

## Presidio Bank (OTC PINK: PDOB; San Francisco, CA) has agreed to merge with Heritage Commerce Corp (NASDAQ: HTBK; San Jose, CA)

**Deal Value: \$200.3 Million**

Sandler O'Neill acted as exclusive financial advisor and rendered a fairness opinion to Presidio Bank in this transaction.

This transaction represents Sandler O'Neill's 221st bank or thrift transaction nationwide since January 1, 2015, representing \$66.8 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions and for a greater aggregate deal value than any other investment bank during that time period.<sup>1</sup>

**San Jose, CA and San Francisco, CA, May 16, 2019** – Heritage Commerce Corp (Nasdaq: HTBK or "Heritage") the parent company of Heritage Bank of Commerce ("HBC") and Presidio Bank (OTCBB: PDOB, or "Presidio") announced today that they have entered into an agreement and plan of merger and reorganization (the "Agreement"), pursuant to which Presidio will merge with and into Heritage Bank of Commerce in an all-stock transaction valued at approximately \$200.3 million, or \$30.18 per Presidio common share, based on Heritage's closing stock price of \$12.22 on May 16, 2019. The merger will increase Heritage's total assets to approximately \$4.0 billion on a pro forma basis, and total branches to 17 in the San Francisco Bay Area, after branch consolidation.

"Presidio Bank is a perfect fit for Heritage, as both our values are aligned with fostering client relationships. The combination of our two high quality banking organizations provides the ability to create revenue and cost synergies while offering Presidio's client base a broader product offering, increased lending limits, and an expanded branch delivery system that now surrounds the San Francisco Bay Area," said Walter Kaczmarek, President and Chief Executive Officer of Heritage.

"We believe this transaction represents the best path toward long-term value creation for our shareholders.," said Presidio Bank Chairman and Founder Jim Woolwine, "Our clients and employees will benefit from becoming part of a larger banking franchise with an expanded range of products and services throughout the San Francisco Bay Area."

### Financial Highlights (\$ millions)<sup>2</sup>

	<u>HTBK</u>	<u>Presidio</u>
Total Assets	\$3,116	\$906
Net Loans	\$1,824	\$698
Deposits	\$2,640	\$794
Equity	\$379	\$93
LTM ROAA	1.23%	1.49%
TCE / TA	9.35%	10.22%

1: Excludes terminated transactions and self-advisory roles

2: Data as of March 31, 2019

Source: S&P Global Market Intelligence

### Combined Branch Network



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