

HERITAGE COMMERCE CORP
Form 10-Q
August 09, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended June 30, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-23877

Heritage Commerce Corp

(Exact name of Registrant as Specified in its Charter)

California

(State or Other Jurisdiction of Incorporation or
Organization)

77-0469558

(I.R.S. Employer Identification
Number)

150 Almaden Boulevard
San Jose, California 95113

(Address of Principal Executive Offices including Zip Code)

(408) 947-6900

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The Registrant had 13,375,163 shares of Common Stock outstanding on July 25, 2007.

Heritage Commerce Corp and Subsidiaries
Quarterly Report on Form 10-Q
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Part I -- FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Heritage Commerce Corp
Consolidated Balance Sheets (Unaudited)

	June 30,	December 31,
	2007	2006
	(Dollars in thousands)	
Assets		
Cash and due from banks	\$ 45,881	\$ 34,285
Federal funds sold	57,810	15,100
Total cash and cash equivalents	103,691	49,385
Securities available-for-sale, at fair value	169,498	172,298
Loans held for sale, at lower of cost or market	6,095	17,234
Loans, net of deferred origination costs	939,667	725,754
Allowance for loan losses	(11,104)	(9,279)
Loans, net	928,563	716,475
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	6,334	6,113
Company owned life insurance	37,900	36,174
Premises and equipment, net	9,186	2,539
Goodwill	43,172	-
Core deposit intangible asset	5,031	-
Accrued interest receivable and other assets	37,461	36,920
Total assets	\$ 1,346,931	\$ 1,037,138
 Liabilities and Shareholders' Equity		
Liabilities:		
Deposits		
Demand, noninterest bearing	\$ 266,404	\$ 231,841
Demand, interest bearing	162,003	133,413
Savings and money market	448,528	307,266
Time deposits, under \$100	33,735	31,097
Time deposits, \$100 and over	143,544	111,017
Brokered deposits, \$100 and over	65,439	31,959
Total deposits	1,119,653	846,593
Notes payable to subsidiary grantor trusts	23,702	23,702
Securities sold under agreement to repurchase	10,900	21,800
Accrued interest payable and other liabilities	22,522	22,223
Total liabilities	1,176,777	914,318
 Shareholders' equity:		
Preferred stock, no par value; 10,000,000 shares authorized; none outstanding	-	-
Common Stock, no par value; 30,000,000 shares authorized; shares outstanding: 13,375,163 at June 30, 2007 and 11,656,943 at December 31, 2006	103,498	62,363
Retained earnings	69,102	62,452
Accumulated other comprehensive loss	(2,446)	(1,995)
Total shareholders' equity	170,154	122,820
Total liabilities and shareholders' equity	\$ 1,346,931	\$ 1,037,138

See notes to consolidated financial statements

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Heritage Commerce Corp
Consolidated Income Statements (Unaudited)
Three Months Ended **Six Months Ended**
June 30, **June 30,**
2007 **2006** **2007** **2006**

(Dollars in thousands, except per share data)

Interest income:					
Loans, including fees	\$	15,589	\$	15,344	\$ 30,259 \$ 30,065
Securities, taxable		1,940		1,932	3,848 3,678
Securities, non-taxable		42		45	