

DIVISION OF FINANCIAL INSTITUTIONS
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII

IN THE MATTER OF THE)	
APPLICATION OF)	
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)	
Pacific Rim Bank)	DECISION AND ORDER
(Applicant in Organization))	REGARDING CHARTER
)	APPLICATION OF
)	PACIFIC RIM BANK
For Approval of a Charter to)	(APPLICANT IN
Engage in the Business of a)	ORGANIZATION)
Hawaii Financial Institution)	
as a Bank, Pursuant to)	
Chapter 412, Hawaii Revised)	
Statutes)	
_____)	

DECISION AND ORDER REGARDING
CHARTER APPLICATION OF
PACIFIC RIM BANK
(APPLICANT IN ORGANIZATION)

DIVISION OF FINANCIAL INSTITUTIONS
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII
335 Merchant Street, Room 221
Post Office Box 2054
Honolulu, Hawaii 96805

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PACIFIC RIM BANK
(APPLICANT IN ORGANIZATION)

To: Mr. Austin Y. Imamura
Chairman of the Board and Chief Executive Officer
Pacific Rim Bank (Applicant in Organization)
Post Office Box 240853
Honolulu, Hawaii 96824-0853

Pursuant to the authority granted to the Commissioner of Financial Institutions (the "Commissioner"), Division of Financial Institutions, Department of Commerce and Consumer Affairs, State of Hawaii, in Chapter 412, Hawaii Revised Statutes ("HRS"), and all applicable Hawaii Administrative Rules ("HAR"), the following findings of fact and conclusions of law are hereby entered:

FINDINGS OF FACT

1. The applicant in this matter is Pacific Rim Bank (Applicant in Organization), (hereinafter referred to as "Pacific Rim" or "Applicant"). Pacific Rim has applied for approval of a charter to engage in the business of a Hawaii financial institution as a bank.

2. Pacific Rim initially submitted an application dated May 13, 2005 to the Commissioner for preliminary approval to organize a bank in accordance with HRS Section 412:3-201. Having concluded that (a) the proposed activities of Applicant will be in compliance with the requirements of HRS Chapter 412 and all other applicable laws, rules, and orders; (b) the proposed operations of Applicant will be conducted in a safe and sound manner; (c) the qualifications, character, financial responsibility, experience, and general fitness of the proposed executive officers and directors of Applicant are such as will warrant public confidence and a belief that the business of the financial institution will be honestly and efficiently conducted; and (d) sufficient facts exist showing the necessity or the justification for the organization of the proposed bank and there is a reasonable assurance of sufficient volume of business so opening and maintaining the proposed financial institution will not jeopardize the solvency of Applicant, the application for preliminary approval to organize a bank was approved by the Commissioner in a Decision and Order dated August 8, 2005. Applicant has since taken all steps necessary to complete organization and file an application for a charter.

3. Pacific Rim subsequently submitted an application dated August 8, 2005 to the Commissioner for approval of its proposed Articles of Incorporation and Bylaws in accordance with HRS Section 412:3-208. Having determined that the Articles of Incorporation comply in all respects with the Business Corporation Act, HRS Chapter 414, the Commissioner issued a letter of no objection to the Articles of Incorporation and the Bylaws dated August 8, 2005. Applicant delivered the Articles of Incorporation to the Director of the Department of Commerce and Consumer Affairs for filing on August 8, 2005.

4. Pacific Rim also submitted an application dated August 8, 2005 to the Commissioner for approval of its proposed capital stock solicitation in accordance with HRS Section 412:3-210. Having concluded that (a) the application is complete and (b) the solicitation will not affect the safety or the soundness of Applicant or harm the public interest, the application for approval of the capital stock solicitation was approved by the Commissioner in a letter dated August 9, 2005. Applicant is currently concluding the sale of shares of its capital stock. The full amount of the initial minimum required paid-in capital and surplus of \$10,000,000.00 has been paid in and deposited in escrow under terms satisfactory to the Commissioner.

5. The proposed capital plan for Pacific Rim provided for an initial paid-in capital and surplus in the minimum amount of \$10,000,000.00, a sum exceeding the minimum statutory requirement of \$5,000,000.00 in HRS Section 412:3-209. Furthermore, the pro forma financial statements for the first three years of operations indicated that Applicant will continue to have capital in excess of \$5,000,000.00.

6. As of August 24, 2005, Applicant sold 1,008,900 shares of its common stock at \$10 per share and the proceeds of \$10,089,000.00 were paid in and deposited in an escrow account with South Sound Bank in accordance with the Impound Account Agreement and under terms satisfactory to the Commissioner. In a letter dated August 26, 2005, Pacific Rim requested authorization to continue its capital stock solicitation until the maximum 1,200,000 shares of its common stock for \$12,000,000.00 has been sold under the terms of the application for approval of the capital stock solicitation dated August 8, 2005 and the letter approval dated August 9, 2005. Upon the conclusion of the initial sale of shares of its capital stock, Applicant will have an initial paid-in capital and surplus of \$10,089,000.00 at a minimum and \$12,000,000.00 at a maximum.

7. Pacific Rim submitted an application dated May 13, 2005 to the Federal Deposit Insurance Corporation (the "FDIC") for approval of federal deposit insurance in accordance with the Federal Deposit Insurance Act. On August 19, 2005, the FDIC issued an Order approving Pacific Rim's application for federal deposit insurance.

8. Pacific Rim submitted an application dated August 24, 2005 to the Commissioner for approval of a charter to engage in the business of a bank in accordance with HRS Section 412:3-212. Additional supporting information dated August 24, 2005 and August 26, 2005 was submitted (collectively referred to as the "Charter Application").

9. Pacific Rim requested confidentiality on certain portions of the Charter Application as provided by HRS Chapter 92F, HRS Section 412:2-104(a), and HAR Sections 16-25-27(b) and 16-25-28. The Commissioner approved this request.

10. There have been no material changes in the organizers of Pacific Rim, the Applicant in Organization, the business plan, and the financial condition since the issuance of the preliminary approval to organize on August 8, 2005.

11. No shareholder is anticipated to own more than 10% of the common stock that will have been issued at the conclusion of the capital stock solicitation.

CONCLUSIONS OF LAW

Upon review and consideration of the Charter Application, and its supporting and incorporating documents, it is concluded that:

1. Pursuant to HRS Chapter 412, Code of Financial Institutions, the Commissioner has jurisdiction over this Charter Application.
2. The Charter Application submitted to the Commissioner is in a form prescribed by or acceptable to the Commissioner and includes, together with supporting and incorporating documents, information required by the Commissioner to make the findings of fact and the conclusions of law set forth herein. Portions of the Charter Application have been deemed confidential by the Commissioner as it contains information that may be withheld from disclosure under HRS Chapter 92F, HRS Section 412:2-104(a), and HAR Sections 16-25-27(b) and 16-25-28.
3. Sufficient information has been provided to enable the Commissioner to find the necessary facts and reach the required conclusions needed before issuing a decision on this Charter Application.
4. Upon consideration and review of the Charter Application, and its supporting and incorporating documents, it is concluded that Pacific Rim has fulfilled all the requirements of law and has met the grounds for preliminary approval.
5. Upon consideration and review of the Charter Application, and its supporting and incorporating documents, it is also concluded that Pacific Rim is qualified to engage in the business of a financial institution as a bank.
6. Any conclusion of law that is deemed to be a finding of fact shall be construed to be a finding of fact.

ORDER

NOW, THEREFORE, GOOD CAUSE APPEARING, THE FOLLOWING DECISION AND ORDER IS HEREBY ENTERED:

Pursuant to HRS Section 412:3-212, the Charter Application of Pacific Rim Bank (Applicant in Organization) for approval of a charter to engage in the business of a Hawaii financial institution as a bank, in accordance with the provisions of HRS Chapter 412, Article 3, is hereby approved. This approval is subject to the following conditions:

1. Pacific Rim shall provide to the Commissioner a copy of the fully-executed Lease for the principal office located at 500 Ala Moana Boulevard, Suite 2-A, Honolulu, Hawaii 96813 that was submitted unsigned and undated with the Charter Application, pursuant to the Decision and Order dated August 8, 2005 and HRS Section 412:3-201(b)(1), within five days of the execution thereof.

2. In accordance with the application for approval of the capital stock solicitation dated August 8, 2005 and the letter approval dated August 9, 2005, Pacific Rim shall:

- a. Complete the capital stock solicitation which shall not exceed total subscriptions of 1,200,000 shares of common stock at \$10.00 per share, or \$12,000,000.00.
- b. Provide a complete list of the names and the addresses of all subscribers of the common stock, including the number of shares owned by each, at the conclusion of the capital stock solicitation.

3. In accordance with HRS Section 412:3-504, Pacific Rim shall:

- a. Complete the opening of the principal office within nine months after November 1, 2005, the opening date stated in the application for preliminary approval to organize. If it appears that the opening will not occur by August 1, 2006, Pacific Rim may obtain from the Commissioner an extension of the time to open, which shall be reasonably granted for good cause. If an extension of time to open is not obtained in writing, the Commissioner may revoke the permission to open.
- b. Notify the Commissioner in writing that said opening has been completed no later than five days after the opening.

4. At least five days prior to opening, Pacific Rim shall notify the Commissioner of the date the principal office will be open for business and provide to the Commissioner:

- a. Written notice that it continues to meet the full amount of the initial minimum required paid-in capital and surplus of \$10,000,000.00 in money, pursuant to the Decision and Order dated August 8, 2005 and the letter approval dated August 9, 2005. Thereafter, the paid-in capital and surplus shall at all times be an amount not less than \$5,000,000.00, pursuant to HRS Section 412:3-209(a).
- b. Evidence that the federal deposit insurance required in the Decision and Order dated August 8, 2005 will be in effect.

- c. Evidence that the fidelity bonds and any other insurance, of the types and in the amounts Applicant represented that it will obtain in the application for preliminary approval to organize, and required in the Decision and Order dated August 8, 2005, have been obtained and will be in effect.
- d. A description of all vending contractors for electronic data processing and servicing in accordance with HRS Section 412:3-212(a)(5).
- e. The name and the contact information of the individual responsible for addressing all inquiries regarding the conduct of Pacific Rim.

5. Pacific Rim shall operate within the parameters of the business plan that was submitted as part of the application for preliminary approval to organize. Commencing on the date hereof and during the first three years of operations, Pacific Rim shall provide in writing to the Commissioner, for prior review and approval and at least 60 days before implementation, the following:

- a. Any proposed major deviation or material change from this business plan.
- b. Any proposed change in the executive officers or the directors.
- c. Any proposed change in the ownership of the capital stock that will result in any shareholder owning or having the power to vote 10% or more of the outstanding capital stock of Pacific Rim.

6. Commencing on the date hereof and during the first three years of operations, Pacific Rim shall provide in writing to the Commissioner, for prior review and approval and at least 60 days before implementation, the following:

- a. Any stock option plan that may be adopted by the Board of Directors.
- b. Any issuance of authorized capital stock that may be authorized by the Board of Directors.
- c. Any declaration or payment of dividends or making of other capital distributions to the shareholders that may be authorized by the Board of Directors.

7. Until all of the conditions of approval are satisfied and Pacific Rim is opened, the Commissioner shall have the right to alter, suspend, or withdraw this Order should any interim development warrant such action.

This Decision and Order shall be voidable in the sole discretion of the Commissioner if material conditions set forth in this Decision and Order are not fulfilled, if material representations made in support of the Charter Application are not complied with or should be determined to be untrue, or if material facts have been omitted from the Charter Application. This Order does not waive or limit any other remedy available to the Commissioner for violation of law.

DATED AND ENTERED: August 26, 2005, in HONOLULU, HAWAII.

/s/ D. B. Griffin III
D. B. GRIFFIN III
COMMISSIONER OF FINANCIAL INSTITUTIONS
DIVISION OF FINANCIAL INSTITUTIONS
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII

[IN THE MATTER OF THE APPLICATION OF PACIFIC RIM BANK (APPLICANT IN ORGANIZATION) FOR APPROVAL OF A CHARTER TO ENGAGE IN THE BUSINESS OF A HAWAII FINANCIAL INSTITUTION AS A BANK, PURSUANT TO CHAPTER 412, HAWAII REVISED STATUTES.]