

**Audit Committee Charter****May 2008****Board Approved: May 25, 2011**

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**Organization**

The Audit Committee shall be composed of at least three (3) independent directors who are free of any relationship to the Corporation that may interfere with the exercise of their independence from management and the Corporation. All such committee members shall be financially literate, and at least one member shall have accounting, financial management, or other related experience or background which would result in that individual being deemed to have a high level of financial sophistication in the banking or financial services industry. The Chairman of the Board of Directors, in recommending members to serve on the Audit Committee, shall make a determination that each member is independent. The Audit Committee shall meet on a quarterly basis or as frequently as the Committee's Chairman shall determine necessary.

**Statement of Policy**

The Audit Committee shall assist the Board of Directors in exercising its authority with respect to financial matters. The Audit Committee will review the Corporation's accounting and financial reporting practices and the quality and integrity of the Corporation's financial reporting. In so doing, the Audit Committee will facilitate free and open communication between the Corporation's directors, independent auditors, external credit reviewers and examining firms, internal credit reviewers and auditors, regulatory authorities (collectively referred to as "external and internal examining bodies") and financial management. The Audit Committee shall have frequent communication with the Board of Directors of the Corporation and its primary subsidiary, the Bank of Napa ("the Bank"). All references in this document to the Corporation shall include application of such processes and procedures to the Bank, where appropriate. Also, members of the Audit Committee shall also be members of the Risk Management Committee of the Bank.

**Power and Authority**

In its review of financial matters, the Audit Committee shall have and may exercise all the powers and authority of the Board of Directors to the extent permitted under the applicable sections of the California Corporations Code. Each member of the Audit Committee shall, in the performance of such member's duties, be fully protected in relying on information, opinions, reports or statements prepared or presented by any of the Corporation's officers or employees, or committees of the Board of Directors or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence, all to the extent permitted by the applicable sections of this Code.

The Audit Committee shall have a clear understanding with the independent auditor that the independent auditor is ultimately accountable to the Board and the Audit Committee, and the Audit Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, terminate the independent auditor's services.

**Activities**

The Audit Committee will review and monitor the Corporation's accounting policies and financial reporting practices, paying particular attention to any weaknesses in internal accounting policies and controls, with the primary goal being to help assure that the Corporation's financial statements present fairly the Corporation's financial results in accordance with generally

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accepted accounting principles. The Board has delegated authority to the Audit Committee Chairman to review and approve the 10Q and 10K prior to filing.

In the course of these activities, the Audit Committee will:

1. Recommend to the directors the independent auditors to be selected to audit the financial statements of the Corporation. Review the independence and objectivity of the independent auditors. The Committee shall obtain from the independent auditor an annual written statement delineating all relationships between the independent auditor, on the one hand, and the Company, the Bank, and their respective Affiliates, on the other, consistent with Independence Standards Board Standard 1, and will discuss such reports with the auditor
2. Meet with the Corporation's independent auditors and financial management to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and, at the conclusion of the annual audit, review such audit, including any comments or recommendations of the independent auditors.
3. Prior to the public release of the annual financial statements, meet with the Corporation's financial management and the independent auditors to discuss the disclosure and content of the financial statements, including a discussion of the quality of the accounting principles applied and significant judgments affecting the Corporation's financial statements, and any other matters which are required to be communicated to audit committees in accordance with AICPA SAS 61.
4. Discuss with, and report to, the Corporation's financial management and the Board of Directors the material findings included in the independent auditors' management letter, if any.
5. Discuss with, and receive reports from, the Corporation's external and internal examining bodies, independent auditors and financial management regarding material changes in the Corporation's accounting principles, standards and policies.
6. Discuss with, and receive reports from, the Corporation's independent auditors, external and internal examining bodies and financial management regarding the adequacy and effectiveness of the Corporation's accounting and financial controls.
7. Review the Corporation's external and internal examining bodies, including their independence and authority, the proposed audit plans for the coming year and the coordination of such plans with the Corporation's independent auditors.
8. Consider and discuss with the Corporation's financial management and external and internal examining bodies significant findings from completed examinations during the year and any material changes required in the planned scope of the examination plans.
9. Provide an opportunity for the Corporation's external and internal examining bodies and independent auditors to meet with the members of the Audit Committee without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the Corporation's financial, accounting and

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auditing personnel, and the cooperation that the independent auditors received during the course of the audit.

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10. Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel, consultants, or experts for this purpose if, in its judgment, it is appropriate to do so.
11. Submit the minutes of all meetings of the committee to, or discuss the matters discussed at each committee meeting with, the Board of Directors.