



Comptroller of the Currency
Administrator of National Banks

Western District
Santa Ana Field Office
1551 North Tustin Avenue, Suite 1050
Santa Ana, CA 92705-8661
(714) 796-4700

Conditional Approval #1044
September 2012

June 25, 2012

Board of Directors
California First National Bank
18201 Von Karman, Suite 800
Irvine, California 92612

Subject: Request for Significant Deviation to Regulatory Condition Imposed in Writing

Dear Members of the Board:

The Office of the Comptroller of the Currency (“OCC”) has reviewed your request to implement a significant deviation from the Bank’s approved operating plan, submitted to comply with the significant deviation condition imposed in connection with the initial charter approval through an Operating Agreement that was subsequently amended on or about November 23, 2005 (the “Amended Agreement”).

Specifically, in correspondence dated March 23, 2012, and supplemental correspondence dated May 10, 2012, you sought, pursuant to Article II of the Amended Agreement, the OCC’s prior written non-objection to allow the Bank to grow its commercial loan portfolio principally through participations in syndicated loans. You submitted a proposal with a revised loan forecast and subsequently provided additional information and assurances regarding concentration levels, credit metrics for leveraged loans, commercial loan growth limitations, and capital levels (collectively, the “Revised Business Plan”). Based on the information submitted, we are providing a written determination of no supervisory objection to the Revised Business Plan, provided the following conditions are met:

1. The Bank shall maintain a minimum Tier 1 capital to adjusted total assets ratio of fourteen percent (14.0%), as such terms are defined in 12 C.F.R. Part 3,¹ through the forecast period ending June 30, 2015 (the “Bank’s Revised Business Plan”);

¹This condition shall not be construed to be a “written agreement” within the meaning of 12 C.F.R. § 6.4(b)(iv).

2. The Bank's growth in its commercial loan portfolio shall not exceed the amounts indicated in the Bank's Revised Business Plan and, for periods extending beyond June 30, 2015, the Bank shall limit growth in its commercial loan portfolio to no more than fifteen percent (15%) per annum; and
3. The Bank shall: (i) give the Assistant Deputy Comptroller for the Santa Ana Field Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its Revised Business Plan or to exceed the fifteen (15) percent per annum growth limitation required above,² and (ii) obtain the OCC's prior written determination of no objection before the Bank engages in any significant deviation or change from the Revised Business Plan or exceeds the fifteen (15) percent per annum growth limitation required above. The OCC may impose any additional conditions it deems appropriate in granting a written determination of no objection to the Bank's notice.

The conditions of this no objection 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.

This conditional no objection 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 decision 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. If you have any questions, please contact Jeffery Blackburn, National Bank Examiner at (714) 541-3397 or me at (714) 796-4700.

Sincerely,

Lawrence D. Carter

Lawrence D. Carter
Assistant Deputy Comptroller

² If such deviation is subject to a requirement that the Bank, by statute or regulation, seek formal prior written OCC approval or nonobjection, no separate notice to the Assistant Deputy Comptroller is required.