



Comptroller of the Currency
Administrator of National Banks

Licensing Operations

Western District Office
1225 17th Street, Suite 300
Denver, Colorado 80202-5534
(720) 475-7600, FAX (720) 475-7691

December 11, 2003

**Conditional Approval #615
January 2004**

Mr. Mark E. Simmons, President/CEO
Commerce National Bank
279 E. Orangethorpe
Fullerton, California 92832

RE: New Bank Charter
Commerce National Bank, Fullerton, California
OCC Control Number: 2002 -WE- 01-0010

Dear Mr. Simmons:

The Office of the Comptroller of the Currency (OCC) has found that you have met all requirements it imposed in the April 22, 2003 preliminary conditional approval letter and completed all steps necessary to commence the business of banking with the exception of a significant deviation from your original business plan for the Mortgage Banking Division.

We have determined the significant deviations are limited to the Mortgage Banking Division and require further review and no objection by the Supervisory Office. As such, we conclude that the organization of the bank can continue subject to the additional conditions outlined below.

The following requirement must be satisfied before the OCC will grant a no objection to the activities of the Mortgage Banking Division:

The Bank must undergo an additional on-site review by the OCC as follow-up to an earlier preopening examination. The results of this review will assist the OCC in its determination of whether to issue a written determination of no objection to deviate from the bank's business plan.

The conditions of this approval are “condition[s] 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 these conditions are enforceable under 12 U.S.C. § 1818.

You are authorized to open Commerce National Bank on December 17, 2003 with the exception of the aforementioned condition. We will forward you a Charter Certificate under separate cover.

The OCC’s authorization to open for business is subject to the representations of the Board of Directors stated in a letter dated December 9, 2003. The letter represents that the Board of Directors agrees that it shall not permit the Mortgage Banking Division to commence any operations until after the OCC issues a letter of no objection to the activities.

The OCC discovered the changes after they had occurred contrary to OCC chartering policy. The changes include the proposed establishment of two Loan Production Offices, increased volume by more than three times the original projections, changes in marketing strategies/target markets, changes to underwriting criteria, and changes in types of products. National Bank Examiners discussed OCC’s views on the significant deviations with the Executive Management team during the preopening examination, which commenced November 24, 2003.

The Board of Directors are reminded that they must ensure that the FDIC’s San Francisco Regional Office has been apprised of all developments relative to the Bank’s organization and obtain the appropriate consents of that Office.

You are also reminded that several of the standard requirements contained in the preliminary conditional approval letter will continue to apply once the bank opens and by opening, you agree to subject your association to these conditions of operation. Some of the requirements bear reiteration here:

1. Regardless of the association’s FDIC insurance status, the association is subject to the Change in Bank Control Act (12 USC 1817 (j)) by virtue of its national bank charter.
2. The board of directors is responsible for regular review and update of policies and procedures and for assuring ongoing compliance with them. This includes maintaining an internal control system that ensures compliance with the currency reporting and recordkeeping requirements of the Bank Secrecy Act (BSA). The board must train its personnel in BSA procedures and designate one person or group to monitor day-to-day compliance.

3. 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 individual may not assume the position until the OCC has issued a letter of no objection.

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.

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 any 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.

On behalf of the OCC, welcome to the national banking system. Should you have any questions, please contact Assistant Deputy Comptroller Steven VanderWal at 760-438-8041, who will be responsible for the ongoing supervision of your institution.

Sincerely,

/s/ Ellen Tanner Shepherd

Ellen Tanner Shepherd
Licensing Manager