

AGREEMENT BY AND BETWEEN  
Mission National Bank  
San Francisco, California  
and  
The Comptroller of the Currency

Mission National Bank, San Francisco, 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 management oversight, strategic and capital planning, and credit risk rating accuracy, and violations of law relating to its consumer compliance program, including flood disaster protection.

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 require the Bank “to meet and maintain a specific capital level” within the meaning of 12 C.F.R. § 6.4.

## **ARTICLE II**

### **COMPLIANCE COMMITTEE**

(1) Within ten (10) days of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be an employee or controlling shareholder 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. The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement.

(2) The Compliance Committee shall meet at least monthly.

(3) Within ten (10) days of the end of every calendar quarter, 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 forward a copy of the Compliance Committee’s report, with any additional comments by the Board, to the Assistant Deputy Comptroller within thirty (30) days of receiving such report.

(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  
San Francisco Field Office  
One Front Street, Suite 1000  
San Francisco, California 94111

(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**

#### **BANK MANAGEMENT**

(1) Effective immediately, the Board shall take the necessary steps to appoint a permanent Chief Executive Officer (“CEO”) and Chief Credit Officer (“CCO”), with the knowledge, skills, and abilities, including but not limited to, the technical expertise and leadership skills, to carry out the Board’s policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Prior to the appointment or employment of a CEO and/or CCO, or entering into any contract with any person for such position, the Board shall provide the Assistant Deputy Comptroller with written notice and the following information for a written determination of no supervisory objection prior to appointing any individual to the Bank’s Board of Directors:

- (a) The information sought in the “Changes in Directors and Senior Executive Officers” booklet of the *Comptroller’s Licensing Manual*, together with a legible fingerprint card for the proposed individual;
- (b) A written statement of the Board's reasons for selecting the proposed individual; and
- (c) A written description of the proposed individual's duties and responsibilities, including, if applicable, which Board committees this individual would be a member of and/or chairperson.

(3) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new CEO and CCO. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed senior executive officer.

(4) The requirement to submit information and the provision for prior written determination of no supervisory objection are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to act on any such information or authority within ninety (90) days.

(5) If the Board is unable to identify a qualified CEO and/or CCO candidate within sixty (60) days 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**

### **CAPITAL AND STRATEGIC PLAN**

- (1) Effective immediately, the Bank shall only declare dividends when:
  - (a) The Bank is in compliance with the Bank's Rolling 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 capital and strategic plan for the Bank covering at least the next three (3) years from the date of this Agreement (hereafter the "Bank's Rolling Three-Year Plan"), complete with specific time frames that incorporate the strategic and other requirements of this Article. A copy of the Bank's Rolling Three-Year Plan shall be forwarded to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) The Bank's Rolling 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) The development of strategic goals and objectives to be accomplished over the short and long term;

- (b) An action plan to improve Bank earnings and accomplish identified strategic goals and objectives, including individual responsibilities, accountability and specific time frames;
- (c) Recognition that the Bank cannot offer or introduce new products, enter new market segments, or significantly expand any existing product unless it first develops appropriate systems, controls, and expertise to manage and control the associated risks;
- (d) A formal succession plan for key management positions and the Board, which considers, at a minimum, how each critical management position will be filled in both the short term and the long term to provide for continuity of banking operations;
- (e) A financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the strategic plan;
- (f) A dividend policy that only permits the declaration of a dividend in accordance with Paragraph (1) of this Article;
- (g) Specific plans for the maintenance of adequate capital as required by the OCC, and consistent with the Bank's overall condition and risk profile;
- (h) Projections for growth or asset reduction and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, provision expense, and off balance sheet activities;
- (i) Projections of the sources and timing of additional capital, to meet the Bank's current and future needs;

- (j) Contingency plans that identify alternative methods should the capital primary sources not be available;
- (k) Systems to monitor the Bank's progress in meeting the plan's goals and objectives; and
- (l) Provisions for plan updates and review by the Board on an annual basis, or more frequently if necessary.

(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 Rolling Three-Year Plan.

## **ARTICLE V**

### **CREDIT UNDERWRITING AND ADMINISTRATION**

(1) Effective as of the date of this Agreement, the Board shall ensure that all lending officers comply with all laws, rules, regulations, Bank policies and procedures, safe and sound banking practices, and fiduciary duties.

(2) Effective as of the date of this Agreement, the Bank may not grant, extend, renew, alter or restructure any loan or other extension of credit 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 global cash flow analysis of all expected repayment sources, including an adequate debt service coverage analysis and contingent liabilities for affiliated companies when consolidating global cash flows;

- (e) 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 ample justification to support waiving the policy exception;
- (f) Making and documenting the determinations made regarding the customer's ability to repay the credit on the proposed repayment terms;
- (g) Providing an accurate risk assessment grade; and
- (h) Documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable.

(3) The Board shall take the necessary steps to ensure that current and satisfactory credit information is maintained on all loans. Within thirty (30) days of notification, the Board shall ensure that the Bank obtains any missing credit information described in the Report of Examination conducted as of September 30, 2010, in any subsequent Report of Examination, 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 VI**

### **CREDIT RISK RATINGS AND NONACCRUAL RECOGNITION**

(1) Within ninety (90) days of this Agreement, the Board shall develop, and submit to the Assistant Deputy Comptroller for a prior written determination of supervisory no objection, a program to ensure that: 1) the risk associated with the Bank's loans and other assets is properly reflected and accounted for on the Bank's books and records, and that 2) the Bank does not improperly recognize income, to include, at a minimum, provisions requiring that:

- (a) The Board adopts a loan grading system that is consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the Comptroller's Handbook and is based upon definitive objective and subjective criterion;
- (b) The Bank's loans and other assets are graded based upon current facts and existing/reasonable (considering the loan purpose) repayment terms with a focus upon whether the primary repayment source is threatened by a well-defined weakness and whether the credit relies heavily upon secondary repayment sources, especially illiquid collateral or an unsubstantiated guarantor;
- (c) 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 instructions to the Consolidated Report of Income and Condition (Call Report);
- (d) Lending officers conduct periodic formal reviews for determining the appropriate risk rating and accrual determination;
- (e) Appropriate analysis and documentation are maintained in the credit files to support the current and previous risk rating or accrual determination for

all credit relationships totaling two hundred fifty thousand dollars (\$250,000) or more;

- (f) Senior management, the Loan Committee, and all lending officers receive training within ninety (90) days of receipt of supervisory no objection pursuant to paragraph (2) of this Article with respect to the application of Subparagraphs (a) through (e) of this Article.

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

(3) Within sixty (60) days of this Agreement, the Board shall retain 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. 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*.

(4) Prior to the appointment or employment of any individual as loan review consultant or entering into any contract with any consultant pursuant to paragraph (3) of this Article, the Board shall submit the name and qualifications of the proposed consultant and the proposed scope and terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. After the OCC has advised the Bank that it does not take supervisory objection to the loan review consultant or the scope of the review, the Board shall immediately engage the loan review consultant pursuant to the proposed terms of the engagement.

## **ARTICLE VII**

### **CONTINGENCY FUNDING PLAN**

(1) Within sixty (60) days of the date of this Agreement, the Board shall revise, enhance, and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, the Bank's Contingency Funding Plan ("CFP") to ensure that it provides the Bank with the ability to secure funding in a timely manner at reasonable costs. The revised CFP shall include, at minimum, the following improvements:

- (a) Forward-looking triggers that are tied to the financial condition of the bank. Specifically, triggers tied to deterioration in asset quality, changes to PCA capital categories, CAMELS ratings or a scenario in which the bank becomes subject to a public enforcement action;
- (b) A quantitative projection and evaluation of expected funding needs and funding capacity for each crisis scenario. This analysis must include potential erosion in funding for each scenario and the potential cash flow mismatches that may occur as a result, i.e. a sources and uses statement for each crisis scenario; and
- (c) A policy that requires that potential funding crisis triggers be monitored and reported to the Board monthly.

(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 revised CFP required by this Article.

## **ARTICLE VIII**

### **BSA PROGRAM**

(1) To provide for compliance with the Bank Secrecy Act, as amended (31 U.S.C. §§ 5311 *et. seq.*), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C, and the rules and regulations of the Office of Foreign Assets Control (“OFAC”) (collectively referred to as the “Bank Secrecy Act” or “BSA”), the Board shall, within ninety (90) days of this Agreement, prepare and submit for a prior written determination of no supervisory objection, a revised BSA program to ensure that it includes policies and procedures for the appropriate identification and monitoring of transactions that pose greater than the normal risk for compliance with the BSA to include, at a minimum:

- (a) The creation of an accurate list of customers or accounts exhibiting high risk characteristics for money laundering, terrorist financing, or other illicit activity;
- (b) Enhanced policies and procedures for recording, maintaining, and recalling information about transactions that pose greater than normal risk for compliance with the BSA;
- (c) Well-defined policies and procedures for investigating and resolving transactions that have been identified as posing greater than normal risk for compliance with the BSA;
- (d) Adequate controls and procedures to ensure that all suspicious and large currency transactions are identified and reported;
- (e) Procedures to maintain records on monetary instrument transactions and funds transfers, as required by the BSA;

- (f) A method for introducing new products and services that ensures that the policies and procedures governing new products and services are consistent with the Bank's program for compliance with the BSA; and
- (g) Periodic reports of all high risk accounts that are newly-established, renewed or modified, including the following information:
  - (i) The name of the customer;
  - (ii) The officers, directors and major shareholders of any corporate customer and the partners of any partnership customer;
  - (iii) Any other accounts maintained by the customer and, as applicable, its officers, directors, major shareholders or partners;
  - (iv) A detailed analysis of the due diligence performed on the customer and, as applicable, its officers, directors, major shareholders or partners;
  - (v) Any related accounts of the customer at the Bank;
  - (vi) Any action the Bank has taken on the account; and
  - (vii) The purpose and balance on the account and any unusual activity for each account.
- (h) The BSA Officer or designee shall periodically review, not less than each calendar year, all account documentation for all high risk customers and accounts and the related accounts of those customers at the Bank to determine whether the account activity is consistent with the customer's business or occupation and the stated purpose of the account.

(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 Bank's revised BSA program.

## **ARTICLE IX**

### **CONSUMER COMPLIANCE PROGRAM**

(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, risk-based consumer compliance program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules, and regulations. This program shall include at a minimum:

- (a) a written description of the duties and responsibilities of the Compliance Officer;
- (b) the establishment of employee and management accountability for noncompliance with relevant consumer laws, rules, and regulations;
- (c) revised policies and procedures to ensure they provide appropriate guidance regarding all relevant consumer protection laws, rules, and regulations, to include in particular, the Flood Disaster Protection Act;
- (d) timely updates of written policies and procedures to ensure they remain current;
- (e) adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;

- (f) a formalized risk assessment process and annual audit plan to use in determining the frequency and scope of ongoing compliance monitoring and audit;
- (g) a comprehensive independent audit program to adequately test for compliance with consumer protection laws, rules, and regulations;
- (h) procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel;
- (i) the education and training of all appropriate Bank personnel in the requirements of all applicable federal and state consumer protection laws, rules, and regulations;
- (j) procedures for the dissemination of changes in laws, rules, regulations and OCC policy changes to affected Bank personnel; and
- (k) periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.

(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 its terms.

## **ARTICLE X**

### **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/

June 7, 2011

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Brian J. Quade  
Assistant Deputy Comptroller  
San Francisco Field Office

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Date

**IN TESTIMONY WHEREOF**, the undersigned, as duly elected and acting Board of

Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/	June 7, 2011
_____ Owen Erickson	_____ Date
/s/	June 7, 2011
_____ Steven Giorgi	_____ Date
/s/	June 7, 2011
_____ Pedro Jaminola	_____ Date
/s/	June 7, 2011
_____ John Kerbleski	_____ Date
/s/	June 7, 2011
_____ Alma Medina-Mendoza Vivar	_____ Date
_____	_____ Date
_____	_____ Date