

HERITAGE

COMMERCE CORP



ESG Fact Sheet
2022

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This report contains forward-looking statements, including our commitments, targets, and other statements that are not historical facts. These statements are subject to risks and uncertainties and are not guarantees of future performance. Factors that could cause actual results to differ materially from those expressed or implied by such statements are set forth in our SEC filings. All forward looking statements are based on management's current assumptions, estimates, and projections.

The disclosures within the SASB framework were prepared with the goal of developing future qualitative and quantitative reporting that will also align with industry best practices. By mapping our organizational programs against the SASB framework, our sustainability efforts are now part of a broader set of organizational goals. We believe the Company is making meaningful progress within these SASB topics and plans to harvest countless other benefits indirectly resulting from improvements in these material ESG areas.

When we use "we," "us," "our" or the "company," we mean the Company on a consolidated basis with Heritage Bank of Commerce. When we refer to "HCC" or the "holding company," we are referring to Heritage Commerce Corp on a standalone basis. When we use "HBC," we mean Heritage Bank of Commerce on a standalone basis.

Our Values

Vision Statement:

Heritage Bank of Commerce will continue to be recognized by the business community as the business bank of choice in our markets and the best place to work where everyone has the opportunity to thrive.

OUR MISSION:

Heritage Bank of Commerce employs trusted values of relationship and customer-focused community business banking, combined with competitive technology, to provide solutions for the banking needs of businesses, professional organizations, nonprofits and community groups and their employees. We will treat all of our stakeholders with fairness and urgency. We strive to build a team that reflects our strong belief in diversity, equity, inclusivity and belonging.

Strategies:

1

Continue to build a Northern California premier community business bank augmented by National and Statewide businesses that have specialty expertise and controls. Services will be delivered through our offices and loan/deposit teams.

2

Growth will be achieved through:

- Organic expansion of relationships and new clients
- Opening de novo locations when relationship management teams are found in key markets
- Acquisitions of Northern California community banks or national businesses that complement our existing lines of business

3

Focus will remain on relationship banking vs. transaction-only banking

4

Continue to maintain strong risk management program

Letter from Our CEO



Dear Shareholders,

I am pleased to share our latest Environmental, Social & Governance (ESG) Fact Sheet Report, which marks another step forward in our ESG progression. As the Bay Area's premier business bank, we remain committed to investing in and leveraging our unique value-enhancing differentiators, including ESG, to continue growing as a conscientious, sustainable long-term Company. At the same time, we understand that our success is rooted in strong and lasting relationships. This focus allows us to offer innovative and targeted services to our clients, deliver strong results for our shareholders and invest heavily in our people. Most recently, our work was validated with a "Super Premier Performing Bank" rating by The Findley Reports, which recognizes institutions that have achieved exceptional financial performance.

Founded in 1994, Heritage Bank of Commerce is now a \$5.5 billion premier community business bank based in the heart of Silicon Valley. With 18 offices across the Bay Area, including our recently opened Oakland office, we are fully dedicated to helping each client make their business goals a reality. Our management team leads a focused effort to integrate sustainability and corporate social responsibility into day-to-day operations.

During fiscal year 2021, we continued to execute our strategic business plan. At year-end, Heritage reported the most profitable year in the Company's history, delivering net income of \$47.7 million. Our 2021 results reflected solid earnings power as we strategically allocated our excess liquidity into organic loan growth, and the purchases of securities and residential mortgage loans.

Our sustained success is a direct result of having all the right elements in place — a solid financial foundation, an outstanding team, loyal clients and diverse business service offerings.

With experienced market leaders who live and work in the communities they serve, all decisions are local ones. In 2022, we are well positioned in our sustainable growth strategy because of our ongoing focus on the four ESG tenets: Environmental Responsibility, Our People, Our Community and Governance.

This report formalizes our commitment to regularly communicate our ESG actions and performance. Building on the strong governance foundation detailed on our website and in our regulatory filings, we incorporated and utilized the SASB framework as part of this disclosure to further enhance transparency. While we are pleased to share our sustainability story in this report, we remain conscious of the need to continue to align with key sustainability issues relevant to our business and our communities.

As we continue to build upon an already solid foundation, we are on course for an even stronger 2022 and beyond. We will remain focused on fostering long-term value for our shareholders, strengthening relationships with our customers and communities, and supporting our loyal employees. We appreciate your continued confidence and support.

Robertson "Clay" Jones

President and CEO

2021 Performance

Year-over-year profitability improved by

35%

Record high profitability of

\$47.7M

Total assets increased 19% to

\$5.5B

Total loans

\$3.1B

Total deposits

\$4.8B

Shareholder equity

\$598M

All numbers are as of 12/31/2021

HBC

- **Strong credit metrics** include excellent credit quality with nonperforming assets of only 0.07% of total assets and a robust loan loss allowance at 1.40% of total loans.
- **Capital levels remained strong** with a total risk-based capital ratio and leverage for the Company at 14.4% and 7.9%, respectively, and 13.8% and 8.2%, respectively, for the Bank.
- **All capital levels exceeded regulatory requirements** for a “well-capitalized” financial institution under the Basel III regulatory requirements.
- **Robertson (Clay) Jones** was appointed President and Chief Operating Officer of the Bank. In September 2022, Clay was appointed President and CEO of the Company and joined the Board of Directors.
- **Employees continued their unwavering commitment** to the minority, disenfranchised and underrepresented groups in our communities by volunteering over 1,300 hours to 75 nonprofit organizations while serving on 54 nonprofit boards of directors.

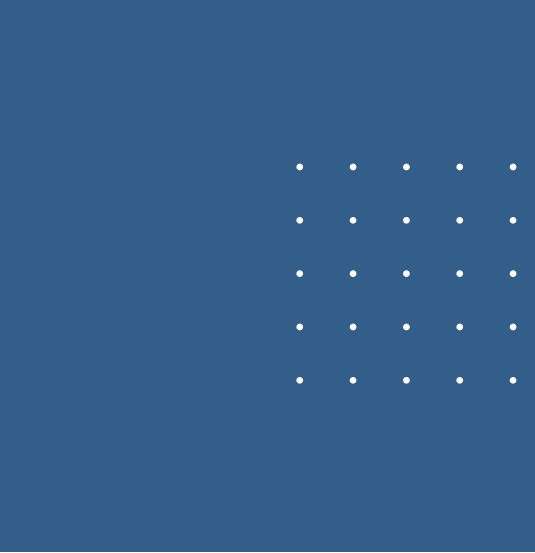
About Us

Heritage Commerce Corp is a bank holding company that provides a wide range of banking services through Heritage Bank of Commerce, our wholly-owned subsidiary. Heritage Bank of Commerce is a multi-community independent business bank that offers a full range of commercial banking services to small- and medium-sized businesses and their owners, managers and employees. We operate through 18 full service branch offices located entirely in the San Francisco Bay Area of California in the counties of Alameda, Contra Costa, Marin, San Benito, San Francisco, San Mateo, and Santa Clara. Our market includes the headquarters of a number of technology-based companies in the region commonly known as “Silicon Valley”.



OUR LENDING ACTIVITIES

are diversified and include commercial and corporate finance, real estate, construction and land development, consumer and Small Business Administration (“SBA”) guaranteed loans. We generally lend in markets where we have a physical presence through branch offices. We attract deposits with a customer-oriented product mix, competitive pricing, and convenient locations. We offer a wide range of deposit products for business banking and retail markets. We offer a multitude of other products and services to complement our lending and deposit services. In addition, Bay View Funding, a subsidiary of the Bank, provides factoring financing throughout the United States.



Banking for Businesspeople by Businesspeople

Your Business is Our Business

What We Do



Business Banking

- Digital Banking
- Deposit Solutions
- Lending Solutions
- Treasury Management Solutions



Specialty Solutions

- Homeowners Associations
- Nonprofit Organizations
- Dental and Veterinary Practices



Personal Banking

- Digital Banking
- Deposit Solutions
- Lending Solutions

CULTURE OF TRANSPARENCY

Our objective is to provide continued transparency as we further enhance our ESG performance. To support clear communication, we have engaged in robust data gathering and reporting, using the investor-focused disclosure standards developed by the Sustainability Accounting Standards Board ("SASB"). Working with investor stakeholders, SASB has developed standardized disclosures on the industry-specific issues most important to investors.

Oakland Mayor Libbey Schaaf and Ali Medina, Executive Director of Oakland Education Fund join Landon Baines, SVP Market President and Jan Coonley, Chief People & Diversity Officer to open Heritage Bank of Commerce's first Oakland Banking office.



Introduction

In 2021, we enhanced our ESG strategy to align with the broader transformation of our business. Our executive management team and Board of Directors recognized the importance of embedding environmental and social priorities within our business operations and approved an enhanced and modernized ESG strategy intended to drive additional progress on initiatives that promote sustainability, diversity, equity and inclusion, and increased transparency.

The Company is dedicated to making corporate social responsibility a part of everything we do in the communities we serve — including how we manage and develop our people, the products and services we offer, and the investments we make in creating a sustainable and resilient economy in our communities. The Bank's commitment to integrity and ethical excellence drives its ESG strategy. The Company's senior management team develops the ESG strategic direction and is driving progress through an internal ESG working group led by a cross-functional team of executives representing Risk, Communications, Community & Employee Engagement, Facilities, Human Resources, Investor Relations and Legal.

Our Board is charged with providing guidance, insight and oversight for the Company's ESG strategy and initiatives, as well as management's performance in achieving ESG goals. The executive management team and the Board remain committed to being good corporate citizens by fostering an effective and efficient risk and control environment that includes an emphasis on an ethically driven culture, sustainable growth, and an ongoing investment in our employees and our community. Against this backdrop, we have, with the assistance of outside ESG expertise, performed an assessment of key indicators and engaged with our internal and external stakeholders on ESG topics to help further inform our future direction and tenets.

The four tenets of our ESG strategy include:



This is our inaugural Fact Sheet Report, which takes a materiality-based approach to disclosure and covers data to December 31, 2021, unless otherwise noted. This report was prepared in accordance with the Sustainability Accounting Standards Board ("SASB") standard. In compiling this fact sheet the Company completed a SASB materiality assessment. The assessment began by examining a range of key stakeholders, including investors, customers, colleagues and ESG rating organizations. We then reviewed the recommended ESG topics for inclusion in the sustainability disclosure, rating methodologies, investment decision-making, goal setting and strategy.

Environmental Responsibility



Environmental Responsibility



OUR COMMITMENT

We believe that a focus on environmental responsibility is fundamental and integral to the work we do every day to serve our customers, create value for our shareholders and benefit our global community. As climate change concerns become more prevalent, we recognize the need to comply with increased regulations and stricter environmental standards.

Highlights of our environmental sustainability efforts and accomplishments include:



Increased the use of e-records and e-signing technology resulting in carbon emissions reduction.



Migrated technology infrastructure to a cloud environment, reducing energy usage, and accordingly, our carbon footprint.



Encouraged environmentally friendly workplace practices by supporting recycling and separation of waste throughout our offices.



We have invested in technological advancements focused on increasing efficiencies, lowering operating costs, optimizing capital expenditures, and adding value for our customers. We are continuously researching innovative ways to boost efficiency, such as utilizing high-efficiency electrical equipment including LED and motion detector lighting.

We innately incorporate environmental friendliness into our credit decisions. We seek loans that meet acceptable quality and underwriting standards from all communities within our geographic footprint. We generally do not originate loans to borrowers, or collateral that is held, in locations outside of our branch counties. This includes, but is not limited to, areas prone to increased risk from natural disasters that include climate change.

Environmental Responsibility

OUR SUSTAINABILITY PRACTICES

The Company is also regularly improving its operations to proactively find more efficient and effective ways to ensure both the long-term success and the continued vitality of the communities it serves. Through its modernization efforts, the Company is helping to do its part in offsetting the negative impacts of climate change. We believe that our focus on environmental sustainability, with the objective of reducing costs and improving sustainability of our operations, will provide a strategic benefit. By square footage, over 50% of our offices and branches are in buildings that are LEED certified. We continue to engage with suppliers throughout our global value chain to measure and manage these impacts in order to conserve resources, reduce costs and promote ethical practices.

LED LIGHTING IN OVER

64%

of office spaces

We recycle all electronic equipment with an environmentally responsible and secure disposal vendor



Our People



Employee volunteers preparing for a financial literacy event at Rudsdale High School in Oakland.

Our People



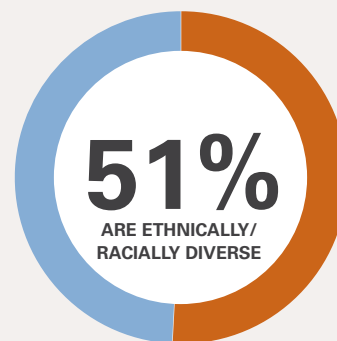
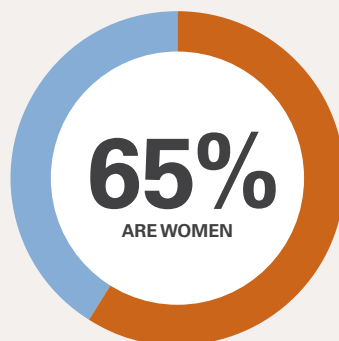
We believe our most important asset is our people. Exceptional people working together are the foundation of our success and enable us to build meaningful value for our customers, communities, shareholders, and each other. We continually strive to use our knowledge, talents, and resources to improve the quality of life of our workforce. Our success depends on a highly skilled, motivated, and valued workforce always doing the right thing.

Diversity, Equity, Inclusion and Belonging (“DEI&B”) is vital to the Company. Our commitment starts with our goal of attracting, retaining, and developing a workforce that is diverse in background, knowledge, skills and experience. The Company is committed to providing equal employment opportunities, and makes recruiting, compensation, performance and promotion decisions based on merit, without discrimination on the basis of gender, sexual orientation, age, family status, ethnic origin, nationality, disability or religious belief. As of December 31, 2021, we had 326 full-time equivalent employees, 65% of whom are women and 51% are self-identified racial and/or ethnic minorities.

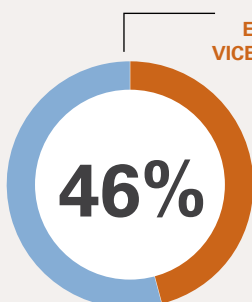
AS OF DECEMBER 31, 2021

326

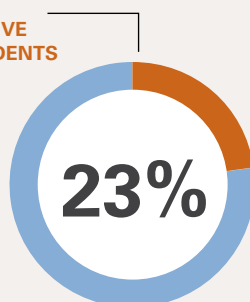
Total Employees



OUR
EXECUTIVE
VICE PRESIDENTS

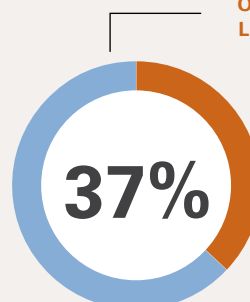


ARE WOMEN

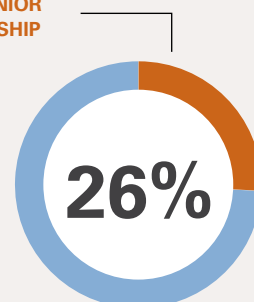


ARE ETHNICALLY/
RACIALLY DIVERSE

OUR SENIOR
LEADERSHIP



ARE WOMEN



ARE ETHNICALLY/
RACIALLY DIVERSE

Our People

OUR CULTURE

We encourage our team members to form deeper relationships with those around them based on mutual respect, dignity and understanding. The Company has non-discrimination and anti-harassment policies as outlined in our employee handbook, as well as a formal Code of Business Conduct and Ethics. These policies drive a workplace and workforce that embraces the highest ethical and moral standards. We maintain strong and confidential reporting processes and procedures that support an open and honest environment in an effort to ensure that the highest principles of integrity and inclusion are maintained.

DEI&B AND HUMAN RESOURCES MILESTONES

Created Staff-Wide Diversity Education Program – 2021

An annual diversity education curriculum became part of the Bank's core training program for all staff.



Named Jan Coonley, SPHR, Chief People & Diversity Officer – 2022

Reporting directly to the President and CEO, the newly created Chief People & Diversity Officer position represents a combined expansion and elevation of the existing Human Resources function and DEI&B efforts.

Expanded DEI&B Steering Committee – 2022

The Chief People and Diversity Officer enhanced DEI&B Steering Committee initiatives and programs to expand efforts across the enterprise.

Adopted Culture Ambassador Program – 2022

New in Q4 2022. As Culture Ambassadors, employees from every location will help the DEI&B Steering Committee shape initiatives by providing timely feedback and insights. Most importantly, they will be tasked with fostering communications and enhancing DEI&B efforts across our footprint.

Relaunched Heritage Hearts Program – 2022

The Heritage Hearts committee works to source nonprofit volunteer and board opportunities for Bank staff across the Bay Area. They also lead service events to increase community involvement and strengthen relationships between the Bank and local nonprofit organizations.

Our People

The Company's goal is to be the preferred place to work in our industry, and to attract the best people by embracing continuous improvement while also creating a culture that is exciting, creative and fun.

Heritage is committed to providing all employees with the opportunity to grow, connect and thrive. We foster a seamlessly collaborative, digitally connected workplace to support changing needs. We enhance leadership capability to deliver exceptional employee experience and develop our workforce of tomorrow.

In addition to competitive insurance, healthcare and retirement offerings, examples of more innovative and workforce-specific benefits include:

01

Monthly Fitness
Stipend

02

Paid Volunteer
Hours

03

Tuition
Reimbursement

COVID-19 – RESPONSE AND RECOVERY

Throughout the COVID-19 pandemic, the health, safety and wellness of our employees and their families has been our highest priority. Our Leadership continues to monitor the health and safety of our employees in accordance with the U.S. Centers for Disease Control and Prevention (CDC) and World Health Organization (WHO) guidelines. Examples of specific initiatives to enhance on-site safety include daily employee health screening as well as temperature home scanning and social distancing protocols in both office and branch locations. We also installed physical health guards/barriers. The Company paid for the testing, provided paid time off to complete the weekly testing, and secured on-site testing arrangements for our employees.



Our Community

Employee volunteers processing winter footwear for Ukrainian refugee relief at My New Red Shoes nonprofit event.



Our Community



COMMUNITY OUTREACH

We believe that investing in local communities to create positive social and economic outcomes is at the heart of generating social impact. We believe in giving back to the communities in which we live and work. We support and empower our employees' efforts in their communities by offering opportunities to volunteer.

The Company measures success not only in financial terms, but also in community impact. First and foremost, we are a community bank committed to investing in the financial health and well-being of all our neighbors, and we believe that the success of our communities is a shared responsibility.

In 2021, our employees continued their unwavering commitment to the minority and underserved groups in our communities by volunteering over 1,300 hours to 75 nonprofit organizations while serving on 54 nonprofit boards of directors.

The Company strives to use our capabilities, reach and resources to make a lasting difference in the community. We believe it is our responsibility to respect human rights in our operations.



High school financial literacy class taught by employee volunteers.



We empower employees to support the organizations and causes that mean the most to them.

Our Community

HELPING COMMUNITIES THRIVE

Investing in people, neighborhoods and local businesses is a key part of our mission.

Our communities thrive thanks in large part to the many dedicated organizations that work tirelessly creating opportunities for Bay Area residents and businesses. We are proud of our heritage of supporting organizations that provide needed assistance to low and moderate income and/or minority individuals and families in the Greater Bay Area.



Heritage has always understood the challenges nonprofit organizations face and stood steadfast in supporting the needs of our organization.

— REYMUNDO C. ESPINOZA
Chief Executive Officer
Gardner Health Services

Our Community



WHAT OUR COMMUNITIES ARE SAYING



Darcie Green

BCPA Executive Director, Latinas Contra Cancer

"We are growing an organization with big dreams and an even bigger vision of what is possible for our community. Our partnership with Heritage Bank of Commerce has been important to our growth and sustainability. They are helping us continue to be there for our clients in their time of need."



Christophe E. Rebboah, LMFT

Chief Executive Officer, Rebekah Children's Services

"Over the past decade, Heritage Bank of Commerce has been an instrumental partner in furthering our mission of seeing our community flourish by building pathways to hope, happiness and well-being. HBC Market President, Jeff Perkins and his outstanding South County team have provided unparalleled financial services and resources which have enabled Rebekah Children's Services to preserve our community's mental health safety network. We are honored and privileged to serve at your side to ensure that all of Santa Clara County residents' needs are met."



Ryan C. Eisenberg Ed.D

Executive Director of AchieveKids

"Heritage Bank of Commerce has been a strong partner in helping AchieveKids meet our mission and the challenges we face in operating a non-profit in Silicon Valley. As easy as picking up the phone, Heritage has been a strategic partner, including facilitating introductions to other non-profits and helping us meet the challenges we face as we continue to thrive. We value having Heritage as our banking and business partner."



Sonya M. Tetnowski

Chief Executive Officer, Indian Health Center of Santa Clara Valley

"Heritage Bank continues its legacy of investing in the next generation of leaders. Their continued support of the Indian Health Center of Santa Clara Valley's Youth Empowerment and Workforce Development has allowed our young leaders to grow and build those foundational skills that will last throughout their lives."



Steve Sullivan

Executive Director, Housing Industry Foundation

"For over eight years, Heritage Bank of Commerce has been a strong HIF supporter and a valued collaborator, both as a board member and as our bank. Their expertise helped us manage several growth stages as we scaled our complex Housing Programs. Plus, the Heritage team is always so positive and responsive. This was especially evident during the pandemic when our emergency housing programs were crucial to so many in the communities we both care about so deeply."

Governance





Governance



CULTURE OF GOVERNANCE

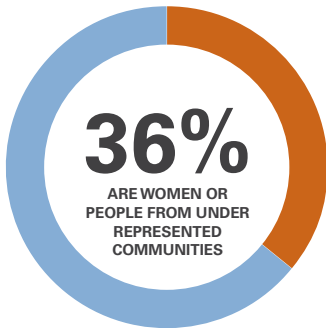
The Company is committed to achieving excellence in our corporate governance practices. We emphasize a culture of accountability and conduct our business in a manner that is fair, ethical, and responsible to earn the trust of our stakeholders. The Company has comprehensive corporate governance policies and structures to foster accountability and transparency for our management team. These policies reflect our underlying commitment to maintain the highest standards of ethics and integrity and to operate our business in compliance with all applicable laws and regulations.

Board Diversity

AS OF DECEMBER 31, 2021

10

Independent Board Members



9

YEARS

AVERAGE TENURE

65

AVERAGE AGE

Board Refreshment

Marina H. Park Sutton

Bruce H. Cabral

Stephen G. Heitel

Kamran F. Husain

2019

2021

(via Presidio acquisition)

Governance

OUR BOARD

The Board of Directors is comprised of a majority of independent directors as defined by the NYSE listing standards and the Governance Guidelines. With the exception of the Directors' Loan Committee and the Strategic, Finance and Investment Committee, all committees are comprised entirely of independent directors.

For more information on the Company's Board of Directors or formal policies, including the Executive and Principal Officer Code of Ethics; Corporate Governance, Audit and Personnel and Compensation committee charters; and the Employee Complaint Policy and Procedures, please visit <http://www.heritagecommercecorp.com>.

BOARD MEMBER	TITLE
Jack W. Conner, Chairman	Former Chairman & CEO of Comerica California
Julianne M. Biagini-Komas	Former VP Finance CNEX Labs, Inc.
Bruce H. Cabral	Former Chief Credit Officer of Union Bank
Jason DiNapoli	Founding member of 1st Century Bank, N.A.
Stephen G. Heitel	Former CEO/Director of Presidio Bank
Kamran F. Husain	CFO of Tribal Credit
Walter T. Kaczmarek	Former President and CEO of Heritage Bank of Commerce & Heritage Commerce Corp
Robert T. Moles	Former Chairman of Intero Real Estate Services, Inc.
Marina H. Park Sutton	CEO of the Girl Scouts of Northern California
Laura Roden	Professor Emeritus, San Jose State University
Ranson W. Webster	Founder and former CEO Computing Resources, Inc.
Robertson "Clay" Jones*	President & CEO of Heritage Bank of Commerce & Heritage Commerce Corp

*As of 9/15/22

Governance

BOARD STRENGTHS

We provide the following to ensure good corporate governance practices:

- ✓ Independent Audit, Personnel and Compensation and Nominating and Corporate Governance Committees
- ✓ Annual election of our Board of Directors
- ✓ Shareholders' right to amend our bylaws
- ✓ Director selection process that includes compliance with all Nasdaq diversity requirements
- ✓ Separation of Board Chair and President roles
- ✓ Director stock ownership guidelines
- ✓ Periodic Board of Directors executive sessions
- ✓ Annual self-evaluation and assessment process for the Board and its committees
- ✓ Special procedures and limits on related party transactions
- ✓ No super-majority voting provisions
- ✓ No poison pill
- ✓ Director access to independent advisors
- ✓ Director access to executive management
- ✓ At risk executive cash bonus compensation
- ✓ A strong "claw-back" policy for senior management
- ✓ Annual "say on pay" advisory shareholder vote

Governance



RISK MANAGEMENT

The Company recognizes that effectively managing enterprise risks is critical to long-term success. Management is responsible for day-to-day risk management activities. Our company relies on a comprehensive risk management process to aggregate, monitor, measure and manage risks. While we exercise oversight, we do not have full control over the supply chain nor our suppliers. However, we do continually seek suppliers who share our common values and a commitment to our ESG objectives.

The Company is a trusted partner that meets the industry’s high bar for data resiliency and security. We leverage the latest security technologies to protect our systems, devices, data and transactions. We also vet third-party vendors’ security policies, procedures, and testing as required through our vendor management process.



Appendix

This appendix expands transparency through key quantitative data compiled in accordance with the Sustainability Accounting Standards Board ("SASB") Standards, along with additional details on our workforce, revenues, sales, stakeholders, locations, and certification. Report data covers all global operations unless otherwise noted. In developing our Fact Sheet Report, we have compiled metrics organized by key ESG themes incorporated within our tables and throughout our organization.

The Company best classifies into the primary SASB industry of Commercial Banks. Our reporting reflects that classification.

SASB Table

SASB Table



TOPIC	SASB METRIC	SASB CODE	NARRATIVE RESPONSE AND COMMENTS
Commercial Banks			
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230.a.1	Any material cybersecurity incidents from the reporting period would be disclosed in accordance with regulatory requirements.
	Description of approach to identifying and addressing data security risks	FN-CB-230.a.2	<p>At Heritage, our robust Information Security Program is led by internal risk management teams that coordinate with subject matter experts throughout the business to identify, monitor and mitigate information security risks.</p> <p>We leverage the latest security configurations and technologies on our systems, devices and third-party connections, incorporating the 'Defense-in-Depth' model with multiple layers of physical, technical and administrative controls. We perform rigorous testing programs and employ detection and response mechanisms designed to contain and mitigate security incidents.</p> <p>We further vet third-party vendors' security capabilities and controls, as required, through our vendor management process, to mitigate risk of data breaches to vendors' information systems</p> <p>Our internal risk management teams also oversee compliance with applicable laws and regulations related to data security and data privacy, such as the Gramm-Leach-Bliley Act of 1999 which, among other things, requires that we develop, implement and maintain a written comprehensive information security program containing appropriate safeguards based on our size and complexity, the nature and scope of our activities and the sensitivity of customer information we process, as well as plans for responding to data security breaches. Various state and federal banking regulators and states have also enacted data security breach notification requirements with varying levels of individual, consumer, regulatory or law enforcement notification in certain circumstances in the event of a security breach.</p>

SASB Table Continued

TOPIC	SASB METRIC	SASB CODE	NARRATIVE RESPONSE AND COMMENTS																		
Commercial Banks																					
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240.a.1	2021 CRA Reportable Small Business and Community Development Loans																		
			<table border="1"> <tr> <td>Number of loans booked:¹</td> <td>1,198</td> </tr> <tr> <td>Value of loans booked:¹</td> <td>\$441,150,000</td> </tr> </table>	Number of loans booked: ¹	1,198	Value of loans booked: ¹	\$441,150,000														
	Number of loans booked: ¹	1,198																			
	Value of loans booked: ¹	\$441,150,000																			
(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240.a.2	For the total number and amount of outstanding small business loans, please see page 26 of our 12/31/21 Call Reporting Schedule RC-C Part II – Loans to Small Businesses and Small Farms, available on the FFIEC Database .																			
		The Community Reinvestment Act guides our small business and community development lending activities. We received a CRA rating of "Satisfactory" in our most recent regulatory examination. We are committed to being a positive force in the local communities we serve and we strive to be responsive to the credit needs of small businesses.																			
Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240.a.3	We do not offer any no-cost retail checking accounts at this time.																			
Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240.a.4	Heritage engages with community members to promote financial literacy. In 2021 we engaged with 40 students from Rudsdale High School to promote financial literacy skills, and we provided one-on-one financial empowerment sessions to 15 individuals through the West Valley Community Services Financial Empowerment Program.																			
Incorporation of ESG Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410.a.1	Type of Loan																		
			<table border="1"> <tr> <td>CRE - Non-owner occupied</td> <td>29%</td> </tr> <tr> <td>Commercial</td> <td>19%</td> </tr> <tr> <td>CRE - Owner occupied</td> <td>19%</td> </tr> <tr> <td>Residential Mortgages</td> <td>13%</td> </tr> <tr> <td>Multifamily</td> <td>7%</td> </tr> <tr> <td>Land & Construction</td> <td>5%</td> </tr> <tr> <td>Equity Lines</td> <td>4%</td> </tr> <tr> <td>SBA PPP Loans</td> <td>3%</td> </tr> <tr> <td>Consumer & Other</td> <td>1%</td> </tr> </table>	CRE - Non-owner occupied	29%	Commercial	19%	CRE - Owner occupied	19%	Residential Mortgages	13%	Multifamily	7%	Land & Construction	5%	Equity Lines	4%	SBA PPP Loans	3%	Consumer & Other	1%
			CRE - Non-owner occupied	29%																	
			Commercial	19%																	
			CRE - Owner occupied	19%																	
			Residential Mortgages	13%																	
			Multifamily	7%																	
			Land & Construction	5%																	
			Equity Lines	4%																	
SBA PPP Loans	3%																				
Consumer & Other	1%																				

¹To align with established Community Reinvestment Act (CRA) reporting, we have excluded data from our wholly owned subsidiary CSNK Working Capital Finance Corp (dba Bay View Funding) due to its nationwide footprint beyond the community served by Heritage Bank of Commerce.

SASB Table Continued

TOPIC	SASB METRIC	SASB CODE	NARRATIVE RESPONSE AND COMMENTS
Commercial Banks (Cont'd)			
Incorporation of ESG Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	FN-CB-410.a.2	Heritage intrinsically incorporates ESG factors into its credit analysis and prefers business partners that intentionally align with good ESG practices.
	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice or other related financial industry laws or regulations	FN-CB-510.a.1	Any material losses from the reporting period would be disclosed in accordance with accounting and regulatory requirements.
Business Ethics	Description of whistleblower policies and procedures	FN-CB-510.a.2	Our complaints and whistleblower policies provide mechanisms and procedures to encourage anonymous reporting of good faith complaints to the Audit Committee regarding questionable accounting or auditing matters, including without limitation, the following:
			<ul style="list-style-type: none"> Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company; Fraud or deliberate error in the recording and maintaining of financial records of the Company; Deficiencies in or non-compliance with the Company's internal controls; Misrepresentation or false statements by senior officers regarding a matter contained in the financial records, financial reports or audit reports of the Company; or Deliberate deviation from full and fair reporting of the Company's financial condition. <p>The Company does not engage or permit retaliation against any employee good faith reports.</p>

SASB Table Continued

TOPIC	SASB METRIC	SASB CODE	NARRATIVE RESPONSE AND COMMENTS									
Commercial Banks (Cont'd)												
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550.a.1	Heritage Bank of Commerce is not categorized as a Global Systemically Important Bank.									
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities	FN-CB-550.a.2	We have established concentration limits in our loan portfolio for commercial real estate loans, commercial loans, construction loans and unsecured lending, among others. All loan types are within established limits. We use underwriting guidelines to assess borrowers' historical cash flows to determine debt services, and we further stress test the debt services under higher interest rate scenarios. Financial and performance covenants are used in commercial lending to allow us to react to a borrower's deteriorating financial condition, should that occur.									
Activity Metrics	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A.	<table border="1"> <thead> <tr> <th>Account Type</th> <th>Number</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Personal</td> <td>8,692</td> <td>\$971,657,761</td> </tr> <tr> <td>Business²</td> <td>14,425</td> <td>\$3,825,701,116</td> </tr> </tbody> </table>	Account Type	Number	Value	Personal	8,692	\$971,657,761	Business ²	14,425	\$3,825,701,116
			Account Type	Number	Value							
Personal	8,692	\$971,657,761										
Business ²	14,425	\$3,825,701,116										
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B.	Please see the Loan Distribution table on page 69 of our 2021 Annual Report , which presents the Company's gross loans outstanding by type as of 12/31/21.										

² Small business accounts are not separately tracked and categorized.

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For questions or information, please call **800.796.4777**

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