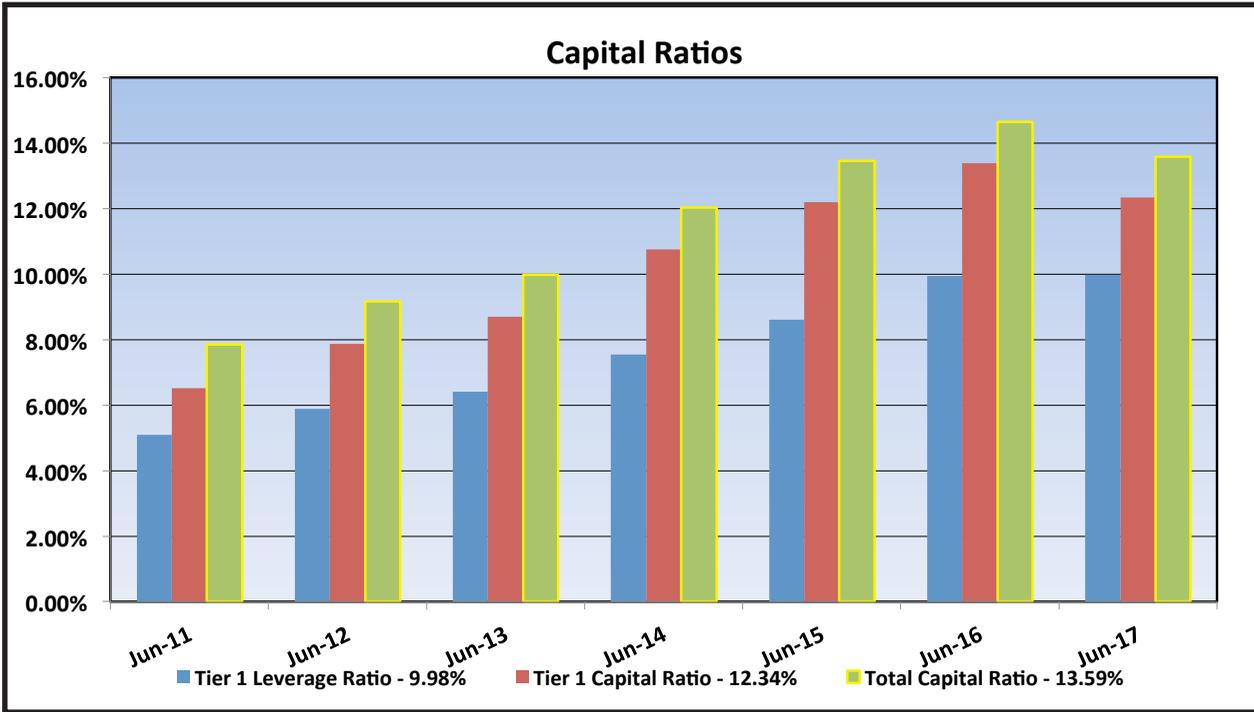


Branch Client Banker Chris Haywood graduated from Leadership Maury in May. Leadership Maury is a personal development program designed to motivate participants to develop and enhance the quality of their leadership in addressing pertinent community needs. Senior Credit Analyst Jason Bledsoe will be representing Heritage Bank & Trust in the Leadership Maury Class of 2018.

Watchlist Loan Totals



Capital Ratios



Pictured, from left, are David Shepard and Charlie Murphy.

Heritage Bank & Trust welcomed interns David Shepard and Charlie Murphy to the bank's team this summer. As a community bank, Heritage Bank & Trust strives to give back to the community it serves by offering valuable internship opportunities to college students. Shepard graduated from Columbia Central High School in 2015 and is a rising junior at the University of Tennessee at Knoxville. Shepard, an accounting major, interned with the bank last summer and is excited to be back serving Heritage Bank & Trust's customers this year. Murphy graduated from Columbia Academy in 2016 and is a rising sophomore at Freed-Hardeman University in Henderson. Murphy is also an accounting major.

Heritage Bank & Trust Opens Lawrenceburg Location

Heritage Bank & Trust opened a loan production office at 106 Weakley Creek Road in Lawrenceburg. The ribbon cutting was held on May 24.

"I'm thrilled to be providing financial services in my hometown," says Heritage Bank & Trust Executive Vice President Brent Wheeley. "Part of our mission as a community bank is giving back to the communities we serve and we are excited to make a difference in Lawrence County."

Carrie Goolsby, an experienced community banker, is also a part of the Lawrence County Heritage Bank & Trust team.



The ribbon cutting for the Lawrence County Heritage Bank & Trust loan production office was held on May 24.



Lawrenceburg Loan Officer Carrie Goolsby is pictured with her husband and Lawrenceburg police officer Darren Goolsby.



Members of the Heritage Bank & Trust Board of Directors attended the Lawrenceburg loan production office ribbon cutting. Pictured, from left, are Chairman Dr. Kent Pardon, Jenny Adcox and Jimmy Hughes.

217 South James Campbell Blvd.
Columbia, TN 38401

