
Comptroller of the Currency
Administrator of National Banks

Western District Office
50 Fremont Street, Suite 3900
San Francisco CA 94105
415-545-5900
415-545-5925 (fax)

October 25, 2000

**Conditional Approval #422
November 2000**

Mr. Ken Kasamatsu
340 East Second Street, Suite 403
Los Angeles, California 90012

Re: Charter Application No. 2000 WE 01 0016
Pacific Generations Bank, National Association (In Organization)
Los Angeles, California, Charter No. 24117

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 Generations Bank, National Association, to be located in Los Angeles, California. On this date, we found that your proposal meets the requirements for preliminary conditional approval. This conditional approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the organizers' representatives. We have also made our decision with the understanding that the proposed national bank will be FDIC insured and the expectation that it will become a member of the Federal Reserve System.

This approval is subject to the condition that the bank shall provide the OCC's Southern California - North Field Office, 550 North Brand Boulevard, Suite 500, Glendale, California, 91203-1900 at least thirty (30) days prior notice of any significant deviations or changes from the proposed operating plan during the first three years of operation. This condition is enforceable under 12 USC 1818. The bank must also provide a copy of such notice to the FDIC's San Francisco office.

The bank proposes to raise a minimum of \$8.5 million in 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 months from the date of this letter.

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 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 directors and/or executive officers as proposed in the application:

Kenneth Kasamatsu	Director, President, Chief Executive Officer
Frances Hashimoto	Director
Frank Kawana	Director
George Kitkuta	Director
Scott Lee	Director
Dale Okuno	Director
Henery Ota	Director
Naoyuki Takasugi	Director

Background checks on proposed Director Mark Buchman and proposed Director/Chief Credit Officer Haruo Tsutsumi have not yet been completed. We will notify you when we have completed our review.

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

We urge you and the Board of Directors to become familiar with the filing obligations of the Securities Exchange Act of 1934 ("34 Act") and 12 C.F.R. Part 11. The bank may be required to file reports with the OCC under the 34 Act and Part 11 if: (1) the bank at the end of any fiscal year has 500 or more shareholders of record; or (2) the bank made a public offering of securities subject to 12 C.F.R. Part 16 during the bank's organizational process. We encourage you to contact the OCC's Securities & Corporate Practices Division at (202) 874-5210 if you have any questions about the bank's securities disclosure obligations.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals,

issuances, and selected other publications.

If you have any questions about our conditional approval or the organizational process please contact Senior Corporate Analyst Joseph T. Burbridge at (415) 545-5922 or write to the address reflected above.

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: Minimum Policies and Procedures
Standard Requirements

bcc: BOS FILE
 D/O FILE #6
 ADC Shriner
 FDIC
 CHRON
 Communications
 Patricia Norman, HQ

Standard Requirements

Charter Application No. 2000 WE 01 0016

Pacific Generations Bank, National Association (In Organization)

Los Angeles, California, Charter No. 24117

Page 1

Standard Requirements

The OCC imposes the following standard requirements on Pacific Generations Bank, National Association's charter request:

Any significant deviations from the operating plan during the in-organization phase, or changes in the organizing group or chief executive officer must receive prior written OCC approval. Significant deviations or changes that have not been approved may be grounds for delaying issuance of the charter or withdrawing preliminary approval. (See the Significant Changes discussion in the Introduction of the "Corporate Organization" booklet.)

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. The proposed person may not assume the position, until the OCC has issued a letter of no objection.

Since this condition is imposed pursuant to the OCC's chartering authority, the OCC is not subject to the 30-day review period imposed by 12 USC 1831i. However, the OCC will process all such notices in a timely manner using the procedures in the "Change in Directors and Senior Executive Officers" booklet.

The OCC requires that, prior to opening, Pacific Generations Bank, National Association engage an independent, external auditor to perform an audit according to generally accepted auditing standards of sufficient scope to enable the auditor to render an opinion on the financial statements of the bank (or consolidated holding company), taken as a whole. The audit period shall commence on the date that the organizing group forms a body corporate and may end on any calendar quarter-end no later than 12 months after the bank opens. The OCC expects that such audits will be performed annually for at least three years following commencement of operations. Engagement of an auditor will be verified during the preopening examination (see the "Corporate Organization" booklet).

Warrants issued to bank organizers must include the following provision:

If Pacific Generations Bank, National Association's capital falls below the minimum requirements contained in 12 CFR 3 or below a higher requirement as determined by the OCC, the OCC may direct the bank to require warrant holders to exercise or forfeit their warrants. Pacific Generations Bank, National Association will notify warrant holders within 45 days from the date the OCC notifies the bank in writing that warrant holders must exercise or forfeit their warrants. Pacific Generations Bank, National Association will cancel warrants not exercised within 21 days of the bank's notification. Pacific Generations Bank,

Standard Requirements

Charter Application No. 2000 WE 01 0016

Pacific Generations Bank, National Association (In Organization)

Los Angeles, California, Charter No. 24117

Page 2

National Association has agreed to comply with any OCC request that the bank invoke its right to require warrant holders to exercise or forfeit their warrants under the previous circumstances.

As a requirement of this approval, Pacific Generations Bank, National Association agrees to invoke the "exercise or forfeit" feature at the OCC's request under the previous circumstances.

The bank's financial statements must be prepared on an accrual basis according to generally accepted accounting principles.

The president must serve as a member of the board of directors.

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 approval date, preliminary approval will be withdrawn. The OCC is opposed to granting extensions, except under the most extenuating circumstances, and expects that the organizers will proceed, as presented in the application, to take the steps necessary for the bank to open for business as soon as possible.

All persons who, together with their interests, subscribe to 10 percent or more of the initial stock offering must submit biographical and financial reports for review to the Licensing staff prior to acquisition of their shares. The Licensing staff must have no objection to such persons before they purchase their shares. Subsequent to opening the national bank, requirements of the Change in Bank Control Act (12 USC 1817(j)) will apply. Changes in the composition of members or trustees of a voting trust or voting agreement also may be subject to the requirements of the Change in Bank Control Act.

Stock subscription funds collected during the organization of the bank and held for investment may be invested, directly or indirectly (e.g., mutual funds) only in U.S. government securities (bills, bonds, or notes).

Stock certificates must not be issued prior to the date the bank opens for business, but must be issued immediately following the bank's opening.

The bank must have adequate fidelity insurance covering all persons authorized to collect, receive, or deposit funds from stock subscriptions. The bank must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy. This insurance must be in force from the effective date of the offering circular until the bank opens for business (see the "Corporate Organization" booklet).

Standard Requirements

Charter Application No. 2000 WE 01 0016

Pacific Generations Bank, National Association (In Organization)

Los Angeles, California, Charter No. 24117

Page 3

The board of directors must develop written policies and procedures that will guide the bank's operations in a safe and sound manner. Those policies must be completed no later than the date of the applicant's request for a preopening examination. In addition, the board of directors must review and adopt the policies and procedures at its first meeting (see Appendixes, Minimum Policies and Procedures). The board of directors is responsible for regular review and modification of policies and procedures and for assuring continuous compliance with them.

Organizational and preopening expenses significantly exceeding those projected in the application, and/or net capital significantly less than that projected in the application, are a basis for revocation of preliminary approval. Capital adequacy is not the sole reason to determine the acceptability of organization costs. The OCC will evaluate the reasonableness of preopening expenses (see the "Corporate Organization" booklet).

A letter must be submitted to the district office at least 45 days before the bank is scheduled to open, notifying the OCC that all conditions and requirements necessary to receive a national bank charter have been met, requesting a preopening examination, and providing the anticipated opening date.

Any services performed by affiliates for the bank and payments to said affiliates by the bank will be rendered pursuant to contracts that comply with federal law and regulation, reflect safe and sound practices, and are at costs similar to those the bank would pay an independent third party for the same services. The contracts must be submitted to the Western district office for review prior to or at the time corporate existence is established.