

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

**In the Matter of:**

EH National Bank  
Beverly Hills, California

AA-WE-2025-20

**CONSENT ORDER**

**WHEREAS**, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over EH National Bank, Beverly Hills, California (“Bank”);

**WHEREAS**, the OCC determined that the Bank engaged in unsafe or unsound banking practice(s), including those relating to inadequate capital and strategic planning, inadequate interest rate risk management, and failure to maintain adequate levels of liquidity and satisfactory liquidity management practices and the Bank entered into a Formal Agreement with the OCC dated October 11, 2023, AA-WE-2023-37 (“2023 Agreement”);

**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 practice(s), including those relating to management and board supervision, strategic and capital planning, liquidity risk, interest rate risk, and concentration risk;

**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”);

**WHEREAS**, this Order is intended to replace and supersede the 2023 Agreement;

**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’s Board and management have failed to address certain regulatory concerns outlined in the 2023 Agreement.
- (2) The Bank has engaged in unsafe or unsound practices regarding management and board supervision, strategic and capital planning, liquidity risk, interest rate risk, and concentration risk.

### **ARTICLE III**

#### **COMPLIANCE COMMITTEE**

(1) Effective as of the date of this Order, the Board shall maintain a Compliance Committee of at least three (3) members, of which a majority shall be directors who are not employees, officers, or controlling shareholders of the Bank, or family members of any such person. In the event of a change of the membership, the Board shall submit in writing to the Assistant Deputy Comptroller within ten (10) days 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) By June 13, 2025, and thereafter within 15 (fifteen) days after the end of each quarter, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Order;
- (b) the specific corrective actions undertaken to comply with each Article of this Order; and
- (c) the results and status of the corrective actions.

(3) Upon receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of the first Board meeting following the Board's receipt of such report.

## **ARTICLE IV**

### **BOARD OVERSIGHT AND CORPORATE GOVERNANCE**

(1) Within thirty (30) days of the date of this Order, the Board shall adopt an acceptable written program to provide the overall direction, oversight, and corporate governance of the Bank (“Board Oversight and Corporate Governance Program”). The Board Oversight and Corporate Governance Program shall, at a minimum, include:

- (a) the Bank’s risk appetite and risk limits;
- (b) Board-established strategic goals and objectives supported by analysis and projections;
- (c) procedures to monitor management’s implementation of Board-established goals and objectives;
- (d) the retention of, at all times, a qualified Chief Executive Officer (“CEO”) and senior management team, including a Chief Financial Officer, Chief Credit Officer, and Chief Risk Officer;
- (e) a succession plan for the CEO, senior management, and the Board;
- (f) an effective corporate governance structure for the Bank to ensure that the responsibilities of the Board and senior management are appropriately assigned and documented, that includes detailed written descriptions of:
  - (i) the Bank’s corporate governance and decision-making processes;
  - (ii) the Bank’s overall committee structure, as well as individual committee composition and purpose;
  - (iii) the Bank’s organization chart that clearly reflects areas of responsibility and lines of authority for all officers; and

- (iv) each officer's role and responsibilities in the management of the Bank's day-to-day affairs;
- (g) a process to periodically evaluate the Bank's CEO and senior management to determine whether their knowledge and expertise are appropriate for the Bank's strategy, complexity, and risk profile;
- (h) oversight of senior management's compensation and benefits, to include at a minimum:
  - (i) a process for Board review and decisioning for any senior management level employment contracts;
  - (ii) verification that senior management receives annual performance evaluations and that the results of such reviews, including determinations about the achievement of predetermined objectives, are considered in the decision about their total compensation and benefits;
  - (iii) establishment of compensation and benefits for the CEO that considers Board-established goals and objectives; and
  - (iv) annual review to confirm that incentive compensation arrangements and aggregate Bank compensation levels are safe and sound;
- (i) proper lines of authority, reporting responsibilities, and delegation of duties for all officers;
- (j) procedures to ensure the Board receives and reviews sufficient Bank information from management (including scope, frequency, and content)

on the operation of the Bank to enable it to provide proper oversight and fulfill its fiduciary duties and other responsibilities under the law;

- (k) risk management (including audit) and compliance management systems suitable for the Bank's size and activities;
- (l) processes to ensure that management responds to audit, compliance, and regulatory criticisms with a written action plan that contains corrective actions to be taken, deadlines for taking the corrective action, and the individual(s) responsible for making the corrective action; and
- (m) procedures for the Board to periodically evaluate the size, composition, expertise, and independence of the Board, as well as individual Board member participation and contributions, with additions or other changes to the Board, as appropriate.

Refer to the "Corporate and Risk Governance" booklet of the *Comptroller's Handbook*; and OCC Bulletin 2020-97, "Corporate and Risk Governance: Revised and New Publications in the Director's Toolkit," (Nov. 2020) for more information.

(2) Upon adoption of the Board Oversight and Corporate Governance Program, Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Board Oversight and Corporate Governance Program and any amendments thereto. The Board shall review the effectiveness of the Board Oversight and Corporate Governance Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Board Oversight and Corporate Governance Program as needed or directed by the OCC. The Board shall forward a copy of the

adopted Board Oversight and Corporate Governance Program, and any subsequent amendments thereto, to the Assistant Deputy Comptroller within five days of adoption.

## **ARTICLE V**

### **STRATEGIC PLAN**

(1) Within thirty (30) days of the date of this Order the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable revised written strategic plan for the Bank, covering at least a three-year time period (“Strategic Plan”). The Strategic Plan shall establish objectives for the Bank’s applicable risks and strategies, including but not limited to overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, and capital and liquidity adequacy, together with strategies to achieve those objectives, and shall, at a minimum, include:

- (a) an updated assessment of the Bank’s present and future operating environment, including the need for additional capital;
- (b) the strategic goals and objectives to be accomplished, including key financial indicators and risk tolerances;
- (c) a detailed assessment of the actions necessary to achieve the Bank’s strategic objectives and goals, as well as processes to measure and monitor progress in meeting all strategic objectives and goals;
- (d) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems, policies, and procedures for their adequacy and contribution to the accomplishment of the strategic goals and objectives developed under paragraph (1)(b) of this Article;

- (e) a realistic and comprehensive budget that corresponds to the Strategic Plan's goals and objectives;
- (f) an assessment of all risks to earnings and capital (i.e. credit, concentrations, IRR, liquidity, operational, etc.);
- (g) an action plan to improve and sustain the Bank's earnings and accomplish identified strategic goals and objectives, and maintain appropriate capital levels;
- (h) an assessment of the impact to earnings and capital should strategic objectives not be met or need to be reversed; and
- (i) a description of systems and metrics designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives.

(2) If the Bank's Strategic Plan contemplates a sale or merger of the Bank, including a transaction pursuant to 12 U.S.C. § 215a-3, the Strategic Plan must include a description of the strategic objectives and actions the Bank will take assuming a sale or merger transaction is not consummated.

(3) Within fifteen (15) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Strategic Plan or to any subsequent amendment to the Strategic Plan, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Strategic Plan. The Board shall review the effectiveness of the Strategic Plan at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Strategic Plan as needed or directed by the OCC. Any amendment to the Strategic Plan must be submitted to the Assistant Deputy Comptroller for review and prior written determination of no

supervisory objection.

(4) Until the Strategic Plan required under this Article has been submitted by the Bank for the Assistant Deputy Comptroller's review, has received a written determination of no supervisory objection from the Assistant Deputy Comptroller, and has been adopted by the Board, the Bank shall not significantly deviate from the products, services, asset composition and size, funding sources, structure, operations, policies, procedures, and markets of the Bank that existed immediately before the effective date of this Order without first obtaining the Assistant Deputy Comptroller's prior written determination of no supervisory objection to such significant deviation.

(5) The Bank may not initiate any action that significantly deviates from a Strategic Plan (that has received written determination of no supervisory objection from the Assistant Deputy Comptroller and has been adopted by the Board) without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(6) Any request by the Bank for prior written determination of no supervisory objection to a significant deviation described in paragraphs (4) or (5) of this Article shall be submitted in writing to the Assistant Deputy Comptroller at least forty-five (45) 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.

(7) For the purposes of this Article, changes that may constitute a significant

deviation include, but are not limited to, a change in the Bank's marketing strategies, products and services, marketing partners, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing, accounting processes and practices, or funding strategy, any of which, alone or in the aggregate, may have a material effect on the Bank's operations or financial performance; or any other changes in personnel, operations, or external factors that may have a material effect on the Bank's operations or financial performance.

(8) At least monthly, a written evaluation of the Bank's performance against the Strategic Plan shall be prepared by Bank management and submitted to the Board. Within five (5) 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. Upon completion of the Board's review, the Board shall submit to the Assistant Deputy Comptroller 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 VI**

### **CAPITAL PLAN AND HIGHER MINIMUMS**

(1) The Bank shall achieve by June 30, 2025 and thereafter maintain the following minimum capital ratios as defined in 12 C.F.R. § 3.10(b) and as calculated in accordance with 12 C.F.R. Part 3:<sup>1</sup>

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<sup>1</sup> For purposes of the capital conservation buffer set forth at 12 C.F.R. § 3.11, the Bank's minimum total capital ratio, minimum tier 1 capital ratio, and minimum common equity tier 1 capital ratio requirements are deemed to be those that are set forth in 12 C.F.R. § 3.10.

- (a) a leverage ratio at least equal to ten percent (10%); and
- (b) a total capital ratio at least equal to twelve percent (12%).

(2) Notwithstanding any election to use the community bank leverage ratio (“CBLR”) framework under 12 C.F.R. § 3.12, the Bank is subject to the minimum capital levels prescribed in paragraph (1) of this Article pursuant to the OCC’s authority to impose affirmative corrective actions pursuant to 12 U.S.C. § 1818(b)(6). If the Bank elects to use the CBLR framework, it must demonstrate compliance with the minimum capital levels prescribed in paragraph (1) of this Article by completing Schedule RC-R to the Consolidated Reports of Condition and Income in accordance with the instructions for Banks that have not made the CBLR framework election in addition to Schedule RC-R, CBLR.

(3) The requirement in this Order to meet and maintain a specific capital level for any capital measure means that the Bank may not be deemed to be “well capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6, pursuant to 12 C.F.R. § 6.4.<sup>2</sup>

(4) Effective as of the date of this Order, the Board shall adopt an effective internal capital planning process to assess the Bank’s capital adequacy in relation to its overall risks and to ensure maintenance of appropriate capital levels, which shall in no event be less than the requirements of paragraph (1) of this Article. Thereafter, management shall implement, and the Board shall verify, no less than annually, adherence to the capital planning process. The capital planning process shall be consistent with safe and sound practices and ensure the integrity, objectivity, and consistency of the process through adequate governance. Refer to the “Capital and Dividends” booklet of the *Comptroller’s Handbook* for more information. The Board shall document the initial capital planning process and thereafter review and document the capital

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<sup>2</sup> The Bank may not solicit, accept, renew, or roll over any brokered deposit (as defined in 12 C.F.R. § 337.6(a)(2)) except in compliance with the applicable restrictions of 12 U.S.C. § 1831f and 12 C.F.R. § 337.6.

planning process at least annually or more frequently, if appropriate, or required by the Assistant Deputy Comptroller in writing.

(5) Within thirty (30) days of the date of this Order, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable revised written capital plan for the Bank, consistent with the Strategic Plan required by Article V, covering at least a three year period] (“Capital Plan”). Refer to “Capital and Dividends” booklet of the *Comptroller’s Handbook* for more information.

(6) Except as provided in paragraph (7) of this Article, the Capital Plan shall, at a minimum:

- (a) include specific plans for the achievement and maintenance of adequate capital, which shall in no event be less than the requirements of paragraph (1) of this Article;
- (b) identify and evaluate all material risks;
- (c) determine the Bank’s capital needs in relation to material risks and strategic direction consistent with the Strategic Plan required by Article V;
- (d) incorporate the results of the Bank’s stress testing activities into the capital planning process;
- (e) identify and establish a strategy to maintain capital and strengthen capital if necessary and establish a contingency or back-up capital plan commensurate with the Bank’s overall risk and complexity;
- (f) include triggering event(s) that would require management to implement capital plan strategies or conduct further due diligence;

- (g) include detailed quarterly financial projections which shall be consistent with the Strategic Plan required by Article V;
- (h) include systems to monitor the Bank's progress in meeting the Capital Plan's goals and objectives; and
- (i) include specific plans detailing how the Bank will comply with restrictions or requirements set forth in this Order that will have an impact on the Bank's capital.

(7) If the Capital Plan outlines a sale or merger of the Bank, including a transaction pursuant to 12 U.S.C. § 215a-3, the Capital Plan shall, at a minimum, address the steps and the associated timeline to ensure that within ten (10) days after the receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Capital Plan, a definitive agreement for the sale or merger is executed.

- (8) The Bank may declare or pay a dividend or make a capital distribution only:
- (a) when the Bank is in compliance with the Capital Plan and would remain in compliance with such Capital Plan immediately following the declaration or payment of any dividend or capital distribution;
  - (b) when the dividend or capital distribution would comply with 12 U.S.C. §§ 56, 60 and 1831o(d)(1) and 12 C.F.R. § 3.11(a)(4); and
  - (c) following the Assistant Deputy Comptroller's prior written determination of no supervisory objection to the dividend or capital distribution.

(9) Within ten (10) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Capital Plan or to any subsequent amendment to the Capital Plan, the Board shall adopt and Bank management, subject to Board

review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Capital Plan. The Board shall review the effectiveness of the Capital Plan at least annually, no later than January 31 each year, and more frequently if necessary or if required by the OCC in writing, and amend the Capital Plan as needed or directed by the OCC. Any amendment to the Capital Plan must be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

(10) At least monthly, the Board shall review financial reports and earnings analyses that evaluate the Bank's performance against the goals and objectives established in the Capital Plan, as well as the Bank's written explanation of significant differences between the actual and projected balance sheet, income statement, and expense accounts, including a description of any extraordinary and/or nonrecurring items. This review shall include a description of the actions the Board and management will take to address any deficiencies. At least quarterly, management shall prepare, and the Board shall review, a written evaluation of the Bank's performance against the Capital Plan, which shall include a description of the actions the Board and management will take to address any deficiencies. The Board's monthly reviews and quarterly written evaluations shall be documented in the Board meeting minutes. The Board shall retain a copy of these monthly reviews and Board meeting minutes and shall forward a copy of these quarterly written evaluations and Board meeting minutes to the Assistant Deputy Comptroller within ten (10) days of completion of its quarterly written evaluations

(11) If the Bank fails to achieve and maintain the capital ratios required by paragraph (1) of this Article, fails to submit a Capital Plan as required by paragraph (5) of this Article, or fails to implement a Capital Plan to which the Assistant Deputy Comptroller has provided a written determination of no supervisory objection, then the Bank shall take such corrective

measures as the OCC may direct in writing from among the provisions under 12 U.S.C. §§ 1831o(e) and (f)(2) without regard to the Bank’s capital category. For purposes of this requirement, an action “necessary to carry out the purpose of this section” under 12 U.S.C. § 1831o(e)(5) shall include restoration of the Bank’s capital to the minimum ratios required by paragraph (1) of this Article, and any other action deemed necessary by the OCC to address the Bank’s capital deficiency or the safety and soundness of its operations.

## **ARTICLE VII**

### **LIQUIDITY RISK MANAGEMENT**

(1) Within thirty (30) days of the date of this Order, the Board shall adopt an acceptable written Liquidity Risk Management Program (“Liquidity Program”) for the Bank, covering at least a three-year period. The Liquidity Program shall provide for the identification, measurement, monitoring, and control of the Bank’s liquidity risk exposure, and shall emphasize the importance of cash flow projections, diversified funding sources, a cushion of highly liquid assets, robust liquidity stress testing scenario analyses, and a formal, well-developed contingency funding plan (“CFP”) as primary tools for measuring and managing liquidity risk. Refer to the “Interagency Policy Statement on Funding and Liquidity Risk management,” dated March 22, 2010, (OCC Bulletin 2010-13); the “Addendum to the Interagency Policy Statement on Funding and Liquidity Risk Management: Importance of Contingency Funding Plans,” dated July 28, 2023; and the “Liquidity” booklet of the *Comptroller’s Handbook* for more information.

(2) In addition to the general requirements set forth above, the Liquidity Program shall, at a minimum:

- (a) provide specific assigned accountability for development, execution and oversight of liquidity risk management, including oversight by both the Board and senior management;
- (b) establish Board approved minimum liquidity ratios;
- (c) include appropriate strategies, policies, procedures, and limits to manage liquidity risk, commensurate with the Bank's complexity and business activities;
- (d) assess, on an ongoing basis, the Bank's current and projected funding needs, including the development of cash flow projections under both expected and adverse conditions;
- (e) ensure that sufficient funds or access to funds exist to meet those needs under both expected and adverse conditions;
- (f) assess the risks related to brokered deposit restrictions, deposit runoff, or rollovers;
- (g) the Bank must update the liquidity stress testing to include, at a minimum:
  - (i) asset quality deterioration, credit and concentration risk stress scenarios that may impact the allowance for credit losses (ACL), cash flows and liquidity funds management; and
  - (ii) quantify the impact on earnings and capital caused by changes in the Bank's liquidity position and the additional interest expenses from the use of higher-cost and contingent funding sources;
- (h) the Bank must expand, and the Asset Liability Committee ("ALCO") must approve the CFP to include, at a minimum:

- (i) a clear differentiation between short-term and long-term responses to stress scenarios and detail corresponding liquidity sources; and
  - (ii) an identification of the short-term and long-term sources of liquidity by availability, timing and in chronological order;
- (i) include a CFP that incorporates, at a minimum:
- (i) the identification of plausible stress events relating to internal and external events or circumstances, including systemic or market events, that could lead to a Bank liquidity crisis;
  - (ii) determinations of how each identified stress event will affect the Bank's ability to meet funding needs under different levels of severity;
  - (iii) a quantitative projection and evaluation of expected funding needs and funding capacity based on realistic assessments of the behaviors of funding providers during stress events; and
  - (iv) provision for management processes, reporting, and internal as well as external communication throughout the stress event.

(3) Upon adoption of the written Liquidity Program, Bank management shall immediately implement and thereafter ensure adherence to the Liquidity Program and any amendments thereto, subject to Board review and ongoing monitoring. The Board shall review the effectiveness of the Liquidity Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Liquidity Program as needed or directed by the OCC. The Board shall forward a copy of the adopted Liquidity Program, and any subsequent amendments thereto, to the Assistant Deputy Comptroller within ten (10) days of adoption.

## ARTICLE VIII

### INTEREST RATE RISK MANAGEMENT

(1) Within sixty (60) days of the date of this Order, the Bank shall adopt an acceptable written Interest Rate Risk Program (“IRR Program”). Refer to the “Interest Rate Risk” booklet of the *Comptroller’s Handbook*, OCC Bulletin 2010-1, “Interagency Advisory on Interest Rate Risk Management” (Jan. 2010); OCC Bulletin 2012-5, “Interest Rate Risk Management: FAQs on 2010 Interagency Advisory on Interest Rate Risk Management” (Jan. 2012); and OCC Bulletin 2011-12 (“Sound Practices for Model Risk Management: Supervisory Guidance on Model Risk Management”) (Apr. 2011) for more information.

(2) The IRR Program shall include risk management systems to identify, measure, monitor, and control interest rate risk (“IRR”), to include at a minimum:

- (a) the establishment of formal policies, procedures, and governance commensurate with the Bank’s complexity and business activities, to include:
  - (i) the establishment of IRR appetite and risk management objectives with specific approved and prohibited strategies for managing IRR;
  - (ii) standards for measuring and monitoring IRR;
  - (iii) the frequency of IRR measurement;
  - (iv) determinations of how the Bank will measure the *quality* of IRR management; and
  - (v) procedures to monitor, escalate, and address any breaches of established IRR limits;

- (b) accurate and timely risk identification which identify and quantify the major sources and types of IRR;
- (c) IRR measurement systems that are not dependent on just one measurement system for estimating the Bank's IRR exposure that, at a minimum, estimates the Bank's short-term and long-term IRR exposure;
- (d) the establishment of risk monitoring processes to provide sufficient information on which to base sound IRR management decisions from both an earnings and economic perspective with recognition and consideration of all risks (repricing, basis, yield-curve, and options), to include:
  - (i) limits and triggers on IRR exposures that considers the Bank's risk appetite, complexity of operations, earnings performance, liquidity position, and capital adequacy; and
  - (ii) IRR reporting standards and procedures that specify the frequency and types of reports senior management and the Board will use to monitor the Bank's IRR that address:
    - a. the level and trends of aggregate Bank IRR exposure;
    - b. whether management's strategies are within the Bank's established risk appetite and policy;
    - c. the sensitivity of any key assumptions;
    - d. whether the Bank holds sufficient capital for its level of IRR; and
    - e. whether management's major interest rate strategies balance risk with reward, including at a minimum, an

evaluation of a potential adverse rate movement against the potential rewards of a favorable rate movement;

- (e) requirements for retention of qualified personnel with sufficient authority and responsibility to manage and monitor IRR, which may include additional training or the addition of qualified staff;
- (f) the establishment of controls over the impact of changes in interest rates on liquid asset valuations, including but not limited to, thresholds or triggers in asset valuation declines with specific action(s) to be taken by the Bank to ensure it maintains sufficient access to asset-based and liability-based liquidity to meet funding needs in both expected and adverse conditions, to include at a minimum, rapidly rising interest rate scenarios;
- (g) an immediate evaluation and corrective action (as well as ongoing procedures) to ensure the Bank properly operates its IRR model;
- (h) adequate and documented support for the reasonableness of assumptions used in the Bank's IRR model;
- (i) periodic review and adjustment, when there are material changes to the Bank's balance sheet and otherwise, as needed, of the assumptions and inputs used in the Bank's IRR model, that includes sensitivity analysis and model stress testing, with appropriate documentation and governance that requires approval for changes;

- (j) independent validation of the Bank’s IRR model and processes when there are material changes to the Bank’s balance sheet and otherwise, as needed, but in no event, less than on an annual basis;
- (k) procedures to test the Bank’s IRR model to compare, reconcile, and report actual performance to simulated results;
- (l) procedures that require the Board to review and discuss, on at least a quarterly basis, the model test results required by this Article;
- (m) oversight by a senior manager who is sufficiently trained and knowledgeable about managing interest rate risk; and
- (n) an annual review of the Bank’s adherence to the IRR Program.

(3) Upon adoption of the IRR Program, Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the IRR Program and any amendments thereto. The Board shall review the effectiveness of the IRR Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the IRR Program as needed or directed by the OCC. The Board shall forward a copy of the adopted IRR Program, and any subsequent amendments thereto, to the Assistant Deputy Comptroller within ten (10) days of adoption.

## **ARTICLE IX**

### **CONCENTRATION RISK MANAGEMENT**

(1) Within sixty (60) days of the date of this Order, the Board shall adopt an acceptable written Concentration Risk Management Program (“Concentration Program”). Refer to the “Concentrations of Credit” booklet of the *Comptroller’s Handbook* for more information.

For purposes of this Article, a concentration of credit is defined in the “Concentrations of Credit” booklet of the Comptroller’s Handbook.

- (2) The Concentration Program shall include, at a minimum:
  - (a) identification of the Bank’s known and potential concentrations of credit including, but not limited to, the Bank’s concentration in commercial real estate, including non-owners occupied and multifamily loans, which were identified in the most recent examination of the Bank;
  - (b) identification of the Bank’s deposit-related concentrations;
  - (c) a written analysis of all concentrations that identifies and assesses inherent credit, liquidity, and interest rate risks as applicable; considers the impact of concentration levels on overall growth plans, financial targets, portfolio stress tests, and capital plan objectives; and confirms all concentration limits are consistent with the Board’s risk tolerance based on current market conditions, the declining capital base, and results of the most recent stress test results;
  - (d) the establishment of safe and sound, formal limits and sub-limits for all concentrations of credit based on a percentage of Tier 1 capital plus the allowance for credit losses, stratified by loan type, locality of the borrower and/or collateral, and other meaningful measures;
  - (e) The establishment of safe and sound, formal limits for deposit concentrations;
  - (f) development and implementation of action plans, approved by the Board, to reduce credit and deposit concentrations to conform to the established

limits set in subparagraph (d) of this Article, including strategies and procedures when concentrations approach or exceed Board-approved limits;

- (g) management information systems that ensure timely and accurate reporting of concentrations to the Board including concentration reports that stratify the loan portfolio by type, locality, and other meaningful measures and procedures for monitoring concentration reports monthly based upon total committed amounts relative to Board-approved limits;
- (h) portfolio-level stress tests to quantify the impact of changes to portfolio-specific characteristics and market conditions on earnings and capital, consistent with the size, complexity, and risk profile of the concentration;
- (i) annual re-evaluation and approval of concentration limits by the Board, and a Board policy that requires a detailed analysis of the most recent stress testing results and written support of any proposed change(s) demonstrating the credit, liquidity or interest rate risk that will result from the change(s); and
- (j) a detailed contingency plan to reduce or mitigate concentration risk in the event of adverse CRE market conditions or when limits are breached because of declining capital, including reasonable action plans, including, but not limited to, revise underwriting parameters, cease lending, or pursue loan sales. The Board must also establish a risk tolerance for selling loans at a discount based on market conditions.

(3) Upon adoption of the Concentration Program, Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Concentration Program and any amendments thereto. The Board shall review the effectiveness of the Concentration Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Concentration Program as needed or directed by the OCC. The Board shall forward a copy of the adopted Concentration Program, and any subsequent amendments thereto, to the Assistant Deputy Comptroller within ten (10) days of adoption.

## **ARTICLE X**

### **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 they 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 XI**

### **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. Part 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 XII**

### **OTHER PROVISIONS**

(1) As a result of this Order, pursuant to 12 C.F.R. § 5.51(c)(7)(ii), the Bank is in “troubled condition,” and is not an eligible bank for purposes of 12 C.F.R. § 5.3, unless 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 XIII**

### **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 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 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 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 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 Assistant 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) 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.

(11) All reports, plans, or programs submitted to the OCC pursuant to this Order shall be forwarded, via email, to Christopher J. Fransway, Assistant Deputy Comptroller.

(12) 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: 2025.04.29

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Christopher J. Fransway  
Assistant Deputy Comptroller  
Santa Ana Office

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Date

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

//s// Digitally Signed, Dated: 04.29.2025  
John F. Chavez

Apr 29, 2025  
Date

//s// Digitally Signed, Dated: 04.29.2025  
John L. Sadd

Apr 29, 2025  
Date

//s// Digitally Signed, Dated: 04.29.2025  
Sinan Sinanian

Apr 29, 2025  
Date

//s// Digitally Signed, Dated: 04.29.2025  
Dougley E. Stewart

Apr 29, 2025  
Date

/s/  
Charles Thomas

April 29, 2025  
Date

//s// Digitally Signed, Dated: 04.29.2025  
Jeff Watson

Apr 29, 2025  
Date