

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
COMPTROLLER OF THE CURRENCY**

<b>In the Matter of:</b> International City Bank Long Beach, California		AA-WE-08-74
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**CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiner, has supervisory authority over International City Bank, Long Beach, California (“Bank”).

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated January 26, 2009, that is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order (“Order”) by the Comptroller.

Pursuant to the authority vested in it by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

Article I

COMPLIANCE COMMITTEE

(1) Within ten (10) days of this Order, the Board shall appoint a Compliance Committee of at least three (3) directors of which at least two (2) must not be an employee of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the

Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller.

(2) The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Order and shall meet at least monthly.

(3) By no later than February 27, 2009, and by the end of every calendar month thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Order;
- (b) actions taken to comply with each Article of this Order; and
- (c) the results and status of those actions.

(4) The Board shall provide a summary report of the progress reached in attaining compliance with each Article of this Order to the Assistant Deputy Comptroller within ten (10) days of the end of each calendar quarter.

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Order shall be forwarded to the:

Assistant Deputy Comptroller  
Southern California – South Field Office  
1925 Palomar Oaks Way, Suite 202  
Carlsbad, California 92008

## Article II

### CAPITAL AND STRATEGIC PLAN

(1) Effective as of the date of this Order, the Bank shall at all times maintain the following minimum capital ratios:

- (a) Tier 1 capital at least equal to nine percent (9%) of adjusted total assets;  
and
- (b) total risk-based capital at least equal to twelve percent (12%) of risk-weighted assets.

(2) For purposes of this Article, “Tier 1 capital,” “total risk-based capital,” “adjusted total assets,” and “risk-weighted assets” are as defined in 12 C.F.R. Part 3.

(3) The requirement in this Order to meet and maintain a specific capital level means that the Bank is not to be deemed to be “well capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(4) Effective as of the date of this Order, the Bank shall only declare dividends:

- (a) when the Bank is in compliance with the Bank’s Three-Year Plan as described below;
- (b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
- (c) with the prior written approval from the Assistant Deputy Comptroller, which shall be granted or denied within thirty (30) days of the receipt of a dividend request from the Bank.

(5) Effective as of the date of this Order, the Bank shall not increase its total loans above the amount shown in its amended June 30, 2008 Consolidated Report of Condition (“Call Report”), schedule RC4b, until the Bank corrects the deficiencies in Asset Quality described in the Report of Examination conducted as of June 30, 2008 (the “ROE”), returns the Bank to a satisfactory condition, and the Bank receives a prior written determination of no supervisory objection from the Assistant Deputy Comptroller. For purposes of this paragraph, the compliance determination shall be made as of each Call Report filing.

(6) Within ninety (90) days of this Order, the Board shall develop a written strategic plan for the Bank covering at least the next three years (hereafter the “Bank’s Three-Year Plan”), complete with specific time frames that incorporate the strategic and other requirements of this Article. A copy of the Bank’s Three-Year Plan shall be forwarded to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(7) The Bank’s Three-Year Plan shall establish objectives and projections for the Bank’s overall risk profile, earnings performance, growth expectations, balance sheet mix, off-balance sheet activities, liability structure, capital and liquidity adequacy, product line development and market segments that the Bank intends to promote or develop, together with specific strategies to achieve those objectives, that are specific, measurable, verifiable, and, at a minimum, address or include:

- (a) an assessment of the Bank’s present and future operating environment;
- (b) the development of strategic goals and quantifiable measures with specific implementation dates to ensure the Bank attains sustained earnings to support capital and liquidity;
- (c) an evaluation of the Bank’s internal operations, staffing requirements, Board and management information systems and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives developed pursuant to this Article;
- (d) specific plans to establish responsibilities and accountability for the strategic planning process, new products, proposed changes in the Bank’s operating environment, reduction of problem assets, and maintenance of adequate liquidity;

- (e) control systems to identify and reduce risk to earnings, capital, and liquidity, and risks associated with any proposed changes in the Bank's operating environment;
- (f) growth limitations designed to comply with Paragraph (5) of this Article and actions to monitor, control and reduce, where appropriate, significant concentrations of credit;
- (g) specific plans for the maintenance of adequate capital that may in no event be less than the requirements specified in Paragraph (1) of this Article;
- (h) specific plans for the maintenance of adequate liquidity in accordance with the requirements of Article III;
- (i) a dividend policy that only permits the declaration of a dividend in accordance with Paragraph (4) of this Article;
- (j) projections for capital and liquidity requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (k) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the next three years that shall address or include consideration of the requirements of this Article; and
- (l) systems to monitor the Bank's progress in meeting the plan's goals and objectives.

(8) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the Bank's Three-Year Plan.

### Article III

#### LIQUIDITY MANAGEMENT

(1) Within sixty (60) days of this Order, the Board shall develop and submit for a prior written determination of no supervisory objection, a written liquidity program to ensure the Bank maintains liquidity at a level that is sufficient to sustain the Bank's current operations and to withstand any anticipated or extraordinary demand against its funding base, to include at a minimum:

- (a) measures to increase and maintain sufficient on-balance sheet liquidity;
- (b) a significant reduction in reliance upon non-core funding sources, including brokered deposits, credit-sensitive wholesale borrowings and uninsured deposits;
- (c) the establishment of additional back-up funding sources;
- (d) policies and procedures to ensure the implementation of adequate liquidity planning tools, to include:
  - (i) a review of administrative policies and procedures to ensure they are consistent with the Board's guidance and risk tolerances;
  - (ii) specific balance sheet liquidity targets that are consistent with the tools used to measure performance;
  - (iii) reasonable risk limits to control the level of liquidity risk that incorporate forward-looking risk measurements and liability

concentration limits such as limits on the amount of funds that may be sourced from any individual customer or groups of customers, or liability concentration limits by instrument; and

- (e) a contingency funding plan that ensures the Bank can remain liquidity solvent through stressed environments and that includes, at a minimum:
  - (i) management's best estimate of balance sheet changes that may result from a liquidity or credit event;
  - (ii) specific terms or events that trigger enactment of the plan;
  - (iii) necessary management information systems and reporting criteria for use in crises situations;
  - (iv) management responsibilities for enacting the plan and for taking specific actions once enacted; and
  - (v) prioritization of all sources of funding for the various scenarios including asset side funding, liability side funding, and off-balance sheet funding.

(2) After the OCC has advised the Bank that it does not take supervisory objection to the liquidity program required by this Article, the Board shall immediately implement, and shall thereafter ensure adherence to its terms.

#### Article IV

#### COMMUNITY DEVELOPMENT INVESTMENTS

(1) Within sixty (60) days of this Order, the Board shall prepare and submit for a prior written determination, a plan to reduce and maintain the Bank's direct and indirect investments in Community Development projects (as recorded using Generally Accepted

Accounting Principles “GAAP”) to no more than fifteen percent (15%) of the Bank’s capital and surplus as defined in 12 C.F.R. § 24.2(b). The plan shall require definitive annual reductions that correlate to the Bank’s capital and surplus and shall not extend beyond five years from the date of this Order.

(2) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the plan required by Paragraph (1) of this Article.

## Article V

### COMMERCIAL REAL ESTATE RISK MANAGEMENT

(1) Within sixty (60) days of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written program (including appropriate revisions to policies and procedures) designed to manage the risk in the Bank’s commercial real estate (“CRE”) loan portfolio in accordance with the guidelines in OCC Bulletin 2006-46, Concentration in Commercial Real Estate Lending, Sound Risk Management Practices (dated December 6, 2006) and the Commercial Real Estate and Construction Lending, A-CRE, of the *Comptroller’s Handbook*. The written CRE program shall, at a minimum, include:

- (a) the establishment of an overall CRE reduction strategy that includes CRE concentration limits stratified by type, locality and other meaningful measures supported by written analysis;
- (b) monthly monitoring of concentration reports that stratify the CRE portfolio by product type, locality and other meaningful measures;



- (c) strategies and procedures to manage and reduce CRE concentrations to conform with established limits set in Subparagraph (a) of this Article;
- (d) portfolio-level multi-factor stress testing and/or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital;
- (e) significant individual loan stress testing and/or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital;
- (f) the establishment of Loan Policy CRE underwriting standards by CRE type that include specific requirements relating to:
  - (i) maximum loan amount and maturity by type of property;
  - (ii) approval authorizations;
  - (iii) minimum file documentation and analysis;
  - (iv) minimum requirements for initial investment and maintenance of hard equity;
  - (v) minimum standards for borrower net worth, property cash flow/debt service, collateral coverage, and guarantor support;
  - (vi) the performance of global cash flow analysis to evaluate the repayment ability of borrowers with multiple projects;
  - (vii) standards for ensuring a complete and accurate assessment of guarantor support;
  - (viii) standards for ensuring that CRE loans have appropriate minimum loan covenants;

- (ix) minimum standards for the acceptability for using, and defined limits for soft cost and/or interest reserve financing;
  - (x) maximum amortization periods and minimum principal curtailment for CRE and construction projects that are not meeting original projections; and
  - (xi) procedures for loan closing and disbursement processes, including the supervised disbursement of construction loan proceeds;
- (g) requirements to ensure participations purchased are consistent with sound banking practices, guidelines set forth in Banking Circular 181 (Revised), dated August 2, 1984, and the requirements of 12 C.F.R. Part 34;
- (h) maintenance of proper collateral margins in loans made for the purpose of constructing or developing real estate, including but not limited to, procedures for ensuring that:
- (i) periodic, meaningful, well-documented, inspections are performed on all construction projects;
  - (ii) draw requests are advanced in accordance with construction progress and budget;
  - (iii) documentation is maintained of project completion versus amount advanced;
  - (iv) lien waivers are obtained from contractors and sub-contractors; and
  - (v) borrower's hard equity is tracked by project;

- (i) requirements for periodic reviews of borrowers and loans not to exceed one year that include credit reviews and analysis of operating statements, rent rolls, and guarantor financial condition as applicable;
- (j) standards for when CRE loan policy exceptions are appropriate, what factors should exist to mitigate exceptions, and how the level and trend of exceptions should be documented, tracked and reported to the Board;
- (k) standards for appraisal ordering and review processes in accordance with Article VI; and
- (l) standards to ensure CRE loans are appropriately risk rated in accordance with Article VII.

(2) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the program, policies and procedures required by this Article.

#### Article VI

##### APPRAISAL AND EVALUATION PROCESS

(1) Within sixty (60) days of this Order, the Board shall revise, adopt, implement and thereafter ensure Bank adherence to a written policy designed to ensure the Bank obtains real estate appraisals and evaluations in compliance with USPAP, 12 C.F.R. Part 34, Advisory Letter 2003-9, and OCC Bulletin 2005-6, to include at a minimum:

- (a) the required use of a standard appraisal form for ordering all appraisals;
- (b) the ordering of appraisals, independent of the lending function;
- (c) the use of Board approved appraisers only;

- (d) the establishment and implementation of a policy requiring a meaningful review, independent of the lender, of all appraisals to include analysis commensurate with the type, size and complexity of the property being appraised; and
- (e) the establishment of a tickler system for tracking appraisals ordered, received, returned, and reviewed.

(2) A copy of the policy developed pursuant to this Article shall be forwarded to the Assistant Deputy Comptroller within five (5) days of its adoption by the Board.

## Article VII

### CREDIT RISK RATINGS AND NONACCRUAL RECOGNITION

(1) Within sixty (60) days of this Order, the Board shall develop, implement, and thereafter ensure adherence to a program designed to identify and record the Bank's loan portfolio risk, to include, at a minimum, provisions requiring that:

- (a) the Bank's loans and other assets are appropriately and timely risk rated and charged off by the lending officers using a loan grading system that is based upon current facts, existing repayment terms and that is consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook*;
- (b) the Bank's loans and other assets are timely placed on nonaccrual by the lending officers in accordance with the guidelines set forth in the Call Report;
- (c) loan officers appropriately and timely risk rate and/or place loans on nonaccrual; and

(d) loan officer failure to properly risk rate and/or place loans on nonaccrual is considered in periodic performance reviews and compensation.

(2) A copy of the program developed pursuant to this Article shall be forwarded to the Assistant Deputy Comptroller within five (5) days of its adoption by the Board.

## Article VIII

### EXTERNAL LOAN REVIEW

(1) The Board shall employ a qualified consultant to perform independent reviews of the Bank's loan portfolio at least semi-annually to assure the timely identification and categorization of problem credits.

(2) The scope of the engagement with the loan review consultant shall provide for a written report to be filed with the Board after each review and shall use a loan and lease grading system consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the Comptroller's Handbook.

## Article IX

### PROBLEM LOAN MANAGEMENT

(1) Effective as of the date of this Order, the Board shall take immediate and continuing action to protect its interest in those assets criticized in the ROE, in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) Within sixty (60) days of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written program (including appropriate revisions to policies and procedures) designed to eliminate the basis for criticism of the Bank's criticized assets, to include at a minimum:

- (a) the designation or retention of appropriate staff to assume loan workout responsibilities;
- (b) standards to distinguish assets that should be managed by loan workout staff from assets that should be managed by the originating loan officer;
- (c) measures to ensure assets assigned to lending officers are managed to the standards expected of loan workout personnel;
- (d) the monthly submission and review of problem asset reports for all criticized credit relationships totaling \$250,000 or above, that require, at a minimum, analysis and documentation of the following:
  - (i) an identification of the expected sources of repayment and an analysis of their adequacy;
  - (ii) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable as well as other necessary documentation to support the collateral valuation;
  - (iii) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
  - (iv) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment;
  - (v) trigger dates for positive borrower actions or for loan officers to reassess the strategy and enact collection plans;
  - (vi) a determination of whether the loan is impaired and the amount of the impairment, consistent with FASB Statement of Financial

Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan; and

(vii) for criticized relationships of \$250,000 or above that were made for the purpose of constructing or developing CRE, the reports shall also include:

- (A) the initial scheduled maturity date of the loan, number of extensions and/or renewals, and current maturity date;
- (B) project development status;
- (C) a comparison of development costs to the budgeted amount;
- (D) a comparison of sales activity to the original sales projections;
- (E) amount of initial interest reserve and the amount of any subsequent additions to the reserve;
- (F) an assessment of the borrower's global cash flow;
- (G) an assessment of any guarantor's global cash flow; and
- (H) any other significant information relating to the project.

(3) Effective as of the date of this Order, the Bank may not extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed \$250,000, unless each of the following conditions is met:

- (a) the Board or a designated committee thereof finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the Board or a designated committee thereof approves the credit extension and documents in writing, the reasons that such extension is necessary to promote the best interests of the Bank; and
- (b) the Board's formal plan to collect or strengthen the criticized asset will not be compromised by the extension of credit.

(4) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the program, policies and procedures required by this Article.

#### Article X

##### ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days of this Order, the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses ("Allowance") in accordance with Generally Accepted Accounting Principles ("GAAP"). The Allowance policies and procedures shall be consistent with the guidance set forth in the Federal Financial Institutions Examination Council's "Interagency Policy Statement on the Allowance for Loan and Lease Losses" dated December 13, 2006 (OCC Bulletin 2006-47), and July 20, 2001 (OCC Bulletin 2001-37), and shall at a minimum include:



- (a) procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan;
- (b) procedures for segmenting the loan portfolio and estimating loss on groups of loans, consistent with Statement of Financial Accounting Standards No. 5, Accounting for Contingencies;
- (c) procedures for validating the Allowance methodology;
- (d) procedures to ensure that the estimation of credit losses considers the relevant qualitative and environmental factors, with particular focus on the following:
  - (i) trends in the Bank's internal risk ratings, delinquent and nonaccrual loans;
  - (ii) results of the Bank's external loan review;
  - (iii) concentrations of credit in the Bank;
  - (iv) present and prospective economic conditions; and
  - (v) experience, performance and sufficiency of the Bank's lending staff.

(2) The program shall provide for a process for summarizing and documenting, for the Board's review and approval, the amount to be reported in the Call Reports for the Allowance. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Call Report, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

(3) A copy of the program developed pursuant to this Article shall be forwarded to the Assistant Deputy Comptroller within five (5) days of its adoption by the Board.

## Article XI

### BOOKS AND RECORDS

(1) Within sixty (60) days of this Order, the Board shall take the necessary steps to ensure that the Bank's books and records are restored to a complete and accurate condition and comply with GAAP. Thereafter, the Board shall ensure that the Bank's books, records and Management Information Systems are maintained in a complete and accurate condition and comply with GAAP.

(2) Within thirty (30) days of this Order, the Board shall review the following areas and make any necessary accounting or reporting corrections:

- (a) derivative agreements with the parent, Pedcor Bancorp;
- (b) Small Business Administration ("SBA") servicing asset, gain on sale income, and associated regulatory capital calculations;
- (c) Other Real Estate Owned;
- (d) loan participations with Bank affiliates;
- (e) charge-offs related to the loan participations;
- (f) put agreements with the parent; and
- (g) securities that are being held to maturity.

(3) Within sixty (60) days of this Order, the Board shall take the necessary steps to file amended Call Reports that reflect all of the accounting and reporting corrections described in the ROE as well as any other identified corrections, including but not limited to, those identified by the review required by Paragraph (2) of this Article.

(4) Within sixty (60) days of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of comprehensive accounting policies and procedures, to include at a minimum:

- (a) detailed guidance and/or the development of templates for ensuring compliance with complex accounting pronouncements that include, but are not limited to, Statements of Financial Accounting Standards (“SFAS”) 91, SFAS 114, SFAS 133, SFAS 140, SFAS 156, and SFAS 157;
- (b) guidelines to ensure that the Bank’s books and records are kept in accordance with GAAP and that compliance is maintained with all regulatory reporting requirements, with particular emphasis on the following areas:
  - (i) derivative agreements with the parent, Pedcor Bancorp;
  - (ii) SBA servicing asset, gain on sale income, and associated regulatory capital calculations;
  - (iii) Other Real Estate Owned;
  - (iv) loan participations with Bank affiliates;
  - (v) charge-offs related to the loan participations;
  - (vi) put agreements with the parent; and
  - (vii) securities that are being held to maturity; and
- (c) the performance of monthly analytical review of all significant accounts.

(5) Within sixty (60) days of this Order, the Board shall take the necessary steps to ensure that the Bank has sufficient accounting management and staff with adequate bank

regulatory experience to ensure compliance with GAAP and the program developed pursuant to this Article.

(6) A copy of the program developed pursuant to this Article shall be forwarded to the Assistant Deputy Comptroller within five (5) days of its adoption by the Board.

## Article XII

### AFFILIATE TRANSACTIONS

(1) Effective as of the date of this Order, the Bank shall not, directly or indirectly, pay money or its equivalent to or for the benefit of, or extend credit in any form to or for the benefit of, its affiliates, or transfer assets between the Bank and its affiliates, or enter into or engage in any transaction that obligates the Bank to do the same, unless:

- (a) the Board has conducted an independent review of the action, that is documented in writing; and
- (b) the Board has determined in writing that it is advantageous for the Bank to engage in such action, that the action complies with all applicable Bank policies, laws, rules, regulations, and Comptroller's issuances, including, but not limited to 12 C.F.R. Part 223, and is accounted for in accordance with GAAP.

(2) For purposes of this Order, "affiliate" shall have the meaning set forth in 12 C.F.R. § 223.2(a) as if the Bank were a member bank, provided that any subsidiary of the Bank shall be considered an affiliate of the Bank.

(3) The following transfers shall be excluded from the requirement contained in Paragraph (1) of this Article:

- (a) the deposit or withdrawal of any funds in the normal course of business from any demand deposit account held by the Bank for the benefit of any affiliate; and
- (b) the payment or receipt of funds related to any Interest Rate Protection Agreement that existed on or before September 30, 2008.

(4) Within thirty (30) days of this Order, the Board shall perform a comprehensive review of all of its derivative contracts and their associated documentation, reporting and accounting to determine whether the Bank has complied with its Derivative Policy, 12 C.F.R. Part 223, and GAAP. Upon completion of the review, the Board shall take the necessary steps to ensure that the Bank corrects any deficiencies in reporting or documentation, including those deficiencies identified in the ROE, and files amended Call Reports as necessary.

### Article XIII

#### BOARD OVERSIGHT

(1) Within thirty (30) days of this Order, the Board shall develop, adopt, and thereafter adhere to a written policy designed to ensure that management effectively addresses adverse findings contained in compliance reviews, audits, and examinations. The policy shall include, at a minimum:

- (a) a requirement that management responds to audit, compliance, and regulatory criticisms with a written action plan that contains:
  - (i) corrective actions to be taken;
  - (ii) deadlines for taking the corrective action; and
  - (iii) the individual responsible for making the corrective action;

- (b) formal review and approval by the Board of management's proposed response;
- (c) a tracking system that will ensure that applicable criticisms are reported to the Board and corrected in timely manner; and
- (d) retention in the Bank's books and records of:
  - (i) all written responses to audit, compliance, and regulatory criticisms; and
  - (ii) documentation of Board approval of the written responses.

(2) A copy of the policy developed pursuant to this Article shall be forwarded to the Assistant Deputy Comptroller within five (5) days of its adoption by the Board.

#### Article XIV

#### CLOSING

(1) Although the Bank is required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank and the completeness and accuracy of the Bank's books and records.

(2) If, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) The provisions of this Order shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(4) In each instance in this Order in which the Bank or the Board is required to ensure implementation of or adherence to, or to undertake to perform, an obligation of the Bank, the Board shall:

- (a) Authorize and adopt such actions on behalf of the Bank as may be necessary or appropriate for the Bank to perform its obligations under this Order;
- (b) Require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;
- (c) Follow up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) Require corrective action be taken in a timely manner for any non-compliance with such actions.

(5) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding the Comptroller or the United States.

(6) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

**IN TESTIMONY WHEREOF**, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/

2/12/09

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Steven J. Vander Wal  
Assistant Deputy Comptroller  
Southern California – South Field Office

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Date

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
COMPTROLLER OF THE CURRENCY**

<b>In the Matter of:</b> International City Bank Long Beach, California		AA-WE-08-74
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**STIPULATION AND CONSENT TO THE ISSUANCE  
OF A CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against the International City Bank, Long Beach, California (“Bank”), pursuant to 12 U.S.C. § 1818(b) through the issuance of a Notice of Charges for an Order to Cease and Desist for: unsafe and unsound banking practices relating to the supervision of the affairs of the Bank.

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated February 12, 2009 (the “Order”);

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

Jurisdiction

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).



(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

## ARTICLE II

### Agreement

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(3) The Bank also expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his supervisory responsibilities.

### ARTICLE III

#### Waivers

- (1) The Bank, by signing this Stipulation and Consent, hereby waives:
  - (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
  - (b) any and all procedural rights available in connection with the issuance of the Order;
  - (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19
  - (d) all rights to seek any type of administrative or judicial review of the Order; and
  - (e) any and all rights to challenge or contest the validity of the Order.

### ARTICLE IV

#### Other Action

- (1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, it deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/s/	2/12/09
_____ Steven J. Vander Wal Assistant Deputy Comptroller Southern California – South Field Office	_____ Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/	2/12/09
_____ F. King Alexander	_____ Date
/s/	2/12/09
_____ Bruce A. Cordingley	_____ Date
/s/	2/12/09
_____ N. Jack Dilday	_____ Date
/s/	2/12/09
_____ Jane J. Netherton	_____ Date
/s/	2/12/09
_____ Beverly O’Neill	_____ Date
/s/	2/12/09
_____ Stephen R. Oettinger	_____ Date
/s/	2/12/09
_____ Gerald K. Pedigo	_____ Date
/s/	2/12/09
_____ Jean Bixby Smith	_____ Date
/s/	2/12/09
_____ James J. Sullos, Jr.	_____ Date