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# Imperial Capital Bank Assigned Small-Balance Commercial Mortgage And Special Servicer Rankings

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NEW YORK (Standard & Poor's) Jan. 28, 2008--Standard & Poor's Ratings Services today assigned its AVERAGE ranking to Imperial Capital Bank (ICB) as a small-balance commercial mortgage servicer. Concurrently, we assigned our ABOVE AVERAGE ranking to ICB as a small-balance commercial mortgage special servicer. The outlook for the commercial mortgage servicer ranking is positive, and the outlook for the special servicer ranking is stable.

ICB operates strictly within a commercial loan and mortgage credit and servicing environment, with a servicing platform that Standard & Poor's finds well-suited and properly customized to address the characteristics of small-balance commercial mortgage loans. In particular, ICB operates with effective technology for its loan administration functions and related management reporting. It maintains thoroughly delineated and proactive operating procedures, along with sound customer service automation tools and related procedures. ICB also deploys appropriate portfolio management and credit monitoring policies to address property inspections, financial statement reviews, loan performance and watchlist tracking, and borrower requests. The professional and management teams for both primary and special servicing functions possess solid industry experience in this niche servicing area.

The loan servicer ranking takes the following other factors into consideration: ICB's servicing portfolio is still heavily concentrated within

California, and the bank has not yet acquired experience servicing for securitizations (ICB principally services its balance sheet portfolio and a small Fannie Mae portfolio). The ranking also considers that ICB made certain procedural adjustments in 2007 to strengthen cash controls and its investor reporting/accounting function based on Standard & Poor's observations.

The special servicer ranking recognizes ICB's sound internal control practices and successful asset recovery track record for its moderate volume of foreclosure litigation, workout negotiations, and commercial REO dispositions. The bank demonstrates particularly excellent professional depth for special servicing. Its technology suite also includes an effective proprietary application to facilitate related asset management reporting.

ICB is a wholly owned subsidiary of Imperial Capital Bancorp. Its corporate offices are based in La Jolla, Calif., and its servicing center is in Glendale, Calif. As of Dec. 31, 2007, ICB serviced a \$2.6 billion commercial mortgage portfolio consisting of 2,903 loans.

#### Outlook

The outlook is positive for the small-balance commercial mortgage servicer ranking and stable for the special servicer ranking. Standard & Poor's may consider raising ICB's mortgage servicer ranking within the next 12 to 18 months based on the company's path of implementing process and control improvements while expanding its expertise geographically. An upgrade will be contingent on the company's ability to extend its third-party servicing experience beyond Fannie Mae and into securitized transactions while maintaining sound internal controls, diligent portfolio management practices, and efficient administrative processes. For special servicing, ICB demonstrates the requisite professional depth, procedures, system tools, and successful track record with balance-sheet assets to transition into a competent special servicer for securitized pools.

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