



Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, NY 10036-7780

February 22, 2000

**Conditional Approval #367
March 2000**

Frank C. Bonventure, Jr., Esq.
Ober, Kaler, Grimes & Shriver
120 East Baltimore Street
Baltimore, MD 21202-1643

Re: Proposal to charter a full service national bank with the title of Bay National Bank, Baltimore, Maryland. (ACN 1999 NE 01 025 and 1999 NE 05 191)

Dear Mr. Bonventure:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Bay National Bank ("bank"). On February 22, 2000, after a thorough evaluation of all data available to the OCC, we have decided to grant preliminary conditional approval subject to the following special condition:

During the bank's first three years of operations, the bank must provide a minimum of thirty days prior notice to the OCC's Washington Field Office before implementing any significant changes to its proposed operating plan. This condition shall be deemed a "condition imposed in writing by the agency in connection with the granting of any application or other request "within the meaning of 12 USC 1818(b)(1). As such, the condition is enforceable under 12 USC 1818.

Your request to establish a branch in Salisbury, Maryland is also approved.

These approvals are granted based on a thorough review of all information available, including the representations and commitments made in the application and by the proposed bank's representatives. We also made our decision to grant preliminary approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

This is preliminary approval only. Final approval will not be granted until and unless the Federal Reserve Board acts favorably on your application to acquire this new bank. You must furnish this office with a copy of all related filings to the Federal Reserve, including registration material.

Any significant deviations from the original operating plan, or changes in the organizing group or chief executive officer, must receive the prior written approval of the OCC. Significant

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deviations or changes that have not been approved may be grounds for delaying issuance of the charter or for withdrawing preliminary approval (see Significant Changes discussion in the Introduction of the “Corporate Organization” booklet).

Please refer to the “Corporate Organization” booklet in the Comptroller’s Corporate Manual for the instructions on organizing your bank. 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 and begin organizing the bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a “body corporate” or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

Enclosed are standard requirements that must be met before the bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the bank begins operations.

The OCC poses no objection to the following persons serving as executive officers and directors of the proposed bank:

<u>Name</u>	<u>Proposed Position</u>
Hugh W. Mohler	Chief Executive Officer/President/Director
John S. DiPietro	Vice President
Thomas M. Neale	Vice President/Senior Lending Officer
James C. Alban, Jr.	Director
Carroll A. Bodie	Director
Charles E. Bounds	Director
John R. Lerch	Director
H. Victor Rieger, Jr.	Director
Margaret Knott Riehl	Director
William B. Rinnier	Director
Edwin A. Rommel, III	Director
Charles H. Salisbury	Director
Henry H. Stansbury	Director
Kenneth H. Trout	Director
Eugene M. Waldron, Jr.	Director

All background checks that were requested by this office have not yet been received. While we have decided not to delay action pending receipt of the responses, please understand that the OCC reserves the right to withdraw this statement of no objection at any time and, at our discretion, to request additional biographical and/or financial information on the proposed directors and/or officers.

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Please note, additional executive officers and directors are subject to the prior review and clearance of the OCC. Also, the OCC requires that you obtain prior approval of additions or changes in directors or executive officers for two years after the bank opens for business.

The OCC also granted your waiver request of the residency requirements of 12 USC 72 for Director Alban. This waiver is granted based upon a review of all available information, including the filing (subsequent correspondence and telephone conversations), and the Bank's representation that this waiver will not affect the board's responsibility to direct the Bank's operations in a safe, sound, and legal manner. Please understand that the OCC reserves the right to withdraw or modify this waiver and, at its discretion, to request additional information at any time in the future.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

The bank proposes to raise a minimum of \$9 million capital prior to commencing operations. You are reminded that, pursuant to 12 CFR 5.20(I)(5)(iii), this preliminary approval expires if the bank does not raise the capital funds within 12 months from the date of this letter. The preliminary approval also will expire if the bank has not commenced business within 18 month from the date of this letter.

You should direct any questions concerning this preliminary approval to Sandya Reddy, Senior Corporate Analyst, at (212) 790-4055 or to me.

Sincerely,

/s/

Michael G. Tiscia
Licensing Manager

Enclosures