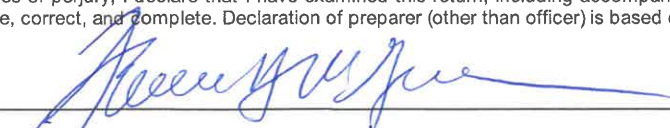


Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED

18 Can any resulting loss be recognized? ▶ SEE ATTACHED

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

| | | | | | |
|-------------------------------|---|---|--|--|----------------|
| Sign Here | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge. | | | | |
| | Signature ▶ |  | | Date ▶ | 11/21/19 |
| Paid Preparer Use Only | Print your name ▶ | LAWRENCE D. MCGOVERN | | Title ▶ | EVP/CFO |
| | Print/Type preparer's name | BRETT E. LABELLE | | Date | 11/21/2019 |
| | Firm's name ▶ | CROWE LLP | | Check <input checked="" type="checkbox"/> if self-employed | PTIN P00178182 |
| | Firm's address ▶ | P.O. BOX 3697, OAK BROOK, IL 60522-3697 | | Firm's EIN ▶ | 35-0921680 |
| | | | | Phone no. | 630-574-7878 |

Heritage Commerce Corp
EIN: 77-0469558
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities
October 11, 2019

Part II, Question 14, *Description of Organizational Action*

On October 11, 2019 (“Effective Date”), pursuant to the Agreement and Plan of Merger and Reorganization, dated as of May 16, 2019 (the “Merger Agreement”), by and between Heritage Commerce Corp (“Heritage”), Heritage Bank of Commerce (“HBC”), a wholly owned subsidiary of Heritage, and Presidio Bank (“Presidio”), Presidio merged with and into HBC with HBC continuing as the surviving bank (the “Merger”).

Part II, Question 15, *Description of Quantitative Effects*

Pursuant to the terms of the Merger Agreement, each outstanding share of Presidio common stock (“Presidio Common Stock”), was converted into the right to receive 2.47 shares of Heritage common stock (“Heritage Common Stock”). For each fractional share that would have otherwise been issued, Heritage paid cash in an amount equal to such fraction of a share multiplied by \$11.47, which was the aggregate volume weighted average per share price of the closing prices for shares of Heritage Common Stock as quoted on the NASDAQ Global Market for the 10 consecutive trading days ending on October 10, 2019.

Part II, Question 16, *Description of the Calculation of the Change in Basis*

The Merger was a tax-free reorganization under IRC Section 368(a). As such, the tax basis of the shares of Heritage Common Stock (excluding any fractional share interest deemed received and redeemed for cash) received by Presidio shareholders will be the same as the tax basis of the shares of Presidio Common Stock surrendered in exchange, reduced by the amount of cash received in the exchange, and increased by the amount of gain recognized, if any, upon the exchange.

Presidio shareholders who received cash in lieu of a fractional share of Heritage Common Stock are, for purposes of determining the taxability of that cash, deemed to have received the fractional share in the exchange and then as having sold the fractional share for cash. These Presidio shareholders will generally recognize taxable gain or loss equal to the difference between the tax basis of the Presidio Common Stock deemed to have been exchanged for the fractional share and the amount of cash received.

The holding period of any shares of Heritage Common Stock received by Presidio shareholders in the Merger generally will include the holding period of the shares of Presidio Common Stock exchanged for such Heritage Common Stock.

Part II, Question 17, *Applicable Internal Revenue Code Section(s) and Subsection(s)*

The Merger on October 11, 2019, qualifies as a tax-free reorganization within the meaning of IRC Section 368(a). In general, the income tax consequences to the former Presidio shareholders are determined under IRC Sections 354, 356, 358, 1221.

Part II, Question 18, *Recognition of Any Resulting Losses*

In general, Presidio shareholders who received Heritage Common Stock will not recognize loss for U.S. income tax purposes by reason of the Merger, except with respect to cash received in lieu of a fractional share of Heritage Common Stock. If a Presidio shareholder receives cash in lieu of a fractional share of Heritage Common Stock, the Presidio shareholder will be treated as having received a fractional share of Heritage Common Stock pursuant to the Merger and then as having exchanged the fractional share of Heritage Common Stock for cash in a redemption by Heritage. As a result, the Presidio shareholder generally will recognize gain or loss equal to the difference between the amount of cash received and the Presidio shareholder’s tax basis in the fractional share of Heritage Common Stock.

Part II, Question 19, *Other Information and Applicable Tax Year*

The Effective Date of the Merger was October 11, 2019. Therefore, the reportable tax year is 2019.