

**HERITAGE COMMERCE CORP
CHARTER FOR THE CORPORATE GOVERNANCE
AND NOMINATING COMMITTEE OF THE
BOARD OF DIRECTORS OF HERITAGE COMMERCE CORP**

A. ESTABLISHMENT OF COMMITTEE:

The Corporate Governance and Nominating Committee (“Committee”) shall be established by the Board of Directors of Heritage Commerce Corp (“Company”) and shall exist as a Committee under the Company’s Bylaws and shall conduct its affairs in accordance with this Charter. This Charter shall be annually (or more frequently if recommended by the Committee) reviewed by the Company’s Board of Directors. The Committee shall be comprised solely of Independent Directors, that is, directors independent as defined by law or rule of the Securities Exchange Commission and the NASDAQ National Market. Additionally, an independent Director shall not be an employee of the Company and shall be free of any relationship that, in the opinion of the Board, would interfere with his or her exercise of independent judgment as a Board or Committee member. The Committee shall consist of no fewer than three directors, each of whom shall be subject to annual reconfirmation and may be removed by the Board at any time.

B. PURPOSE:

The Committee shall consider and develop governance standards for the Company and shall establish the requirements and qualifications for members of the Board. The Committee, in consultation with the Chief Executive Officer and the Chairman, shall recommend candidates for nomination and election to the Company’s Board of Directors.

C. RESPONSIBILITIES AND OBJECTIVES:

In carrying out the purpose set forth herein, the Committee shall:

- Identify and review candidates for the Board of Directors and recommend to the full Board candidates for nomination and election to the Board or for appointment by the Board to fill a vacancy;
- Consider and evaluate nominees proposed by shareholders;
- Evaluate Board performance and annually review the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board, including such factors as business and professional experience, diversity and personal skills in finance, real estate capital markets, government regulation, financial reporting and other areas that are expected to contribute to an effective Board. The Committee shall consider the importance of having at least one independent director with significant experience and expertise in banking and at least one independent director with significant experience and expertise in finance, and such other attributes as shall be relevant in constituting a Board that

also satisfies the requirements imposed by the Securities and Exchange Commission and The NASDAQ Stock Market. The Committee should also consider some or all of the following criteria in considering candidates to serve as directors:

- commitment to ethical conduct and personal and professional integrity as evidenced through the person’s business associations, service as a director or executive officer or other commitment to ethical conduct and personal and professional integrity as evidenced organizations and/or education;
 - objective perspective and mature judgment developed through business experiences and/or educational endeavors;
 - the candidate’s ability to work with other members of the Board of Directors and management to further the Company’s goals and increase stockholder value;
 - the ability and commitment to devote sufficient time to carry out the duties and responsibilities as a director;
 - demonstrated experience at policy making levels in various organizations and in areas that are relevant to our activities;
 - the skills and experience of the potential nominee in relation to the capabilities already present on the Board of Directors; and
 - such other attributes, including independence, relevant in constituting a board that also satisfies the requirements imposed by the SEC and The NASDAQ Stock Market.
- In considering diversity of the Board (in all aspects of that term) as a criteria for selecting nominees to the Board of Directors the Committee shall take into account various factors and perspectives, including differences of viewpoint, high quality business and professional experience, education, skills and other individual qualities and attributes that contribute to Board heterogeneity, as well as race, gender and national origin;
 - Consider the impact of a material change in qualifications of a director arising from the retirement or a change in the principal occupation, position or responsibility of a director as such a change relates to continued service on the Board of Directors;
 - Annually administer a self-evaluation program for the Board of Directors, review the results of the evaluation, and report the findings of the entire Board;

- Evaluate the effectiveness of the Board’s committee structure and recommend to the full Board changes to committee structure or committee charters that the Committee perceive to be necessary;
- Recommend for Board approval, appointment of committee members and committee chairpersons;
- Recommend for Board approval a director to serve as Chairman of the Board and one or more Vice-Chairmen of the Board. In the absence of a Vice-Chairman, the Chairman of the Directors Corporate Governance Committee shall serve as Chairman.
- Review and assess compliance with the Policies Applicable To Members Of The Board of Directors and recommend changes to such Policies from time to time;
- Conduct annual evaluations of the effectiveness of the individual directors and the Board of Directors as a whole and, through the nomination process, augment areas of weakness and not re-nominate directors who have failed to demonstrate effective service;
- Establish a director orientation and continuing education program;
- Establish and monitor a director mentor program for executive management;
- Review the Committee Charter from time to time for adequacy and recommend any changes to the Board;
- Monitor the preparation and review of the Company’s Strategic Plan and Annual Operating Plan;
- Report to the Board on the major items covered at each Committee meeting; and
- Participate in the development of a formal Succession Plan.

D. GOVERNANCE AND NOMINATING COMMITTEE MEETINGS:

The Committee shall meet a minimum of four times a year and on such other occasions as circumstances may dictate or the members of the Committee may from time to time determine. Meetings of the Committee shall be held upon call by the Chairperson. A quorum of the Committee shall consist of a majority of the members of the Committee in office at the time of any meeting and the vote of a majority of the members of the Committee present at the time of a vote, if a quorum is present at that time, shall be the act of the Committee. The Chairperson or, in his or her absence, another member chosen by the attending members, shall preside at each meeting and set the agendas for Committee meetings.

All independent directors that are not members of the Committee may attend and observe meetings of the Committee, but may not vote and shall not participate in any discussion or

deliberation unless invited to do so by the Committee. The Committee may, at its discretion, include in its meetings members of the Company's management, compensation, legal, tax and accounting advisors and any other personnel employed or retained by the Company or any other persons whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including but not limited to, any director that is not a member of the Committee.

The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's by-laws that are applicable to the Committee.

The Chairperson shall report to the Board following meetings of the Committee and as otherwise requested by the Chairman of the Board.

The Committee shall maintain written minutes of its proceedings which shall be submitted to the Board and retained by the Secretary for inclusion in the Company's records.