CAPITAL PURCHASE PROGRAM (CPP) LENDING REPORT

Name of institution: Heritage Commerce Corp
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RSSD (for Bank Holding Companies): 2209553
Holding Company Docket Number (for Thrift Holding Companies):
FDIC Certificate Number (for depository institutions):

LENDING ACTIVITY (Thousands $)	2009 FEB	2009 MAR	Key	Comments
1. Loan Balances				
a. Average Consumer Loans	$4,166	$4,062		The Company made $1.8 million in new and $1.2 million in renewed consumer loan commitments in February 2009, and $4.5 million in new and $3.4 million in renewed consumer loan commitments in March 2009. Average loans outstanding for March decreased $104,000 from February due to loan payoffs and paydowns on the principal balance. Consumer loan payoffs were $1.0 million in February 2009, and $3.7 million in March 2009. There were no consumer loan net charge-offs in February 2009, and there were $7,000 consumer loan net charge-offs in March 2009.
b. Average Commercial Loans	$1,237,336	$1,225,637		The Company made $8.9 million in new and $22.5 million in renewed commercial loan commitments in February 2009, and $11.1 million in new and $37.9 million in renewed commercial loan commitments in March 2009. Average loans outstanding for March decreased by $11.7 million from February due to loan payoffs, paydowns and net chargeoffs . Commercial loan payoffs were $4.1 million in February 2009, and $15.9 million in March 2009. Commercial loan net charge-offs were $403,000 in February 2009, and $11.5 million in March 2009.
c. Total Loans (sum of lines a and b)	$1,241,502	$1,229,699		This results in a total of $10.7 million in new and $23.7 million in renewed loan commitments in February 2009, and $15.6 million in new and $41.3 million in renewed loan commitments in March 2009. Average loans outstanding during the month are impacted by the timing on the funding of loan commitments, and are reduced by net charge-offs, loan payoffs and paydowns.

2. General Market Commentary (optional)

According to the real estate service MDA Data Quick, the number of homes sold in the Bay area rose for the seventh month in a row in March, the result of continued bargain hunting and the availability of foreclosure-discounted properties. It's a little early to say whether the Silicon Valley housing market has reached a bottom, but it is encouraging news to see improvements in the housing sales in the region. Home buying remained slow in pricier coastal markets but was robust in many inland areas where steep price declines have boosted affordability. At the same time, Silicon Valley's unemployment rate climbed to 11% in March from 10.2% in February and above the year ago level of 5.3%, according to recent figures released by the California Employment Development Department.