FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

CALIFORNIA DEPARTMENT OF FINANCIAL INSTITUTIONS

SAN FRANCISCO, CALIFORNIA

In the Matter of CHINATRUST BANK (USA) TORRANCE, CALIFORNIA (INSURED STATE NONMEMBER BANK)	)	CONSENT ORDER FDIC-12-397b

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for Chinatrust Bank (USA), Torrance, California ("Bank") under Section 3(q) of the Federal Deposit Insurance Act ("FDI Act"), 12 U.S.C. § 1813(q)(3). The California Department of Financial Institutions ("CDFI") is the appropriate State banking agency for the Bank under Division 1 and Division 1.1 of the California Financial Code ("CFC").

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 October 10, 2012, that is accepted by the FDIC and the CDFI. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices relating to the Bank's Bank Secrecy Act ("BSA") and Anti-Money Laundering ("AML") programs (together "BSA/AML program"), to the issuance of this Consent Order ("Order") by the FDIC and the CDFI pursuant to Section 8(b)(1) of the FDI Act, and Section 580 of the CFC.

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

1. The Board, consistent with the role and expertise commonly expected for directors of banks of comparable size, shall increase its oversight of the Bank's BSA/AML program, assuming full responsibility for the approval of sound policies and objectives and for the oversight of the BSA/AML program. This oversight shall include holding meetings at least monthly during which the Board or a duly designated committee of the Board with appropriate authority that includes at least two outside members of the Board ("Board committee"), which Board committee may be the Audit & Compliance Committee, will review, at a minimum, the Bank's compliance with this Order and the Bank's BSA and AML programs. Board minutes or, if applicable, the Board committee minutes shall document these reviews and approvals, including the names of any dissenting directors.

2. The Bank shall have and retain qualified management.

(a) Each member of management shall have qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Each member of management shall be provided appropriate written authority from the Board to implement the provisions of this Order.

(b) The qualifications of management shall be assessed on its ability to:

(i) comply with the requirements of this Order;

(ii) operate the Bank in a safe and sound manner;

(iii) comply with applicable laws and regulations; and

(iv) address the weaknesses and correct the deficiencies regarding the Bank's BSA/AML programs noted in the most recent Report of Examination.

(c) During the life of this Order or until such earlier date as may be determined by the Regional Director and the Commissioner, the Bank shall not add or replace any individual on the Board, or employ any individual to serve as a senior executive officer, or change the responsibilities of any existing senior executive officer to include the responsibilities of another senior executive officer position, without first receiving the prior written non-objection of the Regional Director and the Commissioner. 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. The Bank shall provide notification of any such proposed appointment, employment, or change in responsibilities at least 30 days prior to its proposed effective date. Any such proposed appointment, employment, or change in responsibilities shall not become effective unless and until a written notice of non-objection has been received from both the Regional Director and the Commissioner.

(d) During the life of this Order, the Bank shall retain a qualified BSA Officer acceptable to the Regional Director and Commissioner. Such an individual shall be appointed by the Board and shall be provided sufficient authority, responsibility, and resources to administer an effective BSA/AML program; comply with the provisions of this Order; address deficiencies identified in the Bank’s BSA/AML program by examiners and/or qualified third parties; and restore all aspects of the BSA program to a satisfactory determination. The BSA Officer shall regularly apprise the Board and management of ongoing compliance with the Bank Secrecy Act. The Board or delegated Board committee shall conduct regular assessments of the BSA Officer and/or the individuals responsible for carrying out the direction of the Board.

(e) During the life of this Order, the Bank shall notify the Regional Director and Commissioner in writing prior to appointing any new BSA Officer, or materially changing the responsibilities of the BSA Officer. Such proposed appointment, employment or change in responsibilities shall not become effective unless and until a written notice of non-objection has been received from the Regional Director and the Commissioner. The Bank shall also notify the Regional Director and Commissioner in writing of any individual and/or management level committee to which the Bank-approved BSA Officer reports, and shall ensure that this individual and/or committee has the requisite BSA experience to help administer an effective BSA/AML compliance program.

3. Within 90 days of the effective date of this Order, the Bank shall comply in all material respects with the BSA and its rules and regulations.

4. Within 90 days of the effective date of this Order, the Bank shall correct all violations of law and regulation, as more fully set forth in the most recent Report of Examination. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable laws and regulations.

5. Within 60 days of the effective date of this Order, the Bank shall revise, develop, adopt, and implement a written compliance program, as required by the applicable provisions of the BSA, the USA PATRIOT Act, and section 326.8 of the FDIC's Rules and Regulations, 12 C.F.R. § 326.8, designed to, among other things, ensure and maintain compliance by the Bank with the BSA and the rules and regulations issued pursuant thereto. The program shall ensure that clear and comprehensive BSA compliance reports are provided to the Board on at least a monthly basis. Such program and its implementation shall be in a manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the program shall:

(a) Establish a system of internal controls to ensure compliance with the BSA and the rules and regulations issued pursuant thereto, including policies and procedures to detect and monitor all transactions to identify suspicious or unusual activities and ensure that the transactions are not being conducted for illegitimate purposes and that there is full compliance with all applicable laws and regulations.

(b) Provide for independent testing of compliance with the BSA, all applicable rules and regulations related to the BSA, and the reporting of suspicious transactions required to be reported pursuant to Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353. The independent testing shall be conducted on at least an annual basis and in accordance with the procedures described in the Federal Financial Institutions Examination Council ("FFIEC") BSA/AML Examination Manual 2010. The scope and depth of the independent testing must be commensurate to the size and complexity of the Bank's operations. Written reports shall be prepared that contain sufficient documentation and descriptions of the testing procedures performed, the resulting conclusions regarding the effectiveness of the program in ensuring ongoing compliance with all BSA-related regulations, and recommendations for improvements. Such reports shall be presented to the Bank's Board for its review and appropriate action to implement the recommendations for improvements. The independent testing, at a minimum, shall address the following:

(i) overall integrity and effectiveness of the BSA/AML compliance program, including policies, procedures, and processes;

(ii) BSA/AML risk assessment;

(iii) BSA reporting and recordkeeping requirements;

(iv) Customer Identification Program implementation;

(v) adequacy of customer due diligence policies, procedures, and processes and whether they comply with internal requirements;

(vi) personnel adherence to the Bank's BSA/AML policies, procedures, and processes;

(vii) appropriate transaction testing, with particular emphasis on high-risk operations (products, service, customers, and geographic locations);

(viii) training adequacy, including its comprehensiveness, accuracy of materials, the training schedule, and attendance tracking;

(ix) integrity and accuracy of management information systems used in the BSA/AML compliance program;

(x) an evaluation of management's efforts to resolve violations and deficiencies noted in the previous tests or audits and regulatory examinations; and

(xi) an assessment of the overall process for identifying and reporting suspicious activity, including a review of filed or prepared Suspicious Activity Reports ("SARs") to determine their accuracy, timeliness, completeness, and effectiveness of the Bank's policy.

(c) Ensure that the Bank's BSA/AML compliance program is managed by a qualified officer who has the required authority, responsibility, training, resources, and management reporting structure to ensure compliance with the Bank's BSA/AML program requirements and BSA-related regulations, including without limitation:

(i) identifying timely, accurate and complete reporting to law enforcement and supervisory authorities of unusual or suspicious activity or known or suspected criminal activity perpetrated against or involving the Bank; and

(ii) monitoring the Bank's BSA/AML compliance and ensuring that full and complete corrective action is taken with respect to previously identified violations and deficiencies.

(d) Provide and document training by competent staff and/or independent contractors, which training may include offsite programs and use of on-line BSA training resources, of all Bank's Board members and all appropriate personnel, including, without limitation, senior management, tellers, customer service representatives, lending officers, private and personal banking officers and all other customer contact personnel, in all aspects of regulatory and internal policies and procedures related to the BSA, with a specific concentration on accurate recordkeeping, form completion and the detection and reporting of known and/or suspected criminal activity. Training shall be updated on a regular basis to ensure that all personnel are provided with the most current and up to date information.

6. During the life of the Order, the Bank shall perodically perform, either directly or through a consultant, an analysis to determine appropriate staffing for BSA-related functions in accordance with the Bank's risk profile. Such assessment shall include factors such as the current size of the institution, planned growth levels, geographic distribution, and high-risk customers and services. Based on this assessment, management must provide sufficient personnel resources and expertise to effectively conduct, coordinate, and monitor day-to-day compliance with BSA, as determined at subsequent examinations and/or visitations of the Bank.

7. Within 30 days of the effective date of this Order, and at least annually thereafter, the Bank shall perform a BSA risk assessment that accurately identifies the Bank's BSA risk profile and develops risk mitigation strategies for the identified risks. Results of the risk assessment shall be reported to, reviewed by, and approved by the Board, and risk mitigation strategies shall be adopted and implemented as appropriate.

8. Within 60 days of the effective date of this Order, the Bank shall develop, adopt, and implement a written customer due diligence program. Such program and its implementation shall be in a manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the customer due diligence program shall provide for the following:

(a) A risk-focused assessment of the customer base of the Bank to determine the appropriate level of enhanced due diligence necessary for those categories of customers that the Bank has reason to believe pose a heightened risk of illicit activities at or through the Bank.

(b) For those customers whose transactions require enhanced due diligence, procedures to:

(i) determine and obtain the appropriate documentation necessary to confirm the identity and business activities of the customer;

(ii) understand the normal and expected transactions of the customer; and

(iii) reasonably ensure the identification and timely, accurate and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and supervisory authorities, as required by the suspicious activity reporting provisions of Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

9. Within 60 days of the effective date of this Order, the Bank shall develop, adopt, and implement a written due diligence program to monitor employee, director, and affiliate accounts, as well as accounts of closely associated individuals and/or companies. Such program and its implementation shall be in a manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the program shall provide for a risk-focused assessment of the employee, director, and affiliate accounts, as well as accounts of closely associated individuals and/or companies of the Bank, and the due diligence program shall include the following functions:

(a) identify the routine and usual nature of their banking activities;

(b) determine the appropriate level of enhanced due diligence necessary for those employee, director, and affiliate accounts, as well as accounts of closely associated individuals and/or companies that the Bank has determined have unusual activity; and

(c) reasonably ensure the identification and timely, accurate and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and supervisory authorities, as required by the suspicious activity reporting provisions of Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

10. Within 60 days from the effective date of this Order, the BSA Officer shall develop a plan to review all high-risk accounts and high-risk transactions ("Transaction Review"), including, but not limited to, the Bank's large currency transaction reports ("CTRs"), cash purchases of monetary instruments, wire transfer activity, and foreign exchange services for the six-month period immediately preceding the effective date of this Order (the "Transaction Review Period"), and the BSA Officer shall prepare and file any additional CTRs and SARs necessary based upon the review. Based upon the results of the review, the Regional Director and the Commissioner may extend the Transaction Review Period if necessary.

(a) Within 30 days of preparing a plan for the Transaction Review, but prior to commencement of the Transaction Review, the Bank shall submit to the Regional Director and the Commissioner a written plan for approval that sets forth:

(i) the scope of the Transaction Review, including the types of accounts and transactions to be reviewed;

(ii) the methodology for conducting the Transaction Review, including any sampling procedures to be followed;

(iii) the expertise and resources to be dedicated to the Transaction Review;

(iv) the anticipated date of completion of the Transaction Review; and

(v) a commitment that any interim reports, draft reports or work papers associated with the Transaction Review will be made available to the Regional Director and the Commissioner upon request.

(b) Upon completion of the reviews required pursuant to this paragraph the Bank shall submit the written findings of the Transaction Review, as well as copies of any additional SARs and CTRs filed, to the Regional Director and the Commissioner.

(c) Throughout the Transaction Review, the Bank shall ensure that all matters or transactions required to be reported that have not previously been reported are reported in accordance with applicable rules and regulations.

(d) Documentation supporting any determination made pursuant to this paragraph, shall be retained in the Bank's records for such period of time as may be required by any applicable rules or regulations.

11. The Bank shall establish and implement policies and procedures to ensure that SARs are filed within 30 days of identifying a suspect or unusual and suspicious activity. In addition, at a minimum, the Board should be advised in detail of all SARs involving employees, contractors, officers, and directors of the Bank, as well as any Bank affiliate, institution-affiliated party or closely associated individuals and/or companies. The reporting shall also delineate mechanisms to alert the Board to repeat SAR filings. The policies and procedures shall also include guidelines to determine what additional SARs should be reported to the Board.

12. The Bank shall develop internal data processing reports for BSA monitoring and SAR and CTR reporting. Such data processing reports must be tested for accurancy and completeness at least annually through independent testing. In addition, such reports must

capture appropriate activity at all branches and departments of the Bank. Documentation of the testing of these internal data processing reports must be provided to the Board and documented in the Board meeting minutes. Such documentation must also be available to the FDIC and the CDFI on request.

13. During the life of this Order, the Bank shall not expand its business activities without the prior non-objection of the Regional Director and Commissioner. This provision includes, but is not limited to, the following:

(a) The Bank shall not establish any new branches or other offices and shall not introduce any new delivery channels, products, or services, whether directly or indirectly, to customers of the Bank without the prior written consent of the Regional Director and the Commissioner. In seeking any such consent, management and the Board shall revise the Bank's budget to identify the specific costs, including any additional BSA staff, related to any branch expansion. Management should then report actual versus budgeted projection updates to the Board quarterly so that progress on any proposed and approved branch expansion can be accurately monitored. The Bank's budget should also project how earnings performance will be improved by any proposed branch expansion, and this information should also be presented to the Board on an actual versus projected format so that the Board can assess the progress of any proposed and approved branch expansion.

(b) In addition, the Bank shall not enter into any new lines of business or make material changes in its business strategy without providing 30 days written prior notice to the Regional Director and Commissioner and may not enter into any new lines of business or make any such changes if either the Regional Director or the Commissioner objects in writing to such proposed changes.

14. The Bank shall not accept new customer accounts without having conducted necessary customer identification and due diligence reviews.

15. Within 60 days of the effective date of this Order, the Bank shall revise, adopt, and implement its BSA Policy to include provisions that implement the requirements of Paragraphs 1 through 13 of this Order. The Bank's Board and management shall fully implement the provisions of the revised BSA Policy. The revised BSA Policy, and its implementation, shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

16. Following the effective date of this Order, the Bank shall send to its shareholder(s) or otherwise furnish a description of this Order in conjunction with the Bank's next shareholder communication and also in conjunction with its 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, Accounting and Securities Section, Washington, D.C. 20429, and to the CDFI, at least 15 days prior to dissemination to the Bank's shareholder(s). Any changes requested to be made by the FDIC or the Commissioner shall be made prior to dissemination of the description, communication, notice, or statement.

17. Throughout the life of this Order, the Bank shall notify the Regional Director and the Commissioner no less than one business day in advance of making a planned public announcement or notification regarding changes in the Bank's financial condition, executive management or Board.

18. Within 30 days of the end of the first quarter following the effective date of this Order, and within 30 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 shall include a copy of the Bank's Report of Condition and the Bank's Report of Income. 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.

The provisions of this Order shall not bar, estop, or otherwise prevent the FDIC, the CDFI, 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 CDFI.

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 CDFI.

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 this 30th day of October, 2012.

/s/
Kathy L. Moe
Deputy Regional Director
Division of Risk Management Supervision
San Francisco Region
Federal Deposit Insurance Corporation

/s/
Scott D. Cameron
Chief Examiner
California Department of Financial Institutions