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Comptroller of the Currency  
Administrator of National Banks

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Western District Office  
50 Fremont Street, Suite 3900  
San Francisco CA 94105

June 1, 2001

**Conditional Approval #471  
July 2001**

Regents Bank, National Association (In Organization)  
c/o Thomas C. Young - Spokesperson  
1610 C street, Suite 100  
Vancouver, Washington 98663

Re: Charter Application No. 2001 WE 01 0002  
Regents Bank, National Association  
La Jolla, California, Charter No. 24214

Dear Mr. Young:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Regents Bank, National Association, to be located in La Jolla, California. On this date, we found that your proposal meets the requirements for preliminary conditional approval.

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 bank's representatives. This 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.

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. The bank's holding company formation is also subject to approval by the Federal Reserve.

This approval is subject to the following conditions:

1. Prior to commencing operations, 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.

2. Prior to commencing operations, 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. It should cover 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 (enclosed) of the *Comptroller’s Corporate Manual*, pages 37-38, 74-75.
3. Prior to commencing operations, the bank must have a security program in place that complies with the minimum security guidelines specified at 12 C.F.R. 40 (effective 7/1/01).

This approval is also subject to the following additional conditions. These conditions are enforceable under 12 USC §1818.

1. The bank shall obtain prior approval from the OCC’s Southern California - South Field Office, 1925 Palomar Oaks Way, Suite 202, Carlsbad, California, 92008-6526 before any significant deviation or change from the proposed operating plan occurs during the bank’s first three years of operation. The bank must notify Southern California - South Field Office at least sixty (60) days prior to any proposed significant deviation or change. You have represented that at least initially the bank will not open accounts through the Internet, but rather through the banking office. Any plans to offer online account opening will need to be reviewed and approved by the OCC as a significant deviation or change from the proposed operating plan. The bank must also provide a copy of such notice to the FDIC’s San Francisco office.
2. The bank must notify all potential technology-related vendors in writing of the OCC’s examination and regulatory authority under 12 U.S.C. 1867(c). All final technology-related vendor contracts must stipulate that the performance of services provided by the vendors to the bank is subject to the OCC’s examination and regulatory authority.

The bank’s initial paid-in capital, net of organizational and preopening expenses, shall be no less than \$10.0 million. 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 will withdraw approval. 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.

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

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:

Thomas Young	Chairman of the Board, Controlling Owner
Daniel Yates	Director, Chief Executive Officer
Roger Joseph	Director
William Nelson	Director
William Roper, Jr.	Director
Patrick Shea	Director
Ronald Spogli	Director
Monte Schwartz	Chief Credit Officer
Randy Krenelka	Chief Financial Officer
David Sherwood	Chief Operations Officer

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 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