

HERITAGE COMMERCE CORP
Form 10-Q
November 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 September 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 13,130,798 shares of Common Stock outstanding on November 1, 2007.

Heritage Commerce Corp and Subsidiaries
Quarterly Report on Form 10-Q
Table of Contents

PART I. FINANCIAL INFORMATION	Page No.
Item 1. Consolidated Financial Statements (unaudited):	<u>2</u>
Consolidated Balance Sheets	<u>2</u>
Consolidated Income Statements	<u>3</u>
Consolidated Statements of Changes in Shareholders' Equity	<u>4</u>
Consolidated Statements of Cash Flows	<u>5</u>
Notes to Consolidated Financial Statements	<u>6</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>12</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	<u>31</u>
Item 4. Controls and Procedures	<u>31</u>
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	<u>31</u>
Item 1A. Risk Factors	<u>31</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>31</u>
Item 3. Defaults Upon Senior Securities	<u>32</u>
Item 4. Submission of Matters to a Vote of Security Holders	<u>32</u>
Item 5. Other Information	<u>32</u>
Item 6. Exhibits	<u>33</u>
SIGNATURES	<u>33</u>
EXHIBIT INDEX	<u>34</u>

Part I -- FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Heritage Commerce Corp
Consolidated Balance Sheets (Unaudited)

September 30,
2007

December 31,
2006

(Dollars in thousands)

Assets				
Cash and due from banks	\$	51,627	\$	34,285
Federal funds sold		42,600		15,100
Total cash and cash equivalents		94,227		49,385
Securities available-for-sale, at fair value		150,116		172,298
Loans held for sale, at lower of cost or market		-		17,234
Loans, net of deferred origination costs		954,658		725,754
Allowance for loan losses		(11,472)		(9,279)
Loans, net		943,186		716,475
Federal Home Loan Bank and Federal Reserve				
Bank stock, at cost		7,653		6,113
Company owned life insurance		38,270		36,174
Premises and equipment, net		9,441		2,539
Goodwill		42,996		-
Core deposit intangible asset		4,863		-
Accrued interest receivable and other assets		35,667		36,920
Total assets	\$	1,326,419	\$	1,037,138
Liabilities and Shareholders' Equity				
Liabilities:				
Deposits				
Demand, noninterest bearing	\$	263,244	\$	231,841
Demand, interest bearing		146,410		133,413
Savings and money market		468,263		307,266
Time deposits, under \$100		32,341		31,097
Time deposits, \$100 and over		138,327		111,017
Brokered deposits, \$100 and over		52,179		31,959
Total deposits		1,100,764		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		22,678		22,223
Total liabilities		1,158,044		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: 13,123,396 at September 30, 2007 and 11,656,943 at December 31, 2006		98,093		62,363
Retained earnings		71,540		62,452
Accumulated other comprehensive loss		(1,258)		(1,995)

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Total shareholders' equity		168,375		122,820
Total liabilities and shareholders' equity	\$	1,326,419	\$	1,037,138

See notes to consolidated financial statements

2

Heritage Commerce Corp
Consolidated Income Statements (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
	(Dollars in thousands, except per share data)			
Interest income:				
Loans, including fees	\$ 19,282	\$ 15,958	\$ 49,541	\$ 46,023
Securities, taxable	1,881	1,968	5,729	