

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

STATE OF CALIFORNIA  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SACRAMENTO, CALIFORNIA

Written Agreement by and among

BEVERLY HILLS BANCORP INC.  
Calabasas, California

WFC INC.  
Calabasas, California

WILSHIRE ACQUISITIONS  
CORPORATION  
Calabasas, California

FEDERAL RESERVE BANK OF  
SAN FRANCISCO  
San Francisco, California

and

STATE OF CALIFORNIA  
DEPARTMENT OF FINANCIAL  
INSTITUTIONS  
Sacramento, California

Docket No. 09-030-WA/RB-HC

WHEREAS, Beverly Hills Bancorp Inc. (“Bancorp”), WFC Inc., and Wilshire Acquisitions Corporation (together with Bancorp, the “Companies”), each of Calabasas, California, registered bank holding companies, own and control First Bank of Beverly Hills, Calabasas, California (the “Bank”), a state chartered nonmember bank, and various nonbank subsidiaries;

WHEREAS, it is the common goal of the Companies, the Federal Reserve Bank of San Francisco (the “Reserve Bank”), and the State of California Department of Financial Institutions (the “Department”) to maintain the financial soundness of the Companies so that the Companies may serve as a source of strength to the Bank;

WHEREAS, the Companies, the Reserve Bank, and the Department have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on March 27, 2009 and April 6, 2009, the boards of directors of the Companies, at duly constituted meetings, adopted resolutions authorizing and directing Larry B. Faigan, to enter into this Agreement on behalf of the Companies, and consenting to compliance with each and every provision of this Agreement by the Companies and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”)(12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, the Companies, the Reserve Bank, and the Department agree as follows:

**Dividends**

1. (a) The Companies shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation (the “Director”) of the Board of Governors of the Federal Reserve System (the “Board of Governors”) and the Department.

(b) The Companies shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank and the Department.

(c) The Companies and their nonbank subsidiaries shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank, the Director, and the Department.

(d) All requests for prior approval shall be received by the Reserve Bank and the Department at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All requests shall contain, at minimum, current and projected information on the Companies' capital, earnings, and cash flow; the Bank's capital, asset quality, earnings, and allowance for loan and lease losses ("ALLL"); and identification of the sources of funds for the proposed payment, or distribution. For requests to declare or pay dividends, the Companies must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323).

### **Debt and Stock Redemption**

2. (a) The Companies and any nonbank subsidiary shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank and the Department. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) The Companies shall not, directly or indirectly, purchase or redeem any shares of their stock without the prior written approval of the Reserve Bank and the Department.

### **Capital Plan**

3. Within 10 days of this Agreement, Bancorp shall submit to the Reserve Bank and the Department an acceptable written plan to maintain sufficient capital at Bancorp, on a consolidated basis, and the Bank, as a separate legal entity on a stand-alone basis. The plan shall, at a minimum, address, consider, and include:

(a) The consolidated organization's and the Bank's current and future capital requirements, including compliance with the Capital Adequacy Guidelines for Bank Holding Companies: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and D of Regulation Y of the Board of Governors (12 C.F.R. Part 225, App. A and D) and the applicable capital adequacy guidelines for the Bank issued by the Bank's federal regulator;

(b) the adequacy of the Bank's capital, taking into account the volume of classified credits, concentrations of credit, ALLL, current and projected asset growth, and projected retained earnings;

(c) the source and timing of additional funds to fulfill the consolidated organization's and the Bank's future capital requirements;

(d) supervisory requests for additional capital at the Bank or the requirements of any supervisory action imposed on the Bank by its federal or state regulator;

(e) the requirements of section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)) that the Companies serve as a source of strength to the Bank;  
and

(f) procedures for Bancorp to: (i) notify the Reserve Bank and the Department, in writing, no more than 30 days after the end of any quarter in which Bancorp's consolidated capital ratios or the Bank's capital ratios (total risk-based, Tier 1 risk-based, or leverage) fall below the plan's minimum ratios; and (ii) submit simultaneously to the Reserve Bank and the Department an acceptable written plan that details the steps Bancorp will take to increase its and the Bank's capital ratios above the plan's minimums.

### **Compliance with Laws and Regulations**

4. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, the Companies shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*) and also provide written notice to the Department. The Companies shall not appoint any individual to the Companies' boards of directors or employ or change the responsibilities of any individual as a senior executive officer if the Reserve Bank or the Department notifies the Companies of disapproval within the time limits prescribed by Subpart H of Regulation Y.

(b) The Companies shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

### **Progress Reports**

5. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors of Bancorp shall submit to the Reserve Bank and the Department written progress reports detailing the form and manner of all actions taken to secure

compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, a report of changes in stockholders' equity.

### **Approval and Implementation of Plan**

6. (a) Bancorp shall submit a written capital plan that is acceptable to the Reserve Bank and the Department within the applicable time period set forth in paragraph 3 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank and the Department, Bancorp shall adopt the approved capital plan. Upon adoption, Bancorp shall promptly implement the approved plan, and thereafter fully comply with it.

(c) During the term of this Agreement, the approved capital plan shall not be amended or rescinded without the prior written approval of the Reserve Bank and the Department.

### **Communications**

7. All communications regarding this Agreement shall be sent to:

- (a) Mr. David Reiser  
Examining Officer  
Banking Supervision & Regulation  
Federal Reserve Bank of San Francisco  
101 Market Street, Mail Stop 920  
San Francisco, California 94105
- (b) Mr. Norm Edwards  
Assistant Deputy Commissioner of Financial Institutions  
California Department of Financial Institutions  
300 South Spring Street, Suite 15513  
Los Angeles, California 90013

- (c) Mr. Larry Faigan  
Chief Executive Officer  
23901 Calabasas Road, Suite 1050  
Calabasas, California 91302

**Miscellaneous**

8. Notwithstanding any provision of this Agreement, the Reserve Bank and the Department may, in their sole discretion, grant written extensions of time to the Companies to comply with any provision of this Agreement.

9. The provisions of this Agreement shall be binding upon the Companies and their institution-affiliated parties, in their capacities as such, and their successors and assigns.

10. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the Department.

11. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the Department, or any other federal or state agency from taking any other action affecting the Companies, the Bank, any nonbank subsidiary of the Companies, or any of their current or former institution-affiliated parties and their successors and assigns.

12. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 15th day of April, 2009.

BEVERLY HILLS BANCORP INC.

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

By: /s/ Larry B. Faigan  
Larry B. Faigan  
President and Chief Executive Officer

By: /s/ Dale Vaughan  
Dale Vaughan  
Examining Officer

WFC INC.

STATE OF CALIFORNIA  
DEPARTMENT OF FINANCIAL  
INSTITUTIONS  
WILLIAM S. HARAF  
COMMISSIONER

By: /s/ Larry B. Faigan  
Larry B. Faigan  
President and Chief Executive Officer

By: /s/ John T. Ross  
John T. Ross  
Deputy Commissioner

WILSHIRE ACQUISITIONS CORPORATION

By: /s/ Larry B. Faigan  
Larry B. Faigan  
President and Chief Executive Officer