

HOWE BARNES IS PLEASED TO ANNOUNCE  
OUR RECENT ADVISORY TRANSACTION



*has signed a definitive agreement  
to be acquired by*

HERITAGE  
COMMERCE CORP

February 2007

Howe Barnes acted as financial advisor to  
Diablo Valley Bank in this transaction.

Diablo Valley Bank, Danville, California, has signed a definitive agreement to merge with and into Heritage Commerce Corp., San Jose, California. Under the terms of the transaction, Heritage Commerce Corp. will pay approximately \$15.0 million in cash and issue 1,732,298 of its common shares for all common shares of Diablo currently outstanding. At announcement, the aggregate transaction value is \$70.2 million.

The acquisition of Diablo Valley Bank will expand Heritage Commerce Corp.'s footprint in Alameda and Contra Costa Counties.

The acquisition is expected to close in the second quarter of 2007, subject to shareholder and regulatory approvals.

Deal Pricing

Transaction Value:	\$70.2 million
Deal Price / LTM Earnings:	35.0x
Deal Price / Book:	401%
Deal Price / Tangible Book:	401%
Deal Price / Assets:	28.21%
Core Deposit Premium:	35.40%

*Financials as of 12/31/06*

Financial Highlights (\$000)

	HTBK	DBVB
Total Assets:	1,037,138	248,788
Total Equity:	122,820	24,022
Equity / Assets:	11.84%	9.66%
LTM ROAA:	1.57%	0.91%
LTM ROAE:	14.62%	8.78%

SOURCE: SNL Financial

INVESTMENT BANKING

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