

IMPERIAL CAPITAL BANCORP, INC.

Form DEFR14A

July 01, 2009

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

Imperial Capital Bancorp, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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- Fee paid previously with preliminary materials.

- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**IMPERIAL CAPITAL BANCORP, INC.  
888 Prospect Street, Suite 110  
La Jolla, California 92037  
(858) 551-0511**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held on August 5, 2009**

Notice is hereby given that the Annual Meeting of Shareholders (the Meeting ) of Imperial Capital Bancorp, Inc. ( ICB ) will be held at the Sheraton La Jolla Hotel, located at 3299 Holiday Court, La Jolla, California, on August 5, 2009 at 2:00 p.m., California time.

A Proxy Card and a Proxy Statement for the Meeting are enclosed.

The Meeting is for the purpose of considering and acting upon:

1. The election of two (2) directors of ICB; and
2. such other matters as may properly come before the Meeting, or any adjournments or postponements thereof. The Board of Directors is not aware of any other business to come before the Meeting.

Any action may be taken on the foregoing items at the Meeting on the date specified above, or on any date or dates to which the Meeting may be adjourned or postponed. Shareholders of record at the close of business on June 24, 2009 are the shareholders entitled to vote at the Meeting and any adjournments or postponements thereof. A complete list of shareholders entitled to vote at the Meeting will be available for inspection by shareholders at the main office of ICB during the ten days prior to the Meeting, as well as at the Meeting.

You are requested to complete, sign and date the enclosed form of proxy, which is solicited on behalf of the Board of Directors, and to mail it promptly in the enclosed envelope. If your shares are held in street name with a bank or broker, check your proxy card to see if you can also vote by telephone or the internet. The proxy will not be used if you attend and vote at the Meeting in person.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on August 5, 2009.**

**The Proxy Statement and the Annual Report to Shareholders are available at [www.icbancorp.com](http://www.icbancorp.com).**

By Order of the Board of Directors

Anthony A. Rusnak  
*General Counsel and Secretary*

La Jolla, California  
July 1, 2009

**IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE ICB THE EXPENSE OF FURTHER REQUESTS FOR PROXIES TO ENSURE A QUORUM AT THE MEETING. A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.**

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**IMPERIAL CAPITAL BANCORP, INC.  
888 Prospect Street, Suite 110  
La Jolla, California 92037  
(858) 551-0511**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS  
To Be Held August 5, 2009**

This Proxy Statement is furnished in connection with the solicitation, on behalf of the Board of Directors of Imperial Capital Bancorp, Inc. ( we, our, us, ICB or the Company ), of proxies to be used at the Annual Meeting of Shareholders of ICB (the Meeting ), and all adjournments or postponements of the Meeting. The Meeting will be held at the Sheraton La Jolla Hotel, located at 3299 Holiday Court, La Jolla, California, on August 5, 2009 at 2:00 p.m., California time. The accompanying Notice of Annual Meeting of Shareholders and form of proxy and this Proxy Statement are first being mailed to shareholders on or about July 1, 2009. Certain of the information provided herein relates to Imperial Capital Bank, a wholly owned subsidiary of ICB (sometimes referred to below as the Bank ).

At the Meeting, our shareholders are being asked to consider and vote upon the election of two directors of ICB.

**VOTING RIGHTS AND PROXY INFORMATION**

All shares of our common stock, par value \$.01 per share ( Common Stock ), represented at the Meeting by properly executed proxies received prior to or at the Meeting and not revoked will be voted at the Meeting in accordance with the instructions thereon. If no instructions are indicated, properly executed proxies will be voted FOR the election of the nominees named in this Proxy Statement. We do not know of any matters, other than as described in the Notice of Annual Meeting of Shareholders, that are to come before the Meeting. If any other matters are properly presented at the Meeting for action, our Board of Directors, as proxy for the shareholder, will have the discretion to vote on such matters in accordance with its best judgment.

Directors will be elected by a plurality of the votes cast. Shareholders may vote FOR both nominees for election or withhold their votes from either or both nominees for election. Votes that are withheld and shares held by a broker, as nominee, that are not voted (so-called broker non-votes ) in the election of directors will not be included in determining the number of votes cast. The holders of at least one-third of the outstanding shares of our Common Stock, present in person or represented by proxy, will constitute a quorum for purposes of the Meeting. Proxies marked to abstain and broker non-votes will be counted for purposes of determining a quorum.

A proxy given pursuant to this solicitation may be revoked at any time before it is voted. Proxies may be revoked by: (i) duly executing and delivering to the Secretary of ICB a subsequent proxy relating to the same shares prior to the exercise of such proxy; (ii) filing with the Secretary of ICB at or before the Meeting a written notice of revocation bearing a later date than the proxy; or (iii) attending the Meeting and voting in person (although attendance at the Meeting will not in and of itself constitute revocation of a proxy). Any written notice revoking a proxy should be delivered to Anthony A. Rusnak, Esq., General Counsel and Secretary of ICB, at Imperial Capital Bancorp, Inc., 888 Prospect Street, Suite 110, La Jolla, California 92037.

Shareholders of record as of the close of business on June 24, 2009 will be entitled to one vote for each share then held, provided, however, that pursuant to Section C of Article Fourth of ICB's certificate of incorporation, no person who beneficially owns more than 10% of the shares of Common Stock outstanding as of that date may vote any shares owned in excess of that limit. As of that date, we had 5,428,760 shares of Common Stock outstanding.

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SHAREHOLDERS AND MANAGEMENT**

The following table sets forth, as of June 24, 2009, certain information as to (i) those persons who were believed by our management to be beneficial owners of more than five percent of our Common Stock outstanding; (ii) the shares of our Common Stock beneficially owned by our executive officers named below; and (iii) the shares of Common Stock beneficially owned by all of our executive officers and directors as a group. For information regarding share ownership by directors individually, see Election of Directors Information as to Nominees and Continuing Directors. The address of each executive officer named in the table is the same address as ICB. An asterisk (\*) denotes beneficial ownership of less than one percent.

| <b>Beneficial Owner</b>  | <b>Shares<br/>Beneficially<br/>Owned</b> | <b>Percent<br/>of<br/>Class</b> |
|--|--|---------------------------------|
| Howard Amster<br>23811 Chagrin Boulevard, Suite 200<br>Beachwood, OH 44122               | 489,000(1)                               | 9.01%                           |
| Franklin Mutual Advisers, LLC<br>51 John F. Kennedy Parkway<br>Short Hills, NJ 07078     | 445,796(2)                               | 8.21%                           |
| Dimensional Fund Advisors, LP<br>1299 Ocean Avenue, 11th Floor<br>Santa Monica, CA 90401 | 429,524(3)                               | 7.91%                           |
| George W. Haligowski<br>Chairman of the Board,<br>President and Chief Executive Officer  | 407,741(4)(5)(6)                         | 7.37%                           |
| Norval L. Bruce<br>Vice Chairman of the Board  | 51,482(4)                                | 0.95%                           |
| Timothy M. Doyle<br>Executive Managing Director and Chief Financial Officer              | 88,263(4)(5)(6)                          | 1.61%                           |
| Lyle C. Lodwick<br>Executive Managing Director and Chief Operating Officer               | 67,542(4)(5)(6)                          | 1.23%                           |
| Phillip E. Lombardi<br>Executive Managing Director and Chief Credit Officer              | 47,050(4)(5)(6)                          | 0.86%                           |
| All directors and executive officers as a group (nine persons)                           | 703,578                                  | 12.36%                          |

(1) As reported by Howard Amster in a Schedule 13D filed on July 14, 2008 with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Mr. Amster reported sole voting and dispositive powers as to 106,400 shares and shared voting and dispositive powers as to 382,600 shares.

(2) As reported by Franklin Mutual Advisers, LLC ( Franklin ) on a Schedule 13G amendment filed on February 11, 2005 with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Franklin reported sole voting and dispositive powers as to all of the 445,796 shares, and shared voting and dispositive powers as to none of the 445,796 shares covered by the report.

- (3) As reported by Dimensional Fund Advisors, LP ( Dimensional ) on a Schedule 13G amendment filed on February 9, 2009 with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Dimensional reported sole voting and dispositive powers as to all of the 429,524 shares, and shared voting and dispositive powers as to none of the 429,524 shares covered by the report.
- (4) Includes shares held directly, as well as shares held in retirement accounts or by certain members of the named individual s families or corporations for which an individual is an officer or director or held by trust of which an individual is trustee or a substantial beneficiary, over which shares the individual may be deemed to have sole or shared voting and/or dispositive power.
- (5) Includes shares underlying exercisable options and options exercisable within 60 days of June 24, 2009, as follows: Chairman Haligowski 104,166 shares; Timothy M. Doyle 51,666 shares; Lyle C. Lodwick

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54,166 shares; Phillip E. Lombardi 36,666 shares; and all directors and executive officers as a group 264,664 shares.

- (6) Includes vested supplemental executive retirement plan ( SERP ) account shares held in the Rabbi Trust we established, as follows: Chairman Haligowski 169,059 shares; Timothy M. Doyle 32,711 shares; Lyle C. Lodwick 3,376 shares; Phillip E. Lombardi 2,884 shares; and all directors and executive officers as a group 208,030 shares. Also includes shares held in deferred compensation plan accounts in the Rabbi Trust as follows: Mr. Haligowski 134,216 shares; Mr. Doyle 3,886 shares; and all directors and executive officers as a group 138,102 shares.

**ELECTION OF DIRECTORS**

Our Board of Directors is currently comprised of six members. One-third of our directors are elected annually. Our directors are generally elected to serve for three-year terms or until their respective successors have been elected and qualified.

**INFORMATION AS TO NOMINEES AND CONTINUING DIRECTORS**

The table below sets forth certain information regarding the composition of our Board of Directors, including the directors terms of office. It is intended that the proxies solicited on behalf of our Board of Directors (other than proxies in which the vote is withheld as to the nominee) will be voted at the Meeting for the election of the nominees identified below. If any nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such substitute as our Board of Directors may recommend, based on the recommendation to the Board by the Corporate Governance/Nominating Committee of the Board. At this time, our Board of Directors knows of no reasons why the nominees might be unable to serve, if elected. There are no arrangements or understandings between any nominee and any other person pursuant to which the nominee was selected. An asterisk (\*) denotes beneficial ownership of less than one percent. **Our Board of Directors unanimously recommends that shareholders vote FOR the nominees named below for election as directors.**

| Name                                  | Age(1) | Positions Held In ICB  | Director Since | Term to Expire | Shares of Common Stock Beneficially Owned at June 24, 2009(2) | Percent of Class |
|---------------------------------------|--------|--|----------------|----------------|---|------------------|
| <b>Nominees</b>                       |        |  |                |                |   |                  |
| Norval L. Bruce                       | 67     | Vice Chairman of the Board                                   | 1997           | 2012           | 51,482  | *                |
| Jeffrey L. Lipscomb                   | 55     | Director   | 1996           | 2012           | 8,600   | *                |
| <b>Directors Continuing in Office</b> |        |  |                |                |   |                  |
| George W. Haligowski                  | 54     | Chairman of the Board, President and Chief Executive Officer | 1996           | 2011           | 407,741   | 7.37%            |
| Hiroataka Oribe                       | 74     | Director   | 1996           | 2011           | 11,600  | *                |
| Sandor X. Mayuga                      | 60     | Director   | 1996           | 2010           | 10,300  | *                |
| Robert R. Reed                        | 72     | Director   | 1996           | 2010           | 11,000  | *                |

- (1) As of June 24, 2009.
- (2) Includes shares held directly, as well as shares which are subject to immediately exercisable options and options exercisable within 60 days of June 24, 2009, under our stock option plans, shares held under SERP and deferred compensation plan accounts held in the Rabbi Trust, and shares held in other retirement accounts or by certain members of the named individual's families or corporations for which an individual is an officer or director or held by trust of which an individual is trustee or a substantial beneficiary, over which shares the individual may be deemed to have sole or shared voting and/or dispositive power. The above named individuals held exercisable options and options exercisable within 60 days of June 24, 2009 as follows: Vice Chairman Bruce none; Director Lipscomb 4,500 shares; Chairman Haligowski 104,166 shares; Director Oribe 4,500 shares; Director Mayuga 4,500 shares; and Director Reed 4,500 shares.

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The business experience of each of our directors for at least the past five years is as follows:

*Norval L. Bruce* has served as the Vice Chairman of the Board of ICB and the Bank since June of 1999, and retired as an executive officer effective December 31, 2008. He was Chief Credit Officer from June 1999 through August 2007 and prior to that he was President and Chief Operating Officer of the Bank from October 1997 to June 1999, and previously was the Executive Vice President and Chief Credit Officer of the Bank from 1990 to October 1997. Mr. Bruce was appointed a director of the Bank and ICB in January 1997 and September 1997, respectively. From 1988 to 1989, he served as Executive Vice President and Chief Credit Officer of Security Pacific Bank, Nevada. He was previously employed by Security Pacific Bank from 1965 to 1988 in a variety of positions including management positions in which he was responsible for both loan origination and credit quality. Mr. Bruce has an Associates of Arts degree from Clark College of Vancouver Washington, and attended the University of Washington where he studied economics and engineering. He is a graduate of the Southwestern Graduate School of Banking at Southern Methodist University and he has completed the Executive Program in Management from the John E. Anderson Graduate School of Management at UCLA.

*Jeffrey L. Lipscomb* is a Chartered Financial Consultant (ChFC), and an Investment Advisory Associate with AXA Advisors and formerly was a Registered Principal and Assistant Manager of the San Diego office of Equitable Financial Companies since 1986, handling corporate group benefits and personal financial planning. Additionally, he is an Executive Vice-President of Excelsior Financial Network, LLC, a wealth planning management group. Mr. Lipscomb was also with Kidder Peabody from 1983 to 1986. Mr. Lipscomb received a Bachelor of Arts Degree in General Psychology from the University of California, Santa Barbara in 1976.

*George W. Haligowski* has served as ICB's Chairman of the Board, President and Chief Executive Officer since inception. He has also served as the Bank's Chairman of the Board and Chief Executive Officer since 1992, and was the Bank's President from 1992 to October 1997. In 2000 he was again appointed as President of the Bank. From 1990 to 1992, he served as President, Chief Executive Officer and Principal of Halivest International, Ltd., an international finance and asset management company. He was previously employed as a Vice President by Shearson Lehman Hutton (1988 to 1990) and Prudential-Bache Securities (1983 to 1988), and by Avco Financial Services as Regional Director of its Japanese branch operations (1976 to 1981), as Training Coordinator for Avco Thrift and Loan (1976) and as a Branch Manager (1974 to 1976). Mr. Haligowski's post secondary education consists of the following programs: He graduated from the Securities Industry Institute held at the University of Pennsylvania Wharton School. He also became an alumnus of the Harvard Business School by completing the Owners Presidents Management Program. He completed the Advanced Management Program at the University of Southern California. He received his Masters of Banking diploma from L.S.U. Graduate School of Banking. Mr. Haligowski also serves on several boards, including Operation Hope, Chairman Emeritus of the Young Presidents Organization of San Diego, and is Chairman of the University of California San Diego Scripps Institute of Oceanography's Advisory Board the Director's Cabinet.

As reported in ICB's Current Report on Form 8-K filed on February 27, 2009, on February 25, 2009, Mr. Haligowski commenced a medical leave of absence from ICB and the Bank. In his absence, his decision making authority has been assumed by the Executive Committees of the Boards of Directors of ICB and the Bank.

*Hirotaoka Oribe* is a licensed architect with international experience in real estate development and urban planning. Since 1993, Mr. Oribe has served as an advisor to Kajima Development Resources, Inc. From 1979 to 1993, Mr. Oribe was Executive Vice President, Chief Operating Officer and a Director of Kajima Development Corporation, a firm engaged in development and construction of single-family and multi-family housing, office buildings, retail space and land development. Mr. Oribe previously held other positions with affiliates of Kajima Corporation of Japan from 1973 to 1979 and was a practicing architect from 1962 to 1973. Mr. Oribe holds a Bachelor and Masters of Engineering from Waseda University in Tokyo, and holds a Master of Architecture in Urban Design from Harvard

University's Graduate School of Design. He is also a licensed architect with the State of California and the Commonwealth of Massachusetts.

*Sandor X. Mayuga* is a member of the California State Bar and has been a shareholder in the law firm of Keesal, Young & Logan since September 2008, after having been Of Counsel to that firm since April 2004. Prior to that, he was a member of the law firm of Tisdale & Nicholson, LLP since 1994. He conducted his own law practice from 1983 to 1994 and was a partner in the Financial Institutions Department of Finley, Kumble, Wagner, Heine, Underberg, Manly & Casey, a New York-based national law firm, from 1980 to 1983. Previously, he served as

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Assistant General Counsel of Hunt-Wesson Foods, Inc., a subsidiary of Norton Simon, Inc., and was associated with two large regional law firms in Los Angeles County. Since 1980, Mr. Mayuga's practice has focused on the representation of financial institutions and other finance-related businesses in corporate, transactional and regulatory matters. Mr. Mayuga is a graduate of the University of Pennsylvania School of Law (Juris Doctoris, 1974), and the University of California, Santa Barbara (A.B., Political Science, with High Honors, 1970). While at the University of Pennsylvania, he also studied at The Wharton School of Finance and Commerce. He also earned a Certificate in Private International Law at Academie du Droit Internationale de la Haye (1975).

*Robert R. Reed* is retired from Household International where he was employed in various positions from 1960 to 1992. Mr. Reed served as Vice President of Household Bank from 1980 to 1992. Mr. Reed was previously employed in management positions with Household Financial Corporation from 1962 to 1980. From 1995 to 2000, Mr. Reed served as a director of the Santa Ana City Cable Television Review Board.

**INFORMATION AS TO EXECUTIVE OFFICERS  
WHO ARE NOT ALSO DIRECTORS**

Our executive officers who are not also directors are identified below.

| <b>Name</b>         | <b>Age</b> | <b>Position</b>   |
|---------------------|------------|---|
| Timothy M. Doyle    | 53         | Executive Managing Director and Chief Financial Officer of ICB and the Bank |
| Lyle C. Lodwick     | 55         | Executive Managing Director and Chief Operating Officer of ICB and the Bank |
| Phillip E. Lombardi | 52         | Executive Managing Director and Chief Credit Officer of ICB and the Bank    |

*Timothy M. Doyle* has served as Executive Managing Director and Chief Financial Officer of ICB and the Bank since August 2005. He was previously Senior Managing Director and Chief Financial Officer of ICB and the Bank from May 2000 to August 2005, and prior to that he was Managing Director and Chief Administrative Officer of ICB and the Bank from May 1996 to May 2000. Before joining the Bank, he was the Controller and Director of Operations at Northeastern Plastics from 1995 to 1996; Assistant Controller of Alpha Wire Corporation from 1992 to 1994; and Vice President and Chief Financial Officer of Halivest International, Ltd. from 1989 to 1991. From 1982 to 1988, he was the Corporate Controller of the Shepaug Corporation. Mr. Doyle graduated with a Bachelor of Science degree in Accounting from Western New England College, and has completed the International Business Management Senior Executive Program of the London Business School.

*Lyle C. Lodwick* has served as Executive Managing Director and Chief Operating Officer of ICB and the Bank since August 2005. Prior to joining ICB, Mr. Lodwick served as Executive Vice President and Chief Operating Officer of Sunwest Bank and, prior to that, he served as Executive Vice President and Chief Credit Officer at Pacific Crest Capital, Inc. During his tenure at Pacific Crest Capital, Inc. from 1992 to 2004, he held several senior level positions with the company. From 1982 to 1985, he was Assistant Regional Credit Manager, Western Region, with Commercial Credit Corporation. Mr. Lodwick has a BA from Whittier College and an MBA from the University of LaVerne.

*Phillip E. Lombardi* has served as Executive Managing Director Chief Credit Officer of ICB and the Bank since August 2005. Prior to joining ICB, he was Vice President and Manager of the Los Angeles Real Estate Industries lending division of Bank of the West (formerly Sanwa Bank of California) from 2001 to 2004. He was previously Vice President and Relationship Manager for Citicorp Real Estate, Inc. and the Commercial Asset Management unit

of Citibank, F.S.B. from 1985 through 2000; and Construction Superintendent and later Marketing Director for 666 Venture, Inc. from 1981 to 1985. Mr. Lombardi has an MBA from the University of Chicago with a Specialization in Finance, and a BA from the University of Puget Sound.



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**BOARD MEETINGS, BOARD COMMITTEES  
AND CORPORATE GOVERNANCE MATTERS**

Our Board of Directors generally meets every other month and may have additional special meetings from time to time. During the year ended December 31, 2008, our Board of Directors met nine times. During 2008, no current director attended fewer than 75% of the aggregate of (i) the total number of Board meetings held during the period for which he was a director and (ii) the total number of meetings held by all committees of the Board on which he served during the periods that he served. In addition, all of our Board members are expected to attend our annual meeting of shareholders, although we do not have any written policy as to Board members' attendance at the annual meeting of shareholders. Last year's annual meeting of shareholders was attended by the entire Board of Directors.

**Director Independence**

Under our corporate governance guidelines, we are required to have a majority of independent directors, as that term is defined under the listing standards of the New York Stock Exchange (the "NYSE"), and no director qualifies as independent unless our Board of Directors has affirmatively determined that the director has no material relationship with us. Our Board has determined that Directors Lipscomb, Mayuga, Oribe and Reed have no material relationships with us, and therefore are independent directors of the Company.

To assist it in making its independence determinations, our Board of Directors has adopted the categorical standards described below, which are set forth in our corporate governance guidelines (see "Availability of Committee Charters, Code of Business Conduct and Ethics and Corporate Governance Guidelines" below). Any of the following relationships will be deemed not to be material and therefore will not impair a director's independence unless our Board of Directors determines otherwise:

1. Lending relationships, deposit relationships, other customer relationships (such as, for example, custodial, cash management and similar services), and other business relationships between ICB and its subsidiaries, on the one hand, and a director, an immediate family member of the director, or an entity with which the director or immediate family member is affiliated by reason of being a director, officer or similar position or an owner of a 10% or greater equity interest therein (a "Director-Related Entity"), on the other hand, that meet the following criteria:

i. such relationship is in the ordinary course of business of ICB and its subsidiaries, and is at arms-length and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons;

ii. with respect to an extension of credit by a subsidiary of ICB: (A) such extension of credit has been made in compliance with applicable laws and regulations, including Regulation O of the Board of Governors of the Federal Reserve System and Section 13(k) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and (B) such credit has not been criticized or classified (under our internal loan grading system), placed on non-accrual status, is not past due, has not been restructured or is not otherwise a potential problem credit;

iii. in the event that the relationship did not exist or was terminated in the normal course of business, that action would not reasonably be expected to have a material and adverse effect on our consolidated financial condition, earnings or business, a Director-Related Entity or a director; and

iv. in the case of a director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, ICB for property or services in an amount which, in any single fiscal year during the last three years, does not exceed the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

2. In the case of contributions by ICB or any of its subsidiaries to a charitable organization of which a director (or a director's immediate family member) serves as an officer, director or trustee, the annual amount of such contributions were less than the greater of \$1 million or 2% of such charitable organization's gross revenues for its last fiscal year.

For business or other relationships not covered by the above categories, our Board of Directors, after considering all of the relevant circumstances, may make a determination as to whether the relationship is not material and whether the director may therefore be considered independent under the NYSE listing standards.

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In making its independence determination as to Director Mayuga, the Board considered our relationship with Director Mayuga as disclosed under *Transactions with Certain Related Persons* and determined that this relationship satisfied the categorical standards outlined above.

## **Board Committees**

The principal standing committees of our Board of Directors are described below.

*Audit Committee.* The Audit Committee is currently comprised of Messrs. Reed (Chairman), Lipscomb and Oribe, each of whom is independent as independence is defined for audit committee members in the NYSE listing standards. Our Board of Directors has determined that Mr. Lipscomb is an *audit committee financial expert* (as defined in Item 407(d)(5) of Regulation S-K of the Securities and Exchange Commission).

The Audit Committee met 11 times during 2008. The Audit Committee assists our Board in its oversight responsibility relating to the integrity of our financial statements and the financial reporting process, the systems of internal accounting and financial controls and compliance with legal and regulatory requirements. The Audit Committee, among other things:

- oversees the entire audit function for ICB, both internal and independent;
- hires, terminates and/or reappoints our independent auditors;
- ensures the existence of effective accounting and internal control systems;
- approves non-audit and audit services to be performed by the independent auditors; and
- reviews and assesses the adequacy of the Audit Committee charter on an annual basis.

The report of the Audit Committee is set forth below under *Audit Committee Report*.

*Compensation Committee.* The Compensation Committee currently consists of Messrs. Lipscomb, Mayuga and Oribe, each of whom is independent for purposes of the NYSE listing standards. The Compensation Committee met twice time during 2008. The responsibilities of the Compensation Committee include:

- reviewing from time to time our compensation plans and, if the committee believes it to be appropriate, recommending that the Board amend these plans or adopt new plans;
- annually reviewing and approving corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating the Chief Executive Officer's performance in light of these goals and objectives and recommending to the Board the Chief Executive Officer's compensation level based on this evaluation;
- overseeing the evaluation of our management, and recommending to the Board the compensation for our executive officers and other key members of management. This includes evaluating performance and recommending to the Board specific awards for executive officers;
- recommending to the Board the appropriate level of compensation and the appropriate mix of cash and equity compensation for directors;
- administering any benefit plan which the Board has determined should be administered by the committee; and

reviewing, monitoring and reporting to the Board, at least annually, on management development efforts to ensure a pool of candidates for adequate and orderly management succession.

The Compensation Committee's charter authorizes the committee to delegate its authority to subcommittees to the extent permitted by applicable laws, regulations and exchange listing standards. The Compensation Committee's charter also authorizes the committee to retain a compensation consultant to assist the committee in carrying out its responsibilities. As described under Executive Compensation Compensation Discussion and Analysis-Determination of Appropriate Pay Levels-In General, the Committee has utilized the assistance of a compensation consultant in setting the compensation of Mr. Haligowski, our Chief Executive Officer. Mr. Haligowski's role in the determination of executive compensation is described under Executive Compensation Compensation Discussion and Analysis-Role of Executive Officers in Determining Compensation.

The report of the Compensation Committee is set forth below under Executive Compensation Compensation Committee Report.

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*Corporate Governance/Nominating Committee.* The Corporate Governance/Nominating Committee is comprised of Directors Mayuga (Chairman), Reed, Oribe and Lipscomb, each of whom is independent for purposes of the NYSE listing standards. The Corporate Governance/Nominating Committee met three times during 2008.

The responsibilities of the Corporate Governance/Nominating Committee include:

develop and recommend to the Board a set of corporate governance guidelines, review these guidelines at least annually and recommend changes as necessary;

recommend to the Board the appropriate size of the Board and assist in identifying, interviewing and recruiting candidates for the Board;

recommend candidates (including incumbents) for election and appointment to the Board of Directors, subject to the provisions set forth in our certificate of incorporation and bylaws relating to the nomination or appointment of directors, based on the following criteria: business experience, education, integrity and reputation, independence, conflicts of interest, diversity, age, number of other directorships and commitments (including charitable organizations), tenure on the Board, attendance at Board and committee meetings, stock ownership, specialized knowledge (such as an understanding of banking, accounting, marketing, finance, regulation and public policy) and a commitment to ICB's communities and shared values, as well as overall experience in the context of the needs of the Board as a whole. Final approval of director nominees is determined by the full Board, based on the recommendations of the Corporate Governance/Nominating Committee. The nominees for election at the Meeting identified in this Proxy Statement were recommended to the Board by the Corporate Governance/Nominating Committee;

review nominations submitted by shareholders, which have been addressed to the Corporate Secretary, and which comply with the requirements of our certificate of incorporation and bylaws. Nominations from shareholders will be considered and evaluated using the same criteria as all other nominations;

annually recommend to the Board committee assignments and committee chairs on all committees of the Board, and recommend committee members to fill vacancies on committees as necessary;

recommend to the Board a process for the evaluation of the Board, its committees and management, and oversee this process; and

perform any other duties or responsibilities expressly delegated to the Committee by the Board.

Director nominations must be made pursuant to timely notice in writing to the Corporate Secretary as set forth in Article II, Section 6(c) of our bylaws. Shareholders may recommend candidates for consideration by the Corporate Governance/Nominating Committee by following the procedures set forth in Article II, Section 6(c). As noted above, shareholder-recommended candidates will be considered and evaluated using the same criteria set forth above.

Article II, Section 6(c) of our bylaws provides that nominations for election as directors by shareholders must be made in writing and delivered to the Secretary of ICB at least 90 days prior to the annual meeting date. If, however, the date of the meeting is first publicly disclosed less than 100 days prior to the date of the meeting, nominations must be received by ICB not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting was mailed to shareholders or the day on which public disclosure of the date of the meeting was first made. In addition to meeting the applicable deadline, nominations must be accompanied by certain information specified in Article II, Section 6(c) of our bylaws. This information includes the following:

(i) as to each person whom a shareholder proposes to nominate for election as a director, all information relating to the proposed nominee that is required to be disclosed in the solicitation of proxies for election as directors or is otherwise required pursuant to Regulation 14A under the Exchange Act, including the proposed nominee's written consent to serve as a director, if elected; and

(ii) as to the shareholder giving the notice:

the name and address, as they appear on our books, of the shareholder; and

the number of shares of our Common Stock beneficially owned by the shareholder.

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The foregoing description is a summary of our nominating process. Any shareholder wishing to nominate a candidate or recommend a nominee to our Corporate Governance/Nominating Committee for its consideration should review and must comply in full with the procedures set forth in our certificate of incorporation and bylaws, and Delaware law.

*Executive Committee.* The primary responsibilities of the Executive Committee are to advise our management on matters when the full Board of Directors is unavailable or to conduct business as specifically designated by the full Board. In addition, the Executive Committee has assumed the decision making authority of Mr. Haligowski during his medical leave of absence. The current members of the Executive Committee are Messrs. Reed, Oribe and Bruce. The Executive Committee held eight meetings in 2008.

## **Availability of Committee Charters, Code of Business Conduct and Ethics and Corporate Governance Guidelines**

Each of the Audit, Compensation and Corporate Governance/Nominating Committees operates under a written charter approved by our Board of Directors. Our Board of Directors has also adopted a Code of Business Conduct and Ethics, which applies to all directors and employees of ICB and its subsidiaries, and corporate governance guidelines, which are primarily intended to provide guidelines for the governance of the Board and the Board's committees. These documents are available on our website, [www.icbancorp.com](http://www.icbancorp.com), by clicking "Investor Relations" and then clicking "Governance." These documents are also available in print to any shareholder who requests them, by writing to Imperial Capital Bancorp, Inc., Attn: Anthony A. Rusnak, Esq., General Counsel and Secretary, 888 Prospect Street, Suite 110, La Jolla, California 92037.

## **Management Succession**

As required by our corporate governance guidelines, the Compensation Committee provides an annual report to our Board of Directors regarding our program for management development and succession.

## **Executive Sessions of Non-Management Directors**

Our corporate governance guidelines require that our non-management directors regularly meet in executive session outside the presence of management and that these sessions be chaired by the Chairman of the Corporate Governance/Nominating Committee (currently Mr. Mayuga).

## **Shareholder and Other Interested Party Communications with the Board of Directors**

Shareholders and other interested parties may communicate with our Board of Directors or the non-management directors by writing to: Imperial Capital Bancorp, Inc., Attn: Audit Committee Chairman, 888 Prospect Street, Suite 110, La Jolla, California 92037.

## **AUDIT COMMITTEE REPORT**

The following report of the Audit Committee of our Board of Directors shall not be deemed to be soliciting material or to be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent ICB specifically incorporates this report therein, and shall not otherwise be deemed filed under such Acts.

Management is responsible for ICB's internal controls, financial reporting process and compliance with laws and regulations. The independent auditors are responsible for performing an independent audit of ICB's consolidated financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

As required by its charter, the Audit Committee received and reviewed the report of Ernst & Young LLP regarding the results of their audit, as well as the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young LLP's communications with the Audit Committee concerning independence, and discussed with Ernst & Young LLP their independence. The Audit Committee reviewed and discussed the audited financial statements with ICB's management. A representative of Ernst & Young LLP also discussed with the Audit Committee the independence of Ernst & Young LLP from ICB, as well as the matters required to be discussed by Statement of Auditing Standards No. 61 (Communication with Audit Committees).



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In fulfilling its oversight responsibility of reviewing the services performed by ICB's independent auditors, the Audit Committee carefully reviews the policies and procedures for the engagement of the independent auditors. The Audit Committee met with the independent auditors to discuss the results of their examinations, the evaluation of ICB's internal controls and the overall quality of ICB's financial reporting. The Audit Committee also reviewed and discussed with the independent auditors the fees paid to the independent auditors; these fees are described under Relationship with Independent Auditors below.

Management reviewed with the Audit Committee the certifications that the principal executive and financial officers file with the Securities and Exchange Commission (the SEC) pursuant to the requirements of Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Management also reviewed with the Audit Committee the policies and procedures it has adopted to ensure the accuracy of such certifications.

Based on the Audit Committee's review and discussions noted above, it recommended to the Board of Directors that the audited financial statements be included in ICB's Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the SEC.

Respectfully submitted by the members of the Audit Committee of the Board of Directors of Imperial Capital Bancorp, Inc.

Robert R. Reed  
Jeffrey L. Lipscomb  
Hirotaka Oribe

## **RELATIONSHIP WITH INDEPENDENT AUDITORS**

### **General**

The Audit Committee has not yet selected our independent registered public accounting firm for the year ending December 31, 2009. Ernst & Young LLP served as our independent registered public accounting firm for the year ended December 31, 2008. A representative of Ernst & Young LLP is expected to attend the Meeting and will respond to appropriate questions and will have an opportunity to make a statement if he or she so desires.

### **Independent Auditing Firm Fees**

During the years ended December 31, 2008 and 2007, Ernst & Young LLP provided various audit, audit related and non-audit services to us. Set forth below are the aggregate fees billed for these services:

(a) Audit Fees: Aggregate fees billed for professional services rendered for the audits of our annual financial statements and internal control over financial reporting, and reviews of financial statements included in our Quarterly Reports on Form 10-Q for those years: \$497,000 2008; \$360,000 2007.

(b) Audit Related Fees: Aggregate fees billed for professional services rendered related to audits of employee benefit plans, consultation related to the implementation of the Sarbanes-Oxley Act of 2002, and consultation on accounting matters: \$69,000 2008; \$21,000 2007.

(c) Tax Fees: Aggregate fees billed for professional services rendered related to tax compliance, tax advice and tax return preparation: \$130,000 2008; \$105,000 2007.

(d) All other fees: Aggregate fees billed for professional services rendered in connection with the review and consultation on various issues relating to employment and other benefit related contracts: none 2008; \$5,000 2007.

The Audit Committee pre-approved all audit and permissible non-audit services provided by Ernst & Young LLP and the estimated fees for these services. None of the services provided by Ernst & Young LLP described in items (a)

(d) above was approved by the Audit Committee pursuant to a waiver of the pre-approved requirements of the SEC's rules and regulations.

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**DIRECTOR COMPENSATION**

The following table sets forth certain information regarding the compensation earned by or awarded to each director, who is not also a named executive officer (as defined below, under Executive Compensation Compensation Discussion and Analysis ), who served on our Board of Directors in 2008. Directors who are employees of ICB are not compensated for their service as directors.