

# The Heritage Business VISION



*"It was very simple to transfer our business over to Heritage Bank, and now we use almost every product and service they offer."*

—Scott Babbitt  
Babbitt Neuman  
Construction Company

See "Building Big by Staying Small" page 3 for complete story.

## Heritage Bank is a Top Place to Work!

### Large Company and Equity Awards

Heritage Bank was honored with two awards, the Top Place to Work Award for Large Companies and the Equity Award at the Business Examiner's Top Places to Work event held March 25, 2009.

The award recipients were named in large, small and nonprofit organizations. Honors were also awarded in workplace categories for businesses with outstanding environments in five specific areas: solidarity, gratification, equity, appreciation and integrity. A judging panel reviewed the results and selected a winner from a comprehensive survey that was completed anonymously by each of the nominated company's employees.

Top Place To Work for Large Companies, is given to a company with 100 or more employees that rose to the top in each of the five survey evaluation categories. The Equity Award was awarded based on the following criteria: rewards are distributed with fairness; promotions and hiring are based on ability and qualifications; there is a process for appeals and discrimination is intolerable.



Brian Vance, President & CEO, accepts awards by thanking the Bank employees

A quote from one of the survey responses says it all, "Management puts the best interests of the organization and the employees above their own."

Brian Vance, President and CEO commented, "I am honored to accept the Business Examiner's 2009 Top Places to Work and Equity Awards on behalf of the employees at Heritage Bank. I truly appreciate all of the Heritage Bank employees for everything they do every day because it's what they do each day that makes the difference."

## Best of South Sound

Heritage Bank was voted The Best Bank in The Olympian's 2008 Best of South Sound. The annual awards are given to businesses, events and places in the South Sound by popular vote.

"We are very pleased to once again be honored with this award and wish to sincerely thank all of



our customers for their votes in recognizing Heritage Bank as the 'Best Bank of the South Sound.' As a repeat winner of this award, we will continue to work hard for our customers to earn their vote and recognition each and every year," stated Brian Vance, President and CEO.

Spring 2009

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 **HERITAGE BANK**  
*the quality business bank*

## SBA Expands Eligibility for 7(a) Loans

**M**ore small businesses will be eligible for U.S. Small Business Administration-backed loans, meaning greater access to much-needed capital in this tough economy. As a result of a temporary alternate size standard for the agency's largest lending program, more than 70,000 additional small businesses could be eligible to apply for SBA 7(a) loans.

The temporary 7(a) loan size standard will parallel the standard for the agency's 504 Certified Development Company loan, and will allow businesses to qualify based on net worth and average income. This change also means more small businesses can take advantage of benefits made possible through the Recovery Act, which implemented two key provisions that raised the guarantee on 7(a) loans to 90 percent and temporarily eliminated the guarantee fee for borrowers.

For more information about SBA's revisions to its small business size standards, visit <http://www.sba.gov/size/index-whatsnew.html> and click on "What's New about Small Business Size Standards." Or contact Lyn Hamilton, SBA Lending Manager at (253) 671-0829.

## Sumner Grand Opening Celebration

**O**ur permanent office in Sumner is now open at 1005 Wood Avenue. We kicked off our new location with a "Grand Opening Celebration" and "Ribbon Cutting" in February. Congratulations to our grand prize drawing winners:

**Dudley Yamane**—42" 1080p Sony Flat Screen TV

**Eric Mandt**—Skamania Lodge Get-Away Package

**Gordon Anderson**—iPod Touch 8 GB MP3 Player

**Ron Riels Jr.**—Magellan RoadMate 1200 GPS Unit



The next time you're in the Sumner area, stop by and say hello. Our team is always ready to help with all your financial needs. Contact Ann Fish, Manager at (253) 671-0820, Pat Skinner, Business Banker at (253) 671-0821 or any of our friendly staff at (253) 826-0944.

## President & CEO Reports to Our Communities

**B**rian Vance, President & CEO of Heritage Bank recently invited the public to join us for informational "Reports to Our Communities" in Thurston, Pierce and Mason Counties. Each event illustrated how the Bank is managing market volatility and continuing to focus on the fundamentals of community banking, with strong liquidity, a well-capitalized position and solid credit quality. Brian shared 2008 company financial statistics, trends and future goals and objectives to highlight the strength and stability of Heritage Bank.



## Officer Promotions

**Denise Burditus** has been promoted to Assistant Vice President, Indian Summer Manager. She rejoined Heritage Bank in 2005 as the Customer Service Manager and was promoted to Branch Manager in 2006.



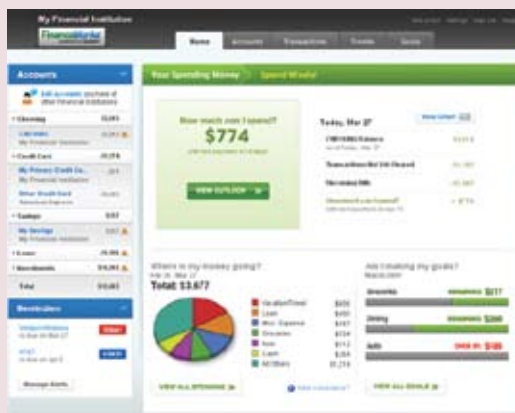
**Shaun Carson** has been promoted to Marketing Officer. Since joining the Bank in 2003, Shaun held positions in the Branch and Mortgage Departments before transferring to Marketing in 2004.



## FinanceWorks™

*The Next Generation of Online Banking is Here*

**F**inanceWorks™ powered by Quicken® is the next generation of online banking. Sign up for FinanceWorks FREE today through *Heritage@Home*. You will get a complete picture of all your accounts from over 5,000 institutions and creditors on one easily accessible site.



Get insight into your cash flow and ensure your bills are paid on time. Having all your account information in one place can protect you against fraud, save you time and help you plan for your future. Also, track your spending with easy-to-read charts and downloadable reports so you can visualize where your money is actually going.

## Building Big By Staying Small

### *Babbit Neuman Construction Co.*

**B**abbit Neuman Construction Company (BNCC) has come a long way in 10 years. Yet, principals Scott Babbit, Rick Neuman and Matt Nagel are quick to point out they've never strayed from the values on which they founded their Steilacoom-based company.

"We're bigger and we're doing more business, but we're still focused on delivering excellent work with integrity," says Babbit. "That's not ever going to change."

Babbit and Neuman met while working for another South Sound commercial construction company. Armed with decades of experience, the pair spent two years designing a business plan and gathering bond support before stepping out on their own. Friends introduced them to a group of business people who helped get the business off the ground—a construction attorney, insurance brokers, an accountant and a banker.

"We still deal with those same people—all except the banker," says Babbit. "We knew Mark Furman at Heritage and as our business grew, so did our banking needs. Mark and Blake Lindskog have been taking care of us for about nine years now. It was very simple to transfer our business over to Heritage, and now we use almost every product and service they offer. The bank shares our fiscally conservative nature, so it is a great partnership."

BNCC's growth has been intentionally slow and steady. The company's office staff worked for the first three years out of Babbit's home.

"The kitchen was my office and accounting worked out of the master bedroom. At the end, we had seven employees coming to the house every day," he says. "Needless to say, my wife is an incredibly understanding woman."



*Pictured left to right: Mark Furman, Blake Lindskog, Scott Babbit, Matt Nagel and Rick Neuman*

These days BNCC has its own office building (built by BNCC and financed by Heritage) and a bonding program of about \$90 million. The company prefers to take on midrange, concrete and wood-frame projects; their largest ones have been in the \$25 million to \$28 million range. The company's focus is on commercial buildings and institutional work; their first project was a city hall and library in Sultan, Washington. They've built and renovated jails, auto dealerships, community centers and schools—60 elementary, middle and high schools in the past 10 years.

BNCC continues to focus their work on the Puget Sound's I-5 corridor, working as far north as Bellingham and south to Tumwater.

"We really don't want to grow anymore—at least not in terms of personnel," says Babbit. "We have a machine we really like and just want to work the opportunities that present themselves."

"Rick, Matt and I are very hands on. We don't just sit in the office and hang out, we're actually in the trenches. We're seeing the changes and the evolution of the industry, so we're able to adjust accordingly. If we get larger, we'd lose some of that flexibility."

In recent years, BNCC has added a third member to its ownership: Matt Nagel. "His business philosophy is consistent with our philosophy," says Babbit.

Babbit and Neuman continue to manage their company through the current economic slowdown. "We're the same business working the same way: solving problems immediately, making smart business decisions, turning the job over on time and moving on. That model served us well in 1999 and it's serving us well today," says Babbit.



Sarah Mae Morgan, Lyndsey Walden and Reinee Goeken proudly display paper trucks

## Seattle Children's Hospital

With the help of a local radio station, the Spanaway Team raised more than \$1,200 for Seattle Children's Hospital in just six days. They called into a "phone-a-thon" with 106.1 KISS FM and broadcasted their branch location. Customers and non-customers alike were coming into the branch to donate to the cause and write their names on paper trucks to hang on the wall.

## Heritage Customers Recognized

The Thurston Economic Development Council honored private businesses and non-profit organizations for their role in creating the area's diverse economy at its annual meeting on March 31st, 2009. Heritage Bank would like to recognize a few of our customers who were a part of this prestigious awards ceremony. Capital Oncology was nominated for New Business of the Year, Interior Wood Products was nominated for Small Business of the Year and Skillings Connolly was nominated for Corporate Employer of the Year. Congratulations to Express Employment Professionals, winner of the Small Business of the Year and Hands On Children's Museum, winner of the Nonprofit of the Year.

## Window to the World of Work

Through the Window to the World of Work Program, sponsored by the Thurston County Chamber of Commerce, Heritage Bank hosted three 8th grade students from Komachin Middle School. This program is designed to give students a first-hand look at what employment is like by job shadowing at local businesses.

They spent time at the Lacey Branch and Item Processing Center in Tacoma, learning about technological advances in banking such as our remote deposit service, *Business Deposit Manager*, where customers can deposit checks electronically from their office. The students also learned how to open new accounts, process customer deposits and interact with customers.



Students learn about technological advances in banking

For more information on *Business Deposit Manager*, contact Diana Grantham at (360) 570-7357.



Pictured L to R: Stephanie Pelham, Anna-Marie Bell-Wilson, Johnny Kan and Holly Mason with Don Rhodes and Brian Vance

## Scholarship Recipients

Heritage Bank is proud to provide annual business scholarships to South Puget Sound Community College students. The 2008 Heritage Bank Scholarship in Business recipient is Anna-Marie Bell-Wilson. Anna-Marie plans to earn an Associate in Technical Arts Degree in Business Administration and a Cultural Resource Tribal Certificate in Archeology/Anthropology in Museum Sciences. The 2008 Donald V. Rhodes Scholarship in Business was awarded to Johnny Kan. Johnny also plans to earn his Associate in Technical Arts Degree in Business Administration. Congratulations Anna-Marie and Johnny!

## 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

### Heritage Bank Main Office

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