

Heritage Commerce Corp (Nasdaq: HTBK; San Jose, CA) Completes Offering of \$40.0 Million of Subordinated Notes

Sandler O'Neill + Partners, L.P. served as the lead book-running manager for this offering.

The 5.25% coupon represents an approximate 300 basis point spread to the 10-year treasury, which is the lowest for a California-based community bank subordinated holdco or subordinated bank-level note offering since 2008.

This transaction is the 109th subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter, book runner, or initial purchaser.¹ Since January 1, 2017, Sandler O'Neill has raised approximately \$775 Million for its clients in 15 transactions, capturing a 65% market share of announced transactions.¹

About the Offering:

SAN JOSE, Calif., May 26, 2017 (GLOBE NEWSWIRE) -- Heritage Commerce Corp (Nasdaq: HTBK), the holding company (the "Company") for Heritage Bank of Commerce (the "Bank"), today announced that it has completed its underwritten public offering of \$40 million aggregate principal amount of its fixed-to-floating rate subordinated notes (the "Notes") due June 1, 2027. The Notes will initially bear a fixed interest rate of 5.25% per year. Commencing on June 1, 2022, the interest rate on the Notes resets quarterly to the three-month LIBOR rate plus a spread of 336.5 basis points, payable quarterly in arrears. The Company plans to use the net proceeds from the Notes offering for general corporate purposes, which may include advances to the Bank to finance its activities and strategic acquisitions.

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

Heritage Commerce Corp, a bank holding company established in February 1998, is the parent company of Heritage Bank of Commerce, established in 1994 and headquartered in San Jose, CA with full-service branches in Danville, Fremont, Gilroy, Hollister, Los Altos, Los Gatos, Morgan Hill, Pleasanton, San Jose, Sunnyvale, and Walnut Creek. Heritage Bank of Commerce is an SBA Preferred Lender. Bay View Funding, a subsidiary of Heritage Bank of Commerce, is based in Santa Clara, CA and provides business-essential working capital factoring financing to various industries throughout the United States. For more information, please visit www.heritagecommercecorp.com.

Note:

- 1) Source: Sandler O'Neill + Partners, L.P. Syndicate Desk, Bloomberg. Deal count includes nationwide subordinated debt and senior note offerings for banks or bank holding companies with less than \$25 billion in assets.
- 2) Financial data not pro forma for the offering

May 26, 2017

5.25% Fixed-to-Floating Rate
Subordinated Notes due 2027
\$40.0 Million

HERITAGE
COMMERCE CORP

Lead Book-Running Manager
SANDLER O'NEILL + PARTNERS

Financial Highlights as of March 31, 2017²*(Dollars in millions)*

Total Assets	\$2,642
Gross Loans	\$1,513
Total Deposits	\$2,330
Total Equity	\$264

Tier 1 Leverage Ratio	8.61%
Tier 1 Risk-based Capital Ratio	11.42%
Total Risk-based Capital Ratio	12.46%
TCE / TA	8.17%

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