

**Statement from Heritage Bank's
President and CEO, Brian L. Vance**

Heritage Bank has been in business for more than 80 years. We realize longevity does not guarantee continuation, however, during these 80 years we have seen our way through many economic cycles. We have worked effectively to build a bank that has high liquidity, strong profitability and solid capital. In fact, we have one of the strongest balance sheets of any bank doing business in the state of Washington.

As Heritage Bank effectively deals with the market volatility and the concerned public, I am pleased to say that we have been and continue to be a conservative bank focusing on the fundamentals of banking. We are proud of our strong liquidity, capital position, credit quality and earnings. I believe this is exactly what our customers and our community expect and deserve from a local community bank.

As a depositor, you are in essence making a loan to your bank every time you make a deposit and consequently should have some awareness of the financial strength of the bank. While I know you understand I can't make any guarantees, I believe Heritage Bank is well positioned to safely manage your deposits. Rather than take my word, we would be happy to provide you with a variety of documentation of our financial strength so that you can make informed decisions as to your banking relationships.

Heritage Bank is a subsidiary of Heritage Financial a NASDAQ listed company under the ticker symbol HFWA. The FDIC and the State of Washington Dept. of Financial Institutions govern Heritage Bank. We enjoy excellent relationships with all of our regulators and unfortunately I am prevented by law to share with you the latest regulatory ratings of our bank, as I would love to be able to do.

Thank you for your trust and loyalty in Heritage Bank. If you have questions as we all work our way through these challenging times, I welcome you to contact your relationship officer or any Heritage Bank team member.