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Comptroller of the Currency  
Administrator of National Banks

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**Licensing Operations**

Western District Office  
50 Fremont Street, Suite 3900  
San Francisco, California 94105-2292  
(415) 545-5900, FAX (415) 442-5315

**Conditional Approval #522**  
**May 2002**

April 29, 2002

Mr. Kenneth S. Kasamatsu  
President and CEO  
Pacific Commerce Bank, National Association (Proposed)  
408 East Second Street  
Los Angeles, CA 90012

RE: De Novo Charter - Pacific Commerce Bank, National Association (Proposed),  
Los Angeles, California  
CAIS Control Number: 2001-WE-01-0012

Dear Mr. Kasamatsu:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Pacific Commerce Bank, National Association. On April 29, 2002, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval. The bank also may offer credit life, health, and accident insurance in accordance with 12 CFR 2.

This approval is 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 conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

This charter approval is subject to the following conditions:

1. This approval is subject to the condition that the bank: (i) shall give the Southern California – North Field Office at least sixty (60) days prior notice of the Bank's intent to significantly deviate from its business plan or operations, 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. The

Bank must also provide a copy of such notice to the FDIC's San Francisco Regional Office during the first three years of operation.

2. If the bank implements an electronic banking operation within the first three years of operation, it is considered a significant change in the business plan. Prior to implementing such an operation, the bank must follow the requirements of Condition #1 as well as:
  - The bank must submit to the OCC for review and approval 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 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.
  - 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 Corporate Manual*, pages 37-38, 74-75. This booklet may be found on the OCC’s web site at [www.occ.treas.gov/netbank/letters.htm](http://www.occ.treas.gov/netbank/letters.htm).

3. The bank must have a security program in place that complies with the “Interagency Guidelines Establishing Standards for Safeguarding Customer Information” specified at 12 C.F.R. 30, Appendix B.

Organizers should refer to OCC Advisory Letter 2000-12 dated November 28, 2000, and OCC Advisory Letter 2001-47 dated November 1, 2001, for guidance on risk management of outsourcing technology services. (Please refer to enclosures.)

The conditions of this approval are conditions “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 conditions are enforceable under 12 U.S.C. § 1818.

As an additional requirement, prior to opening the bank, the organizers must devise a written plan, acceptable to the OCC, which outlines a program to provide the bank’s directors with training relevant to their duties as a director of a national bank.

The bank’s initial paid-in capital, net of organizational and preopening expenses, shall be no less than \$5,925,000. The manner in which capital is raised must not deviate from that described in the operating 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 OCC approval will expire. 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 organizers have represented in the amendments to the application the expected level of organizational expenses. Final organizational expenses in aggregate will be reviewed by the OCC prior to the bank’s opening and will be subject to the prior non-objection of the OCC.

The operating plan will provide the context for the supervisory review at the pre-opening

examination. Until final approval is granted, the OCC has the right to alter, suspend, or revoke conditional preliminary approval should any interim development be deemed by the OCC to warrant such action.

Please refer to the "Corporate Organization" booklet (enclosed) 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 operation. Applicable standard requirements also must be satisfied before the bank will be allowed to commence business.

The OCC poses no objection to the following persons serving as executive officers and/or directors as proposed in the application. Additional executive officers and directors are subject to the OCC's prior review and clearance.

| <u>Name</u>          | <u>Proposed Position</u>                                   |
|----------------------|--|
| Kenneth S. Kasamatsu | President and Chief Executive Officer and Director         |
| Haruo Tsutsumi       | Chief Credit Officer/Chief Operations Officer and Director |
| Mark E. Buchman      | Director   |
| Frances K. Hashimoto | Director   |
| Frank S. Kawana      | Director   |
| George M. Kikuta     | Director   |
| Dale A. Okuno        | Director   |
| Henry Ota            | Director   |
| Naoyuki Takasugi     | Director   |

You are also reminded that for a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officer or director *prior* to that person assuming such position.

This 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 U.S., any agency or entity of the U.S., or an 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 (415) 545-5922.

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,

**-signed-**

James A. Bundy  
Licensing Manager  
Western District

Enclosures: "Corporate Organization" Booklet  
Minimum Policies and Procedures  
Standard Requirements  
AL 2000-12  
AL 2001-47  
Survey Letter