

Part II Organizational Action (continued)

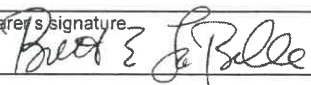
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ **SEE ATTACHMENT**

18 Can any resulting loss be recognized? ▶ **SEE ATTACHMENT**

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

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.

Sign Here
Signature ▶  Date ▶ 5/18/18
Print your name ▶ Lawrence McGovern Title ▶ EVP/CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	BRETT E. LABELLE		5-16-18		P00178182
	Firm's name ▶ CROWE HORWATH LLP	Firm's EIN ▶ 35-0921680		Phone no. 630-574-7878	
	Firm's address ▶ P.O. BOX 3697, OAK BROOK, IL 60522-3697				

Heritage Commerce Corporation
EIN: 77-0469558
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities
April 6, 2018

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

On April 6, 2018 (“Effective Date”), pursuant to the Agreement and Plan of Merger and Reorganization, dated as of December 20, 2017 (the “Merger Agreement”), by and between Heritage Commerce Corp (“Heritage”), Heritage Bank of Commerce, a wholly owned subsidiary of Heritage (“HBC”), and Tri-Valley Bank (“Tri-Valley”), Tri-Valley 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 Tri-Valley common stock (“Tri-Valley Common Stock”), was converted into the right to receive 0.0489 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 \$16.67, which was the volume weighted average of the closing prices for shares of Heritage Common Stock as quoted on the NASDAQ Global Select Market for the twenty consecutive trading days ending on March 29, 2018.

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 Tri-Valley shareholders will be the same as the tax basis of the shares of Tri-Valley 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.

Tri-Valley 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 Tri-Valley shareholders will generally recognize taxable income or loss equal to the difference between the tax basis of the Tri-Valley 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 Tri-Valley shareholders in the Merger generally will include the holding period of the shares of Tri-Valley Common Stock exchanged for such Heritage Common Stock.

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

The Merger on April 6, 2018, qualifies as a tax-free reorganization within the meaning of IRC Section 368(a). In general, the income tax consequences to the former Tri-Valley shareholders are determined under IRC Sections 354, 356, 358, 1221.

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

In general, Tri-Valley 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 Tri-Valley shareholder receives cash in lieu of a fractional share of Heritage Common Stock, the Tri-Valley 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 Tri-Valley shareholder generally will recognize gain or loss equal to the difference between the amount of cash received and the Tri-Valley 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 April 6, 2018. Therefore, the reportable tax year is 2018.