

AGREEMENT BY AND BETWEEN
CommerceWest Bank, N.A.
Irvine, California
and
The Comptroller of the Currency

CommerceWest Bank, N.A., Irvine, California (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has determined that the Bank has engaged in unsafe and unsound banking practices relating to its strategic and capital planning, credit underwriting, credit administration, liquidity risk management, Allowance for Loan and Lease Losses, and audit program.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

Article I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). *See* 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) This Agreement shall not be construed to be a “written agreement, order, or capital directive” within the meaning of 12 C.F.R. § 6.4.

Article II

COMPLIANCE COMMITTEE

(1) Within five (5) days of January 27, 2010, the Board shall appoint a Compliance Committee of at least four (4) directors of which at least three (3) 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 Agreement and shall meet at least monthly.

(3) By no later than February 28, 2010, 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 Agreement;
- (b) actions taken to comply with each Article of this Agreement; 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 Agreement to the Assistant Deputy Comptroller within thirty (30) 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 Agreement shall be forwarded to the:

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

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies, procedures and programs required by this Agreement.

Article III

APPOINTMENT OF ADDITIONAL OUTSIDE DIRECTORS

(1) The Board shall immediately take action to add, at a minimum, two (2) new independent directors with commercial banking experience, no more than one (1) of which may be an advisory director. The term "independent director" means a person who is not an officer or employee of the Bank, and who is not a director, officer or employee of its affiliates, and who is not a relative of any of these persons.

(2) Prior to appointing any new director, the Bank must provide the Assistant Deputy Comptroller with written notice as required by 12 C.F.R. § 5.51 (notice forms and instructions are in the "Changes in Directors and Senior Executive Officers" and "Background Investigations" booklets of the Comptroller's Licensing Manual).

(3) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new directors. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed director.

(4) The requirement to submit information and the prior disapproval provisions of this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

(5) If the Board is unable to identify any qualified directors within ninety days (90) of this Agreement, the Board shall document its efforts to locate such candidates, and notify the Assistant Deputy Comptroller in writing. Thereafter, the Board shall provide monthly reports to the Assistant Deputy Comptroller summarizing continuing efforts to locate such candidates.

Article IV

BOARD AND MANAGEMENT OVERSIGHT

(1) Within ninety (90) days of this Agreement, the Board shall take the necessary steps to eliminate the deficiencies in management leadership and Board oversight as described in the Report of Examination conducted as of June 30, 2009 (the “ROE”), to include specific actions for attaining the necessary management expertise and Board involvement to return the Bank to a safe and sound condition, including:

- (a) improving the function of the Loan Committee by:
 - (i) decreasing the total commitment threshold above which the Loan Committee is required to participate in credit decisions;

- (ii) ensuring the Loan Committee makes the final decision for loans requiring the Committee's approval before funding the loan or providing a legal commitment to lend; and
 - (iii) assessing and re-assigning appropriate individual lending authority to the President and Chief Credit Officer.
- (b) improving the function of the Asset/Liability Committee (ALCO) by:
 - (i) revising the policy for the Board ALCO and Executive Management ALCO to distinguish the difference between the Board ALCO and the Executive Management ALCO;
 - (ii) establishing criteria for certain key decisions that will require Board ALCO approval prior to execution or implementation;
 - (iii) requiring additional liquidity measurements and corresponding limits, including, at a minimum, liquid assets/total assets, non-core funding dependence, rollover risk of wholesale funds, and wholesale funding concentrations;
 - (iv) identifying and quantifying contingent sources of liquidity within the sources and uses report available to meet projected funding gaps; and
 - (v) establishing policy thresholds for net interest income and economic-value-of-equity at risk for varying degrees of interest rate movements;
- (c) improving documentation of all Board and committee meeting minutes to provide meaningful records of discussions, decisions, and other matters, including incorporating the Bank's liquidity reports and findings in the

Board packages and documenting liquidity and funds management discussions in the Board minutes; and

- (d) improving Board oversight of and the Bank's overall audit program to provide for:
 - (i) quarterly audit committee meetings;
 - (ii) maintaining detailed audit committee minutes demonstrating appropriate oversight of audit and risk management activities and decisions;
 - (iii) a written policy that requires management to respond to and commence correcting identified deficiencies within thirty (30) days of receiving a final audit report;
 - (iv) a tracking system to record identified deficiencies, identify the member(s) of management responsible for correcting the deficiencies, and monitoring management's progress in correcting the deficiencies within the timeframes established by the Audit Committee; and
 - (v) performing an annual risk assessment to determine the Bank's appropriate audit schedule.
- (e) establishing an appropriate director education program designed to strengthen identified weaknesses in Board oversight of the Bank.

Article V

CAPITAL AND STRATEGIC PLAN

- (1) Effective immediately, the Bank shall only declare dividends when:
 - (a) the Bank is in compliance with the Bank's Three-Year Plan as described below;
 - (b) the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
 - (c) the Bank has received a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(2) Within ninety (90) days of this Agreement, 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.

(3) 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) recognition that the Bank cannot offer or introduce new products or enter new market segments until it adopts an appropriate credit culture, implements sound risk management principles, and returns the Bank to a satisfactory condition;
- (g) specific plans for the maintenance of adequate capital as required by the Office of the Comptroller of the Currency (the "OCC") and sufficient to be well capitalized under 12 C.F.R. Part 6;
- (h) a dividend policy that only permits the declaration of a dividend in accordance with Paragraph (1) of this Article;
- (i) 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;
- (j) specific plans for the maintenance of adequate liquidity;

- (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.

(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 Bank's Three-Year Plan.

Article VI

CREDIT RISK MANAGEMENT

(1) Within ninety (90) days of this Agreement, the Board shall prepare, adopt and thereafter adhere to revisions to the Bank's loan policy, as well as any necessary procedures, to address weaknesses in the Bank's credit risk management and underwriting, that, at a minimum, include:

- (a) policies and procedures designed to aggregate, track and eliminate exceptions to the Loan Policy, underwriting guidelines, and supervisory loan to value limits, for all loans to include, at a minimum:
 - (i) monthly Board monitoring of policy exception reports that track the aggregate number and dollar amount of loans with material exceptions by type of loan and loan officer, and measured as a

percentage of Tier I Capital plus the Allowance for Loans and Lease Losses;

(ii) procedures to hold employees and officers accountable for non-compliance with the Bank's loan policy and other underwriting requirements; and

(iii) monthly reports to the Board of all exceptions that have been cured since the previous month's report; and

(b) procedures to ensure appropriate ongoing monitoring, including periodic receipt, analysis and documentation of sufficient financial and operating information to measure and monitor the borrower's and guarantor's financial condition and repayment ability.

(2) Effective as of the date of this Agreement, the Bank may not grant, extend, renew, modify or restructure any loan or other extension of credit, or purchase any loan participation, equal to or exceeding two hundred fifty thousand dollars (\$250,000), without:

(a) documenting the specific reason or purpose for the extension of credit;

(b) identifying the expected source of repayment in writing;

(c) structuring the repayment terms to coincide with the expected source of repayment;

(d) obtaining current and satisfactory credit information, including performing and documenting analysis of credit information and a detailed cash flow analysis of all expected repayment sources;

(e) individual stress testing of all loans for changes in interest rates at origination;

- (f) determining and documenting whether the loan complies with the Bank's Loan Policy and if it does not comply, providing identification of the exception and justification to support waiving the policy exception;
- (g) making and documenting the determinations made regarding the customer's ability to repay the credit on the proposed repayment terms;
- (h) providing an accurate risk assessment grade and proper accrual status for each credit;
- (i) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable;
- (j) ensuring that any 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; and
- (k) obtaining the written approval of the Bank's Loan Committee or Board, consistent with the policy developed in Article IV.

(3) The Board shall take the necessary steps to ensure that current and satisfactory credit and proper collateral information is maintained on all loans. Within thirty (30) days of notification, the Board shall ensure that the Bank takes all necessary actions, and maintains appropriate documentation of the actions taken, to obtain any missing credit or collateral information described in the ROE, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

Article VII

COMMERCIAL REAL ESTATE RISK MANAGEMENT

(1) Within ninety (90) days of this Agreement, 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 and the Commercial Real Estate and Construction Lending, A-CRE, of the *Comptroller's Handbook*.

The written CRE program should, at a minimum, include:

- (a) the establishment of overall CRE concentration limits in aggregate and by product type measured as a percentage of Tier 1 Capital plus the Allowance for Loan and Lease Losses;
- (b) continued monthly monitoring of your Board approved concentration levels, and developing appropriate actions to reduce exposure as concentrations levels approach and/or exceed Board approved limits;
- (c) portfolio-level multi-factor stress testing and/or sensitivity analysis on homogeneous pools of loans (e.g., HELOC, undeveloped land, office space) to quantify the impact of changing economic conditions on asset quality, earnings, and capital;
- (d) the review and revision of CRE underwriting standards in the Loan Policy 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, if appropriate, property cash flow/debt service, collateral coverage, and guarantor support;
- (vi) multi-factor stress testing for CRE income-producing properties for changes in interest rates, vacancy rates, and market rent rates at origination and periodically thereafter;
- (vii) the performance of global cash flow analysis, including consideration of borrower and guarantor contingent liabilities, as appropriate, to evaluate the repayment ability of borrowers;
- (viii) standards for ensuring a complete and accurate assessment of guarantor support;
- (ix) standards for ensuring that CRE loans have appropriate minimum loan covenants;
- (x) minimum standards for the acceptability for using, and defined limits for soft cost and/or interest reserve financing;
- (xi) maximum amortization periods and minimum principal curtailment for CRE and construction projects that are not meeting original projections; and
- (xii) procedures for loan closing and disbursement processes, including the supervised disbursement of construction loan proceeds; and

(e) 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 and considered in loan officer performance reviews.

(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 VIII

APPRAISAL AND EVALUATION PROCESS

(1) Within ninety (90) days of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a revised, 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 establishment of criteria for obtaining new appraisals, updated appraisals, and evaluations;
- (b) the ordering of appraisals, independent of the lending function;
- (c) the use of Board approved appraisers only; and
- (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.

- (2) Within ninety (90) days of this Agreement, the Board shall:
 - (a) develop procedures to ensure that appraisals, updates and evaluations are the appropriate type and ordered in a timely manner;
 - (b) establish a tickler system for tracking when appraisals, updates and evaluations are received, reviewed and adjustments are made, as appropriate; and
 - (c) provide adequate appraisal training for all lending staff.
- (3) 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 IX

PROBLEM ASSET MANAGEMENT

(1) Effective as of the date of this Agreement, 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 ninety (90) days of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written program designed to reduce the Bank's criticized assets (the "Problem Assets Program"). The Problem Assets Program shall include or address the following matters:

- (a) aggregate reporting of criticized asset levels by type to the Board or a designated committee thereof every month measured by dollar amount and as a percentage of Tier 1 Capital plus the Allowance for Loan and Lease Losses; and
- (b) specific plans for the reduction of criticized assets by asset type with target reductions by quarter.

(3) The Board's compliance with Paragraph (2) of this Article shall include the development of procedures for the monthly review and preparation of written determinations by the Board or a designated committee thereof regarding the effectiveness of the responsible officer's efforts to eliminate the weaknesses in each criticized credit relationship or Other Real Estate ("ORE") totaling five hundred thousand dollars (\$500,000) or more, and that require the preparation of Problem Asset Reports ("PARs" or "PAR") that contain, at a minimum, analysis and documentation of the following:

- (a) an identification of the expected sources of repayment and an analysis of their adequacy;
- (b) the 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, including appraisals for real estate collateral;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis;
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment;

- (e) trigger dates for positive borrower actions, and, when appropriate, for loan officers to reassess the strategy, enact collection plans, and make appropriate downgrades or place loans on nonaccrual if positive borrower actions are not realized; and
- (f) 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.

(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 required by this Article.

(5) A copy of each PAR prepared during the month of each quarter end (e.g., March, June, September, and December), along with any Board comments regarding the effectiveness of the effort to eliminate the weaknesses in each credit or to dispose of the ORE, shall be submitted to the Assistant Deputy Comptroller within thirty (30) days of each calendar quarter end.

(6) Effective as of the date of this Agreement, 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 of credit equal or exceed five hundred thousand dollars (\$500,000), 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.

Article X

CREDIT RISK RATINGS

(1) Within sixty (60) days of this Agreement, the Board shall develop a program to ensure that the risk associated with the Bank's loans is properly reflected and accounted for on the Bank's books and records, 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 lending staff receives sufficient training with respect to the application of Subparagraph (a) of this Article;
- (c) credit administration and relationship managers are accountable for failing to appropriately and timely risk rate loans; and
- (d) a credit administration or relationship manager's failure to properly risk rate is considered in periodic performance reviews and compensation.

(2) Within ninety (90) days of this Agreement, the Board shall take the necessary steps to ensure that all credit relationships equaling two hundred fifty thousand (\$250,000) or above are reviewed and accurately risk rated consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook*.

(3) After the Board has developed the program required by this Article, the Board shall immediately implement, and shall thereafter ensure adherence to its terms.

Article XI

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within ninety (90) days of this Agreement, 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 FASB 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 FASB Statement of Financial Accounting Standards No. 5, Accounting for Contingencies;
- (c) procedures for validating the Allowance methodology; and
- (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) applicable experience 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 Allowance program shall be forwarded to the Assistant Deputy Comptroller within fifteen (15) days of approval by the Board of Directors.

Article XII

INVESTMENT ACTIVITIES

(1) Within sixty (60) days, the Board shall review and revise the Bank's investment policy and implement the revised policy, and thereafter ensure Bank adherence to the policy.

The policy shall contain the basic elements of a sound investment policy consistent with the 12 C.F.R. Part 1, Generally Accepted Accounting Principles, and regulatory guidance provided in “Investment Securities” booklet of the Comptroller’s Handbook at Section 203 (March 1990), and OCC Bulletin 98-20 (April 27, 1998), and shall include:

- (a) an investment portfolio strategy that is consistent with Board approved Bank asset and liability management policies and interest rate risk tolerances;
- (b) individual and committee investment portfolio purchase and sale authority;
- (c) approval procedures that will include dollar size limits, quality limitations, maturity limitations, and concentration or diversification guidelines;
- (d) a requirement that investment securities be supported by adequate credit and interest rate risk measurement information as described in the “Interest Rate Risk” booklet of the Comptroller’s Handbook and in OCC Bulletin 98-20 (April 27, 1998);
- (e) required reviews and use of securities dealers;
- (f) an independent pre-purchase process for analyzing securities before purchase;
- (g) a formal policy that defines the methodology and criteria for designating impairment as other-than-temporary;

- (h) periodic reports to and approval by the Board, consistent with the policy developed in Article IV, for investment portfolio purchases and sales and strategy changes, including expanded Board and ALCO minutes to fully describe proposed and actual actions taken to implement investment objectives, the risks and positive aspects of securities transactions, and the level of compliance with investment policy limits; and
- (i) at least quarterly review by the Board's ALCO committee of the Bank's investment portfolio activity to ensure adherence to the investment policy and to applicable banking and securities laws and regulations.

(2) The revised investment policy shall be implemented and a copy shall be forwarded to the Assistant Deputy Comptroller.

Article XIII

CONTINGENCY FUNDING PLAN

(1) Within sixty (60) days of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a contingency funding plan that forecasts funding needs and funding sources under a stressed scenario, and that should:

- (a) establish measurable triggers to alert management to potential problems, and assign management responsibilities during stressed liquidity scenarios;
- (b) identify, quantify, establish, and rank all sources of funding by preference for the various scenarios including asset side funding, liability side

funding and off-balance sheet funding, and provide management's likely response in each stress scenario;

- (c) represent management's best estimate of balance sheet and cash flow changes that may result from a liquidity or credit event;
- (d) ensure that administrative policies and procedures are consistent with the Board's guidance and risk tolerances; and
- (e) provide for Board review and approval as contingencies change, but in no event, less than annually.

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

Article XIV

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow up on any noncompliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any noncompliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. 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(b)(1), 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. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency 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. The terms of this Agreement, 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/

1/15/10

Steven J. VanderWal
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/

1/15/2010

Susan P. Crank

Date

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/s/	1/15/2010
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Raymond A. DeAngelo	Date
/s/	1/15/2010
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Christopher J. Deering	Date
/s/	1/15/2010
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Gregory R. Games	Date
/s/	1/15/2010
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Kenneth A. Shelton	Date
/s/	1/15/2010
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Ivo A. Tjan	Date
/s/	Jan. 15, 2010
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Maurice Zumut	Date