

AGREEMENT BY AND BETWEEN  
California International Bank, A National Banking Association      AA-WE-2021-7  
Westminster, California  
and  
The Office of the Comptroller of the Currency

California International Bank, A National Banking Association (“Bank”) and the Office of the Comptroller of the Currency (“OCC”) wish to assure the safety and soundness of the Bank and its compliance with laws and regulations.

The Comptroller of the Currency (“Comptroller”) has found unsafe or unsound practice(s), including those relating to deficient earnings, less than satisfactory liquidity and capital, and the Board and Management’s inability to execute a viable strategic plan;

Therefore, the OCC, through the duly authorized representative of the Comptroller, and the Bank, through its duly elected and acting Board of Directors (“Board”), hereby agree that the Bank shall operate at all times in compliance with the following:

**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).

## ARTICLE II

### COMPLIANCE COMMITTEE

(1) By March 31, 2021, 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 Assistant Deputy Comptroller 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 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 Agreement. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings.

(2) By April 30, 2021, and thereafter within thirty (30) 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 Agreement;
- (b) the specific corrective actions undertaken to comply with each Article of this Agreement; 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 III**

### **CAPITAL AND STRATEGIC PLAN**

- (1) The Bank shall not declare or pay a dividend or reduce its capital unless:
  - (a) the Bank is in compliance with its Capital and Strategic Plan as required by this Article and would remain in compliance following the dividend or capital reduction;
  - (b) the declaration or payment of the dividend or the reduction in capital is in compliance with 12 U.S.C. §§ 56, 59 and 60 and with 12 C.F.R. Part 5; and
  - (c) the Bank has received a prior written determination of no supervisory objection from the ADC.
  
- (2) By June 1, 2021, and thereafter on an annual basis to be submitted by the 1<sup>st</sup> of June of each year, the Bank shall prepare and submit a written Plan covering at least the next three years to the OCC for a prior written determination of no supervisory objection. The Plan shall include:
  - (a) an assessment of the Bank's present and future operating environment;
  - (b) goals and quantifiable measures with specific implementation dates regarding the Bank's operating performance;
  - (c) identification of the major areas and means by which the Board and management will seek to improve earnings performance, that focuses in particular on items contributing to Bank interest income, non-interest income, cost of funds, and non-interest expenses;
  - (d) an evaluation of the Bank's internal operations, staffing requirements, Board and management information systems and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives developed pursuant to this Article;

- (e) specific plans to establish responsibilities and accountability for the strategic planning process, diversification of risk, proposed changes in the Bank's operating environment, reduction of problem assets, and maintenance of adequate liquidity;
- (f) control systems to identify and reduce risk to earnings, capital, and liquidity, and risks associated with any proposed changes in the Bank's operating environment;
- (g) growth limitations and actions to monitor, control and reduce, where appropriate, significant concentrations of credit;
- (h) specific plans for the maintenance of a level of capital that is commensurate with the Bank's risk profile and that includes primary and secondary sources to meet current and future needs;
- (i) specific plans for the maintenance of adequate liquidity, including, at minimum:
  - (i) measures to maintain sufficient on-balance sheet liquidity;
  - (ii) measures to reduce and ensure limited reliance upon non-core funding sources, including brokered deposits and credit-sensitive wholesale borrowings;
  - (iii) the establishment of additional back-up funding sources;
  - (iv) reasonable risk limits to control the level of liquidity risk that incorporate forward-looking risk measurements and liability concentration limits such as limits on the amount of funds that may be sourced from any individual customer or groups

of customers, or liability concentration limits by instrument;  
and

(v) a contingency funding plan that ensures the Bank can remain liquidity solvent through stressed environments and that includes, at a minimum:

- a. management's best estimate of balance sheet changes that may result from a liquidity or credit event;
- b. specific terms or events that trigger enactment of the plan;
- c. necessary management information systems and reporting criteria for use in crises situations;
- d. management responsibilities for enacting the plan and for taking specific actions once enacted; and
- e. prioritization of all sources of funding for the various scenarios including asset side funding, liability side funding, and off-balance sheet funding.

(j) a dividend policy that only permits the declaration of a dividend in accordance with paragraph (1) of this Article;

- (k) projections for capital and liquidity requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (l) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the next three years that shall address or include consideration of the requirements of this Article;
- (m) aggregate reporting of problem asset levels by risk rating with trend analyses to the Board or a designated committee thereof every month;
- (n) specific plans for the reduction of problem assets with target reductions by quarter;
- (o) documented at least quarterly, a review by the Board or designated committee thereof of the efforts to execute the specific plans to reduce problem asset levels; and
- (p) systems to monitor the Bank's progress in meeting the Plan's goals and objectives.

(3) Once the Bank receives the prior written determination of no supervisory objection from the OCC required by paragraph (2) of this Article, the Bank shall adopt, implement, and thereafter adhere to the Plan.

(4) If the Bank fails to submit an acceptable Three-Year Plan as required by this Article, or fails to implement or adhere to a Three-Year Plan to which the Assistant Deputy Comptroller has taken no supervisory objection pursuant to paragraph (2) of this Article, then, in the sole discretion of the Assistant Deputy Comptroller and within thirty (30) days of receiving written notice from the OCC of such fact, the Bank shall develop and submit to the Assistant

Deputy Comptroller for review and prior written determination of no supervisory objection, a Disposition Plan to either: (i) sell or merge the Bank, or (ii) liquidate the Bank in conformance with 12 U.S.C. § 181.

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

#### **ARTICLE IV**

##### **MANAGEMENT AND BOARD SUPERVISION**

(1) Within ninety (90) days of this Agreement, the Board shall take the necessary steps to eliminate the deficiencies in management leadership and Board oversight as described in the Report of Examination conducted as of September 30, 2020 (the “ROE”), to include specific actions for attaining the necessary management expertise and Board involvement to return the Bank to a safe and sound condition.

(2) As of the date of this Agreement, the Bank shall maintain a written program (including appropriate policies and procedures) designed to correct the Bank’s deficiencies in Board and management oversight and corporate governance, including but not limited to:

- (a) operating policies and procedures designed to ensure:
  - (i) the Board provides proper oversight of the affairs of the Bank;
  - (ii) the Board receives and reviews sufficient Bank information from management (including scope, frequency, and content) on the operation of the Bank to enable them to provide proper oversight and fulfill their fiduciary duties and other responsibilities under law;

- (iii) the Bank establishes and maintains proper lines of authority, reporting responsibilities, and delegation of duties for all officers; and
- (iv) the Board eliminates any managerial or other deficiencies in the supervision or organizational structure of the Bank;
- (b) procedures to ensure accurate regulatory and Board reporting;
- (c) internal controls to monitor policy adherence;
- (d) the assignment of accountability for processes;
- (e) requirements that management respond 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 responsible for making the corrective action;
- (f) procedures for formal review and approval by the Board of management's proposed response to audit, compliance, and regulatory criticisms;
- (g) a tracking system that will ensure applicable criticisms are reported to the Board and corrected in a timely manner; and
- (h) procedures to ensure the retention in the Bank's books and records of all written responses to audit, compliance, and regulatory criticisms; and documentation of Board approval of the written responses.

## **ARTICLE V**

### **GENERAL BOARD RESPONSIBILITIES**

- (1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Agreement, 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 Agreement.

(2) In each instance in which this Agreement 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 Agreement;
- (b) ensure that the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Agreement;
- (c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Agreement;
- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Agreement;
- (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 Agreement; and
- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

## ARTICLE VI

### CLOSING

(1) This Agreement is intended to be, and shall be construed to be, a “written agreement” within the meaning of 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer, employee, or agent of the OCC. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its 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 OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of any of those entities to a contract affecting the OCC’s exercise of its supervisory responsibilities.

(2) This Agreement 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 Agreement shall mean calendar days and the computation of any period of time imposed by this Agreement shall not include the date of the act or event that commences the period of time.

(3) The provisions of this Agreement shall remain effective and enforceable 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 Agreement, 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 special circumstances that warrant the desired relief or prevent the Bank from complying with the relevant provision(s) of the Agreement, 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.

(4) The Bank will not be deemed to be in compliance with this Agreement until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Agreement; 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 to demonstrate the sustained effectiveness of the corrective actions.

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

(6) 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 enter into this Agreement.

(7) All reports, plans, or programs submitted to the OCC pursuant to this Agreement shall be forwarded, by overnight mail or via email, to the following:

Richard S. Dixon, Jr.  
Assistant Deputy Comptroller for Bank Supervision  
Santa Ana Field Office  
1551 North Tustin Avenue, Suite 1050  
Santa Ana, California 92705

(8) 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// Digitally Signed, Dated: 2021.03.18

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Richard S. Dixon, Jr.  
Assistant Deputy Comptroller for Bank Supervision  
Santa Ana Field Office

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Date

**IN TESTIMONY WHEREOF**, the undersigned, as the directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/  
David Bicking

2-23-21  
Date

/s/  
John Briner

2/23/2021  
Date

/s/  
Vinh "Kelvin" Do

02/23/2021  
Date

/s/  
James Ely

2/23/2021  
Date

/s/  
Hyun Woo Nam

3-2-21  
Date

/s/  
Jeffrey Spiegel

2/23/21  
Date