

February 27, 2009

Mr. Neil M. Barofsky
Special Inspector General
Special Inspector General - TARP
1500 Pennsylvania Ave., NW: Suite 1064
Washington, D.C 20220

Dear Mr. Barofsky,

In accordance with your letter dated February 6, 2009, the Bank of Commerce (BOC or the Bank) is providing the Office of the Special Inspector General for Troubled Asset Relief Program (SIGTARP) the information requested as follows:

Item 1

- a) BOC is engaged in commercial banking in the Charlotte region of North Carolina, principally Mecklenburg County, operating under the banking laws of North Carolina and the rules and regulations of the Federal Deposit Insurance Corporation (FDIC) and the Commissioner of Banks. BOC specializes in meeting the needs of independently owned companies and professional firms. Our bank is here to nurture and support small business, their owners and employees, not just to make financial transactions. On January 16, 2009, BOC received \$3.0 million under the TARP Capital Purchase Program. The intent of this capital infusion was to continue to support the Bank's business lending efforts; see Exhibit 1, press release issued on January 19, 2009. In addition, BOC intends to continue to purchase investment securities issued by the Federal Government or its agencies.
- b) BOC did not segregate the TARP funds.
- c) Since receiving the TARP funds on January 16, 2009, BOC to date has increased its loans outstanding by \$2.56 million and its investment securities by \$3.99 million.
- d) BOC intends to use unleveraged TARP funds to support its business lending efforts and meet its regulatory capital requirements.

Item 2

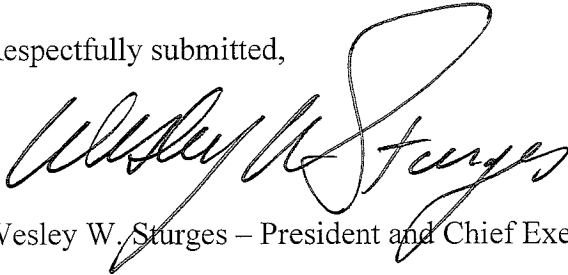
BOC's senior executive officers have signed waivers, and amendments to their employment contracts so as to comply with the Department of Treasury guidelines. BOC

has no plans to make any changes to other, longer-term or deferred forms of executive compensation.

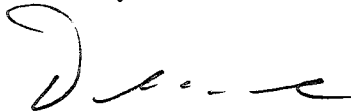
The Compensation Committee of the Board of Directors of BOC will, within 90 days of the of receiving the TARP funds (April 15, 2009), review all incentive compensation arrangements with its senior executive officers to ensure that such arrangements do not encourage the senior executive officers to take unnecessary and excessive risks that threaten the value of the Bank. Within 120 days of receiving the TARP funds (May 15, 2009), BOC's CEO will certify to the TARP Chief Compliance Officer ("TARP CCO") that the Committee has completed the review of its incentive compensation arrangements with senior executive officers in the time frame dictated. Thereafter, the Committee will annually meet with BOC's senior risk officers to discuss and review the relationship between BOC's risk management policies and practices and the incentive compensation arrangements for the senior executive officers. Also, the Committee will annually certify to the FDIC that it has completed a review of the incentive compensation arrangements for the senior executive officers. Finally, within 135 days of each fiscal year-end, BOC's CEO will certify to the TARP CCO that the Committee and BOC have complied with their respective TARP-related requirements and will identify BOC's senior executive officers for the current fiscal year.

Wesley W. Sturges, President and Chief Executive Officer and David E. Keul, Executive Vice President and Chief Financial Officer, hereby certify the accuracy of all statements, representations, and supporting information provided, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Respectfully submitted,



Wesley W. Sturges – President and Chief Executive Officer



David E. Keul - Executive Vice President and Chief Financial Officer

Enclosure: Exhibit 1

BANK OF COMMERCE

Bank of Commerce Increases Business Lending Efforts *Community Bank Receives \$3 Million From Capital Purchase Program*

CHARLOTTE, January 19, 2009 -- Bank of Commerce (BONC.OB) is increasing its business lending efforts thanks to a cash infusion of \$3 million from the US Treasury's Capital Purchase Program (CPP).

"Over this past year, the Bank of Commerce has increased its loans by a very respectable 64%. Loan demand remains strong in our market and we want to continue to serve our clients' credit needs, but in doing so we must be mindful of our capital levels," said Wes Sturges, President & CEO. "Normally a bank increases capital through secondary stock offerings; but the current economic conditions have severely restricted this market. This capital investment from the Treasury allows us to continue to help our clients achieve success."

Bank of Commerce serves the needs of independently owned businesses in the Charlotte, N.C. area. From a midtown Charlotte office at 100 Queens Road, we offer guidance to clients from experienced loan officers, in addition to start-up financing and other banking products, services and information.

Online banking, courier service and extended deposit hours are additional hallmarks of Bank of Commerce. The Bank's common stock is quoted in the over-the-counter market through the OTC Bulletin Board under the symbol "BONC.OB." For additional information, contact Bank of Commerce Headquarters, 100 Queens Road, Charlotte, N.C. (telephone 704-971-7000) or visit www.BankofCommerceNC.com.

This release contains certain forward-looking statements with respect to the financial condition, results of operations and business of Bank of Commerce. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of management of the Bank and on the information available to management at the time that these disclosures were prepared. These statements can be identified by the use of words like "expect," "anticipate," "estimate" and "believe," variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. The Bank does not undertake an obligation to update any forward-looking statements.