

HERITAGE COMMERCE CORP

Form S-4

June 09, 2015

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As filed with the Securities and Exchange Commission on June 9, 2015

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-4**

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

**HERITAGE COMMERCE CORP**

(Exact name of registrant as specified in its charter)

**California**

(State or other jurisdiction of  
incorporation or organization)

**6022**

(Primary Standard Industrial  
Classification Code Number)

**150 Almaden Boulevard  
San Jose, CA 95113  
(408) 947-6900**

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

**77-0469558**

(I.R.S. Employer  
Identification Number)

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**Lawrence D. McGovern  
Executive Vice President  
Chief Financial Officer  
150 Almaden Boulevard  
San Jose, California 95113  
(408) 947-6900**

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

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With copies to:

**Mark A. Bonenfant, Esq.  
Buchalter Nemer  
A Professional Corporation  
1000 Wilshire Boulevard, Suite 1500  
Los Angeles, California 90017**

**David Gershon, Esq.  
Manatt, Phelps & Phillips, LLP  
One Embarcadero Center, 30th Floor  
San Francisco, California 94111  
(415) 291-7400**

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(213) 891-0700

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**Approximate date of commencement of proposed sale of the securities to the public:  
As soon as practicable after this registration statement becomes effective and upon completion of the merger.**

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of earlier effective registration statement for the same offering:

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
If applicable, place an o in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

### CALCULATION OF REGISTRATION FEE

Title of each class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, no par value	6,847,871	N/A	\$106,278,958	\$12,350

(1) Based upon an estimate of the maximum number of the shares of common stock of Heritage Commerce Corp to be issued pursuant to the Agreement and Plan of Merger and Reorganization, dated as of April 23, 2015, among Heritage Commerce Corp, Heritage Bank of Commerce and Focus Business Bank based on (a) 3,001,722 shares of Focus Business Bank common stock outstanding, (b) 753,623 shares of Focus Business Bank common stock that may be issued upon the exercise of outstanding stock options, (c) 100% of the outstanding shares of Focus Business Bank common stock being cancelled and exchanged for shares of Heritage Commerce Corp common stock, and (d) an exchange ratio of 1.8235 shares of Heritage Commerce Corp common stock for each share of Focus Business Bank common stock being exchanged for shares of Heritage Commerce Corp common stock. Pursuant to Rule 416 under the Securities Act of 1933, this Registration Statement also covers additional securities that may be issued as a result of stock splits, stock dividends or similar transactions.

(2) The proposed maximum aggregate offering price of the registrant's common stock was calculated based upon the market value of the shares of Focus Business Bank common stock (the securities to be cancelled in the merger) in accordance with Rules 457(c) and 457(f) under the Securities Act of 1933, as follows: the product of (i) \$15.52, which is the average high and low prices reported for Focus Business Bank common stock on the OTCQB Market on June 3, 2015, which is within five business days prior to the date of filing this Registration Statement multiplied by (ii) 6,847,871 the estimated maximum number of the shares of Focus Business Bank common stock that may be exchanged for the merger consideration (including outstanding options exercisable for Focus Business Bank's common stock, on an as-converted basis).

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**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**



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**Information contained herein is subject to completion or amendment. A registration statement relating to the shares of Heritage Commerce Corp common stock to be issued in the merger has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS  
DATED [ \* ], 2015, SUBJECT TO COMPLETION**

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To the Shareholders of Heritage Commerce Corp:

On April 23, 2015, Heritage Commerce Corp, which we refer to as Heritage, entered into an agreement and plan of merger and reorganization, which we refer to as the merger agreement, to acquire Focus Business Bank, which we refer to as Focus Bank. If the required shareholder and regulatory approvals are obtained, all closing conditions are satisfied or waived and the merger is subsequently completed, Focus Bank will be merged with and into Heritage Bank of Commerce, a wholly owned subsidiary of Heritage, with Heritage Bank of Commerce as the surviving entity, which we refer to as the merger.

You are cordially invited to attend a special meeting of shareholders of Heritage, to be held at [ \* ] p.m., Pacific Time, on [ \* ], 2015 at Heritage offices located at 150 Almaden, San Jose, California. At the Heritage special meeting, the Heritage shareholders will be asked to consider and vote upon a proposal to approve the issuance of shares of Heritage common stock in connection with the merger. Focus Bank will also hold a special meeting of shareholders to consider the proposed merger agreement and related matters. Heritage, Heritage Bank of Commerce and Focus Bank cannot complete the proposed merger unless Heritage shareholders vote to approve the issuance of shares of Heritage common stock in connection with the merger. This letter is accompanied by the attached joint proxy statement/prospectus, which the Heritage board of directors is providing to solicit your proxy to vote for the approval of the issuance of shares of Heritage common stock in connection with the merger.

In the merger, each share of Focus Bank common stock (other than dissenting shares) will be converted into the right to receive 1.8235 shares of Heritage common stock, which we refer to as the per share merger consideration. Focus Bank shareholders will receive cash in lieu of any fractional shares of Heritage common stock, without interest.

Based on the closing price per share of Heritage common stock on [ \* ] [ \* ], 2015 (the most recent day for which information was available prior to the printing and mailing of this joint proxy statement/prospectus) the implied value of the per share merger consideration payable to the holders of Focus Bank common stock was \$[ \* ] per share. The value of the merger consideration will fluctuate based on the market price of Heritage common stock. Consequently, the value of the stock consideration will not be known at the time you vote on the issuance of shares of Heritage common stock in connection with the merger.

We expect the merger to be generally tax free to Focus Bank shareholders for U.S. federal income tax purposes, except for taxes on cash received by Focus Bank shareholders in lieu of fractional Heritage shares, and except for Focus Bank shareholders who exercise their appraisal rights with respect to the merger.

**You should obtain current stock price quotations for Heritage common stock and Focus Bank common stock. Heritage common stock is traded on the NASDAQ Global Select Market under the symbol "HTBK," and Focus Bank common stock is traded on the Over-the-Counter Bulletin Board trading system under the symbol "FCSB."**

Based on our reasons for the merger described in the accompanying document, our board of directors believes that the issuance of shares of Heritage common stock in connection with the merger is fair to the Heritage shareholders and in your best interests. **Accordingly, our board of directors unanimously recommends that you vote "FOR" the merger and issuance of shares of Heritage common stock in connection with the merger.** The accompanying joint proxy statement/prospectus gives you detailed information about the Heritage special meeting, the merger, the issuance of shares of Heritage common stock in connection with the merger and related matters. In addition to being a proxy

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statement of Heritage, this joint proxy statement/prospectus is the proxy statement for the solicitation of proxies from Focus Bank shareholders to vote to approve the merger agreement and is the prospectus of Heritage for the shares of its common stock that will be issued to the Focus Bank shareholders in connection with the merger.

**Your vote is very important. To ensure your representation at the Heritage special meeting, please complete, sign, date and return your proxy card in the enclosed envelope or submit your proxy by telephone or through the Internet pursuant to the instructions provided on the enclosed proxy card.** Whether or not you expect to attend the Heritage special meeting, please vote promptly. Submitting a proxy now will not prevent you from being able to vote in person at the Heritage special meeting.

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You are encouraged to read this joint proxy statement/prospectus carefully. **In particular, you should read the "Risk Factors" section beginning on page [35] for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.**

Sincerely,

Jack W. Conner  
*Chairman of the Board*

Walter T. Kaczmarek  
*President and Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of the Heritage common stock in connection with the merger or the other transactions described in this joint proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

**The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

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This joint proxy statement/prospectus is dated June [\*], 2015, and is first being mailed to shareholders of Heritage and Focus Bank on or about [\*] [\*], 2015.

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To the Shareholders of Focus Business Bank:

On April 23, 2015, Heritage Commerce Corp, which we refer to as Heritage, entered into an agreement and plan of merger and reorganization, which we refer to as the merger agreement, to acquire Focus Business Bank, which we refer to as Focus Bank. If the required shareholder and regulatory approvals are obtained, all closing conditions are satisfied or waived and the merger is subsequently completed, Focus Bank will be merged with and into Heritage Bank of Commerce, a wholly owned subsidiary of Heritage, with Heritage Bank of Commerce as the surviving entity, which we refer to as the merger.

You are cordially invited to attend a special meeting of shareholders of Focus Bank, to be held at [\*] p.m., Pacific Time, on [\*], 2015 at Focus Bank's offices located at 10 Almaden, San Jose, California. At the Focus Bank special meeting, the Focus Bank shareholders will be asked to consider and vote upon a proposal to approve the merger agreement. Heritage will also hold a special meeting of shareholders to consider the issuance of shares of Heritage common stock in connection with the merger and related matters. Heritage, Heritage Bank of Commerce and Focus Bank cannot complete the proposed merger unless Focus Bank shareholders vote to approve the merger agreement. This letter is accompanied by the attached joint proxy statement/prospectus, which Focus Bank board of directors is providing to solicit your proxy to vote for the approval of the merger agreement.

In the merger, each share of Focus Bank common stock (other than dissenting shares) will be converted into the right to receive 1.8235 shares of Heritage common stock, which we refer to as the per share merger consideration. Focus Bank shareholders will receive cash in lieu of any fractional shares of Heritage common stock, without interest.

Based on the closing price per share of Heritage common stock on [\*] [\*], 2015 (the most recent day for which information was available prior to the printing and mailing of this joint proxy statement/prospectus) the implied value of the merger consideration payable to holders of Focus Bank common stock was \$[\*] per share. The value of the merger consideration will fluctuate based on the market price of Heritage common stock. Consequently, the value of the stock consideration will not be known at the time you vote on the proposal to approve the merger agreement.

We expect the merger to be generally tax free to Focus Bank shareholders for U.S. federal income tax purposes, except for cash received by Focus Bank shareholders in lieu of fractional Heritage shares, and except for Focus Bank shareholders who exercise their appraisal rights with respect to the merger.

**You should obtain current stock price quotations for Heritage common stock and Focus Bank common stock. Focus Bank common stock is traded on the Over-the-Counter Bulletin Board trading system under the symbol "FCSB" and Heritage common stock is traded on the NASDAQ Global Select Market under the symbol "HTBK."**

Based on our reasons for the merger described in the accompanying document, including the fairness opinion issued by our financial advisor, Sandler O'Neill & Partners, L.P., our board of directors believes that the merger consideration is fair to the Focus Bank shareholders and in your best interests. **Accordingly, our board of directors unanimously recommends that you vote "FOR" the approval of the merger agreement.** The accompanying joint proxy statement/prospectus gives you detailed information about the Focus Bank special meeting, the merger, the merger agreement and related matters. In addition to being a proxy statement of Focus Bank, this joint proxy statement/prospectus is the proxy statement for the solicitation of proxies from Heritage shareholders to vote to approve the issuance of the shares of Heritage common stock in connection with the merger and is the prospectus of Heritage for the shares of its common stock that will be issued to the Focus Bank shareholders in connection with the merger.

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**Your vote is very important. To ensure your representation at the Focus Bank special meeting, please complete, sign, date and return your proxy card in the enclosed envelope or submit your proxy by telephone or through the Internet pursuant to the instructions provided on the enclosed proxy card.** Whether or not you expect to attend the Focus Bank special meeting, please vote promptly. Submitting a proxy now will not prevent you from being able to vote in person at the Focus Bank special meeting.

**You are encouraged to read this joint proxy statement/prospectus carefully. In particular, you should read the "Risk Factors" section beginning on page [35] for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.**

Sincerely,

Richard Conniff

*Chairman of the Board and Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of the Heritage common stock in connection with the merger or the other transactions described in this joint proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

**The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

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This joint proxy statement/prospectus is dated June [ \* ], 2015, and is first being mailed to shareholders of Focus Bank and Heritage on or about [ \* ] [ \* ], 2015.

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**WHERE YOU CAN FIND MORE INFORMATION**

Heritage files annual, quarterly and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission, which we refer to as the SEC. You may read and copy any materials that Heritage files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 ((800) 732-0330) for further information on the public reference room. In addition, Heritage files reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at <http://www.sec.gov> containing this information. You will also be able to obtain these documents, free of charge, from Heritage at [www.heritagecommercecorp.com](http://www.heritagecommercecorp.com).

Focus Bank does not have a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act and accordingly does not file documents or reports with the SEC.

Heritage has filed a registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part. As permitted by SEC rules, this joint proxy statement/prospectus does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits at the addresses set forth above. Statements contained in this joint proxy statement/prospectus as to the contents of any contract or other documents referred to in this joint proxy statement/prospectus are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This joint proxy statement/prospectus incorporates by reference documents that Heritage has previously filed with the SEC. They contain important information about Heritage and its financial condition. For further information, please see the section entitled "Incorporation of Certain Documents by Reference" beginning on page [\*]. These documents are available without charge to you upon written or oral request to Heritage's principal executive office at:

Heritage Commerce Corp  
150 Almaden Boulevard  
San Jose, California 95113  
Attention: Corporate Secretary  
(408) 947-6900

**To obtain timely delivery of these documents, you must request the information no later than [\*] [\*], 2015 in order to receive them before Heritage's special meeting of shareholders and Focus Bank's special meeting of shareholders.**

Heritage common stock is traded on the NASDAQ Global Select Market under the symbol "HTBK," and Focus Bank common stock is traded on the Over-the-Counter Bulletin Board trading system under the symbol "FCSB."

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## HERITAGE COMMERCE CORP

150 Almaden Boulevard  
San Jose, CA 95113

### NOTICE OF THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON [ \* ], [ \* ] [ \* ], 2015

NOTICE IS HEREBY GIVEN that the special meeting of the shareholders of Heritage Commerce Corp, which we refer to as Heritage, will be held at the Heritage offices located at 150 Almaden Boulevard, San Jose, California at [ \* ] p.m., Pacific time, on [ \* ], [ \* ] [ \* ], 2015, for the following purposes:

1. **Approval of the Issuance of Shares of Heritage Common Stock.** To consider and vote upon a proposal to approve the merger and the issuance of shares of Heritage common stock to the shareholders of Focus Business Bank pursuant to the Agreement and Plan of Merger and Reorganization, dated as of April 23, 2015, by and among Heritage, Heritage Bank of Commerce and Focus Business Bank, referred to in this notice as the merger agreement, pursuant to which Focus Business Bank will merge with and into Heritage Bank of Commerce, with Heritage Bank of Commerce as the surviving corporation. This transaction is referred to in this notice as the merger. A copy of the merger agreement is attached as Appendix A to the accompanying joint proxy statement/prospectus of which this notice is a part; and

2. **Adjournment.** To consider and vote upon a proposal to adjourn the Heritage special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Heritage special meeting to approve the issuance of shares of Heritage common stock in connection with the merger.

No other business may be conducted at the Heritage special meeting.

We have fixed the close of business on [ \* ] [ \* ], 2015 as the record date for the determination of shareholders entitled to notice of and to vote at the Heritage special meeting. Only holders of Heritage common stock of record at the close of business on that date will be entitled to notice of and to vote at the Heritage special meeting or any adjournment or postponement of the special meeting.

**The Heritage board of directors has approved the merger agreement and the transactions contemplated therein and has determined that the merger is in the best interests of Heritage and its shareholders, and unanimously recommends that shareholders vote "FOR" approval of the merger and the issuance of shares of Heritage common stock in connection with the merger and "FOR" approval of the proposal to adjourn the Heritage special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Heritage special meeting to approve the issuance of shares of Heritage common stock in connection with the merger.**

**Your vote is very important.** Whether or not you plan to attend the Heritage special meeting, please promptly complete, sign, date and return your proxy card in the enclosed envelope or submit your proxy by telephone or through the Internet pursuant to the instructions provided on the enclosed proxy card.

By Order of the Board of Directors

Debbie Reuter

*Executive Vice President and Corporate Secretary*

**PLEASE VOTE YOUR SHARES OF HERITAGE COMMON STOCK PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL HERITAGE'S CORPORATE SECRETARY AT (408) 947-6900.**

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**FOCUS BUSINESS BANK**

10 Almaden Boulevard  
San Jose, CA 95113

**NOTICE OF THE SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON [ \* ], [ \* ] [ \* ], 2015**

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of Focus Business Bank, which we refer to as Focus Bank, will be held at [ \* ] p.m., Pacific time on [ \* ], [ \* ] [ \* ], 2015, at Focus Bank's offices located at 10 Almaden Boulevard, San Jose, California, for the following purposes:

1. **Approval of the Merger Agreement.** To consider and vote upon a proposal to approve the Agreement and Plan of Merger and Reorganization, dated as of April 23, 2015, by and among Heritage Commerce Corp, Heritage Bank of Commerce and Focus Bank, referred to in this notice as the merger agreement, pursuant to which Focus Bank will merge with and into Heritage Bank of Commerce, with Heritage Bank of Commerce as the surviving corporation. This transaction is referred to in this notice as the merger. A copy of the merger agreement is attached as Appendix A to the accompanying joint proxy statement/prospectus of which this notice is a part; and

2. **Adjournment.** To consider and vote upon a proposal to adjourn the Focus Bank special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Focus Bank special meeting to approve the merger agreement.

No other business may be conducted at the Focus Bank special meeting.

We have fixed the close of business on [ \* ] [ \* ], 2015 as the record date for the determination of shareholders entitled to notice of and to vote at the Focus Bank special meeting. Only holders of Focus Bank common stock of record at the close of business on that date will be entitled to notice of and to vote at the Focus Bank special meeting or any adjournment or postponement of the special meeting.

**The Focus Bank board of directors has approved the merger agreement and the transactions contemplated therein and determined that the merger is in the best interests of Focus Bank and its shareholders, and unanimously recommends that shareholders vote "FOR" approval of the merger agreement and "FOR" approval of the proposal to adjourn the Focus Bank special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Focus Bank special meeting to approve the merger agreement.**

Holders of Focus Bank common stock have the right to dissent from the merger and assert dissenters' rights, provided the requirements of California law governing dissenters' rights are followed. A copy of the provisions of the California General Corporation Law, which govern dissenters' rights, is attached as Appendix D to the accompanying joint proxy statement/prospectus.

**Your vote is very important.** Whether or not you plan to attend the special meeting, please promptly complete, sign, date and return your proxy card in the enclosed envelope or submit your proxy by telephone or through the Internet pursuant to the instructions provided on the enclosed proxy card.

By Order of the Board of Directors

Richard Conniff  
*Chairman and Chief Executive Officer*

**PLEASE VOTE YOUR SHARES OF FOCUS BANK COMMON STOCK PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL FOCUS BANK INVESTOR RELATIONS AT (408) 288-5900.**

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**ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS**

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the SEC by Heritage (File No. 333- ), constitutes a prospectus of Heritage under Section 5 of the Securities Act of 1933, as amended, which we refer to as the Securities Act, with respect to the shares of Heritage common stock to be issued in the merger contemplated by the merger agreement and the transactions contemplated thereby.

This joint proxy statement/prospectus also constitutes a notice of meeting and a proxy statement under Section 14(a) of the Exchange Act, which we refer to as the Exchange Act, with respect to Heritage's special meeting, at which Heritage shareholders will be asked to consider and vote upon certain proposals, including a proposal to approve the merger and the issuance of Heritage common stock in connection with the merger in accordance with the merger agreement and the transactions contemplated thereby. This joint proxy statement/prospectus will also function as a proxy statement provided to Focus Bank shareholders in connection with Focus Bank's solicitation of proxies with respect to Focus Bank's special meeting, at which Focus Bank shareholders will be asked to consider and vote upon certain proposals including approving the merger and the merger agreement and the transactions contemplated thereby.

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL SHAREHOLDERS' MEETINGS**

*The following are answers to certain questions that you may have regarding the shareholders' meetings. We urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this joint proxy statement/prospectus.*

**Q: WHAT IS THE MERGER?**

A. Heritage and Focus Bank have entered into a merger agreement, pursuant to which Focus Bank will merge with and into Heritage Bank of Commerce, a wholly owned subsidiary of Heritage, with Heritage Bank of Commerce continuing as the surviving corporation, in a transaction which we refer to as the merger. A copy of the merger agreement is attached as Appendix A to this joint proxy statement/prospectus. In order for us to complete the transaction, we need not only the approval of Heritage and Focus Bank shareholders but the approval of the merger by the banking regulators of Heritage, Heritage Bank of Commerce and Focus Bank.

**Q: WHY AM I RECEIVING THIS JOINT PROXY STATEMENT/PROSPECTUS?**

A. Each of Heritage and Focus Bank is sending these materials to its shareholders to help them decide how to vote their shares of Heritage or Focus Bank common stock, as the case may be, with respect to the merger and other matters to be considered at the shareholders' meetings.

The merger cannot be completed unless Heritage shareholders approve the merger and the issuance of Heritage common stock in connection with the merger and Focus Bank shareholders approve the merger and approve and adopt the merger agreement. At each of the shareholders' meetings, Heritage and Focus Bank shareholders will vote on the proposals necessary to complete the merger. Information about these shareholders' meetings, the merger and the other business to be considered by shareholders at each of the shareholders' meetings is contained in this joint proxy statement/prospectus.

This joint proxy statement/prospectus constitutes both a joint proxy statement of Heritage and Focus Bank and a prospectus of Heritage. It is a joint proxy statement because each of the boards of directors of Heritage and Focus Bank is soliciting proxies using this joint proxy statement/prospectus from their respective shareholders. It is a prospectus because Heritage, in connection with the merger, is offering shares of its common stock in exchange for outstanding shares of Focus Bank common stock in the merger.

**Q: WHAT WILL FOCUS BANK SHAREHOLDERS RECEIVE IN THE MERGER?**

A. In the merger, each share of Focus Bank common stock owned by a Focus Bank shareholder will be converted into the right to receive 1.8235 shares of Heritage common stock. A Focus Bank shareholder will receive cash in lieu of any fractional shares of Heritage common stock such holder is entitled to receive, without interest.

**Q: WHAT HAPPENS TO FOCUS BANK STOCK OPTIONS IN THE MERGER?**

A. Immediately prior to the effective time of the merger, each outstanding option to purchase shares of Focus Bank common stock, whether or not then vested and whether or not then exercisable, will be cancelled and the holder of the option will be entitled to receive, subject to any required tax withholding, an amount in cash, without interest, from Focus Bank equal to the excess over the exercise price per share, if any, of 1.8235 multiplied by the volume weighted average of the closing price for shares of Heritage common stock as quoted on the NASDAQ Global Select Market for the twenty consecutive trading days ending on the fifth trading day immediately prior to the merger closing date.





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**Q: WHEN WILL THE MERGER BE COMPLETED?**

A:

Heritage and Focus Bank are working to complete the merger as soon as practicable. If the shareholders of Focus Bank approve the merger and approve and adopt the merger agreement and the shareholders of Heritage approve the issuance of shares of Heritage stock in connection with the merger, the parties currently expect that the merger will be completed in the third quarter or early fourth quarter of 2015. Neither Heritage nor Focus Bank can predict, however, the actual date on which the merger will be completed because it is subject to factors beyond each company's control, including whether or when the required regulatory approvals will be received. For further information, please see the section entitled "The Merger Agreement Conditions to the Merger" beginning on page [\*].

**Q: WHY MUST THE HERITAGE SHAREHOLDERS APPROVE THE ISSUANCE OF SHARES OF HERITAGE COMMON STOCK IN CONNECTION WITH THE MERGER?**

A:

The Heritage shareholders are required to approve the merger and the issuance of shares of the Heritage common stock, in connection with the merger because Heritage is listed on the NASDAQ Global Select Market and is subject to the NASDAQ Global Select Market listing rules. Because Heritage will likely issue in excess of 20% (non-diluted and pre-merger basis) of its outstanding shares of common stock to the Focus Bank shareholders in connection with the merger, under the NASDAQ Global Select Market listing rules, the shareholders of Heritage are required to approve the issuance of shares of the Heritage common stock in connection with the merger. The merger cannot be completed unless the Heritage shareholders approve the issuance of shares of Heritage common stock in the merger.

**Q: WHO IS ENTITLED TO VOTE?**

A:

*Heritage Special Meeting.* Holders of record of Heritage common stock at the close of business on [\*] [\*], 2015, which is the date that the Heritage board of directors has fixed as the record date for the Heritage special meeting, are entitled to vote at the Heritage special meeting.

*Focus Bank Special Meeting.* Holders of record of Focus Bank common stock at the close of business on [\*] [\*], 2015, which is the date that the Focus Bank board of directors has fixed as the record date for the Focus Bank special meeting, are entitled to vote at the Focus Bank special meeting.

**Q: IS THE EXCHANGE RATIO SUBJECT TO ADJUSTMENT BASED ON CHANGES IN THE PRICE OF HERITAGE AND/OR FOCUS BANK COMMON STOCK?**

A:

No. The exchange ratio of 1.8235 shares of Heritage common stock for each share of Focus Bank common stock is fixed and no adjustments to the exchange ratio will be made based on changes in the price of either Heritage or Focus Bank common stock prior to the completion of the merger. As a result of any such changes in stock price, the aggregate market value of the shares of Heritage common stock that a Focus Bank shareholder is entitled to receive at the time that the merger is completed could vary significantly from the value of such shares on the date of this joint proxy statement/prospectus, the date of the Heritage special meeting, the date of the Focus Bank special meeting or the date on which such Focus Bank shareholder actually receives shares of Heritage common stock in the merger.

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**Q: HOW WILL HERITAGE SHAREHOLDERS BE AFFECTED BY THE MERGER AND THE ISSUANCE OF SHARE OF HERITAGE COMMON STOCK IN CONNECTION WITH THE MERGER?**

A:

Immediately after the completion of the merger, each Heritage shareholder will have the same number of shares of Heritage common stock that such shareholder held immediately prior to the completion of the merger. However, upon issuance of the shares of Heritage common stock to Focus Bank shareholders in connection with the merger, each share of Heritage common stock will represent a smaller percentage of the aggregate number of shares of Heritage common stock (and therefore a smaller percentage of the outstanding voting power) outstanding after completion of the merger than it did immediately prior to completion of the merger.

**Q: DO HERITAGE SHAREHOLDERS HAVE DISSENTERS' RIGHTS WITH RESPECT TO APPROVAL OF THE ISSUANCE OF THE HERITAGE COMMON STOCK IN THE MERGER?**

A:

No. Holders of Heritage common stock do not have dissenters' rights under California law.

**Q: DO FOCUS BANK SHAREHOLDERS HAVE DISSENTERS' RIGHTS WITH RESPECT TO APPROVAL OF THE MERGER AGREEMENT?**

A:

Yes. Holders of Focus Bank common stock have dissenters' rights in accordance with Chapter 13 of the California Corporations Code. In order to exercise dissenters' rights, a shareholder does not need to affirmatively vote against the merger agreement. Rather, in order to exercise dissenters' rights under California law, a shareholder must either: (i) vote against the merger; (ii) abstain from voting on the merger; or (iii) not return the proxy. In addition, a shareholder choosing to exercise his or her dissenters' rights must also comply with the applicable provisions of Chapter 13 of the California Corporations Code. A copy of the applicable sections of Chapter 13 of the California Corporations Code is included with this joint proxy statement/prospectus as Appendix D. Please read the section entitled "Dissenters' Rights of Focus Bank Shareholders" beginning on page [\*].

Heritage has the option to terminate the merger agreement if dissenters' rights are perfected and exercised with respect to ten percent or more of the outstanding shares of Focus Bank common stock. Please see "The Merger Conditions to the Merger" beginning on page [\*].

**Q: WILL FOCUS BANK SHAREHOLDERS BE ABLE TO TRADE THE HERITAGE COMMON STOCK THAT THEY RECEIVE IN THE MERGER?**

A:

Yes. The Heritage common stock issued in the merger to Focus Bank shareholders will be listed on the NASDAQ Global Select Market under the symbol "HTBK." Unless you are deemed an "affiliate" of Heritage, you may sell the shares of Heritage common stock you receive in the merger without restriction.

**Q: WHAT CONSTITUTES A QUORUM?**

A:

*Heritage Special Meeting.* The presence at the Heritage special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Heritage common stock entitled to vote at the Heritage special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

*Focus Bank Special Meeting.* The presence at the Focus Bank special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Focus Bank common stock entitled to vote at the Focus Bank special meeting will constitute a quorum for the transaction of business.



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Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

#### **Q: WHAT AM I BEING ASKED TO VOTE ON AND WHY IS THIS APPROVAL NECESSARY?**

A:

Heritage shareholders are being asked to vote on the following proposals:

1. to approve the merger and the issuance of Heritage common stock, no par value per share, pursuant to the merger agreement which is attached as Appendix A to this joint proxy statement/prospectus, and which is referred to as the Heritage Merger proposal; and,
2. to approve one or more adjournments of the Heritage special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Heritage Merger proposal, which is referred to as the Heritage Adjournment proposal.

Shareholder approval of the Heritage Merger proposal is required to complete the merger. Heritage will transact no other business at the special meeting.

Focus Bank shareholders are being asked to vote on the following proposals:

1. to approve the merger and to approve and adopt the merger agreement, a copy of which is attached as Appendix A to this joint proxy statement/prospectus, which is referred to as the Focus Bank Merger proposal; and
2. to approve one or more adjournments of the Focus Bank special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Focus Bank Merger proposal, which is referred to as the Focus Bank Adjournment proposal.

Shareholder approval of the Focus Bank Merger proposal is required for completion of the merger. Focus Bank will transact no other business at the Focus Bank special meeting.

#### **Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL AT THE HERITAGE SPECIAL MEETING?**

A:

*Heritage Merger proposal:* Assuming a quorum is present, the affirmative vote of a majority of the shares of Heritage common stock cast (in person or by proxy) at the Heritage special meeting is required to approve the Heritage Merger proposal.

*Heritage Adjournment proposal:* Assuming a quorum is present, the affirmative vote of a majority of the shares of Heritage common stock represented (in person or by proxy) at the Heritage special meeting and entitled to vote on the proposal is required to approve the Heritage Adjournment proposal.

#### **Q: WHAT DOES THE HERITAGE BOARD OF DIRECTORS RECOMMEND?**

A:

After careful consideration, the Heritage board of directors unanimously recommends that Heritage shareholders vote "**FOR**" the Heritage Merger proposal and "**FOR**" the Heritage Adjournment proposal (if necessary or appropriate).

#### **Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL AT THE FOCUS BANK SPECIAL MEETING?**

A:

*Focus Bank Merger proposal:* The affirmative vote of a majority of the issued and outstanding shares of Focus Bank common stock entitled to vote is required to approve the Focus Bank Merger proposal.



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*Focus Bank Adjournment proposal:* Assuming a quorum is present, the affirmative vote of a majority of the shares of Focus Bank common stock represented (in person or by proxy) at the Focus Bank special meeting and entitled to vote on the proposal is required to approve the Focus Bank Adjournment proposal.

**Q: WHAT DOES THE FOCUS BANK BOARD OF DIRECTORS RECOMMEND?**

A: After careful consideration, the Focus Bank board of directors unanimously recommends that Focus Bank shareholders vote "**FOR**" the Focus Bank Merger proposal and "**FOR**" the Focus Bank Adjournment proposal (if necessary or appropriate).

**Q: WHAT DO I NEED TO DO NOW?**

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, please vote your shares as soon as possible so that your shares will be represented at your respective company's shareholders' meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker, bank or other nominee.

**Q: HOW DO I VOTE?**

A: If you are a shareholder of record of Heritage as of [\*] [\*], 2015, which is referred to as the Heritage record date, or a shareholder of Focus Bank as of [\*] [\*], 2015, which is referred to as the Focus Bank record date, you may submit your proxy before your respective company's shareholders' meeting in one of the following ways:

use the toll-free number shown on your proxy card;

visit the website shown on your proxy card to vote via the Internet; or

complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

You may also cast your vote in person at your respective company's shareholders' meeting.

If your shares are held in "street name," through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting your shares. "Street name" shareholders who wish to vote at the meeting will need to obtain a proxy form from their broker, bank or other nominee.

**Q: HOW MANY VOTES DO I HAVE?**

A: *Heritage Shareholders.* You are entitled to one vote for each share of Heritage common stock that you owned as of the record date. As of the close of business on [\*] [\*], 2015, there were approximately [\*] outstanding shares of Heritage common stock. As of that date, approximately [\*]% of the outstanding shares of Heritage common stock were beneficially owned by the directors and executive officers of Heritage.

*Focus Bank Shareholders.* You are entitled to one vote for each share of Focus Bank common stock that you owned as of the record date. As of the close of business on [\*] [\*], 2015, there were approximately [\*] outstanding shares of Focus Bank common stock. As of that date, approximately [\*]% of the outstanding shares of Focus Bank common stock were beneficially owned and entitled to vote by the directors and executive officers of Focus Bank.



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**Q: WHEN AND WHERE ARE THE HERITAGE AND FOCUS BANK SHAREHOLDERS' MEETINGS?**

A:

The special meeting of Heritage shareholders will be held at Heritage's offices located at 150 Almaden Boulevard, San Jose, California at [\*] p.m., Pacific time, on [\*] [\*], 2015. All Heritage shareholders as of the Heritage record date, or their duly appointed proxies, may attend the Heritage special meeting.

The special meeting of Focus Bank shareholders will be held at Focus Bank's offices located at 10 Almaden, San Jose, California at [\*] p.m., Pacific time, on [\*] [\*], 2015. All Focus Bank shareholders as of the Focus Bank record date, or their duly appointed proxies, may attend the Focus Bank special meeting.

**Q: IF MY SHARES ARE HELD IN "STREET NAME" BY A BROKER, BANK OR OTHER NOMINEE, WILL MY BROKER, BANK OR OTHER NOMINEE VOTE MY SHARES FOR ME?**

A:

If your shares are held in "street name" in a stock brokerage account or by a bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker, bank or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to Heritage or Focus Bank or by voting in person at your respective company's shareholders' meeting unless you provide a "legal proxy," which you must obtain from your broker, bank or other nominee.

Under the rules of the stock exchanges and other self regulatory agencies, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the rules of the stock exchanges and other self regulatory agencies determines to be "non-routine" without specific instructions from the beneficial owner. All proposals to be voted on at the Heritage special meeting and the Focus Bank special meeting are such "non-routine" matters. Broker non-votes occur when a broker or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

**Q: WHAT IF I ABSTAIN FROM VOTING OR FAIL TO INSTRUCT MY BROKER?**

A:

*Focus Bank Shareholders.* If you are a holder of Focus Bank common stock and you abstain from voting or fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, referred to as a broker non-vote, then the abstention or broker non-votes will be counted towards a quorum at the special meeting, but it will have the same effect as a vote against approval of the Focus Bank Merger proposal.

Abstentions and broker non-votes of shares of Focus Bank common stock will not have any effect on the Focus Bank Adjournment proposal, if the number of affirmative votes cast for the proposal is a majority of the votes cast and such votes constitute a majority of the quorum required to transact business at the special meeting. However, if the number of affirmative votes cast for the adjournment proposal is a majority of the votes cast, but such votes do not constitute a majority of the quorum required to transact business at the special meeting, then abstentions and broker non-votes will have the same effect as a vote against the Focus Bank Merger proposal.

*Heritage Shareholders.* Abstentions and broker non-votes of shares of Heritage common stock will not have any effect on the approval of the Heritage Merger proposal.



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Abstentions and broker non-votes of shares of Heritage common stock will not have any effect on the Heritage Adjournment proposal, if the number of affirmative votes cast for the proposal is a majority of the votes cast and such votes constitute a majority of the quorum required to transact business at the special meeting. However, if the number of affirmative votes cast for the adjournment proposal is a majority of the votes cast, but such votes do not constitute a majority of the quorum required to transact business at the special meeting, then abstentions and broker non-votes will have the same effect as a vote against the Heritage Merger proposal or the Heritage Adjournment proposal.

#### **Q: WHAT WILL HAPPEN IF I RETURN MY PROXY OR VOTING INSTRUCTION CARD WITHOUT INDICATING HOW TO VOTE?**

A:

If you sign and return your proxy or voting instruction card without indicating how to vote on any particular proposal:

the Heritage common stock represented by your proxy will be voted as recommended by the Heritage board of directors with respect to that proposal, including "**FOR**" the Heritage Merger proposal; and

the Focus Bank common stock represented by your proxy will be voted as recommended by the Focus Bank board of directors with respect to that proposal, including "**FOR**" the Focus Bank Merger proposal, in which case you will be prohibited from asserting dissenters' rights.

The proxy holders may use their discretion to vote on other matters presented at the Heritage special meeting or Focus Bank special meeting, as applicable.

#### **Q: WHAT IF I OWN SHARES THROUGH HERITAGE'S EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST ("ESOP")?**

A:

Participants in the Heritage ESOP will be entitled to direct the plan trustee as to the manner in which their shares are to be voted.

#### **Q: IF I OWN SHARES IN BOTH HERITAGE AND FOCUS BANK, SHOULD I VOTE ONLY ONCE?**

A:

No. If you own shares in both companies, you will receive separate proxy cards for each special meeting. It is important that you vote at both meetings, so please complete, sign, date and return your proxy card as instructed by Heritage and Focus Bank, respectively. A vote as a Heritage shareholder will not constitute a vote as a Focus Bank shareholder on any matter, nor will a vote as a Focus Bank shareholder constitute a vote as a Heritage shareholder on any matter.

#### **Q: MAY I CHANGE MY VOTE AFTER I HAVE DELIVERED MY PROXY OR VOTING INSTRUCTION CARD?**

A:

Yes. You may change your vote at any time before your proxy is voted at the Heritage or Focus Bank shareholders' meeting. You may do this in one of the following ways:

by sending a notice of revocation to the corporate secretary of Heritage or Focus Bank, as applicable;

by logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions on the proxy card; or

by sending a completed proxy card bearing a later date than your original proxy card.



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If you choose any of these methods, you must take the described action such that the notice, Internet vote or proxy card, as applicable, is received no later than the beginning of the applicable shareholders' meeting.

You may also change your vote by attending the Heritage or Focus Bank shareholders' meeting, as applicable, and voting in person.

If your shares are held in an account at a broker, bank or other nominee, you should contact your broker, bank or other nominee to change your vote.

#### **Q: DO I NEED IDENTIFICATION TO ATTEND THE HERITAGE OR FOCUS BANK MEETING IN PERSON?**

A:

Yes. Please bring proper identification, together with proof that you are a record owner of Heritage or Focus Bank common stock, as the case may be. If your shares are held in street name, please bring acceptable proof of ownership, such as a letter from your broker or an account statement showing that you beneficially owned shares of Heritage or Focus Bank common stock, as applicable, on the record date.

#### **Q: WHAT ARE THE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO FOCUS BANK SHAREHOLDERS?**

The merger is intended to qualify, and the obligation of Heritage and Focus Bank to complete the merger is conditioned upon the receipt of opinions of their respective legal or tax advisors to the effect that the merger will qualify, as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Internal Revenue Code. In addition, in connection with the filing of the registration statement of which this joint proxy statement/prospectus is a part, each of Buchalter Nemer, a professional corporation and Manatt, Phelps & Phillips, LLP has delivered an opinion to Heritage and Focus Bank, respectively, to the same effect.

Provided that the merger qualifies as a "reorganization", Focus Bank shareholders generally will not recognize any gain or loss, except with respect to the cash received instead of a fractional share of Heritage common stock, and except for Focus Bank shareholders who exercise their appraisal rights with respect to the merger.

**Tax matters are very complicated, and the tax consequences of the merger to a particular shareholder will depend in part on such shareholder's circumstances. Accordingly, you should consult your tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax consequences. For a more detailed discussion of the material United States federal income tax consequences of the transaction, please see the section entitled "Material United States Federal Income Tax Consequences of the Merger" beginning on page [\*].**

The consequences of the merger to any particular Focus Bank shareholder will depend on that shareholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the merger.

#### **Q: WHAT HAPPENS IF THE MERGER IS NOT COMPLETED?**

A:

If the merger is not completed, Focus Bank shareholders will not receive any consideration for their shares of Focus Bank common stock in connection with the merger. Instead, Focus Bank will remain an independent company and its common stock will continue to be quoted on the Over-the-Counter Bulletin Board trading system. Under specified circumstances Focus Bank may

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be required to pay Heritage a fee with respect to the termination of the merger agreement, as described under the section entitled "The Merger Agreement Termination; Termination Fee" beginning on page [\*].

**Q: SHOULD FOCUS BANK SHAREHOLDERS SEND IN THEIR STOCK CERTIFICATES NOW?**

A:

No. Focus Bank shareholders **SHOULD NOT** send in any stock certificates now. If the merger is approved, transmittal materials, with instructions for completion, will be provided to Focus Bank shareholders under separate cover and the stock certificates should be sent at that time.

**Q: IS MY VOTE CONFIDENTIAL?**

A:

Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Heritage or Focus Bank or to third parties except:

as necessary to meet applicable legal requirements,

to allow for the counting and certification of votes, or

to help our boards solicit proxies.

**Q: WHOM SHOULD I CONTACT IF I HAVE ANY QUESTIONS ABOUT THE PROXY MATERIALS OR VOTING?**

A:

If you are a Heritage shareholder and have any questions about the proxy materials or if you need assistance submitting your proxy or voting your shares or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact the Heritage Corporate Secretary at (408) 947-6900.

If you are a Focus Bank shareholder and have any questions about the proxy materials or if you need assistance submitting your proxy or voting your shares or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact Focus Bank Investor Relations at (408) 288-5900.

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**SUMMARY**

*This summary highlights selected information included in this joint proxy statement/prospectus and does not contain all of the information that may be important to you. You should read this entire document and its appendices and the other documents to which we refer before you decide how to vote with respect to each of the proposals. In addition, we incorporate by reference important business and financial information about Heritage into this joint proxy statement/prospectus. For a description of this information, please see the section entitled "Incorporation of Certain Documents by Reference" beginning on page [\*]. You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" in the forepart of this joint proxy statement/prospectus. Each item in this summary includes a page reference directing you to a more complete description of that item.*

*Unless the context otherwise requires, throughout this joint proxy statement/prospectus, "Heritage" refers to Heritage Commerce Corp, "Focus Bank" refers to Focus Business Bank and "we," "us" and "our" refers collectively to Heritage and Focus Bank. Also, we refer to the proposed merger of Focus Bank with and into Heritage Bank of Commerce as the "merger," and the Agreement and Plan of Merger and Reorganization, dated as of April 23, 2015, by and among Heritage, Heritage Bank of Commerce and Focus Bank as the "merger agreement."*

**The Merger and the Merger Agreement (pages [\*] and [\*])**

The terms and conditions of the merger are contained in the merger agreement, which is attached to this joint proxy statement/prospectus as Appendix A. We encourage you to read the merger agreement carefully, as it is the legal document that governs the merger.

Under the terms of the merger agreement, Focus Bank will merge with and into Heritage Bank of Commerce with Heritage Bank of Commerce as the surviving corporation immediately upon the closing of the merger.

**Merger Consideration (page [\*])**

In the merger, each share of Focus Bank common stock, no par value per share, owned by a Focus Bank shareholder will be converted into the right to receive 1.8235 shares of Heritage common stock, no par value per share. A Focus Bank shareholder will receive cash in lieu of any fractional shares of Heritage common stock such holder is entitled to receive, without interest.

Based on the closing share price of Heritage common stock of \$9.00 on April 22, 2015, the last trading day before the announcement of the merger, the value of the merger consideration was \$16.41 per share. Based on the closing share price of Heritage common stock of \$[\*] on [\*] [\*], 2015, the most recent day for which information was available prior to the printing and mailing of this joint proxy statement/prospectus, the value of the merger consideration was \$[\*] per share. **The share price of Heritage common stock will fluctuate and, accordingly, the value of the merger consideration you receive may be different than either of these amounts.**

Immediately prior to the effective time of the merger, each outstanding option to purchase shares of Focus Bank common stock, whether or not then vested and whether or not then exercisable, will be cancelled and the holder of the option will be entitled receive, subject to any required tax withholding, an amount in cash, without interest, from Focus Bank equal to the excess over the exercise price per share, if any, of 1.8235 multiplied by the volume weighted average of the closing price for shares of Heritage common stock as quoted on the NASDAQ Global Select Market for the twenty consecutive trading days ending on the fifth trading day immediately prior to the merger closing date.

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**Recommendation of the Focus Bank Board of Directors (page [\*])**

After careful consideration, the Focus Bank board of directors unanimously recommends that Focus Bank shareholders vote "**FOR**" the Focus Bank Merger proposal and "**FOR**" the Focus Bank Adjournment proposal (if necessary or appropriate).

Each of the directors of Focus Bank has entered into a shareholder agreement with Heritage and Focus Bank, pursuant to which they have agreed to vote "**FOR**" the Focus Bank Merger proposal and "**FOR**" the Focus Bank Adjournment proposal (if necessary or appropriate). For more information regarding the shareholder agreements, please see the section entitled "The Merger Agreement Shareholder Agreements" beginning on page [\*].

For a more complete description of Focus Bank's reasons for the merger and the recommendation of the Focus Bank board of directors, please see the section entitled "The Merger Reasons for the Merger and Recommendation of the Focus Bank Board of Directors" beginning on page [\*].

**Recommendation of the Heritage Board of Directors (page [\*])**

After careful consideration, the Heritage board of directors unanimously recommends that Heritage shareholders vote "**FOR**" the Heritage Merger proposal and "**FOR**" the Heritage Adjournment proposal (if necessary or appropriate).

For a more complete description of Heritage's reasons for the merger and the recommendation of the Heritage board of directors, please see the section entitled "The Merger Reasons for the Merger and Recommendation of the Heritage Board of Directors" beginning on page [\*].

**Opinion of Financial Advisors (pages [\*] and [\*])**

***Focus Bank Financial Advisor***

On April 23, 2015, Sandler O'Neill & Partners, L.P., which we refer to as Sandler O'Neill, Focus Bank's financial advisor in connection with the merger, rendered an oral opinion to the Focus Bank board of directors, which was subsequently confirmed in a written opinion dated the same date that as of such date, and subject to and based on the qualifications and assumptions set forth in its written opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to the common shareholders of Focus Bank.

The full text of Sandler O'Neill's opinion dated April 23, 2015 is attached as Appendix B to this joint proxy statement/prospectus. You should read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion.

Sandler O'Neill's opinion is addressed to Focus Bank's board of directors and the opinion is not a recommendation as to how any shareholder of Focus Bank should vote with respect to the merger or any other matter or as to any action that a shareholder should take with respect to the merger.

The opinion addresses only the fairness, from a financial point of view, of the merger consideration in the proposed merger to the common shareholders of Focus Bank, and does not address the underlying business decision of Focus Bank to engage in the merger, or the relative merits of the merger as compared to any strategic alternatives that may be available to Focus Bank. Sandler O'Neill will receive a fee for its services, portions of which have been paid, and a significant portion of which will be payable upon consummation of the merger.

For further information, please see the section entitled "The Merger Opinion of Focus Bank's Financial Advisor" beginning on page [\*].

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***Heritage Financial Advisor***

On April 22, 2015, Keefe, Bruyette & Woods, Inc., which we refer to as KBW, Heritage's financial advisor in connection with the merger, delivered to the Heritage board of directors its oral opinion, which was subsequently confirmed in writing, that, as of such date, and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, that the exchange ratio in the merger was fair, from a financial point of view, to Heritage.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Appendix C to this joint proxy statement/prospectus and is incorporated herein by reference. Heritage shareholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

KBW's opinion was for the information of, and was directed to, the Heritage board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger and it did not and does not constitute a recommendation to any holder of Heritage common stock or any shareholder of any other entity as to how such shareholder should vote in connection with the merger or whether or not any such shareholder should enter into a voting, shareholders', or affiliates' agreement with respect to the merger or exercise any dissenters' or appraisal rights that may be available to such shareholder.

KBW will receive a cash fee for its services, a portion of which became payable to KBW upon the rendering of the opinion, and that balance of which is contingent upon the consummation of the merger.

For further information, please see the section entitled "The Merger Opinion of Heritage's Financial Advisor" beginning on page [\*].

**Focus Bank Special Meeting of Shareholders (page [\*])**

The Focus Bank special meeting will be held at [\*] p.m., Pacific time, on [\*,][\*] [\*], 2015, at the offices of Focus Bank located at 10 Almaden Boulevard, San Jose, California. At the Focus Bank special meeting, Focus Bank shareholders will be asked to approve the Focus Bank Merger proposal and the Focus Bank Adjournment proposal.

Focus Bank's board of directors has fixed the close of business on [\*] [\*], 2015 as the record date for determining the holders of Focus Bank common stock entitled to receive notice of and to vote at the Focus Bank special meeting. Only holders of record of Focus Bank common stock at the close of business on the Focus Bank record date will be entitled to notice of and to vote at the Focus Bank special meeting and any adjournment or postponement thereof. As of the Focus Bank record date, there were [\*] shares of Focus Bank common stock outstanding and entitled to vote at the Focus Bank special meeting held by [\*] holders of record. Each share of Focus Bank common stock entitles the holder to one vote on each proposal to be considered at the Focus Bank special meeting. Each of the directors of Focus Bank has entered into a shareholder agreement with Heritage and Focus Bank, pursuant to which they have agreed, solely in their capacity as shareholders of Focus Bank, to vote all of their shares of Focus Bank common stock in favor of the Focus Bank Merger proposal and the Focus Bank Adjournment proposal to be presented at the special meeting. As of the record date, directors and executive officers of Focus Bank beneficially owned and were entitled to vote 738,899 shares of Focus Bank common stock, representing approximately 25% of the shares of Focus Bank common stock outstanding on that date. Focus Bank currently expects that Focus Bank's executive officers will also vote their shares in favor of the proposals to be presented at the special meeting, although none of them has entered into any agreements obligating them to do so (other than

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one executive officer who is also a director). As of the record date, Heritage beneficially held no shares of Focus Bank's common stock.

Approval of the Focus Bank Merger proposal requires the affirmative vote of a majority of the issued and outstanding shares of Focus Bank common stock entitled to vote on the proposal. Approval of the Focus Bank Adjournment proposal requires the affirmative vote of a majority of the shares of Focus Bank common stock represented (in person or by proxy) at the Focus Bank special meeting and entitled to vote on the proposal.

**Heritage Special Meeting of Shareholders (page [\*])**

The Heritage special meeting will be held at [\*] p.m., Pacific time, on [\*] [\*], 2015, at the offices of Heritage located at 150 Almaden Boulevard, San Jose, California. At the Heritage special meeting, Heritage shareholders will be asked to approve the Heritage Merger proposal and the Heritage Adjournment proposal.

Heritage's board of directors has fixed the close of business on [\*] [\*], 2015 as the record date for determining the holders of Heritage common stock entitled to receive notice of and to vote at the Heritage special meeting. Only holders of record of Heritage common stock at the close of business on the Heritage record date will be entitled to notice of and to vote at the Heritage special meeting and any adjournment or postponement thereof. As of the Heritage record date, there were [\*] shares of Heritage common stock outstanding and entitled to vote at the Heritage special meeting held by [\*] holders of record. Each share of Heritage common stock entitles the holder to one vote on each proposal to be considered at the Heritage special meeting. As of the record date, directors and executive officers of Heritage beneficially owned and were entitled to vote 738,899 shares of Heritage common stock, representing approximately 25% of the shares of Heritage common stock outstanding on that date. Heritage currently expects that Heritage's directors and executive officers will vote their shares in favor of the proposals to be presented at the special meeting, although none of them has entered into any agreements obligating them to do so. As of the record date, Focus Bank held no shares of Heritage common stock.

Approval of the Heritage Merger proposal requires the affirmative vote of a majority of the shares of Heritage common stock cast at the special meeting. Approval of the Heritage Adjournment proposals requires the affirmative vote of a majority of the shares of Heritage common stock represented (in person or by proxy) at the Heritage special meeting and entitled to vote on the proposal.

**Focus Bank's Directors and Executive Officers Have Certain Interests in the Merger (page [\*])**

Certain of Focus Bank's executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of Focus Bank's shareholders. The merger would constitute a "change of control" for purposes of the employment agreements between Focus Bank and each of its executive officers and severance payments would be due to Focus Bank executive officers under the employment contracts if the executive officer does not continue with employment with Heritage, or if the executive officer's duties are materially changed or the executive officer is terminated (except for cause) by Heritage within twelve months of the closing date. In addition, each of Focus Bank's executive officers and directors hold equity awards, the treatment of which is described below under "Treatment of Focus Bank Stock Options and Restricted Stock". Under the terms of the merger agreement, two Focus Bank directors that are mutually acceptable to Focus Bank and Heritage will join the board of directors of Heritage. Focus Bank and Heritage have tentatively determined that the two Focus Bank directors to be appointed will be J. Philip DiNapoli and Julianne Biagini-Komas. In addition, Heritage anticipates that Robert Gionfriddo and Teresa Powell, Focus Bank Executive Vice Presidents, will join Heritage as Executive Vice Presidents. The members of the Focus Bank board of



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directors were aware of and considered these interests, among other matters, when they approved the merger agreement and unanimously recommended that Focus Bank shareholders approve the Focus Bank Merger proposal. These interests are described in more detail under the section entitled "The Merger Interests of Focus Bank Directors and Executive Officers in the Merger" beginning on page [\*].

**Treatment of Focus Bank Stock Options and Restricted Stock (page [\*])**

Immediately prior to the effective time of the merger, each outstanding option to purchase shares of Focus Bank common stock, whether or not then vested and whether or not then exercisable, will be cancelled and the holder of the option will be entitled to receive, subject to any required tax withholding, an amount in cash, without interest, from Focus Bank equal to the excess over the exercise price per share, if any, of 1.8235 multiplied by the volume weighted average of the closing price for shares of Heritage common stock as quoted on the NASDAQ Global Select Market for the twenty consecutive trading days ending on the fifth trading day immediately prior to the merger closing date.

Each outstanding share of Focus Bank unvested restricted stock will vest on the completion of the merger and the holder thereof will receive the same per share merger consideration as all of the other Focus Bank shareholders, subject to any required tax withholding.

**Regulatory Approvals Required for the Merger (page [\*])**

Completion of the merger is subject to various regulatory approvals, including approvals from the California Department of Business Oversight, which we refer to as the Department of Business Oversight, and the Board of Governors of the Federal Reserve System, which we refer to as Federal Reserve Board. Notifications and/or applications requesting approval for the merger may also be submitted to other federal and state regulatory authorities and self-regulatory organizations. We have filed, or are in the process of filing all notices and applications to obtain the necessary regulatory approvals. Although we currently believe we should be able to obtain all required regulatory approvals, we cannot be certain when or if we will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to or have a material adverse effect on the combined company after the completion of the merger. The regulatory approvals to which completion of the merger are subject are described in more detail under the section entitled "The Merger Regulatory Approvals Required for the Merger" beginning on page [\*].

**Conditions to the Merger (page [\*])**

The obligations of Heritage and Focus Bank to complete the merger are each subject to the satisfaction or waiver of the following conditions:

approval of the Heritage Merger proposal by the Heritage shareholders and approval of the Focus Bank Merger proposal by the Focus Bank shareholders;

the receipt of all regulatory approvals required from the Federal Reserve Board and the Department of Business Oversight, subject to the limitations set forth in the merger agreement;

(i) no order issued by any injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the merger shall be in effect, and (ii) no statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any governmental entity which prohibits, restricts or makes illegal consummation of the merger;

As of the last business day of the month reflected in the closing financial statements and prior to implementation of the plan of integration, and excluding certain costs related to the merger, the adjusted shareholders' equity of Focus Bank shall not be less than \$28.493 million;

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as of the last business day of the month reflected in the closing financial statements, the total deposits (excluding brokered deposits and certificates of deposit in excess of \$25 million) of Focus Bank shall not be less than eighty-five percent of the balance of such "core deposits" on December 31, 2014;

the effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, and the absence of a stop order or proceeding initiated or threatened by the SEC for that purpose;

approval for the listing on the NASDAQ Global Select Market of the shares of Heritage common stock to be issued in the merger;

the accuracy of the representations and warranties of each party as of the closing date of the merger, other than, in most cases, those failures to be true and correct that would not reasonably be expected to result in a material adverse effect on such party;

the absence of a material adverse effect on either party since the date of the merger agreement;

performance in all material respects by each party of the obligations required to be performed by it at or prior to the closing date of the merger;

holders of not in excess of ten percent of the outstanding shares of Focus Bank shall not have exercised their dissenters' rights;

written certifications as to certain factual matters shall have been delivered to each party; and

receipt by each party of an opinion of its legal or tax advisors as to certain tax matters.

### **No Solicitation (page [\*])**

Under the terms of the merger agreement, Focus Bank has agreed not to solicit, initiate or encourage, induce, or facilitate any inquiries, offers or proposals with respect to, or engage or participate in any discussions or negotiations concerning, or provide any confidential or nonpublic information or data to, any person relating to, any acquisition proposal. Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances, in response to an unsolicited bona fide written acquisition proposal which, in the good faith judgment of the Focus Bank board of directors, constitutes or is more likely than not to result in a proposal which is superior to the merger with Heritage, and the Focus Bank board of directors determines in good faith (and after consultation with Focus Bank's financial advisors and legal counsel) that failure to take such actions is or would reasonably be expected to be a violation of its fiduciary duties under applicable law, Focus Bank may furnish information regarding Focus Bank and participate in discussions and negotiations with such third party.

### **Termination; Termination Fee (page [\*])**

Heritage and Focus Bank may mutually agree at any time to terminate the merger agreement without completing the merger, even if the Focus Bank shareholders have approved the merger and approved and adopted the merger agreement and the Heritage shareholders have approved the issuance of Heritage common stock in connection with the merger.

The merger agreement may also be terminated and the merger abandoned at any time prior to the effective time of the merger, as follows:

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by either Heritage or Focus Bank, if a required governmental approval is denied by final, non-appealable action, or if a governmental entity has issued a final, non-appealable order enjoining or otherwise prohibiting the closing of the merger, unless such denial or order is due

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to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of such party;

by Heritage if any requisite regulatory approval includes, or will not be issued without, the imposition of a burdensome condition;

by either Heritage or Focus Bank, if the merger has not closed on or before March 31, 2016, except that a party that is then in material breach of any of its covenants or obligations under the merger agreement is not entitled to terminate the merger agreement for this reason;

by either Heritage or Focus Bank, if there is a breach by the other party that would, individually or in the aggregate with other breaches by such party, result in the failure of a closing condition, unless the breach is cured before the earlier of March 31, 2016 and within thirty days following written notice of the breach;

by either Heritage or Focus Bank, if (i) the Focus Bank shareholders have not approved the merger at the Focus Bank special meeting (or any adjournment or postponement thereof), or (ii) the Heritage shareholders have not approved the issuance of Heritage common stock in connection with the merger at the Heritage special meeting (or any adjournment or postponement thereof), except that a party that fails to comply with its obligations and covenants relating to its shareholders' meeting is not entitled to terminate the merger agreement for this reason;

by Heritage, if the Focus Bank board of directors (i) withdraws, modifies, amends or qualifies its recommendation to approve the merger, (ii) publicly takes or fails to take certain actions indicating that the Focus Bank board of directors does not support the merger, (iii) approves, endorses, or recommends any other competing acquisition proposal, (iv) fails to comply with its obligations and covenants relating to the non-solicitation of competing acquisition proposals and in responding to unsolicited acquisition proposals, or (v) fails to comply with its obligation and covenants relating to the Focus Bank shareholders' meeting to approve the merger;

by Focus Bank, if prior to the receipt of the vote of the Focus Bank shareholders approving the merger and the merger agreement, Focus Bank (i) receives an unsolicited bona fide written competing acquisition proposal from any person that is not withdrawn, and a majority of the entire Focus Bank board of directors determines in good faith that such acquisition proposal constitutes a superior proposal and that failure to accept the competing acquisition proposal would be or would be reasonably likely to result in a violation of its fiduciary duties under applicable law, (ii) has complied with its obligations and covenants under the merger, and (iii) pays Heritage a termination fee; except that before Focus Bank can terminate the merger agreement under these circumstances:

during a five business day period negotiate in good faith with Heritage to enable Heritage to make an offer that is at least as favorable to the shareholders of Focus Bank so that such competing acquisition proposal would cease to constitute a superior proposal; and

at the end of such five business day period, a majority of the entire Focus Bank board of directors, after taking into account any modifications to the terms of the merger agreement and the merger, must continue to believe that such competing acquisition proposal constitutes a superior proposal and, that failure to accept the competing acquisition proposal would or would be reasonably likely to result in a violation of its fiduciary duties under applicable law.

Focus Bank may be required to pay Heritage a termination fee of \$2.74 million in certain circumstances. For more information, please see the section entitled "The Merger Agreement Termination; Termination Fee" beginning on page [\*].



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**Material United States Federal Income Tax Consequences of the Merger (page [\*])**

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Assuming the merger qualifies as such a reorganization, a shareholder of Focus Bank generally will not recognize any gain or loss upon receipt of Heritage common stock in exchange for Focus Bank common stock in the merger, except with respect to cash received in lieu of a fractional share of Heritage common stock, and except for Focus Bank shareholders who exercise their appraisal rights with respect to the merger. It is a condition to the completion of the merger that Heritage and Focus Bank receive written opinions from their legal advisors to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Tax matters are very complicated and the tax consequences of the merger to each Focus Bank shareholder may depend on such shareholder's particular facts and circumstances. Focus Bank shareholders are urged to consult their tax advisors to understand fully the tax consequences to them of the merger. For more information, please see the section entitled "Material United States Federal Income Tax Consequences of the Merger" beginning on page [\*].

**Comparison of Shareholders' Rights (page [\*])**

The rights of Focus Bank shareholders who continue as Heritage shareholders after the merger will be governed by the articles of incorporation and bylaws of Heritage rather than by the articles of incorporation and bylaws of Focus Bank. For more information, please see the section entitled "Comparison of Shareholders' Rights" beginning on page [\*].

**Information About the Companies (page [\*])**

Heritage is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. As of March 31, 2015, Heritage had consolidated total assets of approximately \$1.7 billion, total loans of approximately \$1.1 billion, total deposits of approximately \$1.4 billion and shareholders' equity of approximately \$186.8 million. Heritage had 251 full-time equivalent employees as of March 31, 2015. Heritage's principal executive office is located at 150 Almaden Boulevard, San Jose, California 95113.

Focus Bank is a California chartered bank. As of March 31, 2015, Focus Bank had consolidated total assets of approximately \$397.1 million, total loans of approximately \$180.7 million, total deposits of approximately \$367.2 million and shareholders' equity of approximately \$29.1 million. Focus Bank had 42 full-time equivalent employees as of March 31, 2015. Focus Business Bank's executive office is located at 10 Almaden Boulevard, San Jose, California 95113.

**Risk Factors (page [\*])**

Before voting at the Heritage or Focus Bank shareholders' meeting, you should carefully consider all of the information contained in or incorporated by reference into this joint proxy statement/prospectus, including the risk factors set forth in the section entitled "Risk Factors" beginning on page [\*] or described in Heritage's Annual Reports on Form 10-K for the year ended on December 31, 2014 and other reports filed with the SEC, which are incorporated by reference into this joint proxy statement/prospectus. Please see "Where You Can Find More Information" beginning on page i.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR HERITAGE**

The following table summarizes the consolidated financial results of Heritage for the periods and at the dates indicated and should be read in conjunction with Heritage's consolidated financial statements and the notes to the consolidated financial statements contained in reports that Heritage has previously filed with the SEC. Historical financial information for Heritage can be found in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 and its Annual Report on Form 10-K for the year ended December 31, 2014. Please see the section entitled "Where You Can Find More Information" beginning on page i for instructions on how to obtain the information that has been incorporated by reference. Financial amounts as of and for the three months ended March 31, 2015 and 2014 are unaudited (and are not necessarily indicative of the results of operations for the full year or any other interim period), and the management of Heritage believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past periods and for the three months ended March 31, 2015 and 2014 indicate results for any future period.

	(Unaudited)		At or for the Year Ended December 31,				
	At or for the Three Months Ended March 31,		2014	2013	2012	2011	2010
	2015	2014	2014	2013	2012	2011	2010
(Dollars in thousands, except per share data)							
<b>INCOME STATEMENT DATA:</b>							
Interest income	\$ 17,366	\$ 13,855	\$ 59,256	\$ 52,786	\$ 52,565	\$ 52,031	\$ 55,087
Interest expense	508	521	2,153	2,600	4,187	5,875	10,512
Net interest income before provision for loan losses	16,858	13,334	57,103	50,186	48,378	46,156	44,575
Provision (credit) for loan losses	(60)	(10)	(338)	(816)	2,784	4,469	26,804
Net interest income after provision for loan losses	16,918	13,344	57,441	51,002	45,594	41,687	17,771
Noninterest income	1,926	2,017	7,746	7,214	8,865	8,422	8,733
Noninterest expense	12,276	10,546	44,222	40,470	39,061	38,537	87,332
Income (loss) before income taxes	6,568	4,815	20,965	17,746	15,398	11,572	(60,828)
Income tax expense (benefit)	2,430	1,739	7,538	6,206	5,489	201	(4,971)
Net income (loss)	4,138	3,076	13,427	11,540	9,909	11,371	(55,857)
Dividends and discount accretion on preferred stock	(448)	(224)	(1,008)	(336)	(1,206)	(2,333)	(2,398)
Net income (loss) available to common shareholders	3,690	2,852	12,419	11,204	8,703	9,038	(58,255)
Less: undistributed earnings allocated to Series C preferred stock	274	315	1,342	1,687	1,527	1,589	N/A
Distributed and undistributed earnings (loss) allocated to common shareholders	\$ 3,416	\$ 2,537	\$ 11,077	\$ 9,517	\$ 7,176	\$ 7,449	\$ (58,255)
<b>PER COMMON SHARE DATA:</b>							
Basic net income (loss)(1)	\$ 0.13	\$ 0.10	\$ 0.42	\$ 0.36	\$ 0.27	\$ 0.28	\$ (3.64)
Diluted net income (loss)(2)	\$ 0.13	\$ 0.10	\$ 0.42	\$ 0.36	\$ 0.27	\$ 0.28	\$ (3.64)
Book value per common share(3)	\$ 6.31	\$ 5.96	\$ 6.22	\$ 5.84	\$ 5.71	\$ 5.30	\$ 4.73
Tangible book value per common share(4)	\$ 5.70	\$ 5.91	\$ 5.60	\$ 5.78	\$ 5.63	\$ 5.20	\$ 4.61
Pro forma tangible book value per share, assuming Series C preferred stock was converted into common stock(5)	\$ 5.31	\$ 5.49	\$ 5.23	\$ 5.38	\$ 5.25	\$ 4.90	\$ 4.41
Weighted average number of shares outstanding basic	26,509,723	26,359,825	26,390,615	26,338,161	26,303,245	26,266,584	16,026,058
Weighted average number of shares outstanding diluted	26,680,253	26,483,088	26,526,282	26,386,452	26,329,336	26,270,394	16,026,058

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Shares outstanding at period end	26,522,739	26,370,510	26,503,505	26,350,938	26,322,147	26,295,001	26,233,001
Pro forma common shares outstanding at period end, assuming Series C preferred stock was converted into common stock(6)	32,123,739	31,971,510	32,104,505	31,951,938	31,923,147	31,896,001	31,834,001



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	(Unaudited) At or for the Three Months Ended March 31,		At or for the Year Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
<b>(Dollars in thousands, except per share data)</b>							
<b>BALANCE SHEET DATA:</b>							
Securities (available-for sale and held-to-maturity)	\$ 295,356	\$ 357,923	\$ 301,697	\$ 376,021	\$ 419,384	\$ 380,455	\$ 232,165
Net loans	\$ 1,083,437	\$ 922,942	\$ 1,070,264	\$ 895,749	\$ 793,286	\$ 743,891	\$ 820,845
Allowance for loan losses	\$ 18,544	\$ 18,817	\$ 18,379	\$ 19,164	\$ 19,027	\$ 20,700	\$ 25,204
Goodwill and other intangible assets	\$ 16,141	\$ 1,412	\$ 16,320	\$ 1,527	\$ 2,000	\$ 2,491	\$ 3,014
Total assets	\$ 1,652,887	\$ 1,470,110	\$ 1,617,103	\$ 1,491,632	\$ 1,693,312	\$ 1,306,194	\$ 1,246,369
Total deposits	\$ 1,423,649	\$ 1,261,995	\$ 1,388,386	\$ 1,286,221	\$ 1,479,368	\$ 1,049,428	\$ 993,918
Securities sold under agreement to repurchase	\$	\$	\$	\$	\$	\$	\$ 5,000
Subordinated debt	\$	\$	\$	\$	\$ 9,279	\$ 23,702	\$ 23,702
Short-term borrowings	\$	\$	\$	\$	\$	\$	\$ 2,445
Total shareholders' equity	\$ 186,777	\$ 176,817	\$ 184,358	\$ 173,396	\$ 169,741	\$ 197,831	\$ 182,152
<b>SELECTED PERFORMANCE RATIOS:(7)</b>							
Return (loss) on average assets	1.03%	0.86%	0.88%	0.81%	0.73%	0.89%	4.17%
Return (loss) on average tangible assets	1.04%	0.86%	0.88%	0.81%	0.73%	0.89%	4.25%
Return (loss) on average equity	9.04%	7.10%	7.44%	6.77%	5.75%	6.02%	30.82%
Return (loss) on average tangible equity	9.89%	7.16%	7.60%	6.84%	5.83%	6.11%	35.66%
Net interest margin (fully tax equivalent)	4.58%	4.05%	4.10%	3.84%	3.88%	3.94%	3.69%
Efficiency ratio, excluding impairment of goodwill	65.35%	68.70%	68.19%	70.51%	68.24%	70.61%	82.82%
Average net loans (excludes loans held-for-sale) as a percentage of average deposits	74.54%	72.62%	74.54%	67.26%	67.98%	75.91%	87.53%
Average total shareholders' equity as a percentage of average total assets	11.35%	12.05%	11.85%	11.90%	12.72%	14.82%	13.55%
<b>SELECTED ASSET QUALITY DATA:(8)</b>							
Annualized net charge-offs (recoveries) to average loans	0.09%	0.15%	0.05%	0.11%	0.57%	1.12%	3.18%
Allowance for loan losses to total loans	1.68%	2.00%	1.69%	2.09%	2.34%	2.71%	2.98%
Nonperforming loans to total loans plus nonaccrual loans loans held-for-sale	0.61%	1.15%	0.54%	1.29%	2.24%	2.20%	3.90%
Nonperforming assets	\$ 8,449	\$ 11,375	\$ 6,551	\$ 12,393	\$ 19,464	\$ 19,142	\$ 34,399
<b>HERITAGE COMMERCE CORP CAPITAL RATIOS:(9)</b>							
Total risk-based	13.0%	15.4%	13.9%	15.3%	16.2%	21.9%	20.9%
Tier 1 risk-based	11.7%	14.2%	12.6%	14.0%	15.0%	20.6%	19.7%
Common equity Tier 1 risk-based	10.4%	N/A	N/A	N/A	N/A	N/A	N/A
Leverage	10.5%	11.9%	10.6%	11.2%	11.5%	15.3%	14.1%

Notes:

- (1) Represents distributed and undistributed earnings (loss) allocated to common shareholders, divided by the average number of shares of common stock outstanding for the respective period.
- (2) Represents distributed and undistributed earnings (loss) allocated to common shareholders, divided by the average number of shares of common stock and common stock equivalents outstanding for the respective period.
- (3) Represents shareholders' equity minus preferred stock divided by the number of shares of common stock outstanding at the end of the period indicated.
- (4) Represents shareholders' equity minus preferred stock, minus goodwill and other intangible assets divided by the number of shares of common stock outstanding at the end of period indicated.
- (5)

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Represents shareholders' equity minus preferred stock, minus goodwill and other intangible assets divided by the number of shares of common stock outstanding at the end of period indicated, assuming 21,004 shares of Series C preferred stock were converted into 5,601,000 shares of common stock.

- (6) Assumes 21,004 shares of Series C preferred stock were converted into 5,601,000 shares of common stock at the end of the period indicated.
- (7) Average balances used in this table are based on daily averages.
- (8) Average loans and total loans exclude loans held-for-sale.
- (9) The capital ratios at March 31, 2015 are based on the Basel III regulatory requirements; the capital ratios for all of the prior periods are based on the Basel I regulatory requirements.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR FOCUS BANK**

The following table summarizes the consolidated financial results of Focus Bank for the periods and at the dates indicated and should be read in conjunction with Focus Bank's consolidated financial statements included in Appendix E and Appendix F of this joint proxy statement/prospectus. Financial amounts as of and for the three months ended March 31, 2015 and 2014 are unaudited (and are not necessarily indicative of the results of operations for the full year or any other interim period), and the management of Focus Bank believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past periods and for the three months ended March 31, 2015 and 2014 indicate results for any future period.

	(Unaudited) At or for the Three Months Ended March 31,		At or for the Year Ended December 31,					
	2015	2014	2014	2013	2012	2011	2010	
	(Dollars in thousands, except per share data)							
<b>INCOME STATEMENT DATA:</b>								
Interest income	\$ 2,625	\$ 2,206	\$ 9,432	\$ 7,445	\$ 6,531	\$ 5,275	\$ 4,419	
Interest expense	152	183	686	642	442	428	564	
Net interest income before provision for loan losses	2,473	2,023	8,746	6,803	6,089	4,847	3,855	
Provision (credit) for loan losses	50	100	300				(200)	
Net interest income after provision for loan losses	2,423	1,923	8,446	6,803	6,089	4,847	4,055	
Noninterest income	1,193	525	1,923	1,578	1,159	1,027	466	
Noninterest expense	2,934	2,048	8,546	7,014	5,964	5,211	4,724	
Income (loss) before income taxes	682	400	1,823	1,367	1,284	663	(203)	
Income tax expense (benefit)	279	147	666	498	(2,174)	62		
Net income (loss)	\$ 403	\$ 253	\$ 1,157	\$ 869	\$ 3,458	\$ 601	\$ (203)	
<b>PER COMMON SHARE DATA:</b>								
Basic net income (loss)(1)	\$ 0.14	\$ 0.09	\$ 0.40	\$ 0.30	\$ 1.19	\$ 0.21	\$ (0.07)	
Diluted net income (loss)(2)	\$ 0.13	\$ 0.09	\$ 0.39	\$ 0.30	\$ 1.18	\$ 0.21	\$ (0.07)	
Book value per common share(3)	\$ 9.69	\$ 9.23	\$ 9.49	\$ 9.10	\$ 8.97	\$ 7.76	\$ 7.40	
Tangible book value per common share(4)	\$ 9.69	\$ 9.23	\$ 9.49	\$ 9.10	\$ 8.97	\$ 7.76	\$ 7.40	
Weighted average number of shares outstanding basic	2,929,282	2,915,913	2,922,893	2,912,175	2,902,885	2,888,112	2,887,500	
Weighted average number of shares outstanding diluted	3,011,228	2,951,960	2,958,614	2,944,437	2,926,213	2,908,250	2,887,500	
Shares outstanding at period end	3,001,722	2,935,930	3,001,722	2,934,930	2,919,406	2,914,517	2,905,350	
<b>BALANCE SHEET DATA:</b>								
Securities (available-for sale and held-to-maturity)	\$ 67,973	\$ 72,253	\$ 71,086	\$ 63,293	\$ 29,368	\$ 26,205	\$ 29,994	
Net loans	\$ 177,977	\$ 147,376	\$ 179,730	\$ 137,794	\$ 116,871	\$ 94,897	\$ 63,984	
Allowance for loan losses	\$ 2,730	\$ 2,524	\$ 2,679	\$ 2,548	\$ 2,545	\$ 2,541	\$ 2,541	
Total assets	\$ 397,105	\$ 335,986	\$ 391,283	\$ 312,659	\$ 213,435	\$ 168,524	\$ 131,898	
Total deposits	\$ 367,160	\$ 307,881	\$ 361,310	\$ 285,015	\$ 186,360	\$ 145,182	\$ 109,806	
Total shareholders' equity	\$ 29,092	\$ 27,113	\$ 28,493	\$ 26,695	\$ 26,195	\$ 22,626	\$ 21,491	
<b>SELECTED PERFORMANCE RATIOS:(5)</b>								
Return (loss) on average assets	0.42%	0.32%	0.32%	0.33%	1.95%	0.42%	0.17%	
Return (loss) on average tangible assets	0.42%	0.32%	0.32%	0.33%	1.95%	0.42%	0.17%	
Return (loss) on average equity	5.66%	3.79%	4.16%	3.28%	14.47%	2.72%	0.85%	

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Return (loss) on average tangible equity	5.66%	3.79%	4.16%	3.28%	14.47%	2.72%	0.85%
Net interest margin (fully tax equivalent)	2.86%	2.76%	2.61%	2.80%	3.62%	3.46%	3.30%
Average net loans as a percentage of average deposits	52.65%	48.67%	45.83%	52.02%	69.51%	65.64%	43.79%
Average total shareholders' equity as a percentage of average total assets	7.49%	8.39%	7.63%	10.14%	13.46%	15.42%	17.88%
<b>SELECTED ASSET QUALITY DATA:</b>							
Annualized net charge-offs (recoveries) to average loans	0.00%	0.34%	0.11%	0.00%	0.00%	0.00%	0.47%
Allowance for loan losses to total loans	1.51%	1.68%	1.47%	1.82%	2.13%	2.61%	3.82%
Nonperforming loans to total loans	0.00%	0.14%	0.00%	0.80%	0.00%	0.09%	0.13%
Nonperforming assets	\$	\$ 215	\$ 574	\$ 1,122	\$	\$ 83	\$ 86
<b>FOCUS BUSINESS BANK CAPITAL RATIOS:(6)</b>							
Total risk-based	15.4%	13.6%	14.7%	14.8%	18.1%	20.8%	28.5%
Tier 1 risk-based	14.1%	12.4%	13.5%	13.6%	16.8%	19.5%	27.2%
Common equity Tier 1 risk-based	14.1%	N/A	N/A	N/A	N/A	N/A	N/A
Leverage	7.5%	7.9%	7.1%	8.5%	11.8%	13.8%	16.5%

Notes:

- (1) Represents net income (loss) divided by the average number of shares of common stock outstanding for the respective period.

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- (2) Represents net income (loss) divided by the average number of shares of common stock and common stock equivalents outstanding for the respective period.
- (3) Represents shareholders' equity divided by the number of shares of common stock outstanding at the end of the period indicated.
- (4) Represents shareholders' equity minus intangible assets divided by the number of shares of common stock outstanding at the end of period indicated.
- (5) Average balances used in this table are based on daily averages.
- (6) The capital ratios at March 31, 2015 are based on the Basel III regulatory requirements; the capital ratios for all of the prior periods are based on the Basel I regulatory requirements.

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**UNAUDITED COMPARATIVE PER COMMON SHARE DATA**

The following table shows per common share data regarding basic and diluted earnings, cash dividends, and book value for (a) Heritage and Focus Bank on a historical basis, (b) Heritage on a pro forma combined basis, and (c) Focus Bank on a pro forma equivalent basis. The pro forma basic and diluted earnings per share information was computed as if the merger had been completed on January 1, 2014. The pro forma book value per share information was computed as if the merger had been completed on the dates presented.

The information in the following table is based on, and should be read together with, the condensed pro forma combined consolidated financial information that appears elsewhere in this joint proxy statement/prospectus, the historical consolidated financial information that Heritage has presented in its prior filings with the SEC and the historical consolidated financial information of Focus Bank that are included elsewhere in this joint proxy statement/prospectus. You should not rely on the pro forma combined or pro forma equivalent amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs (except merger costs that are reflected in the Unaudited Pro Forma Combined Condensed Balance Sheet), or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. The information below should

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be read in conjunction with the section entitled "Unaudited Pro Forma Combined Condensed Financial Information" beginning on page [\*].

	<b>Historical</b>		<b>Heritage Commerce Corp Pro Forma Combined</b>		<b>Focus Business Bank Pro Forma Equivalent Per Share(1)</b>	
	<b>Heritage Commerce Corp</b>	<b>Focus Business Bank</b>				
	<b>(Dollars in thousands)</b>					
<b>Per Common Share Data:</b>						
<b>Basic Earnings(2)</b>						
For the Three months ended March 31, 2015	\$ 0.13	\$ 0.14	\$ 0.12	\$ 0.22		
For the Year ended December 31, 2014	\$ 0.42	\$ 0.40	\$ 0.38	\$ 0.69		
<b>Diluted Earnings(3)</b>						
For the Three months ended March 31, 2015	\$ 0.13	\$ 0.13	\$ 0.12	\$ 0.22		
For the Year ended December 31, 2014	\$ 0.42	\$ 0.39	\$ 0.37	\$ 0.67		
<b>Cash Dividends Paid(4)</b>						
For the Three months ended March 31, 2015	\$ 0.08		\$ 0.08	\$ 0.15		
For the Year ended December 31, 2014	\$ 0.18		\$ 0.18	\$ 0.33		
<b>Book Value</b>						
As of March 31, 2015	\$ 6.31	\$ 9.69	\$ 6.77	\$ 12.34		
As of December 31, 2014	\$ 6.22	\$ 9.49	\$ 6.70	\$ 12.21		

(1) Computed by multiplying the "Heritage Pro Forma Combined" amounts by the exchange ratio of 1.8235.

(2) Based on pro forma basic weighted average common shares outstanding of 31,983,363 and 31,864,255 as of March 31, 2015 and December 31, 2014, respectively. Such pro forma share amounts are based on (a) 26,509,723 and 26,390,615 basic weighted average common shares outstanding of Heritage common stock for the three months ended March 31, 2015 and the year ended December 31, 2014, respectively, plus (b) the product of (x) the exchange ratio of 1.8235 and (y) 3,001,722 common shares outstanding of Focus Bank common stock at March 31, 2015 and December 31, 2014.

(3) Based on pro forma diluted weighted average common shares outstanding of 32,153,893 and 31,999,922 as of March 31, 2015 and December 31, 2014, respectively. Such pro forma share amounts are based on (a) 26,680,253 and 26,526,282 diluted weighted average common shares outstanding of Heritage common stock for the three months ended March 31, 2015 and the year ended December 31, 2014, respectively, plus (b) the product of (x) the exchange ratio of 1.8235 and (y) 3,001,722 common shares outstanding of Focus Bank common stock at March 31, 2015 and December 31, 2014.

(4) "Heritage Pro Forma Combined" cash dividends paid are based only upon Heritage's historical amounts.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION**

The table below sets forth, for the calendar quarters indicated, the high and low sales prices per share, and the dividend paid per share, of Heritage common stock, which trades on the NASDAQ Global Select Market under the symbol "HTBK," and Focus Bank common stock, which trades on the Over-the-Counter Bulletin Board trading system under the symbol "FCSB."

	Heritage Commerce Corp			Focus Business Bank		
	Stock Price		Dividend Per Share	Stock Price		Dividend Per Share
	High	Low		High	Low	
<b>2015</b>						
Second quarter (through [*] [*], 2015)	\$	[*]	\$	[*]	\$	0.08
First quarter	\$	9.14	\$	8.21	\$	0.08
<b>2014</b>						
Fourth quarter	\$	8.98	\$	8.24	\$	0.05
Third quarter	\$	8.46	\$	7.94	\$	0.05
Second quarter	\$	8.31	\$	7.77	\$	0.04
First quarter	\$	8.38	\$	7.81	\$	0.04
<b>2013</b>						
Fourth quarter	\$	8.33	\$	7.20	\$	0.03
Third quarter	\$	7.65	\$	6.85	\$	0.03
Second quarter	\$	7.08	\$	6.36	\$	0.03
First quarter	\$	7.03	\$	6.42	\$	0.03

The following table sets forth the closing sale prices per share of Heritage common stock and Focus Bank common stock on April 22, 2015, the last trading day before the public announcement of the signing of the merger agreement, and on [\*] [\*], 2015, the latest practicable date before the date of this joint proxy statement/prospectus. The following table also includes the equivalent market value per share of Focus Bank common stock on April 22, 2015 and [\*] [\*], 2015, determined by multiplying the closing share price of Heritage common stock on such dates by the exchange ratio for the merger of 1.8235.

	Heritage Commerce Corp	Focus Business Bank	Equivalent Market Value Per Share of Focus Business Bank
[*] [*], 2015	\$	[*]	\$
April 22, 2015	\$	9.00	\$



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**UNAUDITED PRO FORMA  
COMBINED CONDENSED FINANCIAL INFORMATION**

The following unaudited pro forma combined condensed financial information are based on the separate historical financial statements of Heritage and Focus Bank, the merger and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma combined condensed financial information. The unaudited pro forma combined condensed balance sheet as of March 31, 2015 is presented as if the merger had occurred on March 31, 2015. The unaudited pro forma combined condensed statements of earnings for the year ended December 31, 2014 and the three months ended March 31, 2015 are presented as if the merger had occurred on January 1, 2014. The historical consolidated financial information has been adjusted to reflect factually supportable items that are directly attributable to the merger and, with respect to the income statements only, expected to have a continuing impact on consolidated results of operations.

The unaudited pro forma combined condensed financial information has been prepared using the acquisition method of accounting for business combinations under U.S. generally accepted accounting standards. Heritage is the acquirer for accounting purposes. Certain reclassifications have been made to the historical financial statements of Focus Bank to conform to the presentation in Heritage's financial statements.

A final determination of the acquisition consideration and fair values of Focus Bank's assets and liabilities, which cannot be made prior to the completion of the merger, will be based on the actual net tangible and intangible assets of Focus Bank that exist as of the date of completion of the transaction. Consequently, fair value adjustments and amounts preliminarily allocated to goodwill and identifiable intangibles could change significantly from those allocations used in the unaudited pro forma combined condensed financial information presented below and could result in a material change in amortization of acquired intangible assets.

In connection with the plan to integrate the operations of Heritage and Focus Bank following the completion of the merger, Heritage anticipates that nonrecurring charges, such as costs associated with systems implementation, severance, and other costs related to exit or disposal activities, will be incurred. Heritage is not able to determine the timing, nature and amount of these charges as of the date of this joint proxy statement/prospectus. However, these charges will affect the results of operations of Heritage and Focus Bank, as well as those of the combined company following the completion of the merger, in the period in which they are recorded. The unaudited pro forma combined condensed statements of earnings do not include the effects of the costs associated with any restructuring or integration activities resulting from the transaction, as they are nonrecurring in nature and not factually supportable at the time that the unaudited pro forma combined condensed statements of earnings were prepared. Additionally, the unaudited pro forma adjustments do not give effect to any nonrecurring or unusual restructuring charges that may be incurred as a result of the integration of the two companies or any anticipated disposition of assets that may result from such integration.

The actual amounts recorded as of the completion of the merger may differ materially from the information presented in the unaudited pro forma combined condensed financial information as a result of:

changes in the trading price for Heritage's common stock;

net cash used or generated in the operations of Focus Bank and Heritage between the signing of the merger agreement and completion of the merger;

changes in the fair values of the assets and liabilities of Focus Bank and Heritage;

other changes in net assets of Focus Bank and Heritage that occur prior to the completion of the merger, which could cause material changes in the information presented below; and



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changes in the financial results of both Heritage and Focus from the period April 1, 2015 to consummation of the merger.

The unaudited pro forma combined condensed financial information is provided for informational purposes only. The unaudited pro forma combined condensed financial information is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. The preparation of the unaudited pro forma combined condensed financial information and related adjustments required management to make certain assumptions and estimates. The unaudited pro forma combined condensed financial information should be read together with:

the accompanying notes to the unaudited pro forma combined condensed financial information;

Heritage's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2014, included in Heritage's Annual Report on Form 10-K for the year ended December 31, 2014, incorporated by reference in this joint proxy statement/prospectus;

Focus Bank's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2014, included in this joint proxy statement/prospectus;

Heritage's separate unaudited historical condensed consolidated financial statements and accompanying notes as of and for the three months ended March 31, 2015 included in Heritage's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, incorporated by reference in this joint proxy statement/prospectus; and

Focus Bank's separate unaudited historical condensed consolidated financial statements and accompanying notes as of and for the three months ended March 31, 2015, included in this joint proxy statement/prospectus.

You should not rely on the pro forma combined or pro forma equivalent amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs, or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results.

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**HERITAGE COMMERCE CORP AND FOCUS BUSINESS BANK**  
**PRO FORMA COMBINED CONDENSED BALANCE SHEET (Unaudited)**

	March 31, 2015				Pro Forma Combined
	Heritage Commerce Corp	Focus Business Bank	Adjustments		
	(Dollars in thousands)				
<b>Assets</b>					
Cash and due from banks	\$ 27,388	\$ 23,855	\$ (5,567)	(a)	\$ 45,676
Federal funds sold and interest-bearing deposits in other financial institutions	124,388	94,602			218,990
Total cash and cash equivalents	151,776	118,457	(5,567)		264,666
Time certificates of deposits in other financial institutions		21,687			21,687
Securities available-for-sale, at fair value	200,768	44,862			245,630
Securities held-to-maturity, at amortized cost	94,588	23,111	367	(b)	118,066
Loans held-for-sale SBA, at lower of cost or fair value, including deferred costs	1,390				1,390
Loans, net of deferred fees	1,101,991	180,707	(4,833)	(c)	1,277,865
Allowance for loan losses	(18,554)	(2,730)	2,730	(d)	(18,554)
Loans, net	1,083,437	177,977	(2,103)		1,259,311
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	10,618				10,618
Company owned life insurance	51,657	6,117			57,774
Premises and equipment, net	7,340	223			7,563
Goodwill	13,054		23,447	(e)	36,501
Other intangible assets	3,087		5,449	(f)	8,536
Accrued interest receivable and other assets	35,172	4,671	(1,422)	(g)	38,421
<b>Total assets</b>	<b>\$ 1,652,887</b>	<b>\$ 397,105</b>	<b>\$ 20,171</b>		<b>\$ 2,070,163</b>
<b>Liabilities and Shareholders' Equity</b>					
<b>Liabilities:</b>					
<b>Deposits:</b>					
Demand, noninterest-bearing	\$ 544,339	\$ 107,562			\$ 651,901
Demand, interest-bearing	241,477	185,257			426,734
Savings and money market	380,486	50,891			431,377
Time deposits under \$250	55,747	11,554			67,301
Time deposits \$250 and over	163,066	11,896			174,962
Time deposits brokered	28,126				28,126
CDARS money market and time deposits	10,408				10,408
Total deposits	1,423,649	367,160			1,790,809
Accrued interest payable and other liabilities	42,461	853			43,314
Total liabilities	1,466,110	368,013			1,834,123
<b>Shareholders' equity:</b>					
Preferred stock	19,519				19,519
Common stock	133,992	30,532	18,731	(h)	183,255
Retained earnings	34,583	(1,462)	1,462	(i)	34,583
Accumulated other comprehensive loss	(1,317)	22	(22)	(j)	(1,317)

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Total shareholders' equity	186,777	29,092	20,171	236,040
Total liabilities and shareholders' equity	\$ 1,652,887	\$ 397,105	\$ 20,171	\$ 2,070,163

See Notes to Pro Forma Combined Condensed Consolidated Financial Information

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**HERITAGE COMMERCE CORP AND FOCUS BUSINESS BANK**  
**PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME (Unaudited)**

	Three Months Ended March 31, 2015			
	Heritage Commerce Corp	Focus Business Bank	Adjustments	Pro Forma Combined
(Dollars in thousands, except per share data)				
<b>Interest income:</b>				
Loans, including fees	\$ 15,004	\$ 2,314	\$ 47 (a)	\$ 17,365
Securities, taxable	1,779	176	(9) (b)	1,946
Securities, non-taxable	506	45		551
Federal funds sold and interest-bearing deposits in other financial institutions	77	90		167
<b>Total interest income</b>	<b>17,366</b>	<b>2,625</b>	<b>38</b>	<b>20,029</b>
<b>Interest expense:</b>				
Deposits	508	152		660
<b>Total interest expense</b>	<b>508</b>	<b>152</b>		<b>660</b>
Net interest income before provision for loan losses	16,858	2,473	38	19,369
Provision (credit) for loan losses	(60)	50		(10)
<b>Net interest income after provision for loan losses</b>	<b>16,918</b>	<b>2,423</b>	<b>38</b>	<b>19,379</b>
<b>Noninterest income:</b>				
Service charges and fees on deposit accounts	623	102		725
Increase in cash surrender value of life insurance	400	11		411
Servicing income	306	(12)		294
Gain on sales of SBA loans	207	910	(2) (c)	1,115
Gain on sales of securities	2	2		2
Other	390	180		570
<b>Total noninterest income</b>	<b>1,926</b>	<b>1,193</b>	<b>(2)</b>	<b>3,117</b>
<b>Noninterest expense:</b>				
Salaries and employee benefits	8,042	1,654		9,696
Occupancy and equipment	1,045	176		1,221
Software subscriptions	327	70		397
Data processing	303	137		440
Insurance expense	291	19		310
FDIC deposit insurance premiums	239	64		303
Correspondent bank charges	236	7		243
Advertising and promotion	211	86		297
Professional fees	95	331		426
Foreclosed assets, net	(170)			(170)
Other	1,657	390	248 (d)	2,295
<b>Total noninterest expense</b>	<b>12,276</b>	<b>2,934</b>	<b>248</b>	<b>15,458</b>
Income before income taxes	6,568	682	(212)	7,038
Income tax expense	2,430	279	(85) (e)	2,624

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Net income	4,138	403	(127)	4,414
Dividends on preferred stock	(448)			(448)
Net income available to common shareholders	3,690	403	(127)	3,966
Less: undistributed earnings allocated to Series C preferred stock	(274)		64 (f)	(210)
Distributed and undistributed earnings allocated to common shareholders	\$ 3,416	\$ 403	\$ (63)	\$ 3,756
Earnings per common share:				
Basic	\$ 0.13	\$ 0.14	N/A	\$ 0.12
Diluted	\$ 0.13	\$ 0.13	N/A	\$ 0.12
Weighted average common shares outstanding basic	26,509,723	2,929,282	2,544,358 (g)	31,983,363
Weighted average common shares outstanding diluted	26,680,253	3,011,228	2,462,412 (g)	32,153,893

See Notes to Pro Forma Combined Condensed Consolidated Financial Information

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**HERITAGE COMMERCE CORP AND FOCUS BUSINESS BANK**  
**PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME (Unaudited)**

	Heritage Commerce Corp	Year Ended December 31, 2014		Pro Forma Combined
		Focus Business Bank	Adjustments	
(Dollars in thousands, except for per share data)				
<b>Interest income:</b>				
Loans, including fees	\$ 49,207	\$ 7,859	\$ 190 (a)	\$ 57,256
Securities, taxable	7,810	1,022	(36) (b)	8,796
Securities, non-taxable	2,025	227		2,252
Federal funds sold and interest-bearing deposits in other financial institutions	214	324		538
<b>Total interest income</b>	<b>59,256</b>	<b>9,432</b>	<b>154</b>	<b>68,842</b>
<b>Interest expense:</b>				
Deposits	2,032	686		2,718
Short-term borrowings	121			121
<b>Total interest expense</b>	<b>2,153</b>	<b>686</b>		<b>2,839</b>
<b>Net interest income before provision for loan losses</b>	<b>57,103</b>	<b>8,746</b>	<b>154</b>	<b>66,003</b>
Provision (credit) for loan losses	(338)	300		(38)
<b>Net interest income after provision for loan losses</b>	<b>57,441</b>	<b>8,446</b>	<b>154</b>	<b>66,041</b>