



Comptroller of the Currency
Administrator of National Banks

Western District Office
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**Conditional Approval #725
January 2006**

December 20, 2005

Mr. John A. Lucchesi, Spokesperson
Northern California National Bank (proposed)
P. O. Box 6058
Chico, CA 95927

RE: De novo Charter Application– Northern California National Bank
Chico, California
OCC Control Number: 2005-WE-01-0011
Application to establish a Branch Messenger Service
OCC Control Number: 2005-WE-05-0121

Dear Mr. Lucchesi:

The Office of the Comptroller of the Currency (OCC) has reviewed the organizers application to establish a new national bank with the title of Northern California National Bank (proposed) (hereinafter “Bank”). On December 20, 2005, the OCC granted preliminary conditional approval of the charter application after a determination that the proposal met certain regulatory and policy requirements. Approval is also granted to establish a branch messenger service.

This preliminary conditional approval is granted based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the application and by the Bank’s representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed Bank will apply for Federal Reserve membership and will obtain deposit insurance from the Federal Deposit Insurance Corporation (FDIC).

The OCC has granted preliminary conditional approval only. Final approval and authorization for the proposed Bank to open will not be granted until all pre-opening requirements are met. Until final approval is granted, the OCC has the right to alter, suspend, or revoke this preliminary conditional approval should the OCC deem any interim development to warrant such action.

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This preliminary conditional approval is subject to the following conditions:

1. The Bank: (i) shall give the OCC's Northern California Field Office at least sixty (60) days prior written notice of the Bank's intent to significantly deviate or change from its business plan or operations¹ and (ii) shall obtain the OCC's written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. For the first three years of operation, the Bank must also provide a copy of such notice to the FDIC's San Francisco Regional Office.

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

The Bank's initial paid-in capital, net of all organizational and pre-opening expenses, shall be no less than \$9,500,000. The manner in which capital is raised must not deviate from that described in the business plan without prior OCC notification. If the capital for the new Bank is not raised within 12 months or if the new Bank is not opened for business within 18 months from the preliminary conditional approval date, the approval expires. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the Bank to open for business as soon as possible.

The OCC poses no objection to the following persons serving as executive officers, directors, and/or organizers as proposed in the application.

<u>Name</u>	<u>Proposed Position</u>
John A. Lucchesi	CEO/President/Director
Gary G. Griswold	Chief Credit Officer
Kent R. Ahslwede	Organizer/Director
Harry J. Carter	Organizer/Director
George F. Dailey	Organizer/Director
Thomas M. Dauterman	Organizer/Director
Wayne Robert Erickson	Organizer/Director
Geoffrey A. Farrar	Organizer/Director
Dennis L. Fife	Organizer/Director
Peter G. Giampaoli	Organizer/Director

¹ If such deviation is the subject of an application filed with the OCC, the OCC does not require any further notice to the supervisory office.

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Stephen A. Gonsalves	Organizer/Director
James M. Paiva	Organizer/Director
Mark W. Spelts	Organizer/Director
John B. Wilson	Organizer/Director/Chairman
Lynda A. Jamieson	Chief Financial Officer

Prior to the Bank's opening, the Bank must obtain the OCC's prior written determination of no objection for any additional organizers or executive officers, or directors appointed or elected before the person assumes the position. For a two-year period after the Bank commences business, the Bank must file an Interagency Biographical and Financial Report with the OCC and receive a letter of no objection from the OCC prior to any new executive officer or director assuming such position.

Background checks requested by the OCC have not been received yet from one source for George F. Dailey. Accordingly, the continued service of Mr. Dailey will be dependent on satisfactory completion of the background investigation process.

The "Charters" booklet in the *Comptroller's Licensing Manual* provides guidance for the instructions on organizing your Bank. The booklet is located at the OCC's web site: www.occ.treas.gov/corpbook/group4/public/pdf/charters.pdf. The booklet contains all of the steps you must take to receive your charter.

As detailed in the booklet, you may establish the corporate existence of the Bank and begin organizing the Bank as soon as you adopt and forward Articles of Association and the Organization Certificate to this office for review and acceptance. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval. The Bank may not begin the business of banking until it fulfills all requirements for a Bank in organization and the OCC grants final approval.

In addition to the procedural conditions for all new national banks, the following special requirements must be satisfied prior to the Bank's request for a pre-opening examination and before the OCC will grant final charter approval:

1. Prior to the Bank opening the members of the proposed Board of Directors must submit a written management succession plan to the Northern California Field Office and receive a written determination of no objection.
2. The Bank must submit to the OCC's Northern California Field Office for review and prior written determination of no supervisory objection, a complete description of the Bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a

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schematic drawing and discussion of the following items:

Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.

3. The Bank must have performed an independent security review and test of its electronic banking platform. The Bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the Bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover:
 - All access points, including the Internet, Intranet, or remote access;
 - The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For additional guidance, see “The Internet and the National Bank Charter” booklet of the *Comptroller’s Licensing Manual*, pages 37-38, Information System Security. The booklet is located at the Electronic Banking section of the OCC’s Web Site: <http://www.occ.treas.gov/corpbook/group4/public/pdf/internetnbc.pdf>.

4. The Bank must have a security program in place that complies with the “Interagency Guidelines Establishing Standards for Safeguarding Customer Information” specified at 12 CFR 30, Appendix B.
5. The organizers must submit to the Licensing Division a written program for training its Directorate on the duties and responsibilities of new bank directors. The program should describe initial training prior to the bank’s opening and ongoing training during the first year of operation. The Bank must obtain the OCC’s prior written determination of no objection for this program.

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Enclosed are standard requirements and minimum policies and procedures for new national banks. The Bank must meet the standard requirements before it is allowed to commence business and the Board of Directors must ensure that the applicable policies and procedures are established and adopted before the Bank begins operation.

Under separate cover, the OCC will send to you an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the Comptroller's Licensing Manual, which is available only in electronic form at our web site: <http://www.occ.treas.gov/corpapps/corpapplic.htm>.

This preliminary conditional 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 (U.S.), any agency or entity of the U.S., or any officer or employee of the U.S., 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 U.S.

You should direct any questions concerning preliminary conditional approval to Licensing Analyst Sherry Gorospe at (720) 475-7653.

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.

Sincerely,

/s/ James A. Bundy

James A. Bundy
Acting Director for District Licensing

Enclosures: Minimum Policies and Procedures
Standard Requirements
Survey Letter