HERITAGE BANKSHARES, INC. **150 Granby Street**
Norfolk, Virginia 23510

FOR IMMEDIATE RELEASE

Press Release

Contact: Michael S. Ives
Phone: 757-648-1601

Heritage Bankshares, Inc. Announces 24.5% Increase in First Quarter 2015 Net Income; Quarterly Dividends

Norfolk, Va.: April 22, 2015 – Heritage Bankshares, Inc. ("Heritage"; the "Company") (OTCQB: HBKS), the parent of Heritage Bank (the "Bank"), today announced unaudited financial results for the first quarter of 2015.

The Company had net income of $519,000 for the first quarter of 2015, an increase of $102,000, or 24.5%, over net income of $417,000 for the first quarter of 2014. The Company increased its average loan balances in the first quarter of 2015 by $17.9 million, or 8.5%, compared to the first quarter of 2014. These increases occurred primarily in our commercial and commercial real estate loan portfolios, our target markets, which grew 12% and 20%, respectively, comparing quarter over quarter average balances. This increase in the Company's average loan balance increased the Company's interest income from loans by $115,000 comparing the two quarters. In the first quarter of 2015, the Company had earnings per diluted common share of $0.21 compared to $0.17 per diluted common share for the first quarter of 2014, an increase of $0.04 per share, or 23.5%.

Michael S. Ives, President and CEO of the Company and the Bank, commented:

"At the end of the first quarter of 2015, the Company redeemed approximately $11.0 million in certificates of deposit at other banks yielding 1.00% or less. We also sold $10.0 million in Federal Home Loan Bank securities with a yield of 1.80% and remaining maturities of approximately 4.5 years. The proceeds from these transactions were utilized to repay outstanding short-term debt at the Federal Home Loan Bank of Atlanta, which reduced the Company's interest rate risk on both sides of its balance sheet. The Company is foregoing the incremental net interest income on these assets pending more clarity on future Fed Funds rates."

Comparison of Operating Results for the Three Months Ended March 31, 2015 and 2014

Overview. The Company's pretax income was $724,000 for the first quarter of 2015, compared to pretax income of $568,000 for the first quarter of 2014, which included a $155,000 increase in net interest income after provision for loan losses.

Net Interest Income. The Company's net interest income before provision for loan losses increased by $155,000, comparing the first quarters of 2015 and 2014. Average balances of interest-earnings assets increased from $304.5 million in the first quarter of 2014 to $326.9 in the first quarter of 2015. Of this $22.4 million total increase in average interest-earning assets, average loan balances increased by $17.9 million to $229.4 million in the first quarter of 2015. Average balances of other interest-earning assets (excluding loans) increased by $4.5 million between the two quarters. Continuing downward pressure on interest rates reduced the average yield on our interest-earning assets by 7 basis points in the first quarter of 2015 from 3.30% in the first quarter of 2014. The lost interest income from this decrease in yield was more than offset by the additional interest income from the increase in the average balance of interest-earning assets.

Average interest-bearing liabilities increased by $12.7 million to $197.7 million, comparing the first quarter of 2015 to the first quarter of 2014. Average interest-bearing deposits were $169.1 million in the first quarter of 2015, a $5.2 million increase from the first quarter of 2014, and average borrowings from Federal Home Loan Bank of Atlanta increased by $7.5 million comparing the two quarters. The downward pressure on interest rates had a positive impact on interest expense by reducing our net cost of funds to 40 basis points in the first quarter of 2015, a decrease of 8 basis points from the first quarter of 2014.

Net interest spread and margin varied insignificantly comparing the first quarter of 2015 to the first quarter of 2014. The 8 basis point decrease in our cost of funds offset the 7 basis point decrease in asset yield, increasing the net interest spread by 1 basis point to 2.83% for the first quarter of 2015 compared to 2.82% for the first quarter of 2014. Net interest margin decreased 2 basis points from 3.01% in the first quarter of 2014 to 2.99% in the first quarter of 2015.

Provision for Loan Losses. There were no provisions for loan loss or charge-offs in either quarter ending March 31, 2015 or March 31, 2014.

Noninterest Income. Total noninterest income increased by $156,000, from $148,000 in the first quarter of 2014 to $304,000 in the first quarter of 2015, primarily as the result of a $158,000 gain on sale of investment securities in the first quarter of 2015 that did not occur in the first quarter of 2014. The Company sold $10.0 million of U.S. government sponsored agency available for sale securities that had a remaining life of roughly 4.5 years late in the first quarter of 2015 for the purpose of reducing our exposure to fixed rate, fixed terms assets in a potentially rising interest rate environment. The proceeds from this sale were used to repay outstanding short-term debt.

Noninterest Expense. Total noninterest expense was $1,939,000 for the first quarter of 2015, a $155,000 increase from $1,784,000 in the first quarter of 2014, primarily from a $62,000 increase in compensation expense comparing the two three-month periods and a $54,000 early withdrawal penalty on the redemption of CDs at other banks. The proceeds from these CDs were also utilized to repay outstanding short-term debt.

Income Taxes. The Company's income tax expense for the first quarter of 2015 was $205,000, an effective tax rate of 28.3%, compared to income tax expense of $151,000 for the first quarter of 2014, an effective tax rate of 26.6%.

Net Income Available to Common Stockholders. Net income available to common stockholders was $500,000 for the first quarter of 2015, compared to $398,000 for the first quarter of 2014, an increase of $102,000, or $0.04 per diluted common share.

Financial Condition of the Company

Total Assets. The Company's total assets at March 31, 2015 were $330.3 million, a $5.5 million decrease from $335.8 million at March 31, 2014. The loan portfolio increased by $15.9 million and overall investments decreased by $20.5 million.

Investments. Overall investments, including overnight interest-earning deposits in other banks, federal funds sold, CDs in other banks and investments in securities, decreased by a net of $20.5 million from $95.7 million at March 31, 2014 to $75.2 million at March 31, 2015.

Loans. Loans held for investment, net, increased by $15.9 million, or 7.4%, from $215.5 million at March 31, 2014 to $231.4 million at March 31, 2015. These increases occurred primarily in our commercial and commercial real estate loan portfolios, our target markets, which grew 12% and 20%, respectively, comparing quarter over quarter average balances.

Asset Quality. Asset quality remained excellent. Nonperforming assets were $743,000, or 0.22% of total assets, at both March 31, 2014 and 2015, and consisted only of other real estate owned of one bank branch facility that closed in July 2013.

Deposits. Average total deposits increased by $12.4 million from $262.7 million for the three-month period ended March 31, 2014 to $275.1 million for the three-month period ended March 31, 2015. Average core deposits, which are comprised of noninterest bearing deposits, money market, NOW and savings deposits, increased $10.2 million comparing the two three-month periods, while average CDs increased by $2.2 million during that same time period. Average noninterest-bearing deposits increased by $7.1 million, from $98.9 million in the three-month period ending March 31, 2014 to $106.0 million in the three-month period ending March 31, 2015. As a percentage of average total deposits, average noninterest-bearing deposits increased from 37.7% at March 31, 2014 to 38.5% at March 31, 2015.

Total deposits at March 31, 2015 were $275.2 million compared to $271.8 million at March 31, 2014, an increase of $3.4 million, primarily from a $3.5 million increase in certificates of deposit. Core deposits remained stable comparing the quarters ending March 31, 2015 and 2014.

Borrowed Funds. Borrowed funds, which consist of Federal Home Loan Bank of Atlanta advances, customer repurchase agreements, and other borrowings, decreased by $11.2 million, from $22.9 million at March 31, 2014 to $11.7 million at March 31, 2015, primarily from repayment of short-term advances at the Federal Home Loan Bank of Atlanta during the last month of the first quarter of 2015.

Capital. Stockholders' equity increased by $2.0 million, from $39.1 million at March 31, 2014 to $41.1 million at March 31, 2015, primarily due to a $1.6 million increase in retained earnings.

The tables attached to and incorporated within this release present in greater detail certain of the unaudited financial information described above.

Dividends

On April 22, 2015, our Board of Directors declared the Company's regular quarterly dividend of $0.12 per share on our common stock. The dividend will be paid on May 15, 2015 to common shareholders of record on May 4, 2015.

The Company will pay dividends of $19,500 on the preferred stock issued in connection with our participation in the SBLF program. This dividend shall be paid on July 1, 2015 to the holders of the SBLF preferred stock of record on June 20, 2015. Currently the sole shareholder of record of the SBLF preferred stock is the Secretary of the Treasury.

About Heritage

Heritage is the parent company of Heritage Bank (www.heritagebankva.com). Heritage Bank has two full-service branches in the city of Norfolk, two full-service branches in the city of Virginia Beach, and one full-service branch in the city of Chesapeake.

Forward Looking Statements

The press release contains statements that constitute "forward-looking statements". Forward-looking statements address future events, developments or results and typically use words such as believe, anticipate, expect, intend, plan, forecast, outlook, or estimate. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Heritage's actual results, performance, achievements, and business strategy to differ materially from the anticipated results, performance, achievements or business strategy expressed or implied by such forward-looking statements Heritage disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

HERITAGE BANKSHARES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	At March 31,	
	2015	**2014**
	(unaudited)	(unaudited)
ASSETS		
Cash and due from banks	$ 5,200	$ 4,704
Interest-earning deposits in other banks	4,841	11,138
Federal funds sold	55	27
Total cash and cash equivalents	10,096	15,869
Certificates of deposit in other banks	46,914	56,915
Securities available for sale, at fair value	20,276	24,268
Securities held to maturity, at cost	3,069	3,338
Loans, held for investment, net of allowance for loan losses	231,403	215,471
Accrued interest receivable	506	604
Stock in Federal Reserve Bank, at cost	604	600
Stock in Federal Home Loan Bank of Atlanta, at cost	725	1,265
Premises and equipment, net	8,972	9,237
Other real estate owned	743	743
Bank-owned life insurance	5,539	5,807
Other assets	1,452	1,697
Total assets	$ 330,299	$ 335,814
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Noninterest-bearing	$ 113,366	$ 115,790
Interest-bearing	161,857	156,028
Total deposits	275,223	271,818
Federal Home Loan Bank Advances	9,900	20,300
Customers repurchase agreements	1,799	2,559
Other borrowings	-	50
Accrued interest payable	26	27
Other liabilities	2,268	1,996
Total liabilities	289,216	296,750
Stockholders' equity		
Senior non-cumulative perpetual preferred stock, Series C, 7,800 shares issued and outstanding at March 31, 2015 and March 31, 2014, respectively	7,800	7,800
Common stock, $5 par value - 6,000,000 shares authorized; 2,292,840 and 2,281,238 shares issued and outstanding at March 31, 2015 and March 31, 2014, respectively	11,464	11,406
Additional paid-in capital	6,991	6,774
Retained earnings	14,694	13,107
Accumulated other comprehensive income(loss), net	134	(23)
Total stockholders' equity	41,083	39,064
Total liabilities and stockholders' equity	$ 330,299	$ 335,814

HERITAGE BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Three Months Ended March 31,	
	2015	**2014**
	(unaudited)	(unaudited)
Interest income		
Interest income and fees on loans	$ 2,216	$ 2,101
Interest on taxable investment securities	136	131
Other interest and dividend income	204	191
Total interest income	2,556	2,423
Interest expense		
Deposits	176	206
Borrowings	21	13
Total interest expense	197	219
Net interest income	2,359	2,204
Provision for loan losses	-	-
Net interest income after provision for loan losses	2,359	2,204
Noninterest income		
Service charges on deposit accounts	37	42
Late charges and other fees on loans	11	12
Gain on sale of investment securities	158	-
Income from bank-owned life insurance	37	42
Other	61	52
Total noninterest income	304	148
Noninterest expense		
Compensation	1,008	946
Data processing	113	106
Occupancy	202	206
Furniture and equipment	139	141
Taxes and licenses	84	86
Professional fees	73	67
FDIC assessment	42	38
Early withdrawal penalty on redemption of CDs at other banks	54	-
Other	224	194
Total noninterest expense	1,939	1,784
Income before provision for income taxes	724	568
Provision for income taxes	205	151
Net income	$ 519	$ 417
Preferred stock dividend	(19)	(19)
Net income available to common stockholders	$ 500	$ 398
Earnings per common share		
Basic	$ 0.22	$ 0.17
Diluted	$ 0.21	$ 0.17
Dividends per share	$ 0.12	$ 0.12
Weighted average shares outstanding - basic	2,291,092	2,278,901
Effect of dilutive equity awards	52,967	54,017
Weighted average shares outstanding - diluted	2,344,059	2,332,918

HERITAGE BANKSHARES, INC.
OTHER SELECTED FINANCIAL INFORMATION
(Unaudited)
(in thousands, except share, per share data, and ratios)

	Three Months Ended March 31,	
	2015	**2014**
Financial ratios		
Annualized return on average assets [1]	0.61%	0.52%
Annualized return on average common equity [2]	6.34%	5.41%
Average tangible equity to average assets	11.82%	12.02%
Tangible equity to assets, at period-end	12.44%	11.63%
Per common share		
Earnings per share - basic	$ 0.22	$ 0.17
Earnings per share - diluted	0.21	0.17
Book value per share	14.52	13.70
Dividends declared per share	$ 0.12	$ 0.12
Common stock outstanding	2,292,840	2,281,238
Weighted average shares outstanding - basic	2,291,092	2,278,901
Weighted average shares outstanding - diluted	2,344,059	2,332,918
Asset quality		
Nonaccrual loans	$ -	$ -
Accruing loans past due 90 days or more	-	-
Total nonperforming loans	-	-
Other real estate owned, net	743	743
Total nonperforming assets	$ 743	$ 743
Nonperforming assets to total assets	0.22%	0.22%
Allowance for loan losses		
Balance, beginning of period	$ 1,943	$ 1,930
Provision for loan losses	-	-
Loans charged-off	-	-
Recoveries	3	3
Balance, end of period	$ 1,946	$ 1,933
Allowance for loan losses to gross loans held for investment, net of unearned fees and costs	0.83%	0.89%

[1] Return is defined as net income, after tax, before preferred stock dividend divided by average total assets.
[2] Return is defined as net income, after tax, before preferred stock dividend divided by average common equity.

HERITAGE BANKSHARES, INC.
OTHER SELECTED INFORMATION (continued)
(Unaudited)
(in thousands)

	Three Months Ended March 31,			
	2015		2014	
Yields on average balances	**Average**		**Average**	
Assets	**Balance [1]**	**Yield**	**Balance [1]**	**Yield**
Loans [2]	229,404	4.01%	211,529	4.13%
Investment securities	31,643	1.72%	25,533	2.05%
Certificates of deposits in other banks	57,420	1.25%	53,557	1.29%
Other investments	8,388	1.33%	13,842	0.60%
Total interest-earning assets	326,855	3.23%	304,461	3.30%
Liabilities				
Noninterest-bearing deposits	106,045	-	98,923	-
Money market	134,833	0.44%	131,666	0.57%
NOW accounts	12,962	0.05%	12,861	0.04%
Savings	3,883	0.15%	4,108	0.15%
Certificates of deposit	17,408	0.59%	15,185	0.49%
Total interest-bearing deposits	169,086	0.42%	163,820	0.51%
Total deposits	275,131		262,743	
Other borrowings	28,583	0.30%	21,115	0.25%
Total interest-bearing liabilities	197,669	0.40%	184,935	0.48%
Net interest spread [3]		2.83%		2.82%
Net interest margin [3]		2.99%		3.01%
Capital Ratios [4]				
Consolidated company				
Total capital to risk-weighted assets	15.86%		15.89%	
Tier 1 capital to risk-weighted assets	15.14%		15.14%	
Common equity tier 1 capital to risk-weighted assets	15.14%		15.14%	
Tier 1 capital to average assets	11.80%		12.02%	
Bank				
Total capital to risk-weighted assets	13.73%		14.30%	
Tier 1 capital to risk-weighted assets	13.01%		13.55%	
Common equity tier 1 capital to risk-weighted assets	13.01%		13.55%	
Tier 1 capital to average assets	10.27%		10.84%	

[1] The calculations are based on daily average balances.

[2] Yields are stated on a taxable-equivalent basis assuming tax rates in effect for the periods presented.

[3] Tax equivalency calculations have been included in the computation of net interest margin and net interest spread.

[4] 1st quarter 2014 ratios have been restated to conform with Basel III requirements for comparative purposes.