

AGREEMENT BY AND BETWEEN
Southwestern National Bank
Houston, Texas
and
The Comptroller of the Currency

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

The Comptroller has found unsafe and unsound banking practices including but not limited to practices relating to asset quality and liquidity.

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

ARTICLE I

JURISDICTION

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

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

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

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

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

Assistant Deputy Comptroller
Houston Field Office
1301 McKinney Street, Suite 1410
Houston, Texas 77010-3031

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within ten (10) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least five (5) directors, of which no more than one (1) shall be an employee or controlling shareholder of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Agreement.

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

(3) Within thirty (30) days of the date of this Agreement and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Agreement;
- (b) actions taken to comply with each Article of this Agreement; and

(c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Article.

ARTICLE III

CAPITAL PLANNING

(1) Within sixty (60) days, the Board shall review, revise, and thereafter ensure adherence to a three year capital program. The program shall include:

- (a) specific plans for the maintenance of capital commensurate with the Bank's risk profile;
- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available; and
- (f) a dividend policy that permits the declaration of a dividend only:

- (i) when the Bank is in compliance with its approved capital program;
- (ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
- (iii) with the prior written determination of no supervisory objection by the Assistant Deputy Comptroller. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the dividend policy.

(2) Upon completion, the Bank's capital plan shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the capital plan. The Board shall review and update the Bank's capital plan as necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Article.

ARTICLE IV

LOAN PORTFOLIO MANAGEMENT

(1) The Board shall ensure that management, within sixty (60) days, develops, implements, and thereafter ensures the Bank's adherence to a written program to improve the Bank's loan portfolio management. The program shall include, but not be limited to:

- (a) procedures to ensure satisfactory and perfected collateral documentation;

- (b) procedures to ensure that extensions of credit are granted, by renewal or otherwise, to any borrower only after obtaining and analyzing current and satisfactory credit information;
- (c) procedures to ensure conformance with loan approval requirements;
- (d) procedures describing when loan agreements are required, the methods through which they should be documented, and the methods through which they will be enforced;
- (e) procedures to ensure loan officers have a thorough understanding of the use and enforcement of financial covenants;
- (f) a system to track and analyze exceptions;
- (g) procedures to ensure conformance with Call Report instructions;
- (h) procedures to ensure the accuracy of internal management information systems;
- (i) procedures in conformance with *OCC Advisory Letter 2003-9, Independent Appraisal and Evaluation Functions*, to ensure that appraisals and evaluations are reviewed for reasonableness by qualified individuals who are not involved in the loan production process and that new appraisals are ordered when required;
- (j) procedures to correct any credit administration deficiencies identified in the ROE or any subsequent ROE;
- (k) procedures to ensure that all members of the bank's lending staff possess or acquire sufficient skills to function effectively in their respective roles;

- (l) a performance appraisal process, including performance appraisals, job descriptions, and incentive programs for loan officers, which adequately consider their performance relative to policy compliance, documentation standards, accuracy in credit grading, and other loan administration matters; and
 - (m) procedures to track and analyze concentrations of credit, significant economic factors, and general conditions and their impact on the credit quality of the Bank's loan and lease portfolios.
- (2) Upon completion, a copy of the program shall be forwarded to the Assistant Deputy Comptroller.
- (3) Within sixty (60) days, the Board shall ensure that management has developed, implemented, and thereafter ensure the Bank's adherence to systems which provide for effective monitoring of:
- (a) early problem loan identification to assure the timely identification and rating of loans and leases based on lending officer submissions;
 - (b) statistical records that will serve as a basis for identifying sources of problem loans and leases by industry, size, collateral, division, group, indirect dealer, and individual lending officer;
 - (c) previously charged-off assets and their recovery potential;
 - (d) compliance with the Bank's lending policies and laws, rules, and regulations pertaining to the Bank's lending function;
 - (e) adequacy of credit and collateral documentation; and
 - (f) concentrations of credit.

(4) Beginning on June 30, 2010, and on a quarterly basis thereafter, management shall provide the Board or designated committee with written reports including, at a minimum, the following information:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) the identification and amount of delinquent loans and leases;
- (c) credit and collateral documentation exceptions;
- (d) the identification and status of credit related violations of law, rule or regulation;
- (e) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (a) through (d) of this Article and Paragraph;
- (f) an analysis of concentrations of credit, significant economic factors, and general conditions and their impact on the credit quality of the Bank's loan and lease portfolios;
- (g) the identification and amount of loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank; and
- (h) the identification of loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Article.

ARTICLE V

CRITICIZED ASSETS

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

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program that is effective in eliminating the basis of criticism of assets criticized in the ROE, in any subsequent Report of Examination, or by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention." This program shall require the Bank to consider for each criticized asset, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans or securities are to be repaid from operations; and
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon completion, a copy of the program shall be forwarded to the Assistant Deputy Comptroller within ten (10) days. Any subsequent modifications or additions to the

program shall be forwarded to the Assistant Deputy Comptroller with ten (10) days of the modification or addition.

(4) The Board, or a designated committee, shall review on a quarterly basis the status of each asset (or portion thereof) rated “special mention” that equals or exceeds five hundred thousand dollars (\$500,000.00) and shall review on a monthly basis the status of each asset (or portion thereof) rated “doubtful” or “substandard” that equals or exceeds five hundred thousand dollars (\$500,000.00). Status updates for each criticized asset (or portion thereof) that equals or exceeds five hundred thousand dollars (\$500,000.00) shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis. The status updates shall follow a format similar to Appendix A, attached hereto.

(5) On a quarterly basis, the Board, or a designated committee, shall conduct a written review of the criticized asset program developed pursuant to this Article to determine:

- (a) management's adherence to the program adopted pursuant to this Article;
- (b) the status and effectiveness of the written program; and
- (c) the need to revise the program or take alternative action.

(6) A copy of the written review of the criticized asset program shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis.

(7) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed five hundred thousand dollars (\$500,000.00) only if each of the following conditions is met:

- (a) the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and
- (b) a comparison to the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(8) A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

(9) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Article.

ARTICLE VI

COMMERCIAL REAL ESTATE - CONCENTRATIONS OF CREDIT

(1) Within sixty (60) days, the Board shall review, revise, and thereafter ensure Bank adherence to a written commercial real estate (“CRE”) concentration risk management program consistent with OCC Bulletin 2006-46. The program shall be effective in reducing and managing concentrations of credit and include, but not necessarily be limited to, the following:

- (a) Ongoing risk assessments to identify potential CRE concentrations in the portfolio, including exposures to similar interrelated groups of borrowers;
- (b) Board and management oversight of CRE concentrations, to include:

- (i) Policy guidelines and an overall CRE lending strategy, including actions required when the Bank approaches the limits of its CRE guidelines;
 - (ii) Procedures and controls to effectively adhere to and monitor compliance with the Bank's lending policies and strategies;
 - (iii) Regular review of information and reports that identify, analyze and quantify the nature and level of risk presented by CRE concentrations; and
 - (iv) Periodic review and approval of CRE risk exposure limits, policies and procedures to control and monitor concentrations of credit; and
- (c) Portfolio management, to include internal lending guidelines and concentration limits that control the Bank's overall risk exposure to CRE, and a contingency plan to reduce or mitigate concentrations in the event of adverse market conditions;
- (d) Management information systems, to provide sufficient timely information to management to identify, measure, monitor or manage CRE concentration risk;
- (e) Periodic market analysis, to provide management and the Board with information to assess whether its CRE lending strategy and policies continue to be appropriate in light of changes in CRE market conditions;
- (f) Credit underwriting standard for CRE, to include:
- (i) Maximum loan amount by type of property;
 - (ii) Loan terms;

- (iii) Pricing structures;
- (iv) Collateral valuations;
- (v) Loan-to-value limits by property type;
- (vi) Requirements for feasibility studies and sensitivity analysis or stress testing;
- (vii) Minimum requirements for initial investment and maintenance of hard equity by the borrower; and
- (viii) Minimum standards for borrower net worth, property cash flow and debt service coverage for property;
- (g) Portfolio stress testing and sensitivity analysis of CRE concentrations; and
- (h) Credit risk review of CRE, to include an effective, accurate and timely risk-rating system.

(2) The Board shall forward a copy of any analysis performed on existing or potential CRE concentrations to the Assistant Deputy Comptroller immediately following the review.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Article.

ARTICLE VII

LIQUIDITY

(1) On an on-going basis, the Board shall ensure adequate sources of liquidity in relation to the Bank's needs. Liquidity must be maintained at a level that is sufficient to sustain the Bank's current operations and to withstand any anticipated or extraordinary demand against its funding base.

(2) Within sixty (60) days, the Bank shall adopt, implement, and thereafter ensure Bank adherence to a Liquidity Program to improve the Bank's liquidity position and maintain adequate sources of stable funding. The plan shall include:

- (a) target amounts for the bank's acquisition of additional stable funding and reduction of non-core funding;
- (b) the methods through which the bank will acquire additional sources of stable funding and reduce dependency on non-core funding;
- (c) the timeframes in which the bank intends to acquire additional sources of stable funding and reduce dependency on non-core funding.
- (d) a Contingency Funding Plan that is reasonable and effective in ensuring that the Bank will continue to operate with adequate liquidity in the event of extraordinary demands against its funding base. The plan shall be detailed and include consideration of changing liquidity sources in the event of liquidity stress events and changes in collateral requirements in the event of liquidity stress events. The Contingency Funding Plan shall:
 - (i) clearly define bank staff's responsibility to implement the plan;
and
 - (ii) identify triggers or stress events that will result in the immediate implementation of the plan.

(3) Upon completion of the Liquidity Program, the Board shall forward a copy to the Assistant Deputy Comptroller.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Article.

ARTICLE VIII

BROKERED DEPOSITS

(1) The Bank may accept, renew, or roll over Brokered Deposits (as defined by 12 C.F.R. § 337.6(a)(2)) for deposit at the Bank only after obtaining a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(2) The limitation of paragraph one (1) shall include the acquisition of Brokered Deposits through any transfer, purchase, or sale of assets, including Federal funds transactions.

(3) If the Bank seeks to accept, renew, or roll over Brokered Deposits, the Board shall apply to the Assistant Deputy Comptroller for written permission. Such application shall contain, at a minimum, the following:

- (a) the dollar volume, maturities, and cost of the Brokered Deposits to be acquired;
- (b) the proposed use of the Brokered Deposits, i.e., short-term liquidity or restructuring of liabilities to reduce cost;
- (c) alternative funding sources available to the Bank; and
- (d) the reasons why the Bank believes that the acceptance of the Brokered Deposits does not constitute an unsafe and unsound practice in its particular circumstances.

(4) The Assistant Deputy Comptroller may require the submission of such additional information as necessary to make an informed decision. Upon consideration of the Bank's application, the Assistant Deputy Comptroller will determine whether the proposed acquisition, renewal, or roll over of Brokered Deposits may be accomplished in a safe and sound manner and

may condition or prohibit the Bank's acquisition as the Assistant Deputy Comptroller shall deem appropriate in his sole discretion.

(5) Nothing in this article shall relieve the Bank of any obligation, if applicable pursuant to 12 U.S.C. § 1831f, to seek necessary approvals from the Federal Deposit Insurance Corporation before accepting Brokered Deposits and to comply with all the requirements of 12 U.S.C. § 1831f.

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

ARTICLE IX

CONCLUSION

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

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

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

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

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

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

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither

the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

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

/S/
Francis Alleman, Jr.
Assistant Deputy Comptroller
Houston Field Office

5/19/2010
Date

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

<u>/S/</u> Doris Chen	<u>5/19/2010</u> Date
<u>/S/</u> Jim T. Chow	<u>5/19/2010</u> Date
<u>/S/</u> Thu-Binh Si Ho	<u>5/19/2010</u> Date
<u>/S/</u> Michael Hong	<u>5/19/2010</u> Date
<u>/S/</u> Sean Hou	<u>5/20/2010</u> Date
<u>/S/</u> Ted K. C. Hsieh	<u>5/19/2010</u> Date
<u>/S/</u> Sam Hwong	<u>5/19/2010</u> Date
<u>/S/</u> C. K. Lee	<u>5/19/2010</u> Date
<u>/S/</u> Wea Hwa Lee	<u>5/19/2010</u> Date
<u>/S/</u> Edwin Malmgren	<u>5/19/2010</u> Date
<u>/S/</u> Gary Owens	<u>5/19/2010</u> Date
<u>/S/</u> Hasmukh Patel	<u>5/19/2010</u> Date