

The Heritage Business VISION



"We're similar [to Heritage Bank] in size, locally owned and we're motivated by our customer's success. We're both also committed to making a positive difference in our communities."

—Kurt Carlson
CPCU, President and CEO
Propel Insurance

See "Bold and Forward-Thinking Business" page 3 for complete story

Strength in Community Banking

Awards Confirm Our Strength

Heritage Bank has worked effectively for more than 82 years to build a company with strong liquidity, capital and credit quality. In fact, we have one of the strongest balance sheets of any bank doing business in the state of Washington. Combine this with a devoted focus on giving back to our communities through contributions and staff volunteer efforts, you have exactly what customers and communities deserve from their local bank.

This has been an exciting year for the Heritage team. Our community voted us the Best of South Sound in a survey conducted by The Olympian. The Business Examiner selected us as the Top Place to Work Award winner in both the Large Company and Equity categories. Puget Sound



Brian Vance, President & CEO, accepts the award and Mariners jersey at Safeco Field from the Puget Sound Business Journal

Business Journal honored us with the Silver Award in their Washington's Best Workplaces Program—confirmation that not only is Heritage a great place to bank; it is also a great place to work!

Online Business Statements

Now you have the opportunity to "Go Green" by choosing to receive your business account bank statements electronically. Selecting online statements will allow you to safely and securely access your statements.

Benefits of Online Statements:

- Receive monthly statement within your online banking account
- View check images online
- Receive statements faster
- Enhance security by eliminating mail and trash theft of paper statements



- Improve account management by viewing up to 12 months of statements stored online

To sign up for Online Business Statements, log into Business Cash Manager Online and choose "Suppress Paper Statements" from the Online Services dropdown menu. Select your accounts to turn off paper statements and click submit. Your Online Business Statements will be available the next statement date.

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www.HeritageBankWA.com

 **HERITAGE BANK**
the quality business bank

Transaction Account Guarantee Program

The FDIC Board recently approved a rule extending the Transaction Account Guarantee Program (TAGP) until June 30, 2010. This provides an unlimited FDIC guarantee for deposits in qualifying non-interest bearing transaction accounts.

“Heritage Bank opted into the TAGP when it was initially offered and we are pleased the FDIC has decided to extend it,” said Brian Vance. “This extension, coupled with our strong capital position, allows us to continue to provide a safe, sound and secure banking experience for our customers during these uncertain economic times.”

Eligible accounts include traditional non-interest bearing checking accounts and certain types of attorney trust accounts, as well as negotiable order of withdrawal (NOW) accounts with interest rates of 0.50 percent or less. The TAGP insurance coverage is in addition to the increased coverage provided by the Emergency Economic Stabilization Act of 2008, which temporarily raises the basic FDIC deposit insurance coverage limits to \$250,000 through December 31, 2013.

Business Visa® Debit Card

No-hassle purchasing power

Your small business wins when you save time and money with Business Visa Debit. Take advantage of benefits such as:

- Quick and easy purchasing everywhere Visa cards are accepted
- Enroll your card in the Visa Extras Program and start earning rewards points today
- Zero Liability helps protect your business from unauthorized use of your card or account information

For more details on Business Visa Debit cards, contact your local branch.

On The Move

Officer Promotion

We are pleased to announce **Pat Skinner** has been promoted to Senior Vice President. Pat joined Heritage Bank in 2006 as Vice President, Business Banking, at our Sumner office. He has more than 23 years banking experience.



Pat Skinner

Promotions

Shannon Carson has been promoted to Business Development Associate. Shannon joined Heritage Bank in 2005 and in her new position, will continue to focus on recruiting new business clients, as well as retaining current customers.



Shannon Carson Chad Maiuri

Chad Maiuri has assumed the role of Branch Manager of our Downtown Tacoma office in addition to Federal Way. Chad joined Heritage Bank in 2005 with more than 10 years banking experience and was promoted to Assistant Vice President, Branch Manager in 2006.

SBA 504 Lender of the Year



Ben Howeler, Thurston County Business Banker has been named “SBA 504 Lender of the Year” by Ameritrust CDC. Ben is a strong proponent of the SBA 504 Program and extends the benefits to his small business clients who are looking to expand and grow operations through commercial real estate or equipment purchases. He has been with Heritage Bank for 15 years and is well known in his community for his expertise, efficiency and willingness to get the job done.

How to Prevent Business Fraud

Personal details and business information are more valuable than ever. Criminals will try to scam information any way they can—the reward is high. To help prevent fraud in your company:

- Regularly update and use anti-virus and anti-spyware software on all computers
- Ensure computers have the latest software security updates
- Use firewalls on computers or networks; open connections to the Internet leave networks more vulnerable to attack
- Educate employees on how fraudulent attacks work, things they should avoid when using the Internet and the dangers of email scams
- Encrypt sensitive files and password-protect laptops to prevent information from ending up in the wrong hands
- Don't write passwords where others may find them
- File bank statements and other sensitive documents



For additional information visit <http://www.microsoft.com/Security>

Bold and Forward-Thinking Business

Propel Insurance

Propel Insurance isn't your stereotypical insurance agency—President and CEO Kurt Carlson has seen to that.

There are no faded Norman Rockwell prints on the walls of this business' Tacoma headquarters. Instead, office walls are adorned with tasteful works by Northwest artists. "I'm such a control freak, I choose all the art myself," admits Carlson. A traditional-looking nameplate atop the reception desk is engraved with a not-so-traditional job title: Director of First Impressions. Even the agency's new name was chosen not because it represents stability and strength, but rather because it reflects the agency's "bold and forward-thinking" approach to business.

"It's safe to say, we're not your father's insurance agency," says Carlson. "We really want to fuel our clients' success and I don't think we could do that if we weren't creative, flexible and passionate about what we're doing."

Propel Insurance is the largest privately held insurance agency in the Northwest and is among the top 70 largest agencies nationwide. The agency got its start in 1923 and has since made a reputation for providing insurance products, surety bonds, consulting and employee benefits to businesses and individuals throughout the region and beyond. The company has gone by a number of names over the years—most recently, Bratrud Middleton—before adopting the name Propel in June 2008.

"The name change was a big deal for us because our brand is known around the country," says Carlson. "It wasn't a move we took lightly. We worked with consultants and met with employees, customers, former customers and prospective customers. We talked about dozens, probably

hundreds of possible names. The overall reaction to Propel was that it was charismatic, creative, smart, nimble and discerning—all the things we aspire to be."

"It's been a little over a year since we announced the change and I think it's fair to say the name Propel Insurance has the kind of energy we were looking for and it's been embraced by our employees, customers and business partners."

One important relationship, which is driven largely by shared values, is the partnership with Heritage Bank and their Business Banker, Bob Bruback.

"I think the two businesses are more alike than we are different," says Carlson. "We're similar in size, locally owned and motivated by our customers' success. We're both also committed to making a positive difference in our communities."

Although Propel's headquarters are in downtown Tacoma, their community involvement extends across the Northwest, with giving focused on health, education and the arts.

"We can't be part of every event or give to every cause, but we really try to support the things our employees are part of," says Carlson. "For example, our employees raised approximately \$22,000 and we made a corporate donation so that we were able to collectively give \$28,000 to the 2009 Tacoma Relay for Life. We don't just feel a responsibility to give back to



Pictured left to right: Peter Hendrick, CFO and Kurt Carlson, CPCU, President and CEO with Bob Bruback, Business Banker

our communities—we really want to be the people who make a difference."

Supporting employees' philanthropic and volunteer interests is just one reason Propel was named a finalist in the Puget Sound Business Journal's 2009 "Best Workplaces" competition—another commonality with Heritage Bank!

"I think most businesses want to create a positive work environment," says Carlson, whose company holds parties and offers awards to inspire employees to look for heroes in their midst. The goal? To recognize and focus on the positive things that people do every day to help others.

"Our employees know the things they do to serve our customers are critical to our success," says Carlson. "It makes sense to empower those employees and recognize them for work well done. Without their willingness to go above and beyond, we'd be just another insurance agency."

Making Our Community a Better Place



Thurston County volunteers at the South Sound Reading Foundation

United Way Annual Day of Caring

On September 18th, volunteers from Pierce County offices did yard work at Helping Hand House in Bonney Lake. Team members included Jill Diedrich, Margot Miller, Brian Salva, Lyn Hamilton and Brandy Deutsch.

On September 25th, volunteers from Thurston County offices organized book storage for the South Sound Reading Foundation in Lacey. Team members included Jen Strader, Shannon Carson, Chuck Fiene, Lisa Welander, Lori Heckman, Georgia Lanza, Renee Oram, Sabina Tweit, Melanie Tanguileg, Amanda Aveiro, Candis Chinn, Debbie Thompson and Diane Pearson.



The 2009 Heritage Bank team behind a portion of their Ice Age sculpture

Sand In The City

Once again, eager team members sculpted at Sand in the City on August 21st, raising funds for the Hands On Children's Museum in Olympia. We are proud to be this year's Young At Heart Award winner, for the most child-friendly sculpture.

American Heart Association

All branches teamed up to sell paper hearts to customers and raised more than \$1,200 for the American Heart Association's Heart Walk on October 3rd in downtown Tacoma. This event promotes walking as part of a healthy lifestyle and raises funds for cardiovascular research and educational programs.



Spanaway walkers, pictured left clockwise: Chalia Clark, Reinee Goeken, Lyndsey Walden and Sarah Mae Morgan

Annual Chamber Auction Event

Members of the Shelton team volunteered to do the "banking" at the annual Shelton-Mason County Chamber Auction on September 19th. The Mardi-Gras-themed event attracted more than 100 attendees from the community and raised more than \$23,000.



Pictured left to right: Tammy Stevens, Darlene Brown and Melissa Olivas



The Sumner Team with the Mariner Moose at the Summer Arts Festival

In the Heart of Sumner

The Classy Chassis Car Show is an annual event sponsored by the Sumner Downtown Association. Proceeds go toward preserving historical downtown Sumner. Volunteers Ann Fish and Nina Burlingame from the Sumner office, helped raise more than \$4,500.

Then Ann and Nina, along with Heritage volunteers Mandy Rawlings, Jeanine Lucas, Johanna Wilbanks, Denise Burditus, Alice Gaugler, Diana Grantham, Soozie Heath, Jackie Smith, Margot Miller, Joan Kocher and Debbie Vomacka worked in the Burger Booth at the Sumner Arts Festival. This event raised more than \$3,000 for Sumner Downtown Association and the Sumner Arts Festival.

Executive Officers

Brian L. Vance
President and
Chief Executive Officer

Gregory D. Patjens
Executive Vice President

Donald J. Hinson
Senior Vice President and
Chief Financial Officer

Our Vision

We are an Innovative Team
providing Financial Services where
Your Success is Our Vision

Our Mission

We are Committed to Continuously Improving:
Customer Satisfaction, Employee Empowerment
and Shareholder Value

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