

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

In the Matter of:

City National Bank
Los Angeles, California

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) AA-ENF-2024-8
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CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over City National Bank, Los Angeles, California (“Bank”);

WHEREAS, the OCC intends to initiate cease and desist proceedings against the Bank pursuant to 12 U.S.C. § 1818(b), through the issuance of a Notice of Charges, for engaging in unsafe or unsound practices, including systemic deficiencies related to the Bank’s operational, compliance, investment management, and strategic risk management and internal controls, as well as (1) noncompliance with 12 C.F.R. 30 – Appendix D, *OCC Guidelines Establishing Heightened Standards for Certain Large Insured National Banks, Insured Federal Savings Associations, and Insured Federal Branches*, and (2) violations of the Bank Secrecy Act (BSA) and 12 C.F.R. 9 – *Fiduciary Activities of National Banks*;

WHEREAS, the Bank has begun taking corrective actions and has committed to taking all necessary and appropriate steps to remedy the deficiencies identified by the OCC;

WHEREAS, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, by and through its duly elected and acting Board of Directors (“Board”), consents to the issuance of this Consent Order (“Order”), by the OCC through the duly authorized representative of the Comptroller of the Currency (“Comptroller”); and

NOW, THEREFORE, pursuant to the authority vested in the OCC by Section 8(b) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the OCC hereby orders that:

ARTICLE I

JURISDICTION

- (1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).
- (2) The Bank is a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*
- (3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this cease and desist action against the Bank pursuant to 12 U.S.C. § 1818(b).

ARTICLE II

COMPTROLLER’S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

- (1) The Bank has engaged in unsafe or unsound practices with respect to its: operational risk management, including internal controls; compliance risk management, including BSA/AML and fair lending; strategic risk management; and investment management practices.
- (2) The Bank has been in noncompliance with Appendix D (Heightened Standards), since December 31, 2020, which is an unsafe or unsound practice.
- (3) In addition to engaging in unsafe or unsound conduct, the Bank also engaged in violations of law or regulation, including 12 C.F.R. §§ 9.12(a), 9.5(c), and 9.9(a), and the BSA

and its implementing regulations, 12 C.F.R. § 21.11(d), 12 C.F.R. § 21.21(d)(1), 31 C.F.R. § 1020.210(a)(2)(v).

(4) By reason of the foregoing conduct, the Bank was in noncompliance with 12 C.F.R. 30 – Appendix D, engaged in unsafe or unsound practices, and engaged in violations of laws or regulation that were part of a pattern of misconduct.

ARTICLE III

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the date of this Order, the Board shall appoint a Compliance Committee of at least three (3) members of which a majority shall be directors who are not employees or officers of the Bank or any of its subsidiaries or affiliates. The Board shall submit in writing to the Examiner-in-Charge the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of the membership, the Board shall submit in writing and within ten (10) days to the Examiner-in-Charge the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank's compliance with the provisions of this Order. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings.

(2) Within ninety (90) days of receiving written determination of no supervisory objection by the Deputy Comptroller for an acceptable written action plan pursuant to Article IV, the Compliance Committee shall submit to the Board and the OCC a written progress report ("Initial Progress Report"), and thereafter within thirty (30) days after the end of each quarter ("Ongoing Progress Report"), setting forth in detail:

- (a) a description of the specific corrective actions needed to achieve compliance with each Article of this Order;

- (b) the results and status of the corrective actions; and
- (c) the person(s) responsible for the completion of outstanding corrective action;

provided, however, that the EIC may waive the requirement for the first Ongoing Progress Report if it would otherwise be due within ninety (90) days of the Initial Progress Report.

ARTICLE IV

ACTION PLAN

(1) Within one hundred and twenty (120) days of the date of this Order, the Bank shall submit to the Examiner in-Charge for review and prior written determination of no supervisory objection by the Deputy Comptroller an acceptable written action plan detailing the remedial actions necessary to achieve compliance with Articles V through XV of this Order (“Action Plan”). The Action Plan, at a minimum, shall specify:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Order;
- (b) reasonable and well-supported timelines for completion of the corrective actions required by this Order; and
- (c) the person(s) responsible for completion of the corrective actions required by this Order.

(2) The timelines contained in the Action Plan shall be consistent with any other deadlines set forth in this Order, including any modifications to the Order made pursuant to Article XIX, Paragraph (6).

(3) In the event the Deputy Comptroller requires changes to the Action Plan, the Bank shall incorporate the required changes into the Action Plan and submit the revised Action

Plan to the Examiner-in-Charge for review and prior written determination of no supervisory objection by the Deputy Comptroller.

(4) Upon receipt of a written determination of no supervisory objection from the Deputy Comptroller, the Board shall timely adopt the Action Plan and verify that Bank management timely implements all corrective actions required by this Order. Bank management, subject to Board review and ongoing monitoring, shall thereafter adhere to the Action Plan, including the timelines set forth within the Action Plan.

(5) The Bank shall not take any action that will cause a significant deviation from, or material change to, the Action Plan. Where the Bank considers modifications to the Action Plan appropriate, the Bank shall submit a revised Action Plan containing the proposed modifications to the Examiner-in-Charge for prior written determination of no supervisory objection by the Deputy Comptroller. Upon receipt of a written determination of no supervisory objection from the Deputy Comptroller, the Board shall timely adopt the revised Action Plan and verify that Bank management timely implements all corrective actions required by this Order. Bank management, subject to Board review and ongoing monitoring, shall thereafter adhere to the revised Action Plan, including the timelines set forth within the revised Action Plan.

ARTICLE V

OPERATIONAL RISK MANAGEMENT AND INTERNAL CONTROLS

(1) In accordance with timelines included in the Action Plan, the Bank shall adopt policies and standards that will result in an effective and sustainable operational risk and internal control environment, and will result in the correction of known deficiencies in the following areas: third-party risk management, enterprise change management, internal controls testing,

regulatory issues management, operational risk event reporting, fraud risk management, and payments systems operations.

(2) The Bank shall (a) incorporate the revised policies and standards into the Risk Governance Framework required by Article X; and (b) adopt relevant procedures and then implement those procedures in accordance with timelines set forth in the Action Plan.

ARTICLE VI

BSA/AML INTERNAL CONTROLS

(1) In accordance with timelines included in the Action Plan, the Bank shall revise, as necessary, and adopt policies and standards that will result in the effective identification and control of the risks associated with money laundering and terrorist financing and other illicit financial activity, address known deficiencies, and achieve and maintain compliance with the BSA (“BSA/AML Internal Controls”).

- (2) The Bank’s BSA/AML Internal Controls shall include, at a minimum:
- (a) detailed, accurate documentation of personnel roles and responsibilities;
 - (b) procedures to apply appropriate thresholds in the Bank’s automated monitoring systems to filter accounts and customers for further monitoring, review, and analysis, including:
 - (i) an analysis of the filtering thresholds established by the Bank;
 - (ii) periodic testing and monitoring of thresholds for their appropriateness to the Bank’s customer base, products, services, and geographic areas;
 - (iii) requirements that any changes to thresholds are approved at the senior management level and reported to the Board; and

- (iv) requirements that documentation of any changes to the filtering thresholds is maintained and available for review;
- (c) requirements for periodic independent validation of the models and filtering thresholds used for the BSA/AML monitoring systems to ensure that all accounts and transactions are captured, and the systems are adequate to detect potentially suspicious activity;
- (d) procedures to ensure accurate and timely filing of SARs that comply with FinCEN's filing instructions in accordance with 12 C.F.R. § 21.11, including an effective quality control process;
- (e) procedures to ensure accurate and timely filing of Currency Transaction Reports (CTRs) that comply with FinCEN's filing instructions in accordance with 31 C.F.R. § 1010.306, including an effective quality control process;
- (f) procedures for a staffing assessment of personnel involved in SAR preparation processes to identify any gaps in knowledge and experience relative to their responsibilities and address all gaps;
- (g) procedures to ensure staff responsible for SAR preparation have sufficient authority, training, and skills to perform their assigned responsibilities;
and
- (h) procedures for performing Customer Due Diligence and Risk Identification as detailed in Article VIII of this Order.

(3) The Bank shall: (a) implement the BSA/AML Internal Controls-related policies and standards in accordance with the timelines in the Action Plan; and (b) revise, as necessary,

and adopt BSA/AML Internal Controls-related procedures and then implement those procedures in accordance with the timelines set forth in the Action Plan. The Board shall review the effectiveness of the Bank's BSA/AML Internal Controls-related policies, standards, and procedures at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Bank's BSA/AML Internal Controls-related policies, standards, and procedures, as needed or directed by the OCC. Any such amendments to policies or standards shall be forwarded to the Examiner-in-Charge within thirty (30) days of adoption.

ARTICLE VII

BSA/AML AND OFAC RISK ASSESSMENTS

(1) In accordance with timelines included in the Action Plan, and at least annually thereafter, the Bank shall adopt written institution-wide BSA/AML and OFAC Risk Assessments methodologies. The Risk Assessment methodologies shall be designed to provide a comprehensive analysis of the Bank's money laundering and terrorist financing, sanctions, and other illicit financial activity risks, address known deficiencies in current methodologies, and include strategies to control those risks and limit any identified vulnerabilities.

(2) The BSA/AML Risk Assessment methodology shall include, at a minimum:

(a) processes to ensure the quality and reliability of data collection and provide for the accurate identification and inventory of specific risk categories to ensure coverage in the risk assessment, including at a minimum:

- (i) products and services offered;
- (ii) customer type and entities served;
- (iii) transaction types;

- (iv) countries or geographic locations of customers and transactions;
 - (v) methods that the Bank uses to interact with its customers; and
 - (vi) processes for the second line of defense to credibly challenge the qualitative and quantitative data provided by the first line of defense and across compliance functions.
- (b) a detailed analysis of all pertinent data obtained regarding the specific risk categories, including at a minimum:
- (i) volumes and types of transactions and services by country or geographic location; and
 - (ii) numbers of customers that typically pose higher BSA/AML risk, both by type of risk and by geographic location. The analysis to be conducted shall include an evaluation of all relevant information obtained through the Bank's processes, including the Bank's Customer Identification Program and Customer Due Diligence;
- (c) an assessment of BSA/AML risk both separately within the Bank's business lines and on a consolidated basis across all Bank activities and product lines;
- (d) an assessment of affiliate relationships and shared services to identify and analyze their impact on the Bank's BSA/AML risk profile;
- (e) maintenance of appropriate documentation of data and information used to support the risk assessment's conclusions (with supporting documentation readily accessible for third-party review); and
- (f) an inventory of internal controls designed to address the risks identified

through the risk assessment and an assessment of the adequacy of those controls that incorporates findings from regulatory examinations, second-line testing, and audit reviews.

(3) The OFAC Risk Assessment methodology and supporting processes shall include, at a minimum:

- (a) processes to ensure the quality and reliability of data collection and provide for the accurate identification and inventory of specific risk categories to ensure coverage in the risk assessment;
- (b) processes for the second line of defense to credibly challenge the qualitative and quantitative data provided by the first line of defense and across compliance functions;
- (c) an analysis of the products, services, customers, entities, transactions, and geographic locations in which the Bank is engaged, including those that are processed by, through, or to the Bank, and quantify the OFAC risk to identify potential OFAC exposure;
- (d) an analysis of the nature and complexity of OFAC risks inherent in the Bank's operations;
- (e) incorporation and analysis of risks and findings identified from regulatory examinations, second-line testing, and audit reviews;
- (f) controls implemented by the Bank to address the identified risks;
- (g) an analysis of those controls to determine their effectiveness; and
- (h) identification of the Bank's residual risk profile.

(4) The BSA/AML and OFAC Risk Assessment methodologies shall be re-evaluated

and/or refreshed by Bank management periodically, the timeframe for which shall not exceed twelve months, or whenever there is a significant change in BSA/AML or OFAC risk within the Bank or the lines of businesses within the Bank, such as when the Bank considers introducing new or expanded products, services, or customer types.

(5) In accordance with timelines set forth in the Action Plan developed under Article IV, and at least annually thereafter, Bank management shall perform written BSA/AML and OFAC Risk Assessments in accordance with the methodologies developed to comply with this Article.

(6) The Board shall review and provide credible challenge to the BSA/AML and OFAC Risk Assessments and document its review in the Board minutes.

(7) The Bank shall provide appropriate training to personnel involved in the BSA/AML and OFAC risk rating processes and methodologies.

(8) The Bank's Internal Audit shall conduct annual independent testing of the Bank's BSA/AML and OFAC Risk Assessments methodologies that concludes on the accuracy and completeness of the risk assessment and the reasonableness of the chosen methodology and approach.

ARTICLE VIII

BSA/AML CUSTOMER DUE DILIGENCE AND RISK IDENTIFICATION

(1) In accordance with timelines included in the Action Plan, the Bank shall revise and adopt a Know Your Customer (KYC) standard as the basis for a customer due diligence program ("CDD Program") to ensure appropriate collection and analysis of customer information when opening new accounts, when renewing or modifying existing accounts for customers, and when the Bank obtains event-driven information indicating that it would be

prudent to obtain updated information in order to understand the nature of its customer relationships and generate and maintain an accurate customer risk profile. The CDD Program shall also ensure the Bank operates in accordance with applicable law and regulations, including regulations addressing Customer Identification Program requirements under 31 C.F.R. § 1020.220, CDD, and beneficial ownership, and be consistent with the Bank's money laundering, terrorist financing and other illicit financial activity risk assessment. Refer to the *FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual: "Customer Due Diligence"* (Rev. May 2018) for guidance.

(2) The Bank's CDD Program, through the KYC standard and relevant procedures, shall include, at a minimum:

- (a) clear definitions of low-, moderate-, and high-risk customers;
- (b) a methodology for assigning defined risk levels to the customer base that considers the customer's entire relationship and appropriate factors such as type of customer; purpose of the account; geographic location; level of SAR filing activity, and the expected account activity by type of service used, including the volume, velocity, and frequency by dollar amount and number;
- (c) risk-based requirements to collect, maintain, and update all information necessary to establish an accurate customer risk profile and facilitate ongoing monitoring to identify and report suspicious activity;
- (d) procedures to ensure staff responsible for gathering CDD information have sufficient authority, training, and skills to

- perform their assigned responsibilities;
- (e) procedures for identifying and timely remediating instances where required CDD information is missing or incomplete;
 - (f) procedures for performing adverse media screening on all new customers, as well as a risk-based methodology for adverse media screening on all existing customers;
 - (g) procedures to maintain an accurate and complete list of high-risk customers that identifies current customers and accounts exhibiting high-risk characteristics for money laundering, terrorist financing, or other illicit activity; and
 - (h) procedures for ongoing monitoring and periodic reviews of high-risk customers, which shall include, at a minimum:
 - (i) risk-based criteria establishing how often to conduct periodic reviews of high-risk customers;
 - (ii) documented evidence of transactional analysis, including comparing expected, historical, and current activity, the source and use of funds, trends, and activity patterns;
 - (iii) documented critical analysis of all significant information in the file, including the identification of significant disparities, investigation of high-risk indicators and potentially suspicious activity and level of SAR filing activity, and well-supported conclusions; and
 - (iv) identification and clearing of any backlogs of high-risk customer

identification reviews to determine appropriate risk rating and file any required SARs.

(3) The Bank shall implement the CDD Program in accordance with the timelines set forth in the Action Plan. The Board shall review the effectiveness of the Bank's CDD Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Bank's CDD Program as needed or directed by the OCC. Any amendment to the Bank's CDD Program shall be forwarded to the Examiner-in-Charge with thirty (30) days of adoption.

ARTICLE IX

FAIR LENDING RISK MANAGEMENT PROGRAM

(1) In accordance with timelines included in the Action Plan, the Bank shall present to the Board and the Board shall adopt a Fair Lending Risk Management Program, supported by relevant policies and standards, as applicable. The Fair Lending Risk Management Program shall address known deficiencies and effectively and sustainably manage fair lending risks commensurate with the Bank's risk profile and lending operations.

(2) The Fair Lending Risk Management Program policies and standards shall include, at a minimum:

- (a) procedures to ensure effective and sustainable compliance with the Fair Housing Act (FHA);
- (b) an effective, ongoing Fair Lending Training Program for the Board that is commensurate with the Bank's fair lending risk profile and includes training on compliance with the FHA;
- (c) procedures for first line, second line, or both, as appropriate, to evaluate the effectiveness of fair lending risk management systems and ensure that

fair lending policies and procedures are functioning correctly and are effective in maintaining compliance with key requirements of the FHA;

- (d) procedures to ensure the Board and appropriate committees thereof receive accurate and timely information about the Bank's fair lending risk exposure, including information about consumer complaints alleging discrimination;
- (e) procedures to ensure sufficient and qualified staff are in place to monitor the Bank's compliance with the FHA;
- (f) an improved redlining self-evaluation process that include geographic definitions for statistical analysis comparisons of lending performance of peer banks, and assessments of the reasons of lending disparities between the Bank and its peers, if disparities exist; and
- (g) procedures to incorporate the results of the redlining self-evaluation and assessment of reasons for significant disparities into the Bank's fair lending risk assessment and ensure mitigating controls are in place to mitigate any identified risk.

(3) The Bank shall (a) implement the Fair Lending Risk Management Program in accordance with the timelines in the Action Plan; and (b) revise and adopt procedures with respect to the Fair Lending Program and implement those procedures in accordance with the timelines set forth in the Action Plan. The Board shall review the effectiveness of the Fair Lending Risk Management Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Fair Lending Risk Management Program as needed or directed by the OCC. Any amendment to the Fair Lending Risk Management Program

policies and standards shall be forwarded to the Examiner-in-Charge with thirty (30) days of adoption.

ARTICLE X

RISK GOVERNANCE FRAMEWORK

(1) In accordance with timelines included in the Action Plan, the Bank shall submit its Board approved risk governance framework that complies with 12 C.F.R. 30 – Appendix D to the Examiner-in-Charge for a written determination of no supervisory objection. In the event the Examiner-in-Charge directs the Bank to revise the risk governance framework, the Bank shall promptly make the necessary and appropriate revisions and submit the revised risk governance framework to the OCC for review and written determination of no supervisory objection by the Examiner-in-Charge.

- (2) At a minimum, the risk governance framework shall:
- (a) establish roles and responsibilities for front line units, independent risk management, and internal audit;
 - (b) be anchored in a comprehensive written risk appetite statement that articulates the Board and management’s risk appetite using qualitative statements that convey the Board and management’s expectations for the Bank’s risk culture and quantitative metrics for risks that can be measured against earnings or capital;
 - (c) provide for consistent and accurate identification, measurement, control, monitoring and reporting of aggregate risks to the Board;
 - (d) provide for enterprise, concentration, and front line unit risk limits that appropriately cascade down from the risk appetite statement and provide

early warning of elevated risk prior to breaching the Board-approved risk appetite;

- (e) provide for communication and periodic review and monitoring of risk appetite and enterprise, concentration, and risk limits;
- (f) promote proper relationships between the Board-approved risk appetite statement and strategic, annual operating, and capital plans, stress testing processes, compensation and performance management programs, and new and modified product and service risk management processes;
- (g) provide for an audit program that complies with the requirements set forth in Article XIII; and
- (h) be reviewed and updated annually by the Chief Risk Officer to reflect improvements in industry risk management practices and changes in the Bank's risk profile as a result of internal and external factors.

(3) Upon receipt of a determination of no supervisory objection from the Examiner-in-Charge to the risk governance framework, the Bank shall adopt the risk governance framework and the Board shall hold management accountable for their timely implementation of, and thereafter adherence to, the risk governance framework.

(4) Within one hundred and twenty (120) days from receiving the Examiner-in-Charge's written determination of no supervisory objection to the risk governance framework, the Chief Risk Officer shall present to the Board a comprehensive assessment of the Bank's adherence to the risk governance framework that includes a description of practices that do not adhere with the risk governance framework and propose timeframes for corrective actions not otherwise incorporated into the Action Plan. Subsequently, the Chief Risk Officer shall provide

an update to the Board, at least annually, on the Bank's adherence to the risk governance framework and on the status and effectiveness of corrective actions to bring the Bank's practices into adherence to the risk governance framework requirements.

(5) In the event the Bank believes material changes to the risk governance framework are appropriate, the Bank shall submit a revised risk governance framework to the OCC for review and prior written determination of no supervisory objection by the Examiner-in-Charge.

ARTICLE XI

INVESTMENT MANAGEMENT GOVERNANCE PROGRAM

(1) In accordance with timelines included in the Action Plan, the Bank shall present to the Board an effective Investment Management Governance Program, supported by written policies and standards, as applicable.

(2) The Investment Management Governance Program and implementing Procedures shall address, at a minimum:

- (a) ensuring compliance with 12 C.F.R. 9;
- (b) managing risks arising from discretionary investment management activities;
- (c) preventing, detecting, and managing potential conflicts of interest/self-dealing with respect to investment management; and
- (d) known deficiencies in policies, procedures or processes.

(3) The Bank shall implement the Investment Management Governance Program, including implementing procedures in accordance with the timelines set forth in the Action Plan.

(4) The Board shall review the effectiveness of the Investment Management Governance Program at least annually, and more frequently if necessary or if required by the

OCC in writing, and amend the Program as needed or directed by the OCC. Any amendment to the program shall be forwarded to the Examiner-in-Charge with thirty (30) days of adoption.

ARTICLE XII

STAFFING PROGRAM

(1) In accordance with timelines included in the Action Plan, in order to attract, hire, develop, and retain adequate human resources to effectively manage the Bank's business as usual activities, remediate known deficiencies, and reinforce the Board's and management's desired risk culture, Bank management shall strengthen for front line units and independent risk management: (a) the Bank's staffing analysis and plan; (b) compensation, performance management, and talent management programs; (c) succession planning processes (collectively, the "Staffing Program").

(2) The Board shall review the Staffing Program at least annually, and more frequently, if necessary, to ensure the effectiveness of the Staffing Program throughout the duration of the Order or if required by the OCC in writing, and amend the Staffing Program as needed or as directed by the OCC. Any amendment to the Staffing Program shall be forwarded to the Examiner-in-Charge with thirty (30) days of adoption.

ARTICLE XIII

INTERNAL AUDIT

(1) In accordance with timelines set forth in the Action Plan, the Bank shall strengthen its internal audit program to meet the requirements of 12 C.F.R. Part 30 – Appendix D, such that it comprehensively tests the design of and management's adherence to the Risk Governance Framework, reports material issues and concerns in a timely and accurate manner to the Board audit committee, and escalates concerns with the timeliness or quality of

management's corrective actions to the Board audit committee. The Bank shall also correct known deficiencies in the scope, coverage, and quality of BSA/AML, fair lending, fiduciary and investment management, and other operational risk and compliance audits, including requiring internal audits to be supported through adequate transaction testing. Furthermore, the Bank shall correct known deficiencies in internal audit's processes and procedures for validating management's corrective actions for identified issues and in other aspects of the internal audit function which the OCC has communicated to the Bank as of the date of the Action Plan; and

(2) In accordance with timelines set forth in the Action Plan, the Board's oversight of the Internal Audit function shall include verification that management has adequately staffed the internal audit function using internal resources and/or third-parties, with respect to both the number of auditors required and their knowledge, skills, and experience.

ARTICLE XIV

STRATEGIC PLAN

(1) Consistent with the timeframes set forth in the Action Plan, the Bank shall submit to the Examiner-in-Charge for review and prior written determination of no supervisory objection an acceptable Board approved written strategic plan for the Bank, covering at least a three-year period ("Strategic Plan"). The Strategic Plan shall comply with 12 C.F.R. 30 – Appendix D, II. D. and align with the Board-approved risk appetite statement and capital plan. The Strategic Plan shall include prudent objectives and strategies for the Bank's core business model, risk profile, growth, earnings performance, and product, service, and balance sheet mix. The Strategic Plan shall also include, at a minimum:

- (a) a mission statement that forms the basis for the establishment of strategic objectives;

- (b) the strategic objectives to be achieved, including implementation of an effective risk governance framework as required by Article X of this Consent Order, by improving the Bank's end-to-end risk management and regulatory compliance capabilities across the three lines of defense and enhancing risk management culture to manage and control the Bank's risk-taking activities consistent with 12 C.F.R. Part 30, Appendix D and financial performance and other metrics that reflect success in achieving the objectives;
- (c) a risk profile for operational, compliance, strategic, interest rate, credit, liquidity, and price risks reflecting a safe and sound Bank, consistent with the Board-approved risk appetite statement and expressed in relationship to earnings, capital, and reputation impact, as appropriate;
- (d) actions needed to achieve the strategic objectives and the risk profile, based on realistic assumptions, a comprehensive analysis of the Bank's strengths, weaknesses, and competitive advantages/disadvantages, a robust assessment of the internal and external environment, an appropriate analysis of macroeconomic conditions, and the all-in costs of delivering and effectively managing the risk in products and services.
- (e) an evaluation of the Bank's internal operations; management information systems; policies and procedures; and staffing for adequacy and contribution to the accomplishment of the strategic objectives developed under paragraph (1)(b) of this Article XIV; and
- (f) processes, systems, and reporting to monitor the Bank's progress in

meeting the Strategic Plan's objectives that support effective challenge and decision-making by the Board, including triggers for deciding when to make adjustment(s) to the Strategic Plan.

(2) Within sixty (60) days following the Board's receipt of the Examiner-in-Charge's written determination of no supervisory objection to the revised Strategic Plan or to any subsequent update or amendment to the Strategic Plan, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter adhere to the Strategic Plan.

(3) The Board shall review the effectiveness of the Strategic Plan and update the Strategic Plan to cover the next three-year period at least annually, and more frequently if necessary or if required by the OCC in writing. The Board shall amend the Strategic Plan as needed or directed by the OCC. Any update or amendment to the Strategic Plan shall be submitted to the Examiner-in-Charge for review and prior written determination of no supervisory objection.

(4) A written, accurate, and comprehensive evaluation of the Bank's performance against the Strategic Plan shall be prepared by Bank management and submitted to the Board or committee thereof, at least twice a year. The comprehensive evaluation shall include the Bank's performance in comparison to the Strategic Plan, including achievement of key financial or performance indicators for earnings and capital and compliance with key risk indicators for operational, compliance, credit, interest rate, liquidity, and price risks as developed under paragraphs (1)(b) and (1)(c) of this Article, and progress against actions developed under paragraph (1)(d) of this Article.

(5) Within thirty (30) days after submission of the evaluation, the Board shall review

the evaluation and determine the corrective actions the Board will require Bank management to take to address any identified shortcomings. The Board's review of the evaluation and discussion of any required corrective actions to address any identified shortcomings shall be documented in the Board's meeting minutes.

(6) Within thirty (30) days of completing the Board's review, the Board shall submit to the Examiner-in-Charge a copy of the evaluation as well as a detailed description of the corrective actions the Board will require the Bank to take to address any identified shortcomings.

ARTICLE XV

RESTRICTIONS ON SIGNIFICANT DEVIATION

(1) Until the Strategic Plan required under Article XIV has been submitted by the Bank for the Examiner-in-Charge's review, has received a written determination of no supervisory objection from the Examiner-in-Charge, and has been adopted by the Board, the Bank shall not significantly deviate from the products, services, asset size, funding sources, structure, operations, and markets of the Bank that existed as of the date of this Order without first obtaining the Examiner-in-Charge's prior written determination of no supervisory objection to such significant deviation.

(2) The Bank may not initiate any action that significantly deviates from the Strategic Plan (that has received written determination of no supervisory objection from the Examiner-in-Charge and has been adopted by the Board) required by Article XIV without a prior written determination of no supervisory objection from the Examiner-in-Charge.

(3) Any request by the Bank for prior written determination of no supervisory objection to a significant deviation described in paragraphs (1) or (2) of this Article shall be submitted in writing to the Examiner-in-Charge at least thirty (30) days in advance of the

proposed significant deviation. Such written request by the Bank shall include an assessment of the effects of such proposed change on the Bank's condition and risk profile, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the proposed change.

(4) For the purposes of this Article, changes that may constitute a significant deviation include, but are not limited to, acquisitions or divestitures of portfolios, businesses, or entities; or a change in the Bank's markets, products and services, or asset size, any of which, alone or in the aggregate, may have a material effect on the Bank's operations or financial condition; or changes in personnel, operations, or other strategic changes that may have a material effect on the Bank's operations or financial condition.

ARTICLE XVI

GENERAL BOARD RESPONSIBILITIES

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Order, and shall verify that the Bank adheres to the corrective actions and the corrective actions are effective in addressing the Bank's deficiencies that resulted in this Order.

(2) In each instance in which this Order imposes responsibilities upon the Board, it is intended to mean that the Board shall:

- (a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Order;

- (b) ensure the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Order;
- (c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Order;
- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Order;
- (e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Order; and
- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

ARTICLE XVII

WAIVERS

- (1) The Bank, by executing and consenting to this Order, waives:
 - (a) any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. 1818;
 - (b) any and all procedural rights available in connection with the issuance of this Order;
 - (c) any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. 1818 and 12 C.F.R. 19;

- (d) any and all rights to seek any type of administrative or judicial review of this Order;
- (e) any and all claims for fees, costs, or expenses against the OCC, or any of its officers, employees, or agents related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. 504 and 28 U.S.C. 2412;
- (f) any and all rights to assert these proceedings, the consent to and/or the issuance of this Order, as the basis for a claim of double jeopardy in any pending or future proceedings brought by the United States Department of Justice or any other governmental entity; and
- (g) any and all rights to challenge or contest the validity of this Order.

ARTICLE XVIII

OTHER PROVISIONS

- (1) As a result of this Order, the Bank is not:
 - (a) precluded from being treated as an “eligible bank” for the purposes of 12 C.F.R. 5, unless the Bank fails to meet any of the requirements contained in subparagraphs (1) – (4) of 12 C.F.R. § 5.3, Definitions, *Eligible bank or eligible savings association*, or is otherwise informed in writing by the OCC;
 - (b) subject to the restrictions in 12 C.F.R. § 5.51 requiring prior notice to the OCC of changes in directors and senior executive officers or the limitations on golden parachute payments set forth in 12 C.F.R. 359,

unless the Bank is otherwise subject to such requirements pursuant to 12 C.F.R. § 5.51(c)(7)(i) and (iii); and

- (c) precluded from being treated as an “eligible bank” for the purposes of 12 C.F.R. 24, unless the Bank fails to meet any of the requirements contained in 12 C.F.R. § 24.2(e)(1)-(3) or is otherwise informed in writing by the OCC.

- (2) This Order supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3, 5.51(c)(7)(ii), and 24.2(e)(4).

ARTICLE XIX

CLOSING

- (1) This Order is a settlement of the cease and desist proceedings against the Bank contemplated by the OCC, based on the unsafe or unsound practices, violations of law, and non-compliance with Heightened Standards described in the Comptroller’s Findings set forth in Article II of this Order. The OCC releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the OCC based on the practices and violations described in Article II of this Order, to the extent known to the OCC as of the effective date of this Order. The OCC expressly reserves its right to assess civil money penalties or take other enforcement actions if the OCC determines that the Bank has continued, or failed to correct, the practices and/or violations described in Article II of this Order or that the Bank otherwise is violating or has violated this Order. These actions could include additional requirements and restrictions, such as: (a) requirements that the Bank make or increase investments, acquire or hold additional capital or liquidity, or simplify or reduce its operations; or (b) restrictions on the Bank’s growth, business activities, or payment of dividends.

- (2) Nothing in this Order shall prevent the OCC from:
- (a) instituting enforcement actions other than a cease and desist order against the Bank based on the Comptroller's Findings set forth in Article II of this Order;
 - (b) instituting enforcement actions against the Bank based on any other findings, including if the OCC determines that the Bank has continued, or failed to correct, the practices and/or violations described in Article II of this Order or that the Bank otherwise is violating or has violated this Order;
 - (c) instituting enforcement actions against institution-affiliated parties (as defined by 12 U.S.C. § 1813(u)) based on the Comptroller's Findings set forth in Article II of this Order, or any other findings; or
 - (d) utilizing the Comptroller's Findings set forth in Article II of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

(3) Nothing in this Order is a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

- (4) This Order is:
- (a) a "cease-and-desist order issued upon consent" within the meaning of 12 U.S.C. § 1818(b);

- (b) a “cease-and-desist order which has become final” within the meaning of 12 U.S.C. § 1818(e);
- (c) an “order issued with the consent of the depository institution” within the meaning of 12 U.S.C. § 1818(h)(2);
- (d) an “effective and outstanding . . . order” within the meaning of 12 U.S.C. § 1818(i)(1); and
- (e) a “final order” within the meaning of 12 U.S.C. § 1818(i)(2) and (u).

(5) This Order is effective upon its issuance by the OCC, through the Comptroller’s duly authorized representative. Except as otherwise expressly provided herein, all references to “days” in this Order shall mean calendar days and the computation of any period of time imposed by this Order shall not include the date of the act or event that commences the period of time.

(6) The provisions of this Order shall remain effective except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller’s duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Order, the Board or a Board-designee shall submit a written request to the Deputy Comptroller asking for the desired relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the circumstances that warrant the desired relief or prevent the Bank from complying with the relevant provision(s) of the Order, and shall be accompanied by relevant supporting documentation. The OCC’s decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

(7) The Bank will not be deemed to be in compliance with this Order until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Order; the corrective actions are effective in addressing the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of the corrective actions requires sufficient passage of time for the Bank to demonstrate the sustained effectiveness of the corrective actions.

(8) This Order is not a contract binding on the United States, the United States Treasury Department, the OCC, or any officer, employee, or agent of the OCC and neither the Bank nor the OCC intends this Order to be a contract.

(9) Each citation, issuance, or guidance referenced in this Order includes any subsequent citation, issuance, or guidance that replaces, supersedes, amends, or revises the referenced cited citation, issuance, or guidance.

(10) This Order applies to the Bank and all its subsidiaries.

(11) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of this Order.

(12) All reports, plans, or programs submitted to the OCC pursuant to this Order shall be forwarded via email, to the following:

Examiner-in-Charge, Large Bank Supervision

(13) 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 as his duly authorized representative, has hereunto set his signature on behalf of the Comptroller.

//s// Digitally Signed, Dated: 2024.01.31

Michael T. McDonald
Deputy Comptroller
Large Bank Supervision

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of City National Bank, Los Angeles, California, have hereunto set their signatures on behalf of the Bank.

//s// Digitally Signed, Dated: 2024.01.29

Sandra Aversa

Date

//s// Digitally Signed, Dated: 2024.01.29

Greg Carmichael

Date

//s// Digitally Signed, Dated: 2024.01.29

John D'Angelo

Date

//s// Digitally Signed, Dated: 2024.01.29

William J. Gerber

Date

//s// Digitally Signed, Dated: 2024.01.29

Katherine Gibson

Date

//s// Digitally Signed, Dated: 2024.01.29

Ehrika Gladden

Date

//s// Digitally Signed, Dated: 2024.01.29

Allan Hackney

Date

//s// Digitally Signed, Dated: 2024.01.29

Howard Hammond

Date

//s// Digitally Signed, Dated: 2024.01.29

Graeme Hepworth

Date

//s// Digitally Signed, Dated: 2024.01.29

Nancy Shanik

Date

//s// Digitally Signed, Dated: 2024.01.29

Katie Wendt

Date