

2007 annual report



The original branch of the Redding Bank of Commerce, opened October 22, 1982.



bank of
commerce | holdings

Redding | Roseville | Sutter

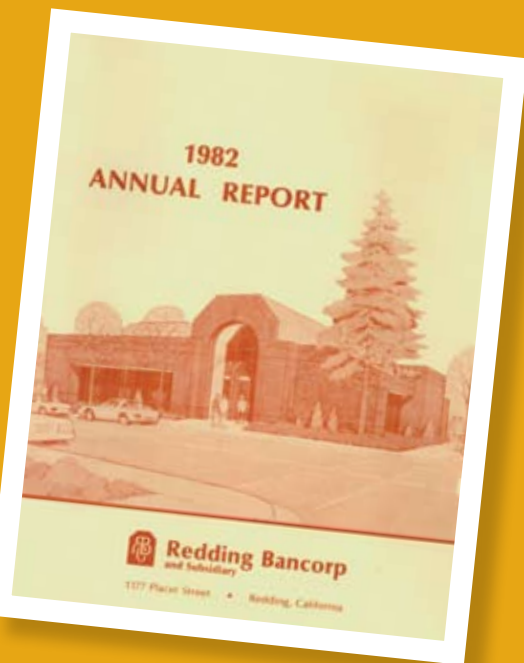


Twenty-five years of serving our community

“New bank optimistic of good times”

This was the headline in the Record Searchlight in 1982. The new bank was Redding Bank of Commerce. RBC was started by 13 local businessmen who also made up the original board. They had a vision for a financial institution that catered to the business and professional customer base in Redding. RBC opened their doors with the support of 353 stockholders.

“It’s the people that have built this bank, our staff and customers are like family. We’ve all grown this bank together”, said Harry L. Grashoff, Jr. founding President, who continues to serve on the board of directors.



Now the choice bank for business is your **bank of choice**™.

Dear Fellow Shareholders and Friends:

Along with celebrating our 25 years of amazing success, we are pleased to report that 2007 was a good year for the Company in terms of financial results. Our performance remains above average and consistent with our goal of achieving upper quartile performance compared with our peers.

Bank of Commerce is proud of its reputation as Northern California's premier bank for business. During 2007, we re-branded with "Bank of Commerce *bank of choice*™" reflecting a new commitment to local businesses with a fresh focus on you, your family and your personal finances.

It is important to note that there has been no change in our ownership. We remain a shareholder-owned, locally operated community bank committed to serving the north state that we are proud to call home. Our Company is evolving. Our new look will help us to stay competitive, expanding to serve more people in need of great banking experiences while allowing us to expand our customer base. On January 14, 2008 we opened our new consumer focused, express office with extended hours in an upscale shopping district, located at 3455 Placer Street in Redding, California. We hope you have the opportunity to visit our new banking center.

Top line revenues increased to \$48.5 million in 2007 compared with \$39.5 million in 2006, a 15.9% increase. Removing a non-recurring income item of \$2.3 million, top line revenues are still up 9.9% or \$3.9 million over the prior year's performance. Our loan and deposit trends were solid and our team continued to earn more of our customers' business. Total deposits grew by \$34.2 million, of which \$32.9 million were in core checking and savings accounts. Our Company recorded record loan growth of \$77.3 million or 18.9% during 2007. The increase is primarily in commercial and industrial loans. We maintained our conservative risk management practices, our strong balance sheet, and capital ratios. As you are aware, the residential development sector has been particularly hard hit by the housing crisis that continues to plague much of the country. We have strengthened our reserves by funding \$3.3 million in provisions for loan losses, bringing the allowance up to 1.66% of total loans in comparison to 1.18% a year ago. We are taking appropriate steps to ensure we intently focus on managing our exposures and controlling costs. No loan losses occurred during 2007. The Board of Directors declared quarterly cash dividends totaling \$0.33 per share in comparison with the prior year's cash dividend of \$0.29 per share. We invite you to review the accompanying financial report in greater detail.

In 2007, we were saddened by the passing of our friend and former President and CEO, Michael C. Mayer. Mr. Mayer joined the bank in 1997 and was appointed President and CEO in 2001. Our heartfelt wishes are with his family, he is truly missed.

We look forward to a challenging and successful 2008 with the leadership and commitment of our new Chairman of the Board, Kenneth R. Gifford Jr. As always, thank you for your support. I welcome any questions or comments you may have.

Sincerely,



Patrick J. Moty
President & CEO



Patrick J. Moty, President & CEO



“We have always been your business bank of choice, we are now strategically positioned to become your personal bank of choice as well.

Assisting our customers in achieving their financial goals and aspirations has always been the most exciting part of the job.”

Patrick J. Moty - Chief Executive Officer 

Pat joined Bank of Commerce in 1985. He has held various lending positions throughout the years. He was promoted to Senior Vice President, Chief Credit Officer in 2000, Executive Vice President, Chief Credit Officer in 2005 and appointed President and CEO in 2007.

Pat earned his Bachelors Degree in Business Management from California State University Sacramento in 1981. He graduated from the Graduate School of Banking – Colorado in 2000.

Pat is a Redding native. He and his wife Eva have been married for 21 years, and they have three teenage daughters. He enjoys golf, sports and relaxing with family and friends.

Over the years, Pat has generously served his community through several organizations, he was past President of Riverview Golf and Country Club, past Chairman of the City of Redding Parks and Recreation Committee, and is actively involved with West Redding Rotary.



Board of Directors

The financial institution trusted by local businesses for over 25 years continues to serve the personal banking needs for you, your family, and your lifestyle.



Bank of Commerce Holdings Board of Directors

(top row, left to right):

John C. Fitzpatrick, Chairman, Executive Compensation Committee
Lyle L. Tullis, Chairman/Nominating and Corporate Governance
Harry L. Grashoff, Jr., Chairman, Loan Committee
Kenneth R. Gifford, Jr., Chairman of the Board, Executive Committee Chairman
Welton L. Carrel, Director
Gary Burks, Director

(bottom row, left to right):

Russell L. Duclos, Chairman, Asset/Liability Committee
David H. Scott, Chairman, Audit Committee
Patrick J. Moty, President and Chief Executive Officer
Orin Bennett, Director
Jon W. Halfhide, Director



Meet Kenneth R. Gifford Jr., Chairman of the Board

Ken has served as a director of BOCH since January 1998. In 2007, Ken was named Chairman of the Board.

Since 1972, Ken has been President and CEO of Gifford Construction, Inc., located in Redding, California.

Ken and his wife Sally have eight children and 13 grandchildren. He enjoys traveling, especially to locations that offer the best ocean fishing. Favorites include Trinidad, CA, Hawaii, Alaska and Mexico. Other passions and hobbies include hunting, golf, motorhome trips and houseboating with his family.

Ken and Sally contribute generously to their community. They were recently honored with the Mayor's Philanthropic Award from the City of Redding. Ken has also been acknowledged throughout the years with the Shasta Builders Exchange Citizen of the Year Award, The Virgil Covington Award and named Businessman of the Year.

Ken chose to be a part of Bank of Commerce because of his commitment to the growth and strength of the greater Redding community. Through the vision, hard work and generous spirit of the entire team, BOC contributes greatly to the success of many businesses and to our community as a whole. A concept that Ken is proud to support.



Meet Gary Burks, Director

Gary grew up in Indianapolis, Indiana. Gary graduated from Indiana University, Bloomington in 1976 with a Bachelor of Science degree in Business. His extensive career history includes business, marketing and sales management. In 1982, Gary served as General Manager of Foothill Distributing Co., Inc. in Redding, California. He was promoted to Vice President in 1991.

Gary gives to his community in many ways through the Rotary Club of Redding, Greater Redding Chamber of Commerce, The Shasta Jazz Festival, Redding Youth Soccer, Basketball and Baseball, the Enterprise Athletic Booster Club and annual Harlan Carter Invitational Basketball Tournament.

Favorite activities include spending time with family, traveling, coaching and working with young people, flying, golf, basketball, working out and participating in all sporting and outdoor activities.

Gary has been a Bank of Commerce customer since 1982. He's known many BOC employees for over 20 years, and admires their character and attention to detail. He appreciates the value and importance BOC places on their customers. Gary feels his strongest contribution to the Bank of Commerce Board of Directors is his common sense conservative business approach combined with many years of experience with both a Fortune 500 Corporation and highly successful local business.



Involved.

The members of our Senior Leadership Team are truly dedicated to their careers and the success of our Company, but the dedication does not stop there. Every member of our leadership team gives generously to the communities in which they live...some through board participation, some through volunteer efforts and fund raising, some through their church. They lead by example. The “tone at the top” is truly exemplary.



Patrick J. Moty - President and Chief Executive Officer

- Economic Development Corporation Board Member
- Redding Rotary West Member



Linda J. Miles - Executive Vice President & Chief Financial Officer

- Nor-Cal Think Pink Board Member

Senior Leadership Team



Randy S. Eslick
Regional President - Roseville

- River Oak Center for Children Board Member



Caryn A. Blais
Senior Vice President & Chief Information Officer

- Nor-Cal Think Pink Board Member



Theodore M. Cumming
Senior Vice President & Chief Credit Officer



Debra A. Sylvester
Senior Vice President & Chief Administrative Officer

- Cottonwood Community Park Board Member



Pamela Halperin
Senior Vice President &
Regional Operations Manager - Roseville

- Relay For Life Campaign
- Susan G. Komen Foundation
- Aids Foundation



Samuel D. Jimenez
Senior Vice President & Director of Risk Management

- Catholic Healthcare West
North State Community Board of Directors



Robert A. Matranga
Senior Vice President & Lending Group Manager

- Past President of the Exchange Club of Redding
- Supports the Northern California Special Olympics
- Association of General Contractors Board of Directors



Robert O'Neil
Senior Vice President &
Regional Credit Manager - Roseville



Highlights of the 2007 Year

Growth, vision and a new direction...

We continue to invest in our business for the long term and to introduce new products and services in our marketplace. You will notice the bank's colorful, contemporary rebranding in everything from our fresh logo mark, branch signage and account statements to our newly re-launched website.

Our new Buenaventura office located in an upscale shopping district on the Westside of Redding opened on January 14, 2008.



- Assets of \$618.3 million
- Income of \$6.1 million
- Record loan growth of \$77.3 million
- Core deposit growth of \$32.9 million
- Treasury stock repurchase program announced
- Quarterly dividends totaling \$0.33 per share in 2007

Five Year Financial Summary

In Thousands (Except Ratios and Per Share Data)
As of and for the years ended December 31, 2007

	2007	2006	2005	2004	2003
Statements of Income					
Total Interest Income	\$41,128	\$37,610	\$27,864	\$20,996	\$19,279
Net Interest Income	\$22,012	\$22,035	\$20,238	\$16,887	\$14,694
Provision for Loan Losses	\$ 3,291	\$ 226	\$ 448	\$ 554	\$ 515
Total Noninterest Income	\$ 4,535	\$ 1,928	\$ 2,124	\$ 2,196	\$ 2,150
Total Noninterest Expense	\$15,744	\$13,333	\$11,749	\$10,620	\$ 9,660
Total Revenues	\$45,753	\$39,539	\$29,988	\$23,192	\$21,429
Net Income	\$ 6,107	\$ 6,568	\$ 6,278	\$ 4,978	\$ 4,183
Balance Sheets					
Total Assets	\$618,327	\$583,442	\$511,644	\$438,545	\$401,158
Total Net Loans	\$486,283	\$408,989	\$363,305	\$318,801	\$278,204
Allowance for Loan Losses	\$ 8,233	\$ 4,904	\$ 4,316	\$ 3,866	\$ 3,675
Total Deposits	\$473,631	\$439,407	\$372,116	\$352,878	\$327,539
Stockholders' Equity	\$ 46,164	\$ 43,916	\$ 39,138	\$ 35,283	\$ 30,511
Performance Ratios					
Return on Average Assets	1.04%	1.20%	1.34%	1.22%	1.10%
Return on Average Stockholders' Equity	13.39%	15.59%	18.35%	18.18%	15.20%
Dividend Payout	46.47%	40.36%	35.74%	39.29%	42.09%
Average Equity to Average Assets	9.43%	9.49%	9.43%	7.91%	7.21%
Tier 1 Risk-Based Capital-Bank	9.97%	11.42%	12.08%	10.80%	10.77%
Total Risk-Based Capital-Bank	11.22%	12.54%	13.11%	11.88%	12.02%
Net Interest Margin	3.98%	4.26%	4.59%	4.45%	4.22%
Average Earning Assets to Total Average Assets	93.74%	94.20%	94.04%	92.62%	91.26%
Nonperforming Assets to Total Assets	2.01%	0.00%	0.08%	0.54%	1.16%
Net Charge-offs to Average Loans	.00%	-.09%	.00%	.12%	.13%
Allowance for Loan Losses to Total Loans	1.66%	1.18%	1.17%	1.20%	1.30%
Nonperforming Loans to Allowance for Loan Losses	150.72%	0.00%	9.15%	61.64%	126.34%
Efficiency Ratio	59.31%	55.64%	52.54%	55.65%	59.15%
Share Data					
Average Common Shares Outstanding - basic	8,858	8,760	8,600	8,283	8,033
Average Common Shares Outstanding - diluted	8,938	8,932	8,845	8,703	8,327
Book Value Per Common Share	\$5.27	\$4.96	\$4.52	\$4.27	\$3.80
Basic Earnings Per Common Share	\$0.69	\$0.75	\$0.73	\$0.60	\$0.52
Diluted Earnings Per Common Share	\$0.68	\$0.74	\$0.71	\$0.57	\$0.50
Cash Dividends Per Common Share	\$0.33	\$0.29	\$0.26	\$0.23	\$0.22

bank of commerce | redding

 bank of choice.™

There are countless banks to choose from.
So choose the bank that offers you unlimited choice.

Take another look at Redding Bank of Commerce.
Your **bank of choice**™.

Checking. Savings. Loans. Investment. Retirement.

Bank of Commerce Redding
1177 Placer Street
Redding, California 96001
(530) 241-2265

Bank of Commerce Redding
1951 Churn Creek Road
Redding, California 96002
(530) 224-3333

Bank of Commerce Redding
3455 Placer Street, Suite A
(At Placer & Buenaventura)
Redding, California 96001
(530) 243-6100

Redding | Roseville | Sutter

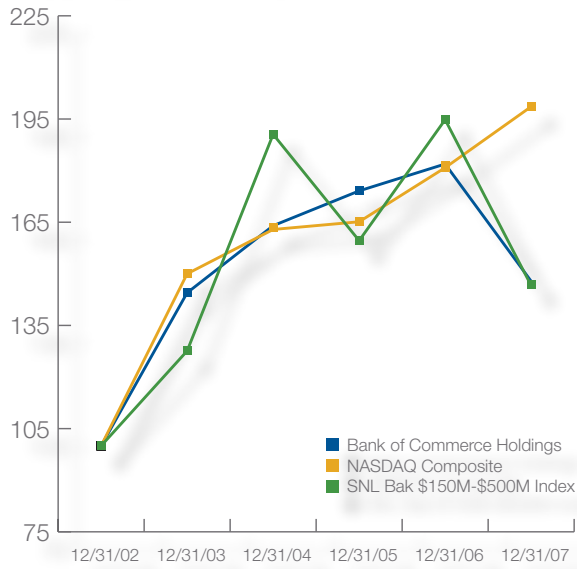


More personal.
More invested.
More rewarding.
More choice.

reddingbankofcommerce.com

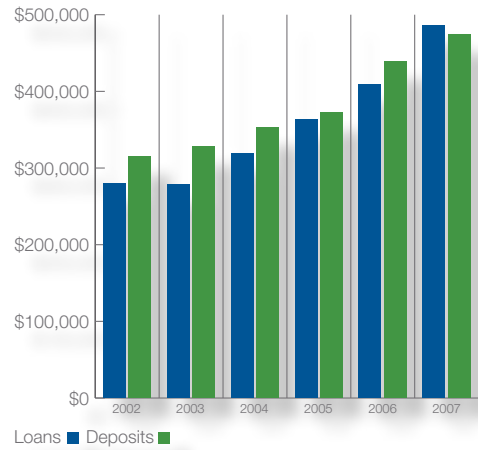


Total Return Performance

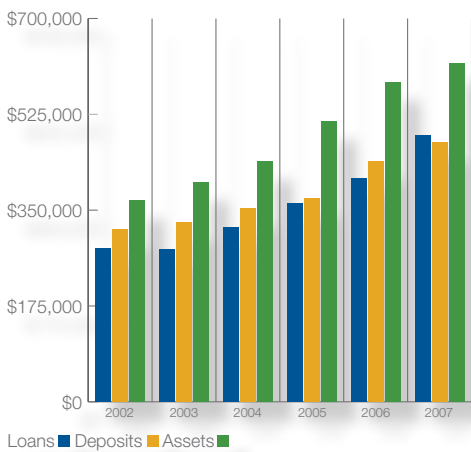


Statistical Data 2007

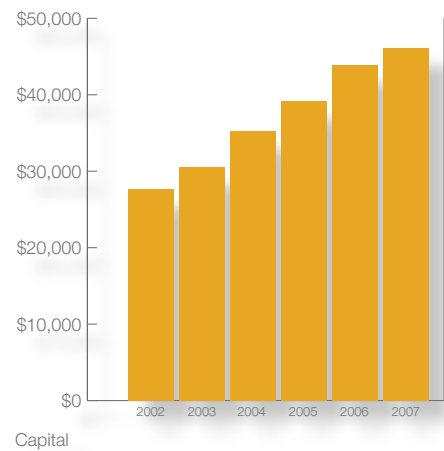
Loan and Deposit Growth



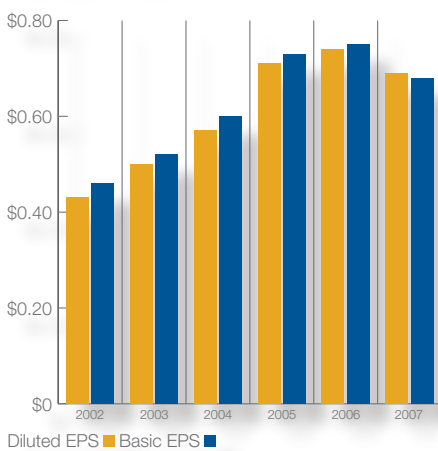
Five Year Growth



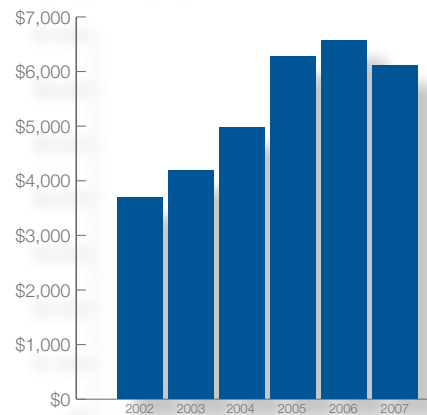
Equity Capital



Earnings Per Share



Net Income After Tax





Pat Moty and Father Terra, Grand Opening Celebration



City of Redding Mayor, Mary Stegall, VIP Reception

Our Newest Banking Center

After well over a year of meetings, planning and construction, we are proud to present our third office in the Redding market.

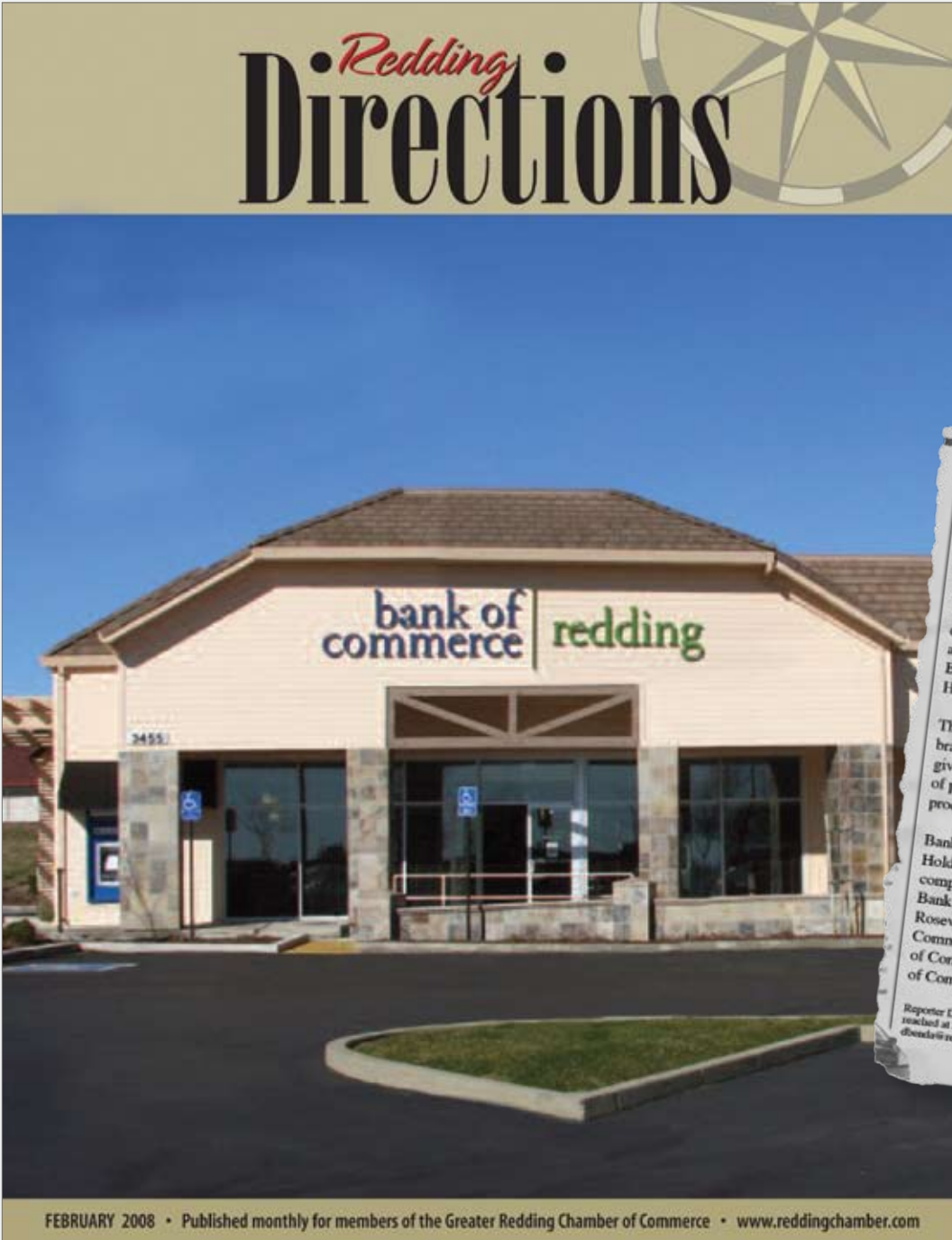
The new Bank of Commerce Redding westside location features a modern look and offers a unique banking experience for customers. The space is refreshing and welcoming; with an artistic approach to the interior design. Focused on convenience, this office offers west Redding access to a full line of personal and business banking products and services. The branch includes five interior teller stations, a drive up window, 24-hour ATM, night depository, business center, meeting room, iBank and wi-fi friendly interior.



Our Most Recent Location 



Buenaventura Staff, left to right:
Chivis Carlson, Trisha Zega, Lynn Vasquez, Kathy Breadon,
Candace Spangle, Melissa Watson, Aaron Miller



Redding
Directions

bank of commerce redding

3455

Business Briefs: Jan. 25, 2008
Bank of Commerce opens express branch

Bank of Commerce Holdings has opened its express banking branch at 3455 Placer St., at the corner of Placer Street and Buenaventura Boulevard in the Placer Heights shopping center.

The 3,800-square-foot branch in west Redding gives customers a full line of personal and business products and services.

Bank of Commerce Holdings is the parent company of Redding Bank of Commerce, Roseville Bank of Commerce, Sutter Bank of Commerce and Bank of Commerce Mortgage.

Reporter David Benda can be reached at 225-8219 or at dbenda@redding.com.

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Giving Back

Bank of Commerce is proud to sponsor many exceptional organizations that provide essential services to our communities. We are dedicated to promoting their efforts with contributions of time, hard work and financial donations. It is very rewarding to assist in the tremendous impact these associations make for children, families in need, and our communities overall.

We are pleased to lend our support:

American Cancer Society
American Heart Association
Another Chance Animal Welfare League
Big League Dreams Sports Park
Camp Eagle Flight
Cascade Theatre
Chamber of Commerce (all locations)
Disabled Adventure Outfitters
Economic Development Corporation
Enterprise School District
Exchange Club
Girls and Boys Clubs
Good News Rescue Mission
Grace Baptist Schools
Grizzly Creek Ranch
Harlan Carter Invitational
Haven Humane Society
Kids Unlimited
Leadership Redding
Make-A-Wish Foundation
March of Dimes
Mercy Foundation North
Mercy Medical Center Guild
New Library NOW!
Nor Cal Think Pink
North State Symphony
North State Cancer League
Northern Valley Catholic Social Services
People of Progress
PlusOne Mentors
Prescription Pets
Redding Breakfast Lions Club
Redding City Musical Theatre Company
Redding Loaves & Fishes
Redding Police Chaplaincy Program
Redding Rodeo Association
Redding School District
River Oak Center for Children
Riverfront Playhouse
Rocky Mountain Elk Foundation
Rotary Club – all locations
Secret Witness
Sierra Adoption Services – A Family for Every Child
Shasta Community Health Center
Shasta County Sober Grad
Shasta County Women's Refuge
Shasta Family YMCA
Shasta Land Trust
Shasta Library Foundation
Shasta Regional Community Foundation
Shasta Regional Medical Center Foundation
Sheriff's Association
Shriners Hospital for Children of Northern California
Soroptimist International
Sutter-Roseville Medical Center Foundation
Turtle Bay Exploration Park
United Way
Veteran's Day Observance and Recovery Project
Vision Resource Center
Wellspring Women's Center

“In late 2005, with the construction of the new Redding Library underway, the Shasta Library Foundation appealed to the corporate and private leadership in Shasta County to join its Founders’ Circle, an effort to provide a \$500,000 boost to the Library’s Endowment Fund. Redding Bank of Commerce recognized the importance of a quality library to our community and didn’t hesitate to step up to the plate.” – Peggy O’Lea, Executive Director, Shasta Library Foundation



Redding Library, opened March 3, 2007

“The involvement by Redding Bank of Commerce was significant in engaging the rest of the business community in supporting the Founders’ Circle. These donors have created the foundation for the future of the library and we are grateful for the bank’s leadership in providing momentum to our endowment-building efforts.” – Judy Salter, President, Shasta Library Foundation

Officers

Purchases and Sales –

Bank of Commerce Holdings
(NASDAQ Symbol BOCH)

Hill, Thompson, Magid & Co. Inc. | R. J. Dragani
15 Exchange Place, Suite 800
Jersey City, New Jersey 07030
(201) 369-2908

Howe Barnes Hoefler & Arnett | John Cavender
555 Market Street, 18th Floor
San Francisco, CA 94105
(800) 346-5544

Keefe, Bruyette & Woods, Inc. | Dave Bonaccorso
101 California Street, 37th Floor
San Francisco, CA 94111
(415) 591-5063

Morgan Stanley Dean Witter | Rick Hill
310 Hemstead Drive, Suite 100
Redding, CA 96001
(800) 733-6126

Raymond James Financial Services, Inc.
Geoff Ball, Advisor
1805 Hilltop Drive, Suite 106
Redding, CA 96002
(800) 926-5040

Sandler & O'Neil | Bryan Sullivan
919 Third Avenue, 6th Floor
New York, NY 10022
(800) 635-6851

Wachovia Securities | Ken Meyers, Rick Hansen
10466 Brunswick Road
Grass Valley, CA 95945
(888) 383-3112

For questions regarding your share holding, contact:

BNY Mellon Shareowner Services | Joshua McGinn
525 Market Street, 35rd floor
San Francisco, CA 94105
www.mellon-investor.com
(800) 356-2017

Bank of Commerce Redding

Patrick J. Moty – President & Chief Executive Officer
Linda J. Miles – Executive Vice President & Chief Financial Officer
Theodore M. Cumming – Senior Vice President & Chief Credit Officer
Caryn A. Blais – Senior Vice President & Chief Information Officer
Debra A. Sylvester – Senior Vice President & Chief Administrative Officer
Samuel D. Jimenez – Senior Vice President & Director of Risk Management
Dennis E. Lee – Senior Vice President & Lending Group Manager
Robert A. Matranga – Senior Vice President & Lending Group Manager
John C. Rainey – Senior Vice President & Senior Loan Officer
Allen K. Felsenthal – Vice President & Loan Officer
Paul B. Gilman – Vice President & Loan Officer
David Gonzales – Vice President & Controller
Steve Hamp – Vice President & Information Technology Programmer
Donna J. Moore – Vice President & Human Resource Director
Dale Orchard – Vice President & Loan Officer
Tammy S. Parker – Vice President & Business Development Group Manager
Karen Pery – Vice President & Information Services Officer
Lynnann Salisbury – Vice President Marketing & Public Relations
Larry E. Sterk – Vice President & Loan Review Officer
Derek Taff – Vice President & Network Administrator
Cheryl A. Whitmer – Vice President Business Development
Jacquie Arends – Assistant Vice President Administrative Operations
Deni Jauch – Assistant Vice President & Loan Services Administration Manager
Judy Johnson – Assistant Vice President & Operations Officer
Leona S. McCoach – Assistant Vice President & Loan Officer
Josh Sanderson – Assistant Vice President & Security Analyst
Brenda Truett – Assistant Vice President & Information Systems Supervisor
Lynn Vasquez – Assistant Vice President Business Development
Sara Rose Ahonen – BSA Officer
Tammi Arrowsmith – Operations Officer
Kathy Breadon – Operations Officer
Becky Looper – Payroll Manager
Candace Spangle – Operations Officer
Jaime Taylor – Loan Officer
Julie Turner – Business Development Officer

Bank of Commerce Roseville

Randy S. Eslick – Regional President
Robert O'Neil – Senior Vice President & Regional Credit Manager
Richard Chackel – Senior Vice President Commercial Banking
Pamela Halperin – Senior Vice President & Regional Operations Manager
Scott Holthaus – Senior Vice President Commercial Banking
Allan Bernhard – Vice President Commercial Banking
Gina Garbolino – Vice President Business Development
Robert Lim – Assistant Vice President Commercial Banking
Deborah Mortimeyer – Assistant Vice President & Loan Administrator II
Diane Pleines – Assistant Vice President Business Development
Loretta Alves – Loan Officer

Bank of Commerce Sutter

Ted Singh – Senior Vice President & Regional Manager
Anita Smith – Operations Officer

take another look...





contact us

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sutterbankofcommerce.com

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