



Comptroller of the Currency
Administrator of National Banks

Western District Office
1225 17th Street, Suite 300
Denver, Colorado 80202
720-475-7650; Fax: 301-333-7010

CRA Decision #134
May 2006

January 15, 2006

S. Alan Rosen
Professional Corporation
Horgan, Rosen, Beckham & Coren, L.L.P.
23975 Park Sorrento, Suite 200
Calabasas, California 91302-4001

Re: Application by Rabobank, National Association, El Centro, California, to acquire
Community Bank of Central California, Salinas, California
OCC Control No.: 2005-WE-02-0032

Dear Mr. Rosen:

This is to inform you that today the Office of the Comptroller of Currency (“OCC”) approved your proposal for Community Bank of Central California (“Community Bank”), Salinas, California to merge with and into Rabobank, National Association (“Rabobank”), El Centro, California, under the charter and title of the latter. It is our understanding that the merger will be consummated after the merger of their respective bank holding companies.

This approval is granted based on a thorough review of all information available, including commitments and representations made in the application and the merger agreement and those of your representatives. We specifically considered the commitments made in the letter dated December 27, 2005 from Rabobank President Rick Arredondo, which outlined proposed actions Rabobank will take within 30 days after consummation to address certain credit administration issues at the target bank, and to re-evaluate the resulting bank’s Allowance for Loan and Lease Losses.

The OCC reviewed the proposed transaction under the criteria of the Bank Merger Act, 12 U.S.C. § 1828(c), and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have significant anticompetitive effects. The OCC considered the financial and managerial resources of the banks, their future prospects, and the convenience and needs of the communities to be served. In addition, the Bank Merger Act requires the OCC to consider “. . . the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities, including

in overseas branches,” 12 U.S.C. § 1828(c)(11). We considered these factors and found them consistent with approval under the statutory provisions.

The Community Reinvestment Act (“CRA”) requires the OCC to take into account the applicants’ records of helping to meet the credit needs of the community, including low- and moderate-income (“LMI”) neighborhoods, when evaluating certain applications, including merger transactions that are subject to the Bank Merger Act. 12 U.S.C. § 2903; 12 C.F.R. § 25.29. The OCC considers the CRA performance evaluation of each institution involved in the transaction. A review of the records of these applicants and other information available to the OCC as a result of its regulatory responsibilities revealed no evidence that the applicants’ records of helping to meet the credit needs of their communities, including LMI neighborhoods, are less than satisfactory.

Rabobank’s latest CRA Performance Evaluation (“PE”), dated February 2, 2003, and issued by the Federal Reserve Bank of San Francisco, assigned an “Outstanding” rating.¹ The PE noted an excellent level of qualified community development activities under the lending, investment, and services tests, and the responsiveness of these activities to community needs. The PE also noted an excellent distribution of lending among assessment area geographies, with a strong record of serving moderate-income areas. In addition, the PE indicated that the bank’s overall record of lending to small businesses and small farms was good. No evidence of discriminatory lending practices was found.

Community Bank’s latest CRA PE, dated March 8, 2004, and issued by the Federal Deposit Insurance Corporation, assigned an “Outstanding” rating. The PE noted the bank’s lending levels reflected a strong responsiveness to the credit needs of the assessment area. The PE also noted the bank had an excellent level of community development lending and used flexible loan programs aimed at satisfying the credit needs in this assessment area. In addition, the PE noted a significant level of qualified community development investments and grants. No evidence of discriminatory lending practices was found.

The OCC received comments from two community organizations. Neither of the commenters protested the merger, but both expressed concerns with the need for fairly priced financial products and services for California’s low-income, rural population, including farm workers. Rabobank has met with community organizations and is exploring the development of products that would meet these needs.² Rabobank represented that it is actively developing a product for

¹ The PE was issued under the name Valley Independent Bank. Valley Independent Bank converted to a national bank in April 2005 and changed its name to Rabobank.

² One commenter requested that the OCC extend the public comment period an additional 30 days in order for Rabobank to further consider the development of a CRA agreement, as well as to meet with additional community organizations. The OCC determined not to grant an extension of the comment period, because the commenter did not demonstrate that additional time was necessary to develop factual information relevant to this application, and no extenuating circumstances were present. *See* 12 C.F.R. § 5.10(b)(2)(ii), (iii); *see also* 66 Fed. Reg. 36,620, 36,640 (2001) (Question and Answer No. 2, § .29(b)).

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aspiring farmers and working with nonprofit organizations to bring the bank's resources to communities that can benefit from Rabobank's knowledge and expertise in serving rural markets.

As a reminder, the Western District Office must be advised in writing in advance of the desired effective date for the merger so that the OCC may issue the necessary certification letter. The effective date must follow the applicable 15-day Department of Justice injunction period and receipt of any other required regulatory approval.

The OCC will not issue a letter certifying the consummation of the transaction until we have received an original Secretary's Certificate from both banks confirming that the required shareholder approvals have been obtained.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service.

If you have any questions, contact me at 720-475-7650.

Sincerely,

signed

James A. Bundy
Senior Licensing Analyst

Enclosure

cc: California Reinvestment Coalition
The Greenlining Institute