



January 12, 2021

**Conditional Approval #1256
February 2021**

Mr. Brian D. Christiansen, Partner
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, NW
Washington, DC 20005

Re: Substantial Asset Change
Termination of Regulatory Condition Imposed in Writing
California First National Bank, Irvine, California (Charter No. 23925)
OCC Control No. 2020-WE-5.53-317680
OCC Control No. 2020-WE-LicensingOther-319055

Dear Mr. Christiansen:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves the application filed on behalf of California First National Bank, Irvine, California (Bank) to change the composition of all, or substantially all, its assets by expansion of its operations. This conditional approval is granted after a thorough review of all information available, including the representations and commitments made in the application and by the Bank's representatives.

The Bank applied to the OCC for prior approval of a substantial change in its asset composition under 12 CFR 5.53. In the proposed transaction, Bank will discontinue its leasing operations to be replaced by a more traditional offering of commercial credit products.

In deciding a change in asset composition application, the OCC consider the capital level of the resulting institution; the conformity of the transaction to applicable law, regulation and supervisory policies; the purpose of the transaction, its impact on the safety and soundness of the bank; and any effect on the bank's shareholders or customers. 12 CFR 5.53(d)(3). Additionally, the OCC considered the ability and experience of management, including the board of directors. 12 CFR 5.20(e). OCC reviewed these factors and deemed conditional approval consistent with regulatory requirements.

This approval is subject to the following condition:

The bank shall seek prior written determination of no supervisory objection from the Assistant Deputy Comptroller before taking any action that significantly deviates from the Business Plan outlined in the Substantial Asset Change application dated November 10, 2020, or making any

changes to the board of directors or senior management of the bank. This condition shall remain in place for three years from the date of acquisition of the bank by DMG Bancshares, Inc.

The condition of this approval is a condition “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 USC 1818. As such, the condition is enforceable under 12 USC 1818.

If all steps of the transaction are not consummated within 12 months of the date of this letter, this approval shall automatically terminate, unless the OCC grants an extension of the time period. Within 10 days of consummating the final step in this transaction, the Bank must advise the Western District Office of the effective date of consummation, so the OCC may complete its records. If any of the terms, conditions, or parties to the transaction described in the application change, the OCC must be informed in writing prior to consummation to determine if any additional action or reconsideration is required. In such situations, the OCC reserves the right to require submission of an amended or new Substantial Asset Change application.

Additionally, by letter dated April 3, 2001, the OCC conditionally approved the final charter approval for the Bank. The approval letter included the following two regulatory conditions imposed in writing enforceable under 12 USC 1818, which remain in force, as follows:

- Prior to the Bank commencing business, the Bank and Amplicon (the holding company name at that time) must enter into a binding written agreement setting forth Amplicon’s obligations to provide capital maintenance and liquidity support to the Bank, if and when necessary. The terms and provisions of this capital maintenance and liquidity support agreement and any amendments thereto must be acceptable to the OCC, and shall include a provision for collateral to support those obligations, if required by the OCC. The agreement may not be terminated without the prior approval of the OCC.
- The Bank must notify all potential technology-related vendors in writing of the OCC’s examination and regulatory authority under 12 USC 1867(c). All final 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.

In consideration of the October 15, 2020, Stock Purchase Agreement whereby DMG Bancshares, Inc. will acquire all of the outstanding shares of common stock of Bank, condition 1 is no longer relevant. Further, condition 2 is no longer needed. Therefore, both conditions are terminated effective upon the date of this letter. The termination of the conditions does not affect representations relied upon in the OCC’s conditional approval.

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

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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 Director for District Licensing Yoo Jin Na at (202) 649-6335 or by email at yoojin.na@occ.treas.gov, or Licensing Analyst Joel Kielborn via email at joel.kielborn@occ.treas.gov.

Sincerely,

/s/

Stephen A. Lybarger
Deputy Comptroller for Licensing