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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 #544  
September 2002**

August 22, 2002

Mr. Douglas F. Sawyer  
President and CEO  
Premier Bank, National Association (Proposed)  
4025 Camino Del Rio South, Suite 303  
San Diego, CA 92108

RE: De Novo Charter - Premier Bank, National Association (Proposed),  
La Jolla, California  
CAIS Control Number: 2002-WE-01-0003

Dear Mr. Sawyer:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Premier Bank, National Association. On August 22, 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 – South 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.

This condition is enforceable under 12 USC 1818. 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.)

In addition to the procedural requirements for all new national banks, the following 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. The organizers must select an individual with satisfactory experience to serve as chief credit officer of the proposed bank. This individual is subject to the prior review and clearance of the OCC.
2. The bank’s initial paid-in capital, net of organizational and preopening expenses, shall be no less than \$8,450,000. 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 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. However, background checks requested by the OCC have not been received yet. While we have decided not to delay action pending receipt of those responses, continued service of the affected individuals(s) will be dependent on satisfactory completion of the background investigation process. Also, additional executive officers and directors are subject to the OCC's prior review and clearance.

| <u>Name</u>             | <u>Proposed Position</u>    |
|-------------------------|-----------------------------|
| Douglas F. Sawyer       | CEO/President/Director      |
| Janice Kassebaum        | EVP/Chief Marketing Officer |
| Jennifer Roper          | EVP/Chief Financial Officer |
| Craig Andrews           | Director                    |
| Vincent E. Benstead     | Director                    |
| John C. Davies          | Director                    |
| Martin C. Dickinson     | Director                    |
| Dawn Kearney            | Director                    |
| Christopher S. McKellar | Director                    |
| James A. McKellar       | Director                    |
| William F. Miller, Jr.  | Director                    |
| Paul A. Peterson        | 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