FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT

SACRAMENTO, CALIFORNIA

In the Matter of	)	
	)	CONSENT ORDER
CALIFORNIA BUSINESS BANK IRVING, CALIFORNIA	)	FDIC-17-0107b
(INSURED STATE NONMEMBER BANK)	)	

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for California Business Bank, Irvine, California ("Bank"), under Section 3(q) of the Federal Deposit Insurance Act ("FDI Act"), 12 U.S.C. § 1813(q). The California Department of Business Oversight ("CDBO") is the appropriate State banking agency for the Bank under the California Financial Code.

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a Stipulation to the Issuance of a Consent Order ("Stipulation") , dated August 14, 2017, that is accepted by the FDIC and the CDBO. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices related to weaknesses in capital, asset quality, management, earnings and liquidity to the issuance of this Consent Order ("Order") by the FDIC and the CDBO pursuant to Section 8(b)(1) of the Federal Deposit Insurance Act ("FDI Act")(12 U.S.C. § 1818(b)(1)) and Section 580 of the California Financial Code.

Having determined that the requirement for issuance of an order under Section 8(b) of the FDI Act, 12 U.S.C. § 1818(b), and the California Financial Code have been satisfied, the FDIC and the CDBO hereby order that:

1. During the life of this Order, the Bank shall notify the Regional Director of the FDIC's San Francisco Regional Office ("Regional Director") and the Commissioner of the California Department of Business Oversight ("Commissioner") in writing of the resignation, termination, or change in responsibilities of any of the Bank's directors or senior executive officers. Prior to the addition of any individual to the Board or the employment of any individual as a senior executive officer, the Bank shall comply with the requirements of section 32 of the FDI Act, 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. §§ 303.100–303.104 and any requirement of the State of California for prior notification and approval. The term "senior executive officer" shall have the same meaning ascribed to it in Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. § 303.101.

2. During the life of this Order, the Board shall maintain the level of participation in the affairs of the Bank consistent with the role and expertise commonly expected for directors of banks of comparable size. This participation shall include meetings to be held no less frequently than monthly. The Board minutes shall document Board discussions and actions.

3. The Bank shall maintain its Tier 1 Capital in such an amount to ensure that the Bank's leverage ratio equals or exceeds 10 percent during the life of this Order. The level of capital to be maintained during the life of this Order shall be in addition to a fully funded allowance for loan and lease losses ("ALLL"), the adequacy of which shall be satisfactory to the Regional Director and the Commissioner as determined at subsequent examinations and/or

visitations. Any increase in Tier 1 Capital necessary to meet the requirements of this paragraph may not be accomplished through a deduction from the Bank's ALLL.

For the purposes of this Order, all terms relating to capital shall have the meanings and be calculated in accordance with the applicable FDIC's Rules and Regulations concerning Capital Adequacy/Capital Maintenance (currently at 12 C.F.R. Parts 324 and 325), and the Bank shall comply with all applicable regulatory guidance on capital, including the FDIC's Statement of Policy on Risk-Based Capital found in Appendix A to Part 325 of the FDIC's Rules and Regulation, 12 C.F.R. Part 325, App. A.

4. The Bank shall not pay any cash dividends or make any other payment or distribution representing a reduction of its capital without the prior written approval of the Regional Director and the Commissioner.

5. The Bank shall maintain an adequate ALLL commensurate to the overall risk in its portfolio. For the purpose of determining the adequacy of the ALLL methodology, both qualitative factors and quantitative factors specific to the Bank should be adequately supported. The methodology and its implementation shall be satisfactory to the Regional Director and the Commissioner, as determined at subsequent examinations and/or visitations.

6. The Bank shall operate in accordance with its April 2016 Business Plan and all subsequent updates ("Business Plan"), addressing the return of profitability and reducing overhead expenses, and shall set forth a comprehensive budget for the years 2017 through at least 2019. The Bank shall evaluate its actual performance in relation to the Business Plan and record the results of the evaluation in the monthly Board minutes. The Bank must obtain prior written approval of the Regional Director and the Commissioner before making any material changes to the Business Plan.

7. In accordance with the Business Plan, the Bank shall reduce its reliance on non-core funding sources, such as brokered deposits and MoneyDesk internet deposits, and address large depositor concentration risk. Non-core funding reliance shall be incorporated into the ongoing liquidity stress testing.

8. The Bank shall not engage in any new lines of business or establish any new branches or other offices of the Bank without the prior written approval of the Regional Director and the Commissioner.

9. Within forty-five (45) days of the end of the first quarter following the effective date of this Order, and within forty-five (45) days of the end of each quarter thereafter, the Bank shall furnish written progress reports to the Regional Director and the Commissioner detailing the form and manner of any actions taken to secure compliance with this Order and the results thereof. Such reports may be discontinued when the corrections required by this Order have been accomplished and the Regional Director and the Commissioner have released the Bank in writing from making further reports.

10. Following the effective date of this Order, the Bank shall provide a copy of the Order or otherwise furnish a description of the Order to its shareholder(s) in conjunction with:

(a) the Bank's next shareholder communication; and

(b) the notice or proxy statement preceding the Bank's next shareholder meeting.

The description shall fully describe the Order in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Risk Management Supervision, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429, at least 20 days prior to dissemination to shareholders.

Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

The provisions of this Order shall not bar, estop, or otherwise prevent the FDIC, the CDBO, or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties, as that term is defined in Section 3(u) of the FDI Act, 12 U.S.C. § 1813(u).

This Order will become effective upon its issuance by the FDIC and the CDBO.

The provisions of this Order shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this Order shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC and the CDBO.

Violation of any provisions of this Order, will be deemed to be conducting business in an unsafe or unsound manner, and will subject the Bank to further regulatory enforcement action.

Issued pursuant to delegated authority.

Dated at San Francisco, California, this 16th day of August, 2017.

/s/
Paul P. Worthing
Acting Deputy Regional Director
Division of Risk Management Supervision
San Francisco Region
Federal Deposit Insurance Corporation

/s/
Jan Lynn Owen
Commissioner
California Department of Business Oversight