

BOCH 10-K/A 12/31/2007

Section 1: 10-K/A (AMENDMENT TO FORM 10-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-K/A

Amendment No. 3

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

For the fiscal year ended December 31, 2007 — Commission File Number 0-25135

OR

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

For the transition period from _____ to _____

Bank of Commerce Holdings

(Exact name of Registrant as specified in its charter)

California
(State or jurisdiction of incorporation
or organization)

94-2823865
(I.R.S. Employer Identification Number)

1901 Churn Creek Road
Redding, California
(Address of principal executive offices)

96002
(Zip Code)

Registrant's telephone number, including area code:(530) 722-3955
(None)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, No Par Value per share

NASDAQ National Market

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.
Yes No

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 such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference to Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

As of the last day of the second fiscal quarter of 2007, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was (\$65,041,812) based on the closing sale price of \$10.82 as reported on the NASDAQ National Market (National Association of Securities Dealers Automated Quotation System National Market System) as of June 30, 2007.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date.

Class	Outstanding at September 25, 2008
Common Stock, No par value per share	8,711,495

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

On September 23, 2008, Management received a telephone call from the Securities and Exchange Commission in regards to Part II, Item 9A. "Controls and Procedures" Specifically, in our Company 10-K dated December 31, 2007, Management failed to provide a conclusion on our Company's disclosure controls and procedures. In addition, Management failed to include a report of Management on Internal Control over Financial Reporting. Due to these omissions, which makes the disclosure itself not materially compliant, Management concludes that the Company's disclosure controls and procedures were ineffective at December 31, 2007.

This Amendment No. 3 on Form 10-K/A amends the Annual Report on Form 10-K of Bank of Commerce Holdings, as filed by the Company on March 14, 2008, and is being filed to enhance information required by Part II, Item 9A. Except as otherwise stated herein, no other information contained in the original Filing has been updated by this Amendment No. 3. All of the information in this Amendment No. 3 does not modify or update disclosures in the Original Filing (including the exhibits to the Original Filing, except for the updated Exhibits 31.1, 31.2) other than as set forth herein.

This Amendment No. 3 should be read in conjunction with our periodic filings made with the Securities and Exchange Commission ("SEC"), subsequent to the date of the Original Filing, including any amendments to those filings, as well as any Current Reports filed on Form 8-K subsequent to the date of the Original Filing. In addition, in accordance with applicable rules and regulations promulgated by the SEC, this Form 10-K/A includes updated certificates from our Chief Executive Officer and Chief Principal Financial Officer as Exhibits 31.1 and 31.2.

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ITEM 9A. CONTROLS AND PROCEDURES

Under SEC rules 13a-15 and 15d-15, each issuer (Company) must maintain disclosure controls, procedures and internal control over financial reporting. Management is required to evaluate the effectiveness, as of the end of each fiscal year, of the Company's disclosure controls and procedures over financial reporting. Management's evaluation must be based on a suitable and recognized framework. Bank of Commerce Holdings management has adopted the widely accepted COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework for its evaluation.

The SEC defines *internal control over financial reporting* as a process designed by, or under the supervision of, the Company's principal executive and financial officers or persons performing similar functions. The control process is affected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (GAAP) in the United States of America. Internal control over financial reporting includes those policies and procedures that:

- Pertain the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the Directors of the Company;
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management evaluates the effectiveness of the Company's internal control over financial reporting primarily through periodic testing of *key controls*. The Institute of Internal Auditors defines a *key control* as follows: "A key control is a control that, if it fails, means there is at least a reasonable likelihood that a material error in the financial statements could not be detected on a timely basis." Management identified twenty-two major operational processes of which forty-seven key operational controls were earmarked for testing. Under the information technology umbrella, nine major processes were identified and twenty-two key information systems controls were targeted for testing. Of the total sixty-nine key controls, 40% of the key controls were tested internally.

The testing scope included the following:

- Minimum sample size was 5% of the transactions
- Sample size drawn from transactions and activities through out 2007
- Testing procedures included examination, inquiry, and observation, depending on the nature of the control being tested

It is important to note, that during the month of May 2007, 'walkthroughs' of the Company key controls were performed. From a control standpoint, a walkthrough is the act of tracing a transaction through organizational records and procedures. Audit Standard No. 5 defines a walkthrough as follows: "In a walkthrough, the auditor traces a transaction from origination through the company's information systems until it is reflected in the Company's financial reports." Based on the lack of significant exceptions noted during the walkthrough process, the above testing was deemed appropriate.

Effectiveness of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of December 31, 2007.

In the original 10-K filing for the fiscal year December 31, 2007, Management failed to provide a conclusion on disclosure controls and procedures. The omission of this conclusion through inadequate wording makes the disclosure noncompliant with SEC filing rules. In addition, Management failed to include a report of Management on Internal Control over Financial Reporting. Based on these omissions, the Chief Executive Officer and the Chief Financial Officer conclude that the Company's disclosure controls and procedures at December 31, 2007 were ineffective in timely making known to them material disclosures required to be disclosed in the Company's reports filed or submitted under the Exchange Act. The Company remedied this failure in the effectiveness of our disclosure controls and procedures by amending our Original Annual Report to include the required management's report. We have implemented additional controls and procedures designed to ensure that the disclosure provided by the Company meets the then current requirements of the applicable filing made under the Exchange Act.

During the quarter ended December 31, 2007, there have been no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, these controls.

Management's Annual Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended).

Internal control over financial reporting is defined under the Exchange Act as a process designed by, or under the supervision of, our CEO and CFO and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. Accordingly, even an effective system of internal control over financial reporting will provide only reasonable assurance with respect to financial statement preparation.

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Our management, with the participation of our CEO and CFO, evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control — Integrated Framework. Based on this evaluation and those criteria, our management, with the participation of our CEO and CFO, concluded that, as of December 31, 2007, our internal control over financial reporting was effective.

This Annual Report does not include an attestation report of our registered public accounting firm regarding our internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this Annual Report.

ITEM 9B. OTHER INFORMATION

The registrant must disclose under this item any information required to be disclosed in a report on Form 8-K during the fourth quarter of the year covered by this Form 10-K, but not reported.

None to report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on September 26, 2008.

BANK OF COMMERCE HOLDINGS

By /s/ Patrick J. Moty
Patrick J. Moty
President, Chief Executive Officer and Director of
Redding Bank of Commerce

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Patrick J. Moty and Linda J. Miles, and each of them, his or her true and lawful attorneys-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated:

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Patrick J. Moty</u> Patrick J. Moty	President, Chief Executive Officer Redding Bank of Commerce and Director of Redding Bank of Commerce	September 26, 2008
<u>/s/ Linda J. Miles</u> Linda J. Miles	Executive Vice President and Chief Financial Officer and Assistant Secretary (Principal Financial and Accounting Officer)	September 26, 2008
<u>/s/ Kenneth R. Gifford, Jr.</u> Kenneth R. Gifford, Jr.	Chairman of the Board	September 26, 2008
<u>/s/ Welton L. Carrel</u> Welton L. Carrel	Director	September 26, 2008
<u>/s/ Russell L. Duclos</u> Russell L. Duclos	Director	September 26, 2008
<u>/s/ John C. Fitzpatrick</u> John C. Fitzpatrick	Director	September 26, 2008
<u>/s/ Harry L. Grashoff, Jr.</u> Harry L. Grashoff, Jr.	Director	September 26, 2008
<u>/s/ David H. Scott</u> David H. Scott	Director	September 26, 2008
<u>/s/ Lyle L. Tullis</u> Lyle L. Tullis	Director	September 26, 2008
<u>/s/ Jon Halfhide</u> Jon Halfhide	Director	September 26, 2008
<u>/s/ Orin Bennett</u> Orin Bennett	Director	September 26, 2008

Section 2: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATIONS

I, Patrick J. Moty, certify that:

- 1) I have reviewed this annual report on Form 10-K of Bank of Commerce Holdings ('the registrant');
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period

covered by this report;

- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervisions, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Patrick J. Moty

Patrick J. Moty

President and Chief Executive Officer

(Principal Executive Officer)

Dated: September 26, 2008

Section 3: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATIONS

I, Linda J. Miles, certify that:

- 1) I have reviewed this annual report on Form 10-K of Bank of Commerce Holdings ('the registrant');
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervisions, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial

reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Linda J. Miles

Linda J. Miles

Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: September 26, 2008

Section 4: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
Regarding Annual Report on Form 10-K for the quarter ended December 31, 2007**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Bank of Commerce Holdings, a California Corporation (the "Company"), does certify that:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 2007 fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended, and
2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and operating results of the Company.

Dated: September 26, 2008

/s/ Patrick J. Moty

Patrick J. Moty

President & Chief Executive Officer

/s/ Linda J. Miles

Linda J. Miles

Executive VP & Chief Financial Officer