



Heritage  
Financial  
CORPORATION

January 16, 2018

To the Shareholders of Puget Sound Bancorp:

We are pleased to announce the completion of the merger of Puget Sound Bancorp (“Puget Sound”) and its financial institution subsidiary, Puget Sound Bank, with and into Heritage Financial Corporation, and its financial institution subsidiary, Heritage Bank, respectively, effective January 16, 2018.

As a result of the merger, holders of shares of Puget Sound common stock are entitled to receive 1.1688 shares of Heritage common stock, for each share of Puget Sound common stock held by them on the effective time of the merger.

Our records show that you are an owner of Puget Sound common stock and some or all of your shares are held in certificate form. These certificates must be returned in order for you to receive the stock consideration described above. We have enclosed an Exchange Form for this purpose.

To exchange your Puget Sound common stock certificate(s) for the stock consideration, please complete and sign the enclosed Exchange Form (including the Substitute Form W-9 contained therein) in accordance with the accompanying instructions and deliver the completed, signed Exchange Form (including the Substitute Form W-9), along with your Puget Sound common stock certificate(s), to our paying agent, Computershare Trust Company, N.A. (“Computershare”), in the enclosed pre-addressed envelope. If you choose to send these items by U.S. mail rather than other delivery services, we recommend that you use registered mail, properly insured, with return receipt requested. We ask that you return your Puget Sound stock certificate(s) as soon as possible.

Please read carefully the instructions provided in the Exchange Form. **Do not send stock certificates to Puget Sound Bank, Heritage Bank, Heritage Financial Corporation or any third party other than Computershare.** If you have any questions you may call Computershare at 1-855-396-2084. Written requests should be addressed to Computershare, Attn: Corporate Actions, 250 Royall Street, Canton, MA 02021.

Sincerely,

Brian L. Vance  
President and Chief Executive Officer  
Heritage Financial Corporation