



Comptroller of the Currency
Administrator of National Banks

Washington, D.C. 20219

CRA Decision #146
May 2010

April 15, 2010

Mr. S. Alan Rosen, Esquire
Horgan, Rosen, Beckham & Coren, LLP
23975 Park Sorrento, Suite 200
Calabasas, California 92302-4001

Re Application submitted by Rabobank, National Association, El Centro, California to merge in Napa Community Bank, Napa, California
OCC Control No: 2010 WE 02 0007

Dear Mr. Rosen:

The Comptroller of the Currency (“OCC”) hereby conditionally approves the application filed on behalf of Rabobank, National Association, to merge Napa Community Bank (“NCB”) with and into Rabobank, National Association, with Rabobank, National Association (“RNA”), being the surviving entity. This approval is granted based on a thorough review of all information available, including commitments and representations made in the application, merger agreement, and those of your representatives.

The OCC reviewed the proposed merger 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 anti-competitive effects. The OCC considered the financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served, and their effectiveness in combating money laundering activities. We considered these factors and found them consistent with approval.

Community Reinvestment Act Review

The Community Reinvestment Act (“CRA”) requires the OCC to take into account the applicant’s record 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 RNA and NCB, and other information available to the OCC as a result of its regulatory responsibilities, revealed no evidence that their records of

helping to meet the credit needs of their communities, including LMI neighborhoods, are less than satisfactory.

CRA Performance and Ratings

Rabobank, N.A.

RNA's latest Performance Evaluation ("PE"), dated November 26, 2007, and issued by the OCC, assigned RNA a "Satisfactory" rating.¹ Among the major factors supporting the rating were: (i) excellent levels of community development investments; (ii) good geographic distribution of loans; (iii) adequate penetration to businesses of different sizes and borrowers of different income levels; and (iv) branch locations that are readily accessible to LMI individuals. Examiners noted that they found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Napa Community Bank

NCB received a "Satisfactory" rating in its most recent CRA PE issued by the Federal Deposit Insurance Corporation as of May 26, 2009.² The bank originated a majority of loans within its assessment area; the geographic distribution of loans was reasonable relative to the percentage of small businesses in moderate-income census tracts; distribution of loans to borrowers reflected reasonable penetration among business customers of different sizes, relative to the performance by aggregate lenders and relative to the percentage of small businesses to total businesses; and the bank's response to community credit needs was more than reasonable, given the bank's size, financial condition, lending focus, and economic environment. No evidence of discriminatory lending practices was found.

Public Comment

The OCC received three comment letters supporting the application and one comment protesting the application. The commenter expressed dissatisfaction with RNA's responsiveness to community needs, and highlighted concerns in the areas of community development lending and investments, corporate contributions, branch locations, small business lending, and vendor purchase programs. The commenter requested that the application not be approved without a plan for RNA to meet the needs of its assessment area.

¹ RNA was examined using OCC's large bank examination procedures and received an "Outstanding" rating on the investment and service tests and "Low Satisfactory" on the lending test. The evaluation period for the lending test, excluding community development ("CD") loans, was January 1, 2005, through December 31, 2006. For CD loans, the investment and service test, the evaluation period was January 1, 2006, through November 26, 2007.

² The evaluation was conducted using small bank procedures. The review focused on small business loans originated during the review period, from January 1, 2008, to December 31, 2008. Other products were not reviewed because the bank does not provide small farms loans and the bank originated an insufficient number of home mortgage loans to conduct a meaningful analysis.

The CRA does not require banks to enter into commitments or agreement with any organization. (Question and Answer No. 2, § 29(b), 75 Fed. Reg. 11,666 (2010)). Further, the CRA does not require a bank to engage in any particular type of lending, investment, or service. CRA performance for large banks is based on an overall assessment under the lending, investment, and service tests. 12 C.F.R. §§ 25.21 to 25.24.

CRA Program

In response to the commenter, RNA represented that since RNA's most recent merger in 2007, RNA has built on its CRA program, creating a new community development finance team with authority to originate and manage both loans and investments. RNA also has created a new CRA compliance team, and increased its CRA staff from two to seven, to create community profiles, conduct community needs analysis, assess the bank's distribution of lending activity by borrower and geography, and provide guidance with respect to the allocation of resources to address identified gaps.

Lending and Investments

As previously discussed, the 2007 PE rated RNA "Outstanding" on the investment test. During the evaluation period, qualified investments and donations totaled \$52 million. A majority of the investments and donations addressed affordable housing needs and helped provide community services to LMI individuals. Further, the PE indicated that RNA's level of lending activity was adequate. With respect to small business loans, examiners found that overall geographic distribution was excellent, while distribution to businesses of different sizes was adequate. Examiners found that community development lending performance was adequate.

From June of 2008 to the end of 2009, RNA represented that its community development finance team has originated \$46.6 million in affordable housing loans, resulting in 322 affordable family units, 223 affordable senior units, and 18 special needs housing units in housing markets in California's Central Valley and Central Coast. By the end of 2010, RNA plans to offer down payment assistance and, through its participation in the US Treasury's CDFI Capital Magnet Program, obtain funds to support the origination of home purchase loans to LMI borrowers.

Between June of 2008 to the end of 2009, RNA represented that it originated \$25 million in investments to community-based organizations that provide loans of \$50,000 or less to small businesses and farms. The bank also partners with and provides grants and equity investments to local small business intermediaries in support of their Individual Development Account programs. These intermediaries provide opportunities for small farm owners to either purchase or rent small family farms on a statewide basis. The bank has also provided grants and equity investments to groups that provide training and technical assistance for new and aspiring farmers and farm workers to work with retiring farmers resulting in small farm ownership and leasing

opportunities. In addition, by the end of 2010, RNA intends to create a small farm loan pool in partnership with local community groups and intermediaries.

Corporate Contributions

RNA is dedicating 1 percent of pre-tax profits towards CRA donations and sponsorships. Since the beginning of 2008, the bank has made \$2.1 million in CRA donations and sponsorships.

Branch Locations

RNA's most recent PE rated the bank "Outstanding" on the service test. During the evaluation period, RNA opened two de novo branches and acquired 14 branches, seven of which were in moderate-income tracts.

Vendor Purchase Program

The commenter expressed concern about RNA's progress in the area of purchasing products and services from minority- and women-owned small businesses. Generally, such arrangements, standing alone, are not considered in evaluating a bank's record of meeting the credit needs of its communities, including LMI communities.³ However, RNA indicates that vendor diversity is an objective of the bank's Vendor Management Program. Specifically, RNA has committed to identifying and utilizing minority-owned, women-owned and service-disabled veteran-owned business enterprises in the markets served by the bank.

In sum, our review of the record of the application, including the materials submitted with the application, the public comments, responses to the public comment, representations of the applicant, and our review of supervisory materials, has not revealed any information inconsistent with approval.

On February 18, 2010, NCB and its holding company Capitol Bancorp, Ltd, together with RNA and its holding company VIB CORP, applied to the FDIC for a waiver of liability pursuant to 12 U.S.C. 1815(e). NCB's potential cross-guaranty liability stems from the failure of its related bank, Commerce Bank of Southwest Florida, Fort Myers, Florida.

This approval is subject to the following pre-consummation requirement:

The FDIC shall have executed an Order granting a waiver of cross-guaranty liability to Napa Community Bank acceptable to the OCC.

³ See Question and Answer No. 1, § 22(b)(5), 75 Fed. Reg. 11,657 (2010).

This approval is subject to the following condition:

RNA's Board of Directors and Management shall take all steps necessary to ensure compliance with the commitments set forth in the letter dated April 9, 2010, by Ronald Blok, Chief Executive Officer of RNA, to Steven J. Vander Wal, Assistant Deputy Comptroller, are fully adopted, timely implemented, and adhered to thereafter.

The condition of this approval is a condition "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the condition is enforceable under 12 U.S.C. § 1818.

We remind you that the significant deviation condition in our March 29, 2005 Conversion Approval letter remains in effect and enforceable under 12 U.S.C. § 1818.

The district licensing office must be advised in writing in advance of the desired effective date for the merger, so it may issue the necessary certification letter. The effective date must follow the applicable Department of Justice's injunction period and any other required regulatory approval.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- ◇ A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved.
- ◇ An executed merger agreement.
- ◇ A Secretary's Certificate from each institution, certifying that the shareholder approvals have been obtained, if required.
- ◇ Documentation that all other requirements imposed by the OCC have been met.

If the merger is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

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. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on

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which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

All correspondence regarding this application should reference the control number. If you have any questions, please contact David Finnegan, Licensing Analyst, by telephone at (720) 475-7650 or by email at david.finnegan@occ.treas.gov.

Sincerely,

signed

Lawrence E. Beard
Deputy Comptroller for Licensing

Enc.: Survey Letter