

HERITAGE FINANCIAL CORP /WA/
Form 424B3
May 14, 2018

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Registration Statement No. 333-224326

To the Shareholders of Premier Commercial Bancorp:

You are cordially invited to attend the special meeting of shareholders of Premier Commercial Bancorp, which we refer to as Premier Commercial. The special meeting will be held on Friday, June 15, 2018, at 10:00 a.m., Pacific Time at the Walters Cultural Arts Center, located at 527 East Main Street, Hillsboro, Oregon 97123.

As described in the enclosed proxy statement/prospectus, the board of directors of Premier Commercial has approved a merger agreement that provides for the merger of Premier Commercial with and into Heritage Financial Corporation, which we refer to as Heritage, with Heritage being the surviving entity in the merger. We are seeking your vote on this important transaction, as well as the other matters to be considered at the special meeting.

Under the terms of the merger agreement, Premier Commercial shareholders will have the right, with respect to each of their Premier Commercial common shares, to receive 0.4863 of a share of Heritage common stock, which we refer to as the merger consideration. As of March 8, 2018, the date the merger was announced, the exchange ratio was valued at \$15.12 per Premier Commercial common share or approximately \$88.6 million in the aggregate based on Heritage's closing stock price of \$31.10 on that date. Based on the closing price of Heritage's common stock of \$31.70 on May 8, 2018, the last trading day before the date of this proxy statement/prospectus, the value of the merger consideration payable to Premier Commercial shareholders was \$15.42 per share or \$90.3 million in the aggregate. You should obtain current stock quotations for Heritage common shares and Premier Commercial common shares. Heritage common shares trade on Nasdaq under the symbol "HFWA" and Premier Commercial common shares trade on the OTC Pink marketplace under the symbol "PRCB."

We expect the transaction to be tax-free for Premier Commercial shareholders, except with respect to any cash received by them. After completion of the merger, based on the issued and outstanding Heritage common shares as of March 8, 2018 and the estimated 2,848,651 Heritage common shares to be issued to Premier Commercial shareholders, and an exchange ratio of 0.4863, Premier Commercial shareholders would own approximately 7.8% of Heritage's common shares (ignoring any Heritage common shares they may already own).

We cannot complete the merger unless the holders of a majority of the outstanding Premier Commercial common shares vote to approve the merger agreement. Your vote is very important. Premier Commercial will hold its special meeting of shareholders on June 15, 2018 to vote on the merger agreement. Your board of directors recommends that you vote FOR approval of the merger agreement and the other items to be considered at the special meeting. Whether or not you plan to attend the special meeting, please take the time to vote on the proposal to approve the merger agreement and the other matters to be considered by following the instructions that accompany your proxy card and casting your vote by internet, by telephone, or by returning your completed, signed, and dated proxy card in the enclosed envelope (please allow a minimum of 10 days for your proxy card to be processed). Please vote as soon as possible to make sure that your shares are represented at the special meeting. If you do not vote, it will have the same effect as voting against the merger agreement.

We encourage you to read carefully the detailed information about the merger contained in this proxy statement/prospectus, including the section entitled "Risk Factors" beginning on page 12. This proxy statement/prospectus incorporates important business and financial information and risk factors about Heritage that are not included in or delivered with this document. See the section entitled "Where You Can Find More Information" on page 68.

We look forward to seeing you at the special meeting.

Rick A. Roby President
and Chief Executive Officer
Premier Commercial Bancorp

Neither the Securities and Exchange Commission nor any state securities commission or bank regulatory agency has approved or disapproved the Heritage common shares to be issued in the merger or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The securities that Heritage is offering through this proxy statement/prospectus are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of Heritage or Premier Commercial, and they are not insured by the Federal Deposit Insurance Corporation or any other government agency.

This proxy statement/prospectus is dated May 9, 2018 and is first being mailed to Premier Commercial shareholders or otherwise delivered to Premier Commercial shareholders on or about May 14, 2018.

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Heritage from documents filed with the Securities and Exchange Commission, or the SEC, that are not included in or delivered with this proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by Heritage at no cost from the SEC's website at www.sec.gov or by requesting them in writing or by telephone from Heritage:

Heritage Financial Corporation
201 Fifth Avenue SW
Olympia, Washington 98501
Attn: Investor Relations
(360) 943-1500

All website addresses given in this proxy statement/prospectus are for information only and are not intended to be an active link or to incorporate any website information into this proxy statement/prospectus.

You should rely only on the information contained in, or incorporated by reference into, this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated May 9, 2018, and you should assume that the information in this proxy statement/prospectus is accurate only as of such date. You should assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of the date of the document that includes such information. Neither the mailing of this proxy statement/prospectus to Premier Commercial shareholders nor the issuance by Heritage of Heritage common shares in connection with the merger will create any implication to the contrary.

Please note that copies of this proxy statement/prospectus provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference into this proxy statement/prospectus.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this proxy statement/prospectus regarding Heritage has been provided by Heritage and information contained in this proxy statement/prospectus regarding Premier Commercial has been provided by Premier Commercial.

If you would like to request documents, please do so by June 1, 2018 in order to receive them before Premier Commercial's special meeting of shareholders. See the section entitled "Where You Can Find More Information" on page 68.

Premier Commercial Bancorp
314 East Main Street
Hillsboro, Oregon 97123

NOTICE OF SPECIAL MEETING OF PREMIER COMMERCIAL SHAREHOLDERS

- Date: June 15, 2018
- Time: 10:00 a.m., Pacific Time
Walters Cultural Arts Center
- Place: **527 East Main Street
Hillsboro, Oregon 97123**

TO OUR SHAREHOLDERS:

We are pleased to notify you of and invite you to attend a special meeting of shareholders. At the special meeting, you will be asked to vote on the following matters:

approval of the Agreement and Plan of Merger, dated as of March 8, 2018, by and between Heritage Financial Corporation ("Heritage") and Premier Commercial Bancorp ("Premier Commercial") (the "merger agreement"). The merger agreement provides the terms and conditions under which it is proposed that Premier Commercial merge with and into Heritage, as described in the accompanying proxy statement/prospectus;

a proposal of the Premier Commercial board of directors to adjourn or postpone the special meeting, if necessary or appropriate to solicit additional proxies in favor of the merger agreement (which we refer to as the "adjournment proposal"); and

any other business that may be properly submitted to a vote at the special meeting or any adjournment or postponement of the special meeting.

Only shareholders of record at the close of business on May 2, 2018 are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. The affirmative vote of the holders of a majority of the outstanding Premier Commercial common shares as of that date is required to approve the merger agreement. The adjournment proposal will be approved if a majority of the votes cast are voted in favor of the proposal.

In connection with the proposed merger, you may exercise dissenters' rights as provided under the Oregon Revised Statutes ("ORS") 60.551 through 60.594. If you meet all of the requirements under applicable Oregon law, and follow all of its required procedures, you may receive cash in the amount equal to the fair value of your shares. The procedure for exercising your dissenters' rights is summarized under the heading "Dissenters' Rights" in the attached proxy statement/prospectus. The relevant Oregon statutory provisions regarding dissenters' rights are attached to this document as Appendix C.

Premier Commercial's board of directors has unanimously approved the merger agreement, believes that the merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of Premier Commercial and its shareholders, and unanimously recommends that Premier Commercial shareholders vote "FOR" the approval of the merger agreement and "FOR" the adjournment proposal.

Your vote is very important. To ensure that your shares are voted at the special meeting, please follow the instructions that accompany your proxy card and cast your vote by internet, by telephone, or by returning your completed, signed, and dated proxy card in the enclosed envelope (please allow a minimum of 10 days for your proxy card to be processed).

BY ORDER
OF THE
BOARD OF
DIRECTORS

May 14, 2018 Bob Ekblad
Secretary

TABLE OF CONTENTS

Questions and Answers About the Merger AND THE PREMIER COMMERCIAL SPECIAL MEETING	1
SPECIAL MEETING	1
Summary	5
Risk Factors	12
Risks Related to the Merger	12
Risks Relating to Heritage and Heritage's Business	14
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	14
Selected Consolidated Financial Information of Heritage	16
Selected Consolidated Financial Information of Premier Commercial	18
UNAUDITED Pro Forma PER SHARE DATA	20
Market Price Data and Dividend Information	21
Comparative Market Price Information	21
Historical Market Prices and Dividend Information	21
The Special meeting of Premier Commercial Shareholders	23
Voting and Proxy Procedure	23
Proxy Solicitation	25
Security Ownership of Management and Certain Beneficial Owners	25
The Merger	27
General	27
Background of the Merger	27
Recommendation of the Premier Commercial Board of Directors and Reasons of Premier Commercial for the Merger	29
Opinion of Premier Commercial's Financial Advisor	30
	41

Reasons of Heritage for the Merger	
Conversion of Shares and Exchange of Certificates	41
Regulatory Approvals Required for the Merger	41
Accounting Treatment	42
Interests of Certain Persons in the Merger	42
Method of Effecting the Acquisition	45
Effective Time	45
Declaration and Payment of Dividends and Stock Transfers	46
No Fractional Shares	46
Share Matters	46
Public Trading Markets	46
THE MERGER AGREEMENT	46
The Merger	47
Effective Time and Completion of the Merger	47
Consideration to be Received in the Merger	47
Exchange Procedures	47
Conduct of Business Pending the Merger	49
Agreement Not to Solicit Other Offers	51
Representations and Warranties	52
Special Meeting and Recommendation of Premier Commercial's Board of Directors	53
Conditions to Completion of the Merger	54
Termination of the Merger Agreement	55
Employee and Benefit Plan Matters	56
Indemnification and Continuance of Director and Officer Liability Coverage	57
Expenses	57
Amendment, Waiver and Extension of the Merger Agreement	57
Voting Agreements	57
	58

MATERIAL UNITED
STATES FEDERAL
INCOME TAX
CONSEQUENCES OF THE
MERGER

Tax Consequences of the Merger Generally	59
Cash Received In Lieu of a Fractional Heritage Common Share	60
Cash Received on Exercise of Dissenters' Rights	61

Cash Received as Part of Merger Consideration	61
Net Investment Income Tax Information	62
Reporting and Backup Withholding	62
Description of Heritage Capital Stock	63
General	63
Common Shares	63
Preferred Shares	63
Other Anti-Takeover Provisions	64
Transfer Agent	64
Comparison of RIGHTS OF Premier Commercial COMMON SHARES AND HERITAGE COMMON SHARES	64
Authorized Shares	64
Restrictions on Voting Rights	64
Number of Directors and Directors' Terms	65
Removal of Directors Filling Vacancies on the Board of Directors	65
Special Meetings of Shareholders and Action Without a Meeting	66
Amendment of Articles of Incorporation and Bylaws	66
Business Combinations with Certain Persons	66
Dissenters' Rights	66
ADJOURNMENT OR POSTPONEMENT OF THE SPECIAL MEETING	68
OTHER MATTERS	68

LEGAL MATTERS	68
Experts	68
Where You Can Find	68
More Information	

Appendix A Agreement and Plan of Merger	A-1
Appendix B Opinion of Sandler O'Neill & Partners, L.P.	B-1
Appendix C Oregon Dissenters' Rights Statute	C-1

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE PREMIER COMMERCIAL SPECIAL MEETING

The following are some of the questions that you, as a shareholder of Premier Commercial, may have and answers to those questions. These questions and answers, as well as the following summary, are not meant to be a substitute for the information contained in the remainder of this document, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this document. We urge you to read this document in its entirety prior to making any decision as to your Premier Commercial common shares and the merger agreement.

Q1: Why do Premier Commercial and Heritage want to merge?

A1: We want to merge because we each believe the merger will benefit our community, customers, employees and shareholders. We each have long been committed to serving our local customer base. In addition, for Premier Commercial, the merger will allow its customers access to a number of products and services that cannot be offered to them now on a cost-effective basis, and will expand the number of branch locations available to them.

Q2: What will Premier Commercial shareholders receive in the merger?

A2: Each outstanding share of Premier Commercial common stock (except for dissenting shares) will be converted into the right to receive, promptly following the completion of the merger, 0.4863 of a share of Heritage common stock (which we refer to as the "merger consideration"). Heritage will not issue any fractional shares of Heritage common stock in the merger. Premier Commercial shareholders who would otherwise be entitled to a fractional share of Heritage common stock upon completion of the merger will instead receive an amount in cash (rounded to the nearest cent) equal to the fractional share interest multiplied by the average of the daily volume weighted closing price (rounded to the nearest one ten thousandth) of Heritage common stock on Nasdaq for the twenty trading days ending on the fifth trading day immediately preceding the day the merger is completed (which we refer to as the "Heritage average closing price").

Q3: Will the value of the merger consideration change between the date of this document and the time the merger is completed?

A3: Yes. Although the number of Heritage common shares that Premier Commercial shareholders will receive in the merger will be fixed based on the exchange ratio, the value of the merger consideration will fluctuate between the date of this document and the completion of the merger based upon the market value of the Heritage common shares. Therefore, in these circumstances, any fluctuation in the market price of Heritage common shares after the date of this document will change the value of the Heritage common shares that Premier Commercial shareholders will receive.

Q4: What is being voted on at the special meeting?

A4: Premier Commercial shareholders will be voting on the approval of the merger agreement, as well as any proposal of the Premier Commercial board of directors to adjourn or postpone the special meeting, if necessary or appropriate to solicit additional proxies in favor of the merger agreement (which we refer to as the "adjournment proposal").

Q5: Who is entitled to vote at the special meeting?

A5: Premier Commercial shareholders of record at the close of business on May 2, 2018, the record date for the special meeting, are entitled to receive notice of and to vote on matters that come before the special meeting and any adjournments or postponements of the special meeting. However, a Premier Commercial shareholder may only vote his or her shares if he or she is present in person or is represented by proxy at the special meeting.

Q6: How do I vote?

A6: After carefully reading and considering the information contained in this document, please follow the instructions that accompany your proxy card, and cast your vote as soon as possible by internet, by telephone, or by returning your completed, signed and dated proxy card in the enclosed envelope (please allow a minimum of 10 days for your proxy card to be processed). You may also attend the special meeting and vote in person. Even if you are planning to attend the special meeting, we request that you cast your vote by internet, by telephone or by proxy card. For more detailed information, please see the section entitled "The Special Meeting of Premier Commercial Shareholders" beginning on page 23.

Q7: How many votes do I have?

A7: Each Premier Commercial common share that you own as of the record date entitles you to one vote. As of the close of business on May 2, 2018, there were 5,857,806 outstanding Premier Commercial common shares. As of that date, 14.7% of the outstanding Premier Commercial common shares entitled to vote was held by directors and executive officers of Premier Commercial and their respective affiliates.

Q8: What constitutes a quorum at the special meeting?

A8: The presence of the holders of a majority of the shares entitled to vote at the special meeting constitutes a quorum. Presence may be in person or by proxy. You will be considered part of the quorum if you vote by internet, if you vote by telephone, if you return a signed and dated proxy card, or if you vote in person at the special meeting.

Q9: Why is my vote important?

A9: If you do not vote by proxy or in person at the special meeting, it will be more difficult for Premier Commercial to obtain the necessary quorum to hold its special meeting. In addition, if you fail to vote, by proxy or in person, it will have the same effect as a vote against approval of the merger agreement. The merger agreement must be approved by the holders of a majority of the outstanding Premier Commercial common shares entitled to vote at the special meeting. If you are the record holder of your shares (meaning a share certificate has been issued in your name and/or your name appears on Premier Commercial's stock ledger) and you respond but do not indicate how you want to vote, your proxy will be counted as a vote in favor of approval of the merger agreement, as well as a vote in favor of approval of the adjournment proposal. If your shares are held in street name with a broker, your broker will vote your shares on the merger agreement proposal only if you provide instructions to it on how to vote. Shares that are not voted because you do not properly instruct your broker will have the effect of votes against approval of the merger agreement.

If you respond and abstain from voting, your abstention will have the same effect as a vote against approval of the merger agreement but will have no effect on the adjournment proposal.

Q10: What is the recommendation of the Premier Commercial board of directors?

A10: The Premier Commercial board of directors unanimously recommends a vote "FOR" approval of the merger agreement and "FOR" approval of the adjournment proposal.

Q11: What if I return my proxy but do not mark it to show how I am voting?

A11: If your proxy card is signed and returned without specifying your choice, your shares will be voted in favor of approval of both the merger agreement and adjournment proposal in accordance with the recommendation of the Premier Commercial board of directors.

Q12: Can I change my vote after I have mailed my signed proxy card?

A12: Yes. If you are a holder of record of Premier Commercial common shares, you may revoke your proxy at any time before it is voted by:

- voting by internet at a later time but prior to the special meeting,
- signing and returning a proxy card with a later date,
- delivering a written revocation to Premier Commercial's corporate secretary, or
- attending the special meeting in person and voting by ballot at the special meeting.

Attendance at the special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by Premier Commercial after the vote is taken at the special meeting will not affect your previously submitted proxy. Premier Commercial's corporate secretary's mailing address is: Corporate Secretary, Premier Commercial Bancorp, 314 East Main Street, Hillsboro, Oregon 97123. If your shares are held in "street name" through a bank or broker, you should contact your bank or broker to change your voting instructions.

Q13: What regulatory approvals are required to complete the merger?

A13: Promptly following the merger, Premier Commercial's subsidiary bank, Premier Community Bank, will be merged with and into Heritage's subsidiary bank, Heritage Bank, which we often refer to in this document as the "bank"

merger." In order to complete the merger, Heritage and Premier Commercial must first obtain all regulatory approvals, consents and orders required in connection with the merger and the bank merger. Accordingly, the parties must obtain the approval of or waiver by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), the approval of the Federal Deposit Insurance Corporation (the "FDIC"), Oregon Division of Finance and Corporate Securities ("Oregon Division") and the Washington State Department of Financial Institutions (the "WDFI"). Applications were filed with the FDIC, Oregon Division and WDFI on March 30, 2018. The parties expect to submit a waiver request to the Federal Reserve Board in May, 2018.

Q14: Do I have dissenters' or appraisal rights with respect to the merger?

A14: Yes. Under Oregon law, you have the right to dissent from the merger. To exercise dissenters' rights of appraisal you must strictly follow the procedures prescribed by the Oregon Revised Statutes, or the ORS. To review these procedures in more detail, see the section entitled "Dissenters' Rights" beginning on page 66, and Appendix C of this proxy statement/prospectus.

Q15: What are the material U.S. federal income tax consequences of the merger to me?

A15: The merger is expected to qualify for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to throughout this proxy statement/prospectus as the Code. As a result, we expect that Premier Commercial shareholders receiving Heritage common shares in the merger will not recognize gain or loss as a result of the merger, except to the extent they receive cash in lieu of a fractional Heritage common share or as part of the merger consideration.

For further information concerning U.S. federal income tax consequences of the merger, see the section entitled "Material United States Federal Income Tax Consequences of the Merger" beginning on page 58.

Q16: What risks should I consider before I vote on the merger?

A16: We encourage you to read carefully the detailed information about the merger contained in this document, including the section entitled "Risk Factors" beginning on page 12.

Q17: When do you expect to complete the merger?

A17: We are working to complete the merger in the quarter ending September 30, 2018. We must first obtain the necessary regulatory approvals and the approval of Premier Commercial's shareholders at the special meeting. In the event of delays, the date for completing the merger can occur as late as November 1, 2018, after which Premier Commercial and Heritage would need to mutually agree to extend the closing date of the merger. We cannot assure you as to if and when all the conditions to the merger will be met nor can we predict the exact timing. It is possible we will not complete the merger.

Q18: What happens if the merger is not completed?

A18: If the merger is not completed, holders of Premier Commercial common shares will not receive any consideration for their shares in connection with the merger. Instead, Premier Commercial will remain an independent company and its common shares will continue to be traded on the OTC Pink marketplace. In addition, if the merger agreement is terminated in certain circumstances, a termination fee may be required to be paid by Premier Commercial. See "The Merger Agreement—Termination of the Merger Agreement" beginning on page 55 for a complete discussion of the circumstances under which a termination fee would be required to be paid.

Q19: If I am a holder of Premier Commercial common shares in certificated form, should I send in my Premier Commercial share certificates now?

A19: No. Please do not send in your Premier Commercial share certificates with your proxy. After completion of the merger, the exchange agent will send you instructions for exchanging Premier Commercial share certificates for the merger consideration. See "The Merger Agreement—Exchange Procedures."

Q20: What should I do if I hold my Premier Commercial common shares in book-entry form at a bank or broker?

A20: You are not required to take any special additional actions if your Premier Commercial common shares are held in book-entry form at a bank or broker. After the completion of the merger, the exchange agent will send you instructions for converting your book entry shares for the merger consideration. See "The Merger Agreement—Exchange Procedures."

Q21: Whom should I contact with questions or to obtain additional copies of this document?

A21: Premier Commercial Bancorp

314 East Main Street

Hillsboro, Oregon 97123

Attn: Investor Relations

(503) 693-7500

SUMMARY

This summary highlights selected information about the merger but may not contain all of the information that may be important to you. You should carefully read this entire document and the other documents to which this document refers for a more complete understanding of the matters being considered at the special meeting. See the section entitled "Where You Can Find More Information" beginning on page 68. Unless we have stated otherwise, all references in this document to Heritage are to Heritage Financial Corporation, all references to Premier Commercial are to Premier Commercial Bancorp and all references to the merger agreement are to the Agreement and Plan of Merger, dated as of March 8, 2018, between Heritage and Premier Commercial, a copy of which is attached as Appendix A to this document. In this document, we often refer to the "combined company," which means, following the merger, Heritage and its subsidiaries, including Premier Commercial's subsidiaries. References to "we," "us" and "our" in this document mean Heritage and Premier Commercial together.

The companies

Heritage Financial Corporation
201 Fifth Avenue SW
Olympia, Washington 98501
Attn: Investor Relations
(360) 943-1500

Heritage is a bank holding company incorporated under the laws of the State of Washington and the parent company of Heritage Bank, a state-chartered, FDIC-insured bank with 60 banking offices located in Washington and Oregon. Heritage is subject to regulation by the Federal Reserve Board and Heritage Bank is examined and regulated by the WDFI and the FDIC. Heritage Bank, a full service commercial bank, does business under the Central Valley Bank name in the Yakima and Kittitas counties of Washington and under the Whidbey Island Bank name on Whidbey Island. Heritage had total consolidated assets of approximately \$4.1 billion, total deposits of approximately \$3.4 billion and total consolidated stockholders' equity of approximately \$505.3 million at December 31, 2017. Heritage's principal executive offices are located at 201 Fifth Avenue SW, Olympia, Washington 98501 and its telephone number is (360) 943-1500. Heritage trades on the Nasdaq Global Select Market under the symbol "HFWA."

Premier Commercial Bancorp
314 East Main Street
Hillsboro, Oregon 97123
Attn: Investor Relations
(503) 693-7500

Premier Commercial is a bank holding company for Premier Community Bank. Premier Commercial's business activities generally are limited to passive investment activities and oversight of its investment in Premier Community Bank. As a bank holding company, Premier Commercial is subject to regulation by the Federal Reserve Board. Premier Community Bank is examined and regulated by the Oregon Division and by the FDIC. Premier Commercial was formed in 2002 as a holding company for Premier Community Bank which was opened in 1999 by local business people to deliver loan and deposit product solutions through experienced and professional bankers to businesses, nonprofits, professionals, and individuals. Premier Community Bank serves the greater Portland Metropolitan area with four offices in Washington County, one office in Multnomah County, and also serves Yamhill County with an office in Newberg. Premier Commercial had total consolidated assets of approximately \$400.5 million, total deposits of approximately \$330.6 million and total consolidated stockholders' equity of approximately \$40.0 million at December 31, 2017. Premier Commercial's principal executive offices are located at 314 East Main Street, Hillsboro, Oregon 97123, and its telephone number is (503) 693-7500. Premier Commercial trades on the OTC Pink marketplace under the symbol "PRCB."

The merger (Page 27)

We propose a merger in which Premier Commercial will merge with and into Heritage and a follow-up merger in which Premier Community Bank will merge with and into Heritage Bank. As a result of the mergers, Premier Commercial will cease to exist as a separate corporation and Premier Community Bank will cease to exist as a

separate financial institution. In the merger, Premier Commercial will merge with and into Heritage, with Heritage as the surviving corporation. Immediately following the merger, Premier Commercial's wholly owned subsidiary bank, Premier Community Bank, will merge with and into Heritage's wholly owned subsidiary bank, Heritage Bank, with Heritage Bank as the surviving institution.

Based on the number of Heritage common shares and Premier Commercial common shares outstanding as of May 2, 2018, Premier Commercial shareholders will collectively own up to approximately 7.8% of the outstanding Heritage common shares after the merger. See the section entitled "The Merger Agreement—Consideration to be Received in the Merger."

We expect the merger of Premier Commercial and Heritage to be completed during the quarter ending September 30, 2018. If the merger is not completed by November 1, 2018, Premier Commercial and Heritage would need to mutually agree to extend the closing date of the merger.

Approval of the merger agreement requires the affirmative vote, in person or by proxy, of a majority of the outstanding Premier Commercial common shares. No vote of Heritage shareholders is required (or will be sought) in connection with the merger.

The merger agreement (Page 46)

The merger agreement is described beginning on page 46. The merger agreement also is attached as Appendix A to this document. We urge you to read the merger agreement in its entirety because it contains important provisions governing the terms and conditions of the merger.

Consideration to be received in the merger (Page 47)

In the merger, Premier Commercial shareholders will have the right, with respect to each of their Premier Commercial common shares, to receive, as described below, an amount of Heritage common shares equal to the exchange ratio, which is 0.4863. The value of the consideration to be received by Premier Commercial shareholders in the merger will vary with the trading price of Heritage common shares between now and the completion of the merger. See "The Merger Agreement—Consideration to be Received in the Merger."

Premier Commercial shareholders will own approximately 7.8% of the outstanding Heritage common shares after the merger (Page 47)

Based on the number of Heritage common shares and Premier Commercial common shares (inclusive of shares of restricted stock) outstanding as of May 2, 2018, Premier Commercial shareholders will collectively own approximately 7.8% of the outstanding Heritage common shares after the merger. See the section entitled "The Merger Agreement—Consideration to be Received in the Merger."

Recommendation of the Premier Commercial board of directors and reasons of Premier Commercial for the merger (Page 29)

The Premier Commercial board of directors believes the merger is in the best interests of Premier Commercial and the Premier Commercial shareholders. The Premier Commercial board of directors unanimously recommends that Premier Commercial shareholders vote "FOR" the approval of the merger agreement. For the factors considered by the Premier Commercial board of directors in reaching its decision to approve the merger agreement and making its recommendation, see "The Merger—Recommendation of the Premier Commercial Board of Directors and Reasons of Premier Commercial for the Merger."

Opinion of Premier Commercial's financial advisor (Page 30)

In connection with the merger, Premier Commercial's financial advisor, Sandler O'Neill & Partners, L.P. or Sandler O'Neill, delivered a written opinion, dated March 8, 2018, to the Premier Commercial board of directors as to the fairness, from a financial point of view and as of such date, to the holders of Premier Commercial common shares of the exchange ratio in the merger. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Sandler O'Neill in preparing the opinion, is attached as Appendix B to this proxy statement/prospectus. You should read the opinion and the description of Sandler O'Neill's opinion contained in this proxy statement/prospectus carefully in their entirety. Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion of Sandler O'Neill does not reflect any developments that may have occurred or may occur after the date of its opinion and prior to the completion of the merger. The opinion was for the information of, and was directed to, the Premier Commercial board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion does not constitute a recommendation to the Premier Commercial board of directors in connection with the merger, and it does not constitute a recommendation to any holder of Premier Commercial common shares or any shareholder of any other person as to how to vote in connection with the merger or any other matter. Sandler O'Neill's opinion does not address the underlying business decision of Premier Commercial to engage in the merger or enter into the merger agreement, the form or structure of the merger, the relative merits of the merger as compared to any other alternative business strategies that might exist for Premier Commercial or the effect of any other transaction in which Premier

Commercial might engage.

6

Share price information (Page 21)

Heritage common shares are traded on Nasdaq under the symbol "HFWA." Premier Commercial common shares are traded on the OTC Pink marketplace under the symbol "PRCB."

The following table sets forth (a) the last reported sale prices per share of Heritage common shares on (i) March 8, 2018, the last trading day preceding public announcement of the signing of the merger agreement and (ii) May 8, 2018, the last practicable date prior to the mailing of this proxy statement/prospectus and (b) the equivalent price per Premier Commercial share, determined by multiplying 0.4863 exchange ratio by such prices.

	Historical market value per share of Heritage	Equivalent value per share of Premier Commercial
March 8, 2018	\$ 31.10	\$ 15.12
May 8, 2018	31.70	15.42

Premier Commercial's directors and executive officers have interests in the merger that differ from, or are in addition to, your interests in the merger (Page 42)

You should be aware that some of the directors and executive officers of Premier Commercial have interests in the merger that are different from, or are in addition to, the interests of Premier Commercial shareholders. These interests may create potential conflicts of interest. Premier Commercial's board of directors was aware of and considered these interests, among other matters, when making its decisions to approve the merger agreement and in recommending that Premier Commercial shareholders vote in favor of approving the merger agreement. These include the following:

- Robert Ekblad and Jason Wessling hold Premier Commercial restricted stock awards that will vest as part of the merger and such executive officers will receive the merger consideration for such restricted stock awards;
- Rick Roby, Frederick Johnson and Robert Ekblad have entered into transitional employment agreements with Heritage Bank that will be effective upon completion of the merger. Mr. Roby's agreement is for a 90 day period following the effective time of the merger, Mr. Johnson's is for a period from the effective time of the merger until approximately six months after core system conversion is completed or April 30, 2019, whichever occurs first, and Mr. Ekblad's is for a period from the effective time of the merger until thirty days after the core system conversion is completed or March 31, 2019, whichever occurs first;
- Rick Roby, Frederick Johnson, Robert Ekblad and Jason Wessling will receive change in control payments of \$783,945, \$603,980, \$580,060 and \$110,000, respectively, subject to reduction in the case of Mr. Ekblad to avoid adverse tax consequences and penalties, as provided in their existing employment agreements;
- Frederick Johnson and Robert Ekblad are eligible to receive integration bonuses, in the amount of \$50,000 each, provided they remain employed through the end of their respective terms;
- Robert Ekblad will receive enhanced benefits under the 2015 Premier Community Bank Salary Continuation Plan;
- Premier Commercial's directors and executive officers will receive indemnification from Heritage for their past acts and omissions in their capacities as directors and officers as well as continuing insurance coverage with respect thereto for a period of six years after completion of the merger, to the fullest extent permitted under Premier Commercial's organizational documents and to the fullest extent otherwise permitted by law; and
- Each director and executive officer has entered into a voting agreement in favor of Heritage agreeing to vote his or her Premier Commercial common shares for approval of the merger agreement and approval of the adjournment proposal.

For a more complete description of these interests, see "The Merger – Interests of Certain Persons in the Merger" on page 42.

Material United States federal income tax considerations of the merger (Page 58)

The merger is expected to qualify for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code. As a result, we expect that Premier Commercial shareholders receiving Heritage common shares in

7

the merger will not recognize gain or loss as a result of the merger, except to the extent they receive cash in lieu of a fractional Heritage common share or as part of the merger consideration.

For further information concerning U.S. federal income tax consequences of the merger, please see "Material United States Federal Income Tax Consequences of the Merger" beginning on page 58.

Tax matters are very complicated and the consequences of the merger to any particular Premier Commercial shareholder will depend on that shareholder's particular facts and circumstances. Premier Commercial shareholders are urged to consult their own tax advisors to determine their own tax consequences from the merger.

Following the merger, you will be entitled to receive any dividends that Heritage pays on its common shares (Page 21).

After the merger, you will receive dividends, if any, that Heritage pays on its common shares. During 2017, Heritage has paid regular quarterly cash dividends of \$0.12 per share on February 23, 2017, \$0.13 per share on May 24, 2017, \$0.13 per share on August 24, 2017, and \$0.13 per share on November 22, 2017. In addition, Heritage paid a special cash dividend of \$0.10 per share on November 22, 2017. Heritage paid a regular quarterly cash dividend of \$0.15 per share on February 21, 2018.

Accounting treatment (Page 42)

The merger will be accounted for as an acquisition of Premier Commercial by Heritage under the acquisition method of accounting in accordance with U.S. generally accepted accounting principles.

In order to complete the merger, we must first obtain certain regulatory approvals (Page 54)

In order to complete the merger, Heritage and Premier Commercial must first obtain all regulatory approvals, consents or waivers required in connection with the merger and the bank merger. Accordingly, the parties must obtain the approval of or waiver by the Federal Reserve Board, the approval of the FDIC and the approval of the Oregon Division and the WDFI. The U.S. Department of Justice may review the impact of the merger and the bank merger on competition. Applications with the FDIC, the Oregon Division and the WDFI were filed on March 30, 2018. The parties expect to submit a waiver request to the Federal Reserve Board in May, 2018.

There can be no assurance as to whether all regulatory approvals will be obtained or as to the dates of the approvals. There also can be no assurance that the regulatory approvals received will not contain a condition or requirement that results in a failure to satisfy the conditions to closing set forth in the merger agreement. See the section entitled "The Merger Agreement—Conditions to Completion of the Merger" on page 54.

Premier Commercial shareholders have dissenters' rights (Page 66)

Premier Commercial shareholders have the right under Oregon law to dissent from the merger, obtain the fair value of their Premier Commercial common shares, and receive cash equal to the fair value of their Premier Commercial common shares plus accrued interest (without giving effect to the merger) instead of receiving the merger consideration. To exercise dissenters' rights, among other things, a Premier Commercial shareholder must (i) provide notice of dissent to Premier Commercial that complies with the requirements of Oregon law prior to the vote of its shareholders on the merger agreement with respect to all shares beneficially owned by such shareholder, and (ii) not vote in favor of the merger agreement. Submitting a properly signed proxy card that is received prior to the vote at the special meeting (and is not properly revoked) that does not direct how the shares of Premier Commercial represented by proxy are to be voted will constitute a vote in favor of the merger agreement and a waiver of such shareholder's statutory dissenters' rights.

If you dissent from the merger agreement and you satisfy the other requirements of Oregon law relating to the exercise of dissenter's rights, then your Premier Commercial common shares will not be exchanged for Heritage common shares in the merger, and your only right will be to receive the fair value of your Premier Commercial common shares, plus accrued interest, pursuant to the settlement procedures under Oregon law or by judicial appraisal if you are unable to agree. The appraised value may be more or less than the consideration you would receive under the terms of the merger agreement, and will be based upon the value of Premier Commercial common shares without giving effect to the merger. If you exercise dissenters' rights, any cash you receive for your Premier Commercial common shares that results in a gain or loss will be immediately recognizable for federal income tax purposes. You should be aware

that submitting a signed proxy card without indicating a vote with respect to the merger will be deemed a vote "FOR" the merger agreement and a waiver of your dissenters' rights. A vote "AGAINST" the merger agreement does not dispense with the other requirements to exercise dissenters' rights under Oregon law.

8

A shareholder electing to dissent from the merger agreement must strictly comply with all procedures required under Oregon law. These procedures are described more fully beginning on page 66 of this proxy statement/prospectus, and a copy of the relevant Oregon statutory provisions regarding dissenters' rights is included as Appendix C to this proxy statement/prospectus.

Additional conditions to consummation of the merger (Page 54)

In addition to the regulatory approvals, the consummation of the merger depends on a number of conditions being met, including, among others:

- approval of the merger agreement by the holders of a majority of all outstanding Premier Commercial common shares;
- authorization of the Heritage common shares to be issued in the merger for listing on Nasdaq;
- the effectiveness of a registration statement on Form S-4 with the SEC in connection with the issuance of Heritage common shares in the merger;
- absence of any order, injunction, decree or law preventing or making illegal completion of the merger or the bank merger;
- receipt by each party of an opinion from such party's tax counsel that the merger will qualify as a tax-free reorganization for U.S. federal income tax purposes;
- accuracy of the representations and warranties of Premier Commercial and Heritage, subject to the standards set forth in the closing conditions of the merger agreement;
- performance in all material respects by Premier Commercial and Heritage of all obligations required to be performed by either of them under the merger agreement;
- dissenting shares shall be less than 10% of the issued and outstanding Premier Commercial common shares; and
- receipt of certain third-party consents by Premier Commercial.

Where the law permits, either Heritage or Premier Commercial could elect to waive a condition to its obligation to complete the merger although that condition has not been satisfied. We cannot be certain when (or if) the conditions to the merger will be satisfied or waived or that the merger will be completed.

In addition, after Premier Commercial's shareholders have adopted the merger agreement, we may not amend the merger agreement to reduce the amount or change the form of consideration to be received by Premier Commercial shareholders in the merger without the approval of Premier Commercial shareholders as required by law.

We may decide not to complete the merger (Page 55)

Premier Commercial and Heritage, by mutual consent, can agree at any time not to complete the merger, even if the shareholders of Premier Commercial have voted to approve the merger agreement. Also, either party can decide, without the consent of the other, not to complete the merger in a number of other situations, including:

- if any governmental entity that must grant a required regulatory approval of the merger or the bank merger has denied such approval and such denial has become final and nonappealable, unless the denial is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of that party set forth in the merger agreement;
- if any governmental entity of competent jurisdiction has issued a final nonappealable order, injunction or decree enjoining or otherwise prohibiting or making illegal the consummation of the merger or the bank merger;
- failure to complete the merger by November 1, 2018, unless the failure of the closing to occur by that date is due to
- the failure of the party seeking to terminate the merger agreement to perform or observe the covenants or agreements of that party;

if the other party has breached any of its covenants, agreements, representations or warranties contained in the merger agreement based on the closing condition standards set forth in the merger agreement, and the party seeking to terminate is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement, and the breach is not cured within thirty (30) days following written notice to the party committing the breach, or which breach, by its nature, cannot be cured within such thirty (30) day period; if the approval of the shareholders of Premier Commercial contemplated by the merger agreement is not obtained by reason of the failure to obtain the vote required at the Premier Commercial special meeting, except this right may not be exercised by Premier Commercial if Premier Commercial or its board of directors has committed an act that would entitle Heritage to terminate the merger agreement and receive the termination fee specified in the merger agreement; and

if the Heritage average closing price is less than \$25.50 and Heritage's common stock underperforms the KBW Regional Bank Index by more than 20% during the period commencing on December 8, 2017 and ending on the fifth trading day immediately prior to the closing date. If Premier Commercial elects to terminate the merger agreement, Heritage would have the option to avoid the termination by adjusting the exchange ratio, or providing a cash component, so that the value of the merger consideration is equal to \$12.40 based upon the Heritage average closing price.

Heritage, without the consent of Premier Commercial, can terminate:

if the board of directors of Premier Commercial fails to recommend to its shareholders the approval of the merger agreement, or adversely changes, or publicly announces its intention to adversely change its recommendation.

Premier Commercial, without the consent of Heritage, can terminate:

prior to obtaining shareholder approval in order to enter into an agreement relating to a superior proposal; provided, however, that Premier Commercial has not materially breached the merger agreement provisions outlined in "The Merger Agreement—Agreement Not to Solicit Other Offers" on page 51.

Under some circumstances, Premier Commercial will be required to pay a termination fee to Heritage if the merger agreement is terminated (Page 55)

Premier Commercial must pay Heritage a termination fee of \$3.45 million if:

Heritage terminates the merger agreement as a result of: (i) the Premier Commercial board of directors failing to recommend the approval of the merger agreement or adversely changing or publicly announcing its intention to adversely change its recommendation and the Premier Commercial shareholders failing to approve the merger agreement; (ii) Premier Commercial breaching its nonsolicitation or related obligations as provided in the merger agreement; or (iii) Premier Commercial refuses to call or hold the special meeting for a reason other than that the merger agreement has been previously terminated;

Premier Commercial terminates the merger agreement prior to obtaining shareholder approval in order to enter into an agreement relating to a superior proposal; provided, however, that Premier Commercial has not materially breached its nonsolicitation and related obligations as provided in the merger agreement; and

if the merger agreement is terminated by either party as a result of the failure of Premier Commercial's shareholders to approve the merger agreement and if, prior to such termination, there is publicly announced a proposal for a tender or exchange offer, for a merger or consolidation or other business combination involving Premier Commercial or Premier Community Bank or for the acquisition of a majority of the voting power in, or a majority of the fair market value of the business, assets or deposits of, Premier Commercial or Premier Community Bank and, within one year of the termination, Premier Commercial or Premier Community Bank either enters into a definitive agreement with respect to that type of transaction or consummates that type of transaction.

Comparison of shareholder rights (Page 64)

The conversion of your Premier Commercial common shares into the right to receive Heritage common shares in the merger will result in differences between your rights as a Premier Commercial shareholder, which are governed by the Oregon Business Corporation Act ("OBCA") and Premier Commercial's Articles of Incorporation and Bylaws, and your rights as a

Heritage shareholder, which are governed by the Washington Business Corporation Act ("WBCA") and Heritage's Restated Articles of Incorporation and Amended and Restated Bylaws.

The special meeting (Page 23)

Meeting Information and Vote Requirements

The special meeting of Premier Commercial's shareholders will be held on Friday, June 15, 2018, at 10:00 a.m., Pacific Time, at the Walters Cultural Arts Center, located at 527 East Main Street, Hillsboro, Oregon 97123 unless adjourned or postponed. At the special meeting, Premier Commercial's shareholders will be asked to:

- approve the merger agreement; and
- approve the adjournment proposal.

Shareholders will also be asked to act on any other business that may be properly submitted to a vote at the special meeting or any adjournments or postponements of the special meeting.

You may vote at the special meeting if you owned Premier Commercial common shares as of the close of business on May 2, 2018. You may cast one vote for each Premier Commercial common share you owned at that time. Approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding Premier Commercial common shares. If you mark "ABSTAIN" on your proxy, or fail to submit a proxy and fail to vote in person at the Premier Commercial special meeting or if your shares are held in street name and you fail to instruct your bank or broker how to vote with respect to the merger agreement, it will have the same effect as a vote "AGAINST" the merger agreement.

Approval of the adjournment proposal requires the affirmative vote of a majority of the votes cast at the special meeting. If you mark "ABSTAIN" on your proxy, or fail to submit a proxy and fail to vote in person at the special meeting or if your shares are in street name and you fail to instruct your bank or broker how to vote with respect to the adjournment proposal, it will have no effect on such proposal.

RISK FACTORS

By voting in favor of the merger agreement, you will be choosing to invest in the common shares of Heritage as combined with Premier Commercial. An investment in the combined company's common shares involves a high degree of risk. In addition to the other information included in this proxy statement/prospectus, including the matters addressed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements" on page 14, you should carefully consider the matters described below in determining whether to vote in favor of approval of the merger agreement.

Risks Related to the Merger

Because the market price of Heritage common shares will fluctuate, Premier Commercial shareholders cannot be sure of the value of the merger consideration they will receive.

Upon completion of the merger, each Premier Commercial common share will be converted into the right to receive merger consideration consisting of a number of Heritage common shares equal to the exchange ratio pursuant to the terms of the merger agreement. The number of Heritage common shares to be received by a Premier Commercial shareholder will be determined based on a fixed exchange ratio of 0.4863 Heritage common shares for each Premier Commercial common share. Accordingly, the value of the merger consideration to be received by the Premier Commercial shareholders will be based on the value of the Heritage common shares. The value of the Heritage common shares to be received by Premier Commercial shareholders in the merger may vary from the value as of the date we announced the merger, the date that this document was mailed to Premier Commercial shareholders, the date of the Premier Commercial special meeting, and the closing date of the merger. Any change in the market price of Heritage common shares prior to completion of the merger will affect the value of the merger consideration that Premier Commercial shareholders will receive upon completion of the merger. Accordingly, at the time of the Premier Commercial special meeting, Premier Commercial shareholders will not know or be able to calculate the value of the merger consideration they would receive upon completion of the merger. Share price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations, among other things. Many of these factors are beyond the control of Heritage and Premier Commercial. Premier Commercial shareholders should obtain current market quotations for Heritage common shares before voting their shares at the Premier Commercial special meeting.

Premier Commercial's shareholders will have less influence as shareholders of Heritage than as shareholders of Premier Commercial.

Premier Commercial's shareholders currently have the right to vote in the election of the board of directors of Premier Commercial and on other matters affecting Premier Commercial. Following the merger, the shareholders of Premier Commercial as a group will hold an ownership interest of approximately 7.8% of Heritage. When the merger occurs, each Premier Commercial shareholder will become a shareholder of Heritage with a percentage ownership of the combined company much smaller than such shareholder's percentage ownership of Premier Commercial. Because of this, Premier Commercial's shareholders will have less influence on the management and policies of Heritage than they now have on the management and policies of Premier Commercial.

If Heritage is unable to integrate the combined operations successfully, its business and earnings may be negatively affected.

The merger involves the integration of companies that have previously operated independently. Successful integration of Premier Commercial's operations will depend primarily on Heritage's ability to consolidate operations, systems and procedures and to eliminate redundancies and costs. No assurance can be given that Heritage will be able to integrate its post-merger operations without encountering difficulties including, without limitation, the loss of key employees and customers, the disruption of the ongoing business of Heritage or Premier Commercial or possible inconsistencies in standards, controls, procedures and policies. Anticipated economic benefits of the merger are projected to come from various areas that Heritage's management has identified through the due diligence and integration planning process. The elimination and consolidation of duplicate tasks are projected to result in annual cost savings. If Heritage has difficulties with the integration, it might not fully achieve the economic benefits it expects to result from the merger. In addition, Heritage may experience greater than

expected costs or difficulties relating to the integration of the business of Premier Commercial, and/or may not realize expected cost savings from the merger within the expected time frame.

The fairness opinion of Premier Commercial's financial advisor received by Premier Commercial's board of directors prior to signing of the merger agreement does not reflect changes in circumstances since the signing of the merger agreement.

Changes in the operations and prospects of Heritage or Premier Commercial or general market and economic conditions, and other factors that may be beyond the control of Heritage and Premier Commercial, may alter the value of Heritage or Premier Commercial or the prices of Heritage common shares or Premier Commercial common shares by the time the merger is completed. The opinion of Premier Commercial's financial advisor, dated March 8, 2018, does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. For a description of the opinion of Premier Commercial's financial advisor, please refer to "The Merger—Opinion of Premier Commercial's Financial Advisor." For a description of the other factors considered by the board of directors of Premier Commercial in determining to approve the merger agreement, please refer to "The Merger—Recommendation of the Premier Commercial Board of Directors and Reasons of Premier Commercial for the Merger."

The merger agreement limits Premier Commercial's ability to pursue alternatives to the merger.

The merger agreement contains non-solicitation provisions that, subject to limited exceptions, limit Premier Commercial's ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of Premier Commercial. Although Premier Commercial's board of directors is permitted to take certain actions in connection with the receipt of a competing acquisition proposal if it determines in good faith that the failure to do so would violate its fiduciary duties, taking such actions could, and other actions (such as withdrawing or modifying its recommendation to Premier Commercial shareholders that they vote in favor of approval of the merger agreement) would, entitle Heritage to terminate the merger agreement and receive a termination fee of \$3.45 million. See the section entitled "The Merger Agreement—Termination of the Merger Agreement" on page 55. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of Premier Commercial from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire Premier Commercial than it might otherwise have proposed to pay. The payment of the termination fee could also have an adverse impact on Premier Commercial's financial condition.

Premier Commercial will be subject to business uncertainties and contractual restrictions while the merger is pending. Heritage and Premier Commercial have operated and, until the completion of the merger, will continue to operate, independently. Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Premier Commercial and consequently on Heritage. These uncertainties may impair Premier Commercial's ability to attract, retain or motivate key personnel until the merger is consummated, and could cause customers and others that deal with Premier Commercial to seek to change existing business relationships with Premier Commercial. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles with Heritage. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with Heritage, Heritage's business following the merger could be harmed. In addition, the merger agreement restricts Premier Commercial from making certain acquisitions and taking other specified actions until the merger occurs without the consent of Heritage. These restrictions may prevent Premier Commercial from pursuing attractive business opportunities that may arise prior to the completion of the merger. See "The Merger Agreement—Conduct of Businesses Pending the Merger."

Premier Commercial's directors and executive officers have additional interests in the merger.

In deciding how to vote on the approval of the merger agreement, you should be aware that Premier Commercial's directors and executive officers might have interests in the merger that are different from, or in addition to, the interests of Premier Commercial shareholders generally. See the section entitled "The Merger—

Interests of Certain Persons in the Merger." Premier Commercial's board of directors was aware of these interests and considered them when it recommended approval of the merger agreement to the Premier Commercial shareholders. Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on Heritage following the merger.

Before the merger and the bank merger may be completed, Heritage and Premier Commercial must obtain approvals from the FDIC, the Oregon Division and the WDFI, and a waiver from the Federal Reserve Board. Other approvals, waivers or consents from regulators may also be required. An adverse development in either party's regulatory standing or other factors could result in an inability to obtain approvals or delay their receipt. These regulators may impose conditions on the completion of the merger or the bank merger or require changes to the terms of the merger or the bank merger. While Heritage and Premier Commercial do not currently expect that any such conditions or changes will be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of Heritage following the merger, any of which might have an adverse effect on Heritage following the merger. Heritage is not obligated to complete the merger if the regulatory approvals received in connection with the completion of the merger impose any unduly burdensome condition upon Heritage following the merger or Heritage Bank following the bank merger. See "The Merger—Regulatory Approvals Required for the Merger" and "The Merger Agreement – Conditions to Completion of the Merger."

The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the price of Heritage common shares or Premier Commercial common shares to decline.

The merger is subject to customary conditions to closing, including the receipt of required regulatory approvals and approval of Premier Commercial's shareholders. If any condition to the merger agreement is not satisfied or waived, to the extent permitted by law, the merger will not be completed. In addition, Heritage and Premier Commercial may terminate the merger agreement under certain circumstances, even if Premier Commercial's shareholders approve the merger agreement. If Heritage and Premier Commercial do not complete the merger, the trading prices of Heritage common shares or Premier Commercial common shares may decline. In addition, neither company would realize any of the expected benefits of having completed the merger. If the merger is not completed and Premier Commercial's board of directors seeks another merger or business combination, Premier Commercial shareholders cannot be certain that Premier Commercial will be able to find a party willing to offer equivalent or more attractive consideration than the consideration Heritage has agreed to provide. If the merger is not completed, additional risks could materialize, which could materially and adversely affect the business, financial condition and results of Heritage and Premier Commercial, including the recognition of the expenses relating to the merger without realizing the economic benefits of the merger. For more information on closing conditions to the merger agreement, see "The Merger Agreement—Conditions to Completion of the Merger" included elsewhere in this proxy statement/prospectus.

Risks Relating to Heritage and Heritage's Business

Heritage is, and will continue to be, subject to the risks described in Heritage's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" included elsewhere in this proxy statement/prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document, including information included or incorporated by reference in this document, may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Heritage and Premier Commercial intend for such forward-looking statements to be covered by the safe harbor provisions for forward looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, (i) statements about the benefits of the merger, including

future financial and operating results, cost savings, enhancements to revenue and accretion to reported earnings that may be realized from the merger; (ii) statements about our respective plans, objectives, expectations and intentions and other statements that are not historical facts; (iii) statements about expectations regarding the timing of the closing of the merger and the ability to obtain regulatory approvals on a timely basis; and (iv) other statements identified by words such as "expects," "projects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "possible," "potential," "strategy," or words of similar meaning. These forward-looking statements are based on current beliefs and expectations of Heritage's and Premier Commercial's respective management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and beyond Heritage's and Premier Commercial's control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- our ability to successfully integrate any assets, liabilities, customers, systems, and personnel;
- the required regulatory approvals for the merger and bank merger and/or the approval of the merger agreement by the shareholders of Premier Commercial might not be obtained or other conditions to the completion of the merger set forth in the merger agreement might not be satisfied or waived;
- the growth opportunities and cost savings from the merger may not be fully realized or may take longer to realize than expected;
- operating costs, customer losses and business disruption following the merger, including adverse effects on relationships with employees, may be greater than expected;
- adverse governmental or regulatory policies may be enacted;
- the interest rate environment may change, causing margins to compress and adversely affecting net interest income;
- the global financial markets may experience increased volatility;
- we may experience adverse changes in our credit rating;
- we may experience competition from other financial services companies in our markets; and
- an economic slowdown may adversely affect credit quality and loan originations.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed under "Risk Factors" beginning on page 12 and in Heritage's reports filed with the SEC.

For any forward-looking statements made in this proxy statement/prospectus or in any documents incorporated by reference into this proxy statement/prospectus, Heritage and Premier Commercial claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this proxy statement/prospectus or the date of the applicable document incorporated by reference in this proxy statement/prospectus. Heritage and Premier Commercial do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to Heritage, Premier Commercial or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this proxy statement/prospectus.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF HERITAGE

Heritage is providing the following information to aid you in your analysis of the financial aspects of the merger. Heritage derived the information as of and for each of the five years ended December 31, 2013 through December 31, 2017 from its historical audited consolidated financial statements for these fiscal years. The consolidated financial information contained herein is the same historical information that Heritage has presented in its prior filings with the SEC.

This information is only a summary, and you should read it in conjunction with Heritage's consolidated financial statements and notes thereto contained in Heritage's 2017 Annual Report on Form 10-K, which has been incorporated by reference into this document. See the section entitled "Where You Can Find More Information" on page 68.

	At or for the Year Ended December 31,				
	2017	2016	2015	2014	2013
	(Dollars in thousands, except per share data)				
Operations Data:					
Interest income	\$ 147,880	\$ 138,512	\$ 135,739	\$ 121,106	\$ 71,428
Interest expense	8,346	6,006	6,120	5,681	3,724
Net interest income	139,534	132,506	129,619	115,425	67,704
Provision for loan losses	4,220	4,931	4,372	4,594	3,672
Noninterest income	35,408	31,619	32,268	16,467	9,651
Noninterest expense	110,575	106,473	106,208	99,379	59,515
Income tax expense	18,356	13,803	13,818	6,905	4,593
Net income	41,791	38,918	37,489	21,014	9,575
Earnings per common share					
Basic	\$ 1.39	\$ 1.30	\$ 1.25	\$ 0.82	\$ 0.61
Diluted	1.39	1.30	1.25	0.82	0.61
Dividend payout ratio to common shareholders(1)					
	43.9	% 55.4	% 42.4	% 61.0	% 68.9
Performance Ratios:					
Net interest spread(2)	3.83	% 3.89	% 4.04	% 4.45	% 4.69
Net interest margin(3)	3.92	3.96	4.11	4.53	4.80
Efficiency ratio(4)	63.21	64.87	65.61	75.35	76.94
Noninterest expense to average assets					
	2.78	2.84	3.01	3.49	3.86
Return on average assets					
	1.05	1.04	1.06	0.74	0.62
Return on average common equity					
	8.36	8.01	8.08	5.61	4.58

(1) Dividend payout ratio is declared dividends per common share divided by diluted earnings per common share.

(2) Net interest spread is the difference between the average yield on interest earning assets and the average cost of interest bearing liabilities.

(3) Net interest margin is net interest income divided by average interest earning assets.

(4) The efficiency ratio is noninterest expense divided by the sum of net interest income and noninterest income.

	At or for the Year Ended December 31,				
	2017	2016	2015	2014	2013
	(Dollars in thousands, except per share data)				
Balance Sheet Data:					
Total assets	\$4,113,270	\$ 3,878,981	\$ 3,650,792	\$ 3,457,750	\$ 1,659,038
Total loans receivable, net	2,816,985	2,609,666	2,372,296	2,223,348	1,203,096
Investment securities	810,530	794,645	811,869	778,660	199,288
FDIC indemnification asset	-	-	-	1,116	4,382
Goodwill and other intangible assets	125,117	126,403	127,818	129,918	30,980
Deposits	3,393,060	3,229,648	3,108,287	2,906,331	1,399,189
Federal Home Loan Bank advances	92,500	79,600	-	-	-
Junior subordinated debentures	20,009	19,717	19,424	19,082	-
Securities sold under agreement to repurchase	31,821	22,104	23,214	32,181	29,420
Stockholders' equity	508,305	481,763	469,970	454,506	215,762
Financial Measures:					
Book value per common share	\$ 16.98	\$ 16.08	\$ 15.68	\$ 15.02	\$ 13.31
Stockholders' equity to assets ratio	12.4	% 12.4	% 12.9	% 13.1	% 13.0
Net loans to deposits (1)	84.0	81.2	77.3	77.5	88.0
Capital Ratios:					
Total risk-based capital ratio	12.8	% 13.0	% 13.7	% 15.1	% 16.8
Tier 1 risk-based capital ratio	11.8	12.0	12.7	13.9	15.5
Leverage ratio	10.2	10.3	10.4	10.2	11.3
Common equity Tier 1 capital to risk-weighted assets	11.3	11.4	12.0	N/A	N/A
Asset Quality Ratios:					
Nonperforming loans to loans receivable, net (2)	0.38	% 0.41	% 0.40	% 0.51	% 0.63
Allowance for loan losses to loans receivable, net (2)	1.13	1.18	1.24	1.23	2.34
Allowance for loan losses to nonperforming loans (2)	299.79	284.93	307.67	239.62	372.16
Nonperforming assets to total assets (2)	0.26	0.30	0.32	0.43	0.74
Net charge-off on loans to average loans receivable, net	0.12	0.14	0.10	0.30	0.31
Other Data:					
Number of banking offices	59	63	67	66	35
Number of full-time equivalent employees	735	760	717	748	373
Deposits per branch	\$57,509	\$ 51,264	\$ 46,392	\$ 44,035	\$ 39,977
Assets per full-time equivalent	5,596	5,104	5,092	4,623	4,448

(1) Loans receivable, net of deferred costs divided by deposits.

(2) At December 31, 2017, 2016, 2015, 2014 and 2013, \$1.9 million, \$2.8 million, \$1.3 million, \$1.6 million and \$1.7 million of nonaccrual loans were guaranteed by government agencies, respectively.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF PREMIER COMMERCIAL

Premier Commercial is providing the following information to aid you in your analysis of the financial aspects of the merger. Premier Commercial derived the information as of and for each of the five years ended December 31, 2013 through December 31, 2017 from its historical audited consolidated financial statements for these fiscal years.

This information is only a summary, and you should read it in conjunction with Premier Commercial's consolidated financial statements and notes thereto contained in Premier Commercial's 2017 Annual Report.

At or for the Year Ended
December 31,
2016 2015 2014 2013
(Dollars in thousands, except
per share data)

Operations Data: