

FIRST NATIONAL BANK OF NORTHERN CALIFORNIA

EXCESSIVE OR LUXURY EXPENDITURES POLICY

Board Approved: November 6, 2009

EXCESSIVE OR LUXURY EXPENDITURES POLICY

A. Purpose

The Board of Directors of First National Bank of Northern California (the "Bank") and FNB Bancorp (the "Company") have adopted this Excessive or Luxury Expenditures Policy ("Policy") to be in compliance with the pertinent requirements of the American Recovery and Reinvestment Act of 2009 ("ARRA") enacted February 17, 2009. The ARRA, which amends certain sections of the Emergency Economic Stabilization Act of 2008, requires that each recipient of funds under the Capital Purchase Program of the Troubled Assets Relief Program have in place a company-wide policy regarding excessive or luxury expenditures, as identified by the Secretary of the Department of the U.S. Treasury. It is the policy of First National Bank of Northern California to prohibit excessive or luxury expenditures as they relate to:

1. entertainment and social events,
2. office furnishings and facility renovations,
3. aviation or other transportation services, and
4. other activities or events that are not reasonable expenditures for conferences, staff development, reasonable performance incentives, or other similar measures conducted in the normal course of our business operations.

This Policy applies to all employees, officers and directors of First National Bank of Northern California and FNB Bancorp. Additionally, this Policy specifies prohibited expenditures, approval procedures for expenditures which require prior approval, certification requirements of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), the reporting of actual or suspected violations, and compliance monitoring.

B. Scope

The types and categories of expenditures covered by this Policy are as follows:

Entertainment

Entertainment is defined as an activity that an employee, executive officer, or director would use corporate funds for business development purposes relating to a current customer or prospective customer or to further enhance the Bank's marketing efforts. Our policy is that all expenses incurred by the Bank should be for Bank purposes and used to develop business of the Bank. Occasional events such as taking customers or prospects on trips, playing golf, eating dinner, or taking them to events the customer / prospect would find pleasurable is a necessary part of the Bank's marketing efforts and not deemed as "luxury" or a violation of this Policy. These expenses should be documented and detailed as to the benefit derived by the Bank through the normal accounts payable process.

Conferences

We encourage our employees, officers, and directors to attend conferences that are appropriate educational opportunities. These conferences must be related to the financial services industry and have a direct correlation to their job. At times, it may be appropriate that a spouse would travel to these conferences with Bank attendees. Typically, these conferences are sponsored by vendors, banking associations, or other industry-related entities.

Employee Recognition / Holiday Parties

Employee recognition / holiday parties are part of the Bank's employee appreciation process. These events should be local in geographic nature and reasonable in their cost.

Board / Management Retreats

Retreats shall only be used for educational or business – planning purposes. Board education is a vital part of maintaining and keeping a dynamic director base and this Policy should not limit a retreat that is focused on strategic planning or education.

Office and Facility Renovations

Renovations of facilities and office space should be relative to the approved project and current business plan of the Company. An exception will be permitted to address an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use.

Aviation or Other Transportation Services

Transportation for Company or Bank staff to outlying locations, including bank locations, conferences, business development purposes, and merger and acquisition research, should be conducted in the most cost-appropriate way for the Company. Modes of transportation to be used may consist of vehicle, commercial air, or rail service. The selection of transportation services will factor in cost, efficiency, and timelines of travel. Expenditures for the use of an automobile by the Bank's officers must be reasonable.

C. Prohibited Expenditures

The following expenditures are deemed excessive and are prohibited:

Office and Facility Renovations

Expenditures for office furnishings, remodeling, or redecoration for any senior executive officer as defined in the EESA ("SEO"), the aggregate cost of which exceeds \$10,000. This prohibition does not extend to a corporate relocation or remodeling impacting a majority of the corporate offices or a newly-constructed branch, branch renovation, or branch relocation.

Aviation Services

Expenditures for the use of a private airplane are prohibited.

D. Administration and Certifications

The CFO is responsible for the day-to-day administration of this Policy, and the CEO is accountable for overall adherence to this Policy. Strict adherence to this Policy is mandated for all Company and Bank employees, officers and directors. On an annual basis, so long as the Company is a recipient of TARP capital, the CEO and CFO of the Company shall certify that the Company and its employees have complied with this Policy during the fiscal year or since the date of enactment of this Policy. This certification shall be provided to the Department of the Treasury and the Office of the Comptroller of the Currency.

E. Reporting of Violations

Anyone who becomes aware of a suspected or actual violation of this Policy, whether intentional or inadvertent, shall report such violation in writing to the Chairman of the Audit Committee. Employees are expected to self-report any violations concerning the employee. The Chairman of the Audit Committee will discuss the suspected or actual violation at the next regularly-scheduled meeting of the Audit Committee, who will investigate the suspected or actual violation of this Policy in accordance with its procedures established for investigating complaints regarding improprieties in the Company's accounting, internal accounting controls, or auditing matters, and report to the Board at its next regularly scheduled meeting with respect to any reported violations and any recommended corrective actions.