FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

CALIFORNIA DEPARTMENT OF FINANCIAL INSTITUTIONS

SAN FRANCISCO, CALIFORNIA

In the Matter of VENTURA COUNTY BUSINESS BANK OXNARD, CALIFORNIA (INSURED STATE NONMEMBER BANK)	))))))))	ORDER TO CEASE AND DESIST FDIC-09-374b

Ventura County Business Bank, Oxnard, California ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and Section 1912 of the California Financial Code, and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), and with counsel for the California Department of Financial Institutions (“CDFI”), dated August 3, 2009, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the CDFI pursuant to Section 8(b)(1) of the Act and Section 1913 of the California Financial Code.

The FDIC and the CDFI considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices. The FDIC and the CDFI, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from the following unsafe and unsound banking practices, as determined during the Joint FDIC and CDFI examination which commenced on April 6, 2009 ("Examination"):

(a) operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;

(b) operating with a Board which has failed to provide adequate supervision over and direction to the active management of the Bank;

(c) operating with inadequate capital in relation to the kind and quality of assets held by the Bank;

(d) operating with an inadequate loan valuation reserve;

(e) operating with a large volume of poor quality loans;

(f) engaging in unsatisfactory lending and collection practices;

(g) operating in such a manner as to produce operating losses; and

(h) operating with inadequate provisions for liquidity.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. 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. Management shall include the following:

(i) a chief executive officer with proven ability in managing a bank of comparable size, and experience in upgrading a low quality loan portfolio, improving earnings, and other matters needing particular attention.

(ii) a chief financial officer with demonstrated ability in all financial areas including, but not limited to, accounting, regulatory reporting, budgeting and planning, management of the investment function, liquidity management, and interest rate risk management; and

(iii) a chief credit officer with significant appropriate lending, collection, and loan supervision experience and experience in upgrading a low quality loan portfolio.

The chief executive officer, the chief financial officer, and the chief credit officer are hereafter referred to collectively as “Senior Executive Officers.” Each Senior Executive Officer shall be provided appropriate written authority from the Bank's Board to implement the provisions of this ORDER. Without limiting the generality of the foregoing, the Regional Director of the FDIC’s San Francisco Regional Office (“Regional Director”) and the Commissioner of the CDFI ("Commissioner") reserve the right to determine whether current Senior Executive Officers and directors of the Bank will be considered to be qualified for purposes 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) restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, liquidity, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall notify the Regional Director and the Commissioner in writing when it proposes to add any individual to the Bank's Board or employ any individual as a Senior Executive Officer. The notification must be received at least thirty (30) days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual or individuals to be added or employed. The Bank shall not add, elect, or appoint any individual to the Bank’s Board or employ any individual as a Senior Executive Officer if the Regional Director or the Commissioner, in response to the Bank’s notification as required in this paragraph, notifies the Bank of his or her disapproval.

2. The Bank shall have and retain qualified members of the Board.

(a) The qualifications of each member of the Board shall be assessed on their ability to:

(i) comply with requirements of this ORDER;

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

(iii) comply with applicable laws and regulations and internal policies; and

(iv) restore all aspects of and maintain the Bank in a safe and sound condition.

(b) Within thirty (30) days from the effective date of this ORDER, the Bank's Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, 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 at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged-off, and recovered loans; investment activity; operating policies; and individual committee actions. The Bank's Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(c) Within one hundred twenty (120) days from the effective date of this ORDER, Board shall increase its membership by the addition of no less than two (2) independent directors. These independent directors shall possess prior banking experience as an executive officer and/or a director, and shall possess sufficient knowledge and experience in the areas of corporate governance, audit, credit and bank operations to further strengthen the oversight capabilities of the Bank's Board.

3. (a) Within one hundred and twenty (120) days from the effective date of this ORDER, the Bank shall increase its Tier 1 capital by no less than $4 million and shall thereafter maintain Tier 1 capital in such an amount as to equal or exceed ten (10) percent of the Bank's total assets.

(b) Within ninety (90) days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a plan ("Capital Plan") to satisfy the requirements of Subparagraph 3(a) of this Order and to meet and thereafter exceed the minimum risk-based capital requirements as described in the FDIC's Statement of Policy on Risk-Based Capital contained in Appendix A to Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, Appendix A. The Capital Plan shall be in a form and shall be implemented in a manner acceptable to the Regional Director and the Commissioner, as determined at subsequent examinations and/or visitations.

(c) The level of Tier 1 capital to be maintained during the life of this ORDER pursuant to Subparagraph 3(a) shall be in addition to a fully funded Allowance, the adequacy of which shall be satisfactory to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

(d) Any increase in Tier 1 capital necessary to meet the requirements of Paragraph 3 of this ORDER may be accomplished by the following:

(i) the sale of common stock; or

(ii) the sale of noncumulative perpetual preferred stock; or

(iii) the direct contribution of cash by the Bank's Board and/or shareholders of the Bank;

(iv) any other means acceptable to the Regional Director and the Commissioner; or

(v) any combination of the above means.

Any increase in Tier 1 capital necessary to meet the requirements of Paragraph 3 of this ORDER may not be accomplished through a deduction from the Bank's Allowance.

(e) If all or part of the increase in Tier 1 capital required by Paragraph 3 of this ORDER is accomplished by the sale of new securities, the Bank's Board shall forthwith take all necessary steps to adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with all applicable State and Federal securities laws including, without limitation, Division 1, Chapter 5, Article 6 (commencing with Section 690) of the California Financial Code. Prior to the implementation of the plan and, in any event, not less than fifteen (15) days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the FDIC, Registration and Disclosure Unit, Washington, D.C. 20429, and the CDFI for review. Any changes requested to be made in the plan or materials by the FDIC or the Commissioner shall be made prior to their dissemination. If the increase in Tier 1 capital is provided by the sale of noncumulative perpetual preferred stock, then all terms and conditions of the issue, including but not limited to those terms and conditions relative to interest rate and convertibility factors, shall be presented to the Regional Director and the Commissioner for prior approval.

(f) In complying with the provisions of Paragraph 3 of this ORDER, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities, a written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within ten (10) days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials. In addition, the Bank shall obtain all required prior authorizations, permits or other approvals from the Commissioner.

(g) For the purposes of this ORDER, the terms "Tier 1 capital" and "total assets" shall have, the meanings ascribed to them in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. §§ 325.2(v) and 325.2(x).

4. (a) Within thirty (30) days from the effective date of this ORDER, the Bank shall review the appropriateness of the Bank's Allowance and establish a comprehensive policy for determining an appropriate level of the Allowance, including documenting its analysis according to the standards set forth in the July 25, 2001, Interagency Policy Statement on Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Associations. For the purpose of this determination, an appropriate Allowance shall be determined after the charge-off of all loans or other items classified "Loss." The policy shall provide for a review of the Allowance at least once each calendar quarter. Said review should be completed in order that the findings of the Board with respect to the Allowance are properly reported in the quarterly Reports of Condition and Income. The review should focus on the accounting standards set forth in FAS 5 and FAS 114, the results of the Bank's internal loan review, loan and lease loss experience, trends of delinquent and non-accrual loans, an estimate of potential loss exposure of significant credits, concentrations of credit, and present and prospective economic conditions. A deficiency in the Allowance shall be remedied in the calendar quarter it is discovered, prior to submitting the Report of Condition, by a charge to current operating earnings. The minutes of the Board meeting at which such review is undertaken shall indicate the results of the review. The Bank's policy for determining the

adequacy of the Bank's Allowance, and the implementation of such policy, shall be satisfactory to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

5. (a) Within thirty (30) days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets classified "Loss" and one-half of the assets classified "Doubtful" during the Examination commenced on April 6, 2009 that have not been previously collected or charged off. Elimination of these assets through proceeds of other loans made by the Bank is not considered collection for the purpose of this paragraph.

(b) Within sixty (60) days from the effective date of this ORDER, the Bank shall develop written plans for the reduction and collection of each classified asset and delinquent loan greater than $200,000. The plans shall be reviewed and approved by the Bank's Board and shall be acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

6. (a) Beginning with the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit from the Bank that has been charged off or classified, in whole or in part, "Loss" and is uncollected. Subparagraph 6(a) of this ORDER shall not prohibit the Bank from renewing or extending the maturity of any credit in accordance with the Financial Accounting Standards Board Statement Number 15 ("FAS 15").

(b) Beginning with the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit from the Bank that has been classified, in whole or part, "Doubtful" without the prior approval of a majority of the Bank's Board or the loan committee of the Bank.

(c) Beginning with the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit from the Bank that has been classified, in whole or part, "Substandard" without the prior approval of a majority of the Bank's Board or the loan committee of the Bank.

(d) The loan committee or Bank's Board shall not approve any extension of credit, or additional credit to a borrower in Subparagraphs (b) and (c) above without first collecting in cash all past due interest.

7. Within sixty (60) days from the effective date of this ORDER, the Bank shall revise, adopt, and implement a written plan requiring the prudent diversification of the Bank's loan portfolio. Such plan shall include specific goals and actions for improving the Bank's monitoring of its concentrations of credit. Such plan and its implementation shall be acceptable to the Regional Director and the Commissioner. Such plan shall include, but not be limited to, the following:

(a) Specific types of concentrations that the Bank will monitor, with appropriate limits and guidelines for each concentration type.

(b) Specific actions that the Bank will take, and tools that the Bank will use, in order to monitor its concentrations of credits.

(c) The preparation of internal reports to facilitate the monitoring and control of the Bank's concentrations.

(d) The assignment of responsibility to review and monitor the Bank's concentration reports.

(e) The types and frequency of concentration reports that will be submitted to and reviewed by the Bank's Board.

(f) Procedures to ensure that concentration limits are not exceeded.

(g) Required actions to be taken when concentration limits are reached.

(h) Procedures requiring the periodic review of the types of concentrations that the Bank is monitoring, as well as the appropriateness of the applicable concentration limits, to ensure that the Bank has a dynamic concentration monitoring system that is appropriately modified and adjusted in response to changes in market conditions.

(i) Specific goals and timeframes for a reduction in the Bank's current concentration in construction and land development loans.

8. Within sixty (60) days of the effective date of this ORDER, the Bank shall develop or revise, adopt, and implement effective written lending, credit administration, and collection policies and procedures. Such policies and procedures, and their implementation, shall be acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations. Such policies and procedures shall, at a minimum, provide for corrective action to address the deficiencies and recommendations noted during the Examination which commenced on April 6, 2009, and should include, but not be limited to, the following:

(a) A plan for improving the Bank's credit risk management practices and for enhancing the Bank's credit risk monitoring systems in order to timely and accurately identify, monitor, and address problem loans.

(b) A plan to enhance the Bank's loan review and loan grading processes in order to ensure a more timely identification of, and response to, problem loans that arise in the portfolio. Such plan shall ensure the establishment of a timely and accurate internal loan grading system that is sufficiently dynamic and that appropriately reflects changing market conditions.

(c) Specific procedures and guidelines intended to improve the Bank's underwriting, monitoring, and controlling of the risk in its loan participations purchased from other financial institutions. Such procedures and guidelines should include, at a minimum, but not necessarily be limited to, the following:

(i) Requirements for a complete and documented pre-purchase due diligence of each loan participation purchased.

(ii) Establishment of procedures to ensure that current financial statements and status reports are received on a regular basis for each loan participation purchased.

(iii) Establishment of procedures requiring follow-up and contact with the participating financial institution when information or status reports have not been received as expected, or when the Bank's own internal review and monitoring has raised some concerns or questions regarding a specific loan participation purchased.

(iv) Establishment of sufficiently detailed management reports in order to ensure the effective monitoring of loan participations purchased.

(d) The establishment of formalized portfolio stress testing in order to better quantify, monitor, and address the risk to the Bank resulting from changing economic and market conditions.

(e) Procedures to ensure that management reporting to the Board includes all relevant loan-related reports and data to enable the Board to properly oversee the Bank's lending function.

(f) The establishment of a review process to ensure that borrower cash flow and financial statements are adequately reviewed and analyzed, and appropriately support the applicable credit.

The policies and procedures adopted shall be reflected in the minutes of a meeting of the Bank's Board at which all members are present and the vote of each member is noted.

9. Within ninety (90) days from the effective date of this ORDER, the Bank shall formulate and implement a written profit plan ("Profit Plan"). Such Profit Plan shall include specific goals and strategies for improving and sustaining the earnings of the Bank, specific provisions and action plans for controlling the Bank's overhead and other expenses, and plans for restoring the Bank to profitability. Such Profit Plan shall identify the major areas in, and the means by which, the Bank's Board will seek to improve the Bank's operating performance. The Profit Plan shall be forwarded to the Regional Director and the Commissioner for review and comment. The Profit Plan shall be in a form and shall be implemented in a manner acceptable to the Regional Director and the Commissioner, as determined at subsequent examinations and/or visitations.

10. Within ninety (90) days from the effective date of this ORDER, the Bank shall formulate and fully implement a written plan and a comprehensive budget for all categories of income and expense. The plan and budget required by this paragraph shall include formal goals and strategies, consistent with sound banking practices, to improve the Bank's net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain the

earnings of the Bank. The Bank's plan and budget should include, at a minimum, the following items:

(a) A description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components.

(b) A budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections.

(c) Coordination of the Bank's loan, investment, and operating policies, and budget and profit planning, with the funds management policy.

(d) The plan and budget required by Paragraph 10 of this ORDER, upon completion, shall be submitted to the Regional Director and the Commissioner for their review and opportunity for comment.

(e) Following the end of each calendar quarter, the Bank's Board shall evaluate the Bank's actual performance in relation to the plan and budget required by Paragraph 10 of this ORDER and shall record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Bank's Board meeting at which such evaluation is undertaken.

(f) Thereafter, the Bank shall formulate such a plan and budget by November 30 of each subsequent year.

11. Within sixty (60) days from the effective date of this ORDER, the Bank shall develop or revise, adopt, and implement a written liquidity and funds management policy. Such policy shall include a plan with specific action steps, goals, and timeframes for improving the Bank's liquidity position and for reducing the Bank's reliance on potentially volatile funding sources. Such policy and its implementation shall be in a form and shall be implemented in a

manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

12. During the life of this ORDER, the Bank shall not pay cash dividends without the prior written consent of the Regional Director and the Commissioner.

13. (a) During the life of this ORDER, the Bank shall not accept, renew, or roll over any brokered deposit unless it has applied for and been granted a waiver of this prohibition by the FDIC in accordance with the provisions of Section 337.6 of the FDIC's Rules and Regulations, 12 C.F.R. § 337.6.

(b) Within ten (10) days of the effective date of this ORDER, the Bank shall submit to the Regional Director and the Commissioner a written plan for eliminating its reliance on brokered deposits. The plan should contain details as to the current composition of brokered deposits by maturity and amount, and should explain the means by which such deposits will be paid or rolled over. The Regional Director and the Commissioner shall have the right to reject the Bank's plan. On the 25th day of each month, the Bank shall provide a written progress report to the Regional Director and the Commissioner detailing the level, source, and use of brokered deposits with specific reference to progress under the Bank's plan.

(c) For purposes of this ORDER, brokered deposits are defined as described in section 337.6(a)(2) of the FDIC's Rules and Regulations, 12 C.F.R. § 337.6(a)(2).

14. Within thirty (30) days of the end of the first quarter following the effective date of this ORDER, and within thirty (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.

15. 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, at least fifteen (15) 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.

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This ORDER will become effective upon its issuance by the FDIC and the CDFI. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC and the CDFI.

Pursuant to delegated authority.

Dated at San Francisco, California, this 5th day of August, 2009.

/s/	/s/
J. George Doerr Deputy Regional Director Risk Management Division of Supervision and Consumer Protection San Francisco Region Federal Deposit Insurance Corporation	William S. Haraf Commissioner California Department of Financial Institutions