



**Welcome to the
Virtual Annual Meeting of
Shareholders**
Thursday, May 22, 2025
at 1:00 p.m. Pacific Daylight Time (PDT)

HERITAGE
COMMERCE CORP

HERITAGE
BANK OF COMMERCE

Virtual Annual Meeting of Shareholders Today's Agenda

1. Call to Order and Opening Remarks
2. New Business / Proposals
 - a. To elect 8 members of the Board of Directors, each for a term of one year;
 - b. To approve an amendment to the Company's Bylaws to increase the range of the permitted number of Directors;
 - c. To approve an advisory proposal on the Company's 2024 executive compensation; and
 - d. To ratify the selection of Crowe LLP as the Company's independent registered public accounting firm for the year ending December 31, 2025.
3. Voting on Proposals
4. Closing of the Formal Meeting / Begin Presentation



**Virtual Annual Meeting of Shareholders
Presentation
May 22, 2025**

HERITAGE
COMMERCE CORP

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BANK OF COMMERCE

Forward Looking Statement Disclaimer and Basis of Presentation

- Forward-looking statements are based on management’s knowledge and belief as of today and include information concerning Heritage Commerce Corp, the holding company (the “Company”) for Heritage Bank of Commerce (the “Bank”), possible or assumed future financial condition, and its results of operations, business and earnings outlook. These forward-looking statements are subject to risks and uncertainties. For a discussion of risk factors which could cause results to differ, please see the Company’s reports on Forms 10-K and 10-Q as filed with the Securities and Exchange Commission and the Company’s press releases. Readers should not place undue reliance on the forward-looking statements, which reflect management’s view only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.
- Financial results are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and with reference to certain non-GAAP financial measures. However, certain non-GAAP performance measures and ratios are used by management to evaluate and measure the Company’s performance. The Company believes these non-GAAP financial measures are common in the banking industry, and may enhance comparability for peer comparison purposes. These non-GAAP financial measures should be supplemental to primary GAAP financial measures and should not be read in isolation or relied upon as a substitute for primary GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures are presented in the Company’s reports on Forms 10-K and 10-Q as filed with the Securities and Exchange Commission and the Company’s press releases.

Heritage Commerce Corp: At a Glance

Heritage Commerce Corp

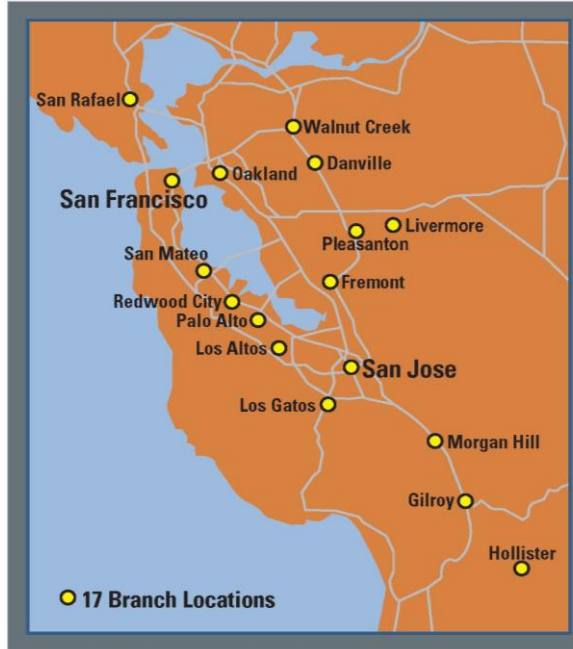
Greater San Francisco Bay Area

Corporate

Ticker HTBK
 Headquarters San Jose, CA

Financials as of March 31, 2025

Assets \$5.5 billion
 Loans \$3.5 billion
 Deposits \$4.7 billion
 Common Equity Tier 1 Capital Ratio 13.6%
 Total Capital Ratio 15.9%
 Loan to Deposit Ratio 74.45%



- Northern California's premier relationship-focused business bank
- Offering a wide range of tailored financial solutions including business loans, deposit and treasury management services
- Specialty businesses focused on non-profits, SBA, factoring and home owner association management
- Low-cost deposit base, well diversified loan portfolio, strong asset quality, and high levels of capital and liquidity
- Well positioned to expand market share in a premier community business banking market

Management Team



Robertson Clay Jones
President and Chief Executive Officer



Tom Sa
Executive Vice President
Chief Operating Officer and
Interim Chief Financial Officer



Dustin Warford
Executive Vice President
Chief Banking Officer



Glen E. Shu
Executive Vice President
President, Specialty Finance Group



Chris Edmonds-Waters
Executive Vice President
Chief People & Culture



Deborah K. Reuter
Executive Vice President
Chief Risk Officer
& Corporate Secretary



Sachin Vaidya
Executive Vice President
Chief Information Officer



Susan Just
Executive Vice President
Chief Credit Officer



Janisha Sabnani
Executive Vice President
General Counsel



Karol Watson
Executive Vice President
Branch Operations

Mr. Jones, Mr. Sa, Ms. Reuter and Ms. Sabnani are officers of the Company and the Bank

Vibrant Economic Footprint

Market Share

Rank	Bank	Branch Count	Deposits (In millions)
Top Local Regional Banks⁽¹⁾			
1	Fremont Bancorp	21	5,007
2	Heritage Commerce Corp	17	4,463
3	Mechanics Bank	21	3,916
4	Bank of Marin Bancorp.	13	2,086
5	Avidbank Holdings Inc.	1	1,740

Top National Franchises⁽²⁾

1	Bank of America, NA	145	212,320
2	Wells Fargo Bank, NA	174	126,324
3	JPMorgan Chase Bank, NA	189	78,293
4	First-Citizens Bank & Trust	7	37,641
5	CitiBank, NA	87	28,338
Total for Market		1,125	588,147

Employment

Unemployment Rate, as of March 2025⁽⁵⁾

Santa Clara County	4.0%
San Francisco County	3.7%
San Mateo County	3.5%
Alameda County	4.3%
Contra Costa County	4.4%
California State	5.3%

See footnotes to these tables on slide 16.

GDP and Demographic

Real Gross Domestic Product, By County, 2023⁽³⁾

	Rank in State	Rank in Nation
Santa Clara	2	6
San Francisco	5	11
San Mateo	6	15
Alameda	7	19
Contra Costa	11	59

Per Capita Personal Income, By MSA, 2023⁽⁴⁾

	Rank in Nation
San Jose-Sunnyvale-Santa Clara	1
San Francisco-Oakland-Berkeley	5

2024 Highlights

\$40.5 million

Net income

\$58.8 million

Pre-Provision Net Revenue
("PPNR")^{(1) (2)}

\$0.66

Diluted Earnings per Share

1.14%

PPNR Return on Avg. Tangible
Assets⁽¹⁾

11.68%

PPNR Return on Avg.
Tangible Common Equity⁽²⁾

- Total client deposits increased over \$441 million, or a 10% annualized rate, compared to 2023
- Core loans excluding mortgage loan paydowns increased over \$166 million or 6%, compared to 2023
- The fully tax equivalent ("FTE") net interest margin⁽²⁾ was 3.25%
- A reduction in our cost of funds drove fourth quarter FTE net interest margin⁽²⁾ up to 3.32% from 3.15% in third quarter; the first quarterly expansion in net interest margin since the fourth quarter of 2022.
- Credit quality remains strong, supported by sound reserves for potential credit losses.

(1) Net interest income plus noninterest income, less noninterest expense

(2) This is a non-GAAP financial measure

First Quarter 2025 Highlights

\$11.6 million

Net income

\$16.6 million

PPNR ⁽¹⁾

\$0.19

Diluted Earnings per Share

1.25%

PPNR Return on Avg. Tangible
Assets⁽¹⁾

12.98%

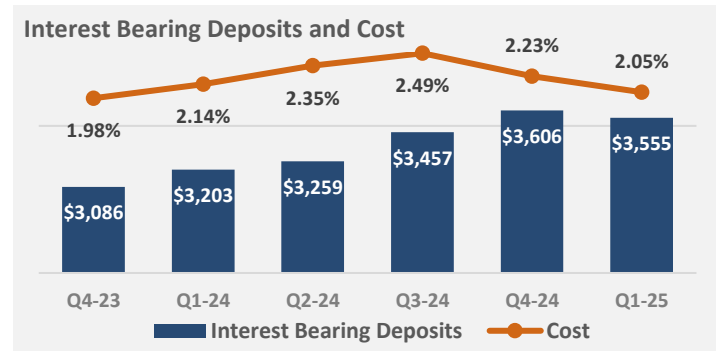
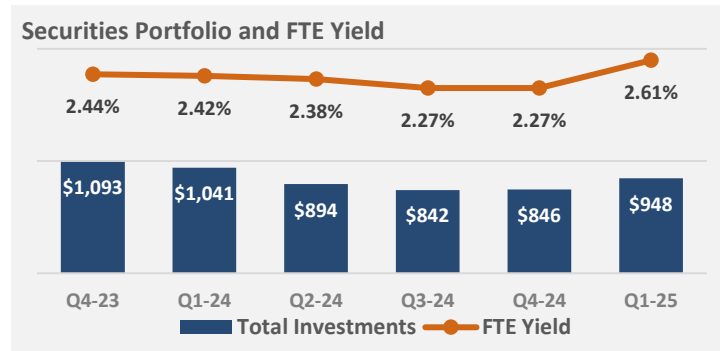
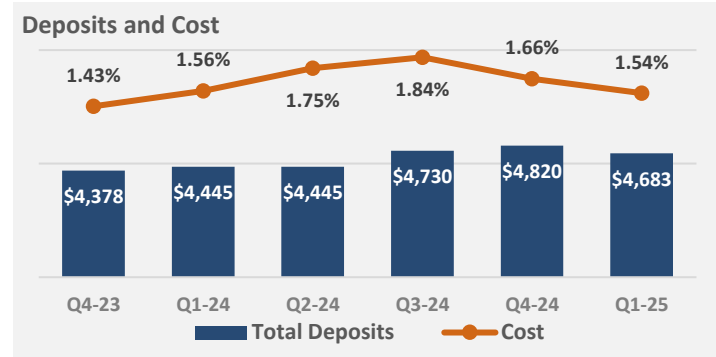
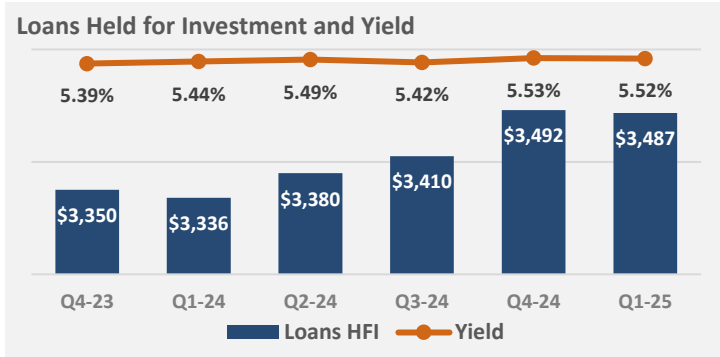
PPNR Return on Avg.
Tangible Common Equity ⁽¹⁾

- Net income was \$11.6 million, or \$0.19 per averaged diluted common share, up from \$10.6 million and \$0.17 in the fourth quarter of 2024, respectively
- A further reduction in our cost of funds drove the FTE net interest margin⁽¹⁾ up to 3.39%, compared to 3.32% for the fourth quarter of 2024
- Credit quality was strong and improving with nonperforming loans at \$6.3 million, or 0.18% of total loans, while the allowance for credit losses on loans to total loans was 1.38% at quarter-end
- Liquidity and available lines of credit remain robust at \$3 billion
- Deployment of excess cash into quality investment securities, begun in late December, continued in the first quarter with over \$150 million purchased in the quarter

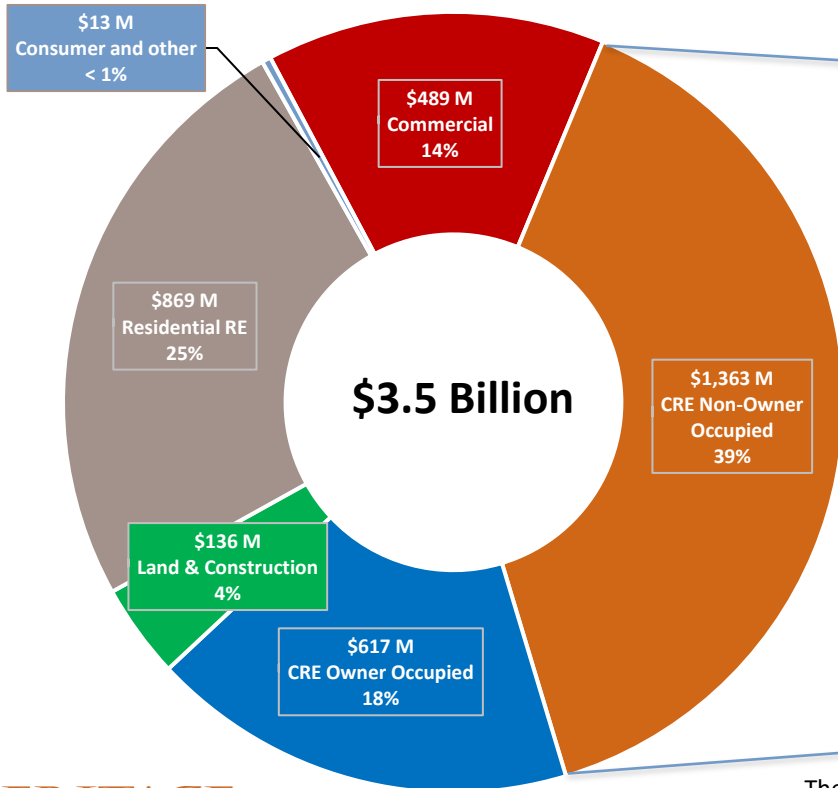
⁽¹⁾ This is a non-GAAP financial measure.

Net Interest Drivers

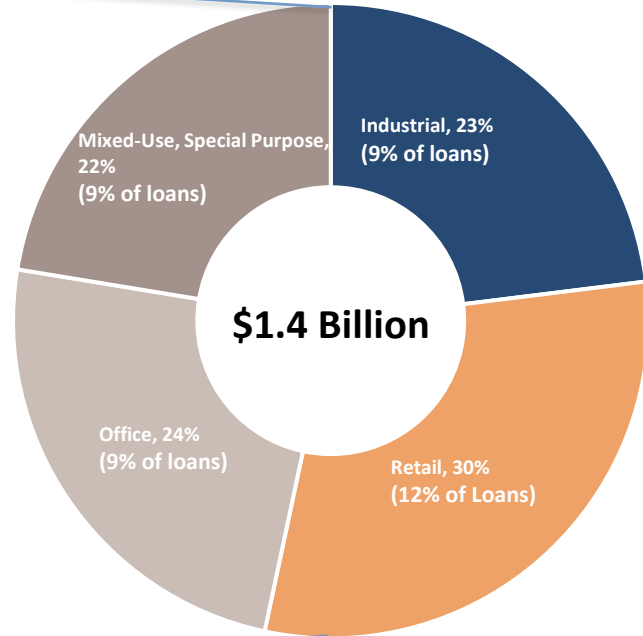
Balances period-end, dollars in millions



Diversified Loan Portfolio - March 31, 2025



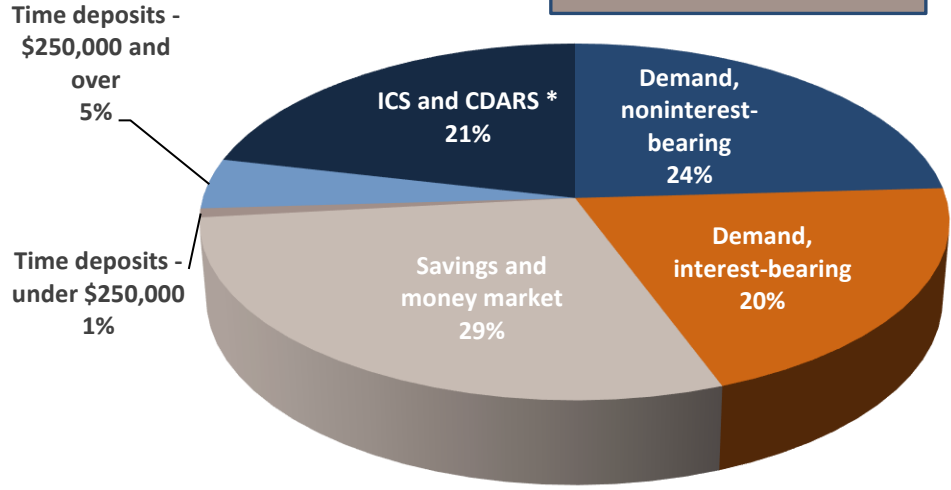
Non-Owner Commercial Real Estate ("CRE") Loans



The Bank's Loan to Deposit Ratio was 74.5% at March 31, 2025, compared to 75.1% a year ago

Total Deposits - March 31, 2025

**Total Deposits:
\$4,683,268,000**



Total Cost of Deposits of 1.54%

- Total deposits were \$4.7 billion, compared to \$4.4 billion at March 31, 2024, an increase of 5%
- Noninterest bearing deposits represent 24% of total deposits, compared to 28% prior year
- Deposit accounts numbered 25,471, with an average balance of \$184,000, compared to 24,730 accounts at March 31, 2024, averaging \$180,000
- Uninsured deposits were \$2.1 billion, or 45% of total deposits, 2025, compared to \$2.0 billion, or 45% of total deposits, at March 31, 2024
- The Company's total available liquidity and borrowing capacity was \$3.2 billion, up from \$3.0 billion at March 31, 2024

* ICS is Client Reciprocal Insured Cash Sweep; CDARS = Client Reciprocal Certificate of Deposit Account Registry Service

Credit Quality at a Glance - March 31, 2025



7%

**Classified Assets / Tier 1
Capital & Allowance for
Credit Losses on Loans
("ACLL")**



0.11%

**Nonperforming Assets
("NPAs") /
Total Assets**



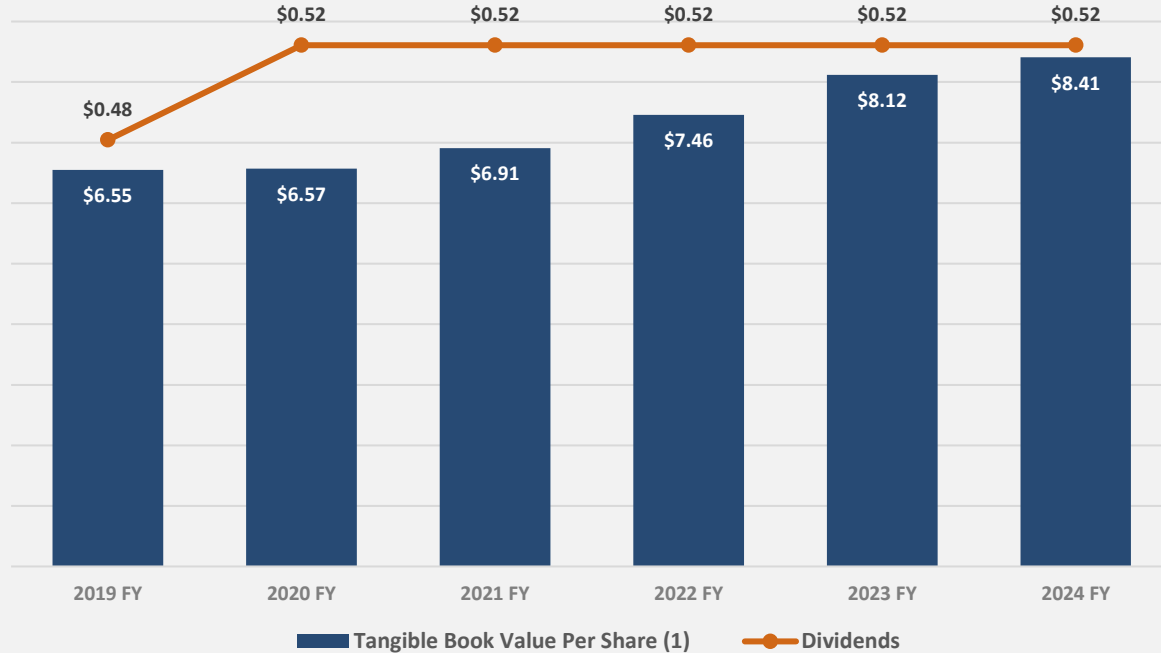
0.11%

**Net Charge-offs / Average
Loans
For the Quarter**

- ✓ ACLL of \$48 million represents 7.6x NPAs and 1.2x of Classified Assets
- ✓ ACLL 1.38% of gross loans
- ✓ NPAs totaled \$6.3 million on 9 loans and 8 relationships
- ✓ Classified assets totaled \$40.0 million, or 0.73% of total assets
- ✓ No CRE loans included in NPAs
- ✓ No foreclosed assets on the balance sheet
- ✓ No Shared National Credits ("SNCs") or material purchased participations

Consistent Returns to Shareholders

Tangible Book Value Per Share ⁽¹⁾ and Dividends



**Strong
Dividends
Stabilize
Returns for
Equity Holders**

**Dividend Yield
as of May 19,
2025: 5.54%**

⁽¹⁾ This is a non-GAAP financial measure

Long-Term Strategic Goals

A disciplined and strategic approach to delivering value long-term

- **Enhance profitability** via operating leverage
- **Drive** high-quality loan and deposit growth
- **Scale** via organic growth and acquisitions to gain efficiency
- **Grow** non-interest income through best-in-class service levels
- **Invest** in talent and emerging technology

For more information email:

InvestorRelations@herbank.com

Economic and Demographic data footnotes:

- (1) HBC ranks second amongst independent community banks headquartered in the Metropolitan Statistical Area (“MSA”) of San Francisco-Oakland-Fremont, CA and San Jose-Sunnyvale-Santa Clara, CA. Source: S&P Global Market Intelligence as of June 30, 2024.
- (2) San Francisco Bay Area refers to Alameda, Contra Costa, Marin, San Benito, San Francisco, San Mateo, and Santa Clara counties. Source: FDIC, Summary of Deposits as of June 30, 2024
- (3) Source: U.S. Bureau of Economic Analysis. Data for the year ended December 31, 2023
- (4) Source: U.S. Bureau of Economic Analysis. Data for the year ended December 31, 2023
- (5) Source: California Employment Development Department