

AGREEMENT BY AND BETWEEN
California International Bank, N.A.
Westminster, California
and
The Office of the Comptroller of the Currency

AA-WE-2023-25

California International Bank, N.A., Westminster, California (“Bank”) and the Office of the Comptroller of the Currency (“OCC”) wish to protect the interests of the depositors and other customers 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 OCC has identified deficiencies relating to the Bank’s compliance with Bank Secrecy Act/anti-money laundering (“BSA/AML”) laws and regulations, including a violation of 12 C.F.R. § 21.21(d)(1), (d)(3) and other violations.

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) Within sixty (60) days of this Agreement, the Board shall appoint 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 any of its subsidiaries or affiliates, or family member of any such person. 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) Within ninety (90) days of this Agreement, 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

BSA OFFICER AND STAFF

(1) Within ninety (90) days of this Agreement, the Board shall engage a qualified independent third-party consultant to complete a staffing assessment of the Bank's BSA Department ("Assessment"). The scope of the Assessment shall at a minimum include the following:

- (a) an evaluation of the BSA Officer's knowledge, skills, and capabilities relative to the Bank's BSA risk profile, the weaknesses identified in the Report of Examinations conducted as of September 30, 2021 and September 30, 2022 ("ROE"), and responsibilities;
- (b) the scope of the BSA Officer's responsibilities;
- (c) an evaluation of the skills and expertise of BSA Department staff, including relevant knowledge of their ability to monitor and manage high-risk cash intensive customers; and
- (d) an evaluation of the adequacy of staffing of the Bank's BSA Department.

(2) Prior to the appointment or employment of any individual as consultant or entering into any contract with any consultant, the Board shall submit the name and qualifications of the proposed consultant and the proposed scope and terms of engagement to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. Once the Bank has received written determination of no supervisory objection, the Board shall immediately engage the consultant pursuant to the proposed terms of the engagement.

(3) Within ninety (90) days of receiving the results of the Assessment, the Board and

management must:

- (a) determine whether any changes to positions in the Bank's BSA Department are necessary;
- (b) determine the appropriate number of staff necessary to support the BSA Officer and the Bank's BSA/AML compliance program; and
- (c) ensure adequate training and oversight is provided to the BSA Officer and staff relative to any gaps in experience, skillset, or competency identified during the Assessment.

(4) Within one hundred twenty (120) days of this Agreement, the Board shall ensure that the Bank's BSA Department maintains sufficient personnel with requisite expertise, training, skills, and authority, including that:

- (a) the Bank has a permanent, qualified, and experienced BSA Officer who is vested with sufficient executive authority, time, and resources to fulfill the duties and responsibilities of the position and ensure the safe and sound operation of the Bank;
- (b) the responsibilities of the BSA Officer shall include overseeing and administering the development and implementation of an effective compliance program under the BSA; and
- (c) the BSA Officer develops, implements, and maintains a training schedule outlining employee required courses. The Board and the BSA Officer shall ensure that all employees complete the required BSA/AML training specific to each employee's job duties and appropriately track and retain such training reports.

(5) In the event that the BSA Officer position is vacated, the Board shall, within sixty (60) days of such vacancy, permanently appoint a capable person to the vacant position who shall be vested with sufficient authority, time, staff and resources to ensure the Bank's compliance with this Agreement and the safe and sound operation of functions within the scope of that position's responsibility.

(6) Prior to the permanent appointment of a BSA Officer under Paragraph (5) of this Article, the Board shall submit the name, resume and such other information as the Assistant Deputy Comptroller may request, of a qualified individual or individuals to be responsible for coordinating and monitoring day-to-day compliance with the BSA until a permanent BSA Officer is appointed for review and non-objection by the Assistant Deputy Comptroller. The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new BSA Officer. The requirement to submit information and the prior disapproval provisions of Paragraph (6) are based on the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the Assistant Deputy Comptroller to complete his or her review and act on any such information within ninety (90) days. The lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed BSA Officer.

(7) Upon receipt of a prior written determination of no supervisory objection from the Assistant Deputy Comptroller under Paragraph (6) of this Article, the Board shall thereafter ensure that the BSA Officer has sufficient training, authority, time, and skill to ensure compliance with the requirements under Paragraph (4) of this Article, the requirements of the BSA, as amended (31 U.S.C. 5311 et seq.), the regulations promulgated thereunder at 31 C.F.R. Part 1020, as amended, 12 C.F.R. Part 21, Subparts B and C, and the rules and regulations of the Office of Foreign Assets Control (“OFAC”).

ARTICLE IV

BSA/AML INTERNAL CONTROLS - CUSTOMER DUE DILIGENCE

(1) Within ninety (90) days of the date of this Agreement, the Bank shall revise and thereafter ensure the Bank's adherence to appropriate policies and procedures for collecting customer due diligence ("CDD"), including CDD for high risk customers, information (the "CDD Program") when opening new accounts, when renewing or modifying existing accounts for customers, and when the Bank obtains event-driven information indicating that it needs to obtain updated customer due diligence information. The CDD Program must ensure that the Bank understands the nature of its customer relationships for purposes of developing a customer risk profile for every Bank Customer, and the Bank operates in accordance with applicable law.

At a minimum, the CDD Program must include:

- (a) baseline documentation requirements and processes to be used for CDD at account opening, including Automated Clearing House ("ACH") specific customer and originator due diligence policies, processes, and procedures;
- (b) an appropriate methodology for assigning accurate risk levels to the Bank's customer base that assesses relevant factors including type of customer and entities served, type of products or services offered, and geographic location, occupation and expected activity of the customer;
- (c) CDD procedures that address triggers, including changes to a customer's risk profile that require the Bank to analyze whether there are resulting substantial changes in money laundering risk factors that would necessitate changes to the customer's risk rating;
- (d) requirements to document the analysis regarding the decision to change, or

not to change, a customer's risk rating;

- (e) appropriate due diligence procedures to monitor transactional activity for moderate risk-rated customers;
- (f) specification of the high-risk customer information that Bank personnel must obtain for higher-risk accounts, which among other information should include:
 - (i) purpose of the account;
 - (ii) source of funds and wealth;
 - (iii) individuals with ownership or control over the account, such as beneficial owners, signatories, or guarantors;
 - (iv) occupation or type of business of customer or other individuals with ownership or control over the account;
 - (v) circumstances or situations when financial statements should be obtained;
 - (vi) bank references;
 - (vii) domicile (where the business is organized);
 - (viii) proximity of the customer's residence, place of employment, or place of business to the Bank;
 - (ix) description of the customer's primary trade area and whether international transactions are expected to be routine;
 - (x) description of the business operations, the anticipated volume of currency and total sales, and a list of major customers and suppliers; and

- (xi) explanations for changes in account activity;
- (g) processes to ensure CDD reviews for higher-risk customers are based on the risk profile of the customer and that the timing of reviews is risk based; and
- (h) periodic assessments by the BSA Officer or his/her designee of the effectiveness of the Bank's CDD, and monitoring activities, including timely corrective action to address weaknesses identified in the assessments, in the Bank's audit, or in a report of examination.

(2) The BSA Officer or his/her designee(s) shall monitor accounts for high-risk customers/transactions, and any related accounts, to determine whether activity is consistent with the customer's business and the stated purpose of the account. In the event that monitoring indicates account activity is not in accordance with existing account information, the Bank must update the customer information. The BSA Officer or his/her designee(s) must appropriately document this analysis and any resulting determinations.

(3) The Bank shall revise and maintain a management information system ("MIS") program that compiles CDD information. The program shall be commensurate with the Bank's BSA/AML risk profile, and shall provide appropriate staff throughout the Bank with automated ready access to CDD information.

(4) The Board shall ensure management updates CDD policies and procedures to reflect new processes and implements job-specific training to BSA personnel. The training should be provided by individuals with knowledge and expertise relating to the subject matter.

(5) The Board shall ensure management develops a risk-based plan to apply the requirements in its updated CDD policies and procedures to its existing customers in proportion

to the risks posed by the customers.

ARTICLE V

BSA/AML INTERNAL CONTROLS - SUSPICIOUS ACTIVITY MONITORING AND REPORTING

(1) Within one hundred twenty (120) days of this Agreement, the Bank shall ensure that management develops, implements, and thereafter adheres to an enhanced written risk-based program of internal controls and processes to ensure, pursuant to 12 C.F.R. § 21.11, the timely and appropriate review and disposition of BSA/AML suspicious activity alerts and the timely filing of Suspicious Activity Reports (“SARs”). This written Bank program shall include, at a minimum:

- (a) Procedures for identifying, monitoring and reporting suspicious activity, known or suspected violations of Federal law, violations of the BSA, or suspicious transactions related to potential money laundering across all Bank lines of business, including suspicious activity relating to the opening of new accounts, the monitoring of existing accounts, and the transfer of funds through the Bank. Please refer to Suspicious Activity Reporting section of the FFIEC BSA/AML Examination Manual;
- (b) Appropriate linkage between high-risk customer information and suspicious activity monitoring functions to ensure BSA/AML staff appropriately use the information in suspicious activity investigations;
- (c) Procedures to develop, implement, and maintain an effective secondary review process, conducted by a qualified individual, to ensure accuracy of

- SARs prior to submission;
- (d) Procedures to ensure that the SAR Referral processes are part of the Bank's privacy measures, including, but not limited to, a requirement that reports of unusual activity are promptly given directly to the BSA Officer;
 - (e) Procedures to ensure the Bank files SARs within the time frames specified in the applicable rules, regulations, and regulatory guidance, and files follow-up SARs every ninety (90) days in cases where suspicious activity is ongoing;
 - (f) Procedures to ensure that SARs are filed accurately and free from critical error fields; and
 - (g) Procedures to ensure the Bank thoroughly documents and appropriately retains individual SAR decisions.

ARTICLE VI

BSA/AML INDEPENDENT TESTING

(1) Within one hundred fifty days (150) days of the date of this Agreement, the Board shall enhance, implement, and thereafter ensure Bank adherence to an independent, internal audit program designed to ensure compliance with the BSA in all areas of the Bank, including scope, testing, and documentation sufficient to:

- (a) detect irregularities in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules and regulations;
- (c) evaluate the Bank's adherence to established policies and procedures;

- (d) ensure independent testing rating methodology is appropriate to support the volume and severity of exceptions;
- (e) perform an appropriate level of testing to support the audit findings;
- (f) ensure adequate audit coverage in all areas; and
- (g) establish an annual audit plan using a risk-based approach sufficient to achieve these objectives.

(2) The Board shall ensure appropriate oversight of the BSA audit function, with particular emphasis on ensuring the independent firm possesses the requisite expertise to effectively audit the Bank's BSA program and that the scope of the audit is sufficient.

(3) The Board shall ensure that the audit program is independent. The persons responsible for implementing the BSA audit program described above shall report directly to the Board, or a designated committee of the Board, which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party.

(4) All audit reports shall be in writing, include root causes for deficiencies, and be supported by adequate workpapers, which must be provided to the Bank. The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(5) The Board, or a designated committee of the Board, shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

(6) The audit staff shall have access to any records necessary for the proper conduct of its activities. National bank examiners shall have access to all reports and work papers of the

audit staff and any other parties working on its behalf.

ARTICLE VII

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 VIII

OTHER PROVISIONS

(1) As a result of this Agreement, 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(g) and 12 C.F.R. § 24.2(e), unless otherwise informed in writing by the OCC.

(2) This Agreement supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3(g)(5), 5.51(c)(7)(ii), and 24.2(e)(4).

ARTICLE IX

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 sent electronically to the following:

Richard S. Dixon, Jr.
Assistant Deputy Comptroller
Richard.Dixon@occ.treas.gov
with a copy to CAFOCorrespondence@occ.treas.gov

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

//s// Digitally Signed, Dated: 2023.06.20

Richard S. Dixon, Jr.
Assistant Deputy Comptroller

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of California International Bank, N.A. have hereunto set their signatures on behalf of the Bank.

//s// Digitally Signed, Dated: 2023.06.19

David Bicking

Date

//s// Digitally Signed, Dated: 2023.06.16

John Briner

Date

//s// Digitally Signed, Dated: 2023.06.15

Vinh "Kelvin" Do

Date

//s// Digitally Signed, Dated: 2023.06.16

James Ely

Date

//s// Digitally Signed, Dated: 2023.06.15

Josefina Guevara

Date

//s// Digitally Signed, Dated: 2023.06.15

Hyun Woo Nam

Date

//s// Digitally Signed, Dated: 2023.06.15

Thanh Pham

Date

//s// Digitally Signed, Dated: 2023.06.18

Victor Be Cong Wu

Date