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Comptroller of the Currency  
Administrator of National Banks

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Western District Office  
1225 17<sup>th</sup> Street, Suite 300  
Denver, Colorado 80202  
Phone: (720) 475-7650  
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November 17, 2010

(AMENDED)

**Conditional Approval #982  
December 2010**

Nathan Rogge  
Chief Executive Officer  
Bank of Southern California, N.A.  
12265 El Camino Real #100  
San Diego, CA 92130

RE: Application to purchase certain assets and assume certain liabilities of Palm Desert National Bank, Palm Desert, California by Bank of Southern California, San Diego, California  
OCC Control Number 2010-WE-02-0023

Dear Mr. Rogge:

The Comptroller of the Currency (OCC) hereby conditionally approves your proposal to purchase certain assets and assume certain liabilities of Palm Desert National Bank, Palm Desert, CA. This approval is granted based on a thorough review of all information available, including commitments and representations made in the application, merger agreement, and those of your representatives.

The OCC reviewed the proposed purchase and assumption transaction under the criteria of the Bank Merger Act, 12 USC §1828(c), and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have significant anticompetitive effects. The OCC considered the financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served, and their effectiveness in combating money laundering activities. We considered these factors and found them consistent with approval.

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This approval is subject to the following conditions:

- The bank must maintain Tier 1 Leverage Capital of no less than 9.5% and minimum Total Risk Based Capital of 12.0%.
- Within 30 days of consummation of this transaction, the bank shall submit a plan to reduce its level of commercial real estate concentrations to the Southern California-South Field Office for its review and supervisory non-objection. The plan shall specify the bank's proposed course of action, policy requirements and monitoring practices, including the infusion of \$3 million of capital no later than June 30, 2011. The plan should also include the bank's commitment for implementation of, and adherence to, the plan immediately following receipt of the written OCC supervisory non-objection.

The conditions of this approval are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

The district office must be advised in writing in advance of the desired effective date for the purchase and assumption, so it may issue the necessary certification letter. The effective date must follow the applicable Department of Justice's injunction period and any other required regulatory approval.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved.
- An executed purchase and assumption agreement.

If the merger is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

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 United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

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All correspondence regarding this application should reference the control number. If you have any questions, contact Senior Licensing Analyst Louis Gittleman at 720-475-7650 or email at [louis.gittleman@occ.treas.gov](mailto:louis.gittleman@occ.treas.gov).

Sincerely,

*signed*

Ellen Tanner Shepherd  
Director for District Licensing