

# **FEDERAL DEPOSIT INSURANCE CORPORATION**

RE: Bank of St. George (In Organization)  
St. George, Washington County, Utah  
Application for Federal Deposit Insurance (Modification of Conditions)

## **AMENDED ORDER AND BASIS FOR APPROVAL**

**WHEREAS**, on December 17, 2019, the Federal Deposit Insurance Corporation ("FDIC") approved an application submitted on behalf of Bank of St. George ("Proposed Bank"), a proposed new state non-member bank located to be located at 148 East Tabernacle Street, St. George, Washington County, Utah, for Federal deposit insurance with membership in the Deposit Insurance Fund, and issued a Deposit Insurance Order (the "Original Order"), subject to a number of conditions; and

**WHEREAS**, on October 16, 2020, Bruce Jensen, Chief Executive Officer of the Proposed Bank, through Proposed Bank counsel, filed a written request with the FDIC on behalf of the Proposed Bank, requesting an extension of time by the Bank, which is listed in #15 of the Original Order, stating that if the Federal deposit insurance has not become effective within twelve months from the December 17, 2019 date of the Order, or unless, in the meantime, a written request for an extension of time by the Bank has been approved by the FDIC, the consent granted shall expire at the end of this time period;

**WHEREAS**, the undersigned, acting on behalf of the Board of Directors of the FDIC, pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act and relating to the written request for an extension of time by the Bank as prescribed in condition #15 of the Original Order;

**WHEREAS**, on December 15, 2020, the undersigned, acting on behalf of the Board of Directors of the FDIC, pursuant to delegated authority, approved the written request for an extension of time by the Bank as prescribed in condition #15 of the Original Order; and

**NOW THEREFORE**, the FDIC hereby consents to a modification of the Original Order (the "First Modification"), such that the First Modification of the Original Order now provides:

1. That initial paid-in capital funds shall not be less than \$18,000,000.
2. That the Bank's Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation of the FDIC) be maintained at not less than eight percent (8.00%) throughout the first three years of operation, and that an adequate allowance for loan and lease losses be provided from the date insurance is effective.
3. That the Bank shall pay no dividends during the first three years of operations without prior written approval of the FDIC San Francisco Regional Director and the Utah Department of Financial Institutions.

4. That the Bank must operate within the parameters of the Business Plan submitted to the FDIC. During the first three years of operation, the Bank must obtain prior written non-objection from the FDIC's San Francisco Regional Director for any proposed major deviation or material change from the submitted Business Plan, at least 60 days prior to implementation of any such major deviation or material change.
5. That the Bank must notify the FDIC's San Francisco Regional Director of any plans to establish a loan production office at least 60 days prior to opening the facility.
6. That any changes in proposed management or the proposed ownership of ten percent (10.00%) or more of the Bank's stock, including new acquisitions of or subscriptions to ten percent (10.00%) or more of the stock, must be approved by the FDIC prior to the Bank's opening.
7. That the Bank will adopt an accrual accounting system for maintaining the financial records of the Bank in accordance with U.S. Generally Accepted Accounting Principles.
8. That the Bank shall obtain an audit of its financial statements by an independent public accountant annually for the first three years of operation and submit to the FDIC's San Francisco Regional Office: (i) a copy of the audited annual financial statements and the independent public auditor's report within 90 days following the end of the Bank's fiscal year; (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after receipt by the Bank, and (iii) written notification within 15 days when a change in the Bank's independent auditor occurs.
9. That prior to the Bank's opening, full disclosure must be made to all proposed directors and stockholders of the facts concerning the interest of any insider in any transactions being effected or then contemplated, including the identity of the parties to the transaction and the terms and costs involved.
10. That prior to the Bank's opening, the Bank shall appoint an individual in the Bank's northern Community Reinvestment Act assessment area to the board of directors. The Bank must obtain the written non-objection of the FDIC's San Francisco Regional Director prior to the addition of said director.
11. That during the Bank's first three years of operation, the Bank must obtain the written non-objection of the FDIC's San Francisco Regional Director prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer of the Bank.
12. That during the Bank's first three years of operation, the Bank must obtain the written non-objection of the FDIC's San Francisco Regional Director prior to the implementation of any stock benefit plans, including stock options, stock warrants, or other similar stock-based compensation plans established by the Bank not previously reviewed by the FDIC as part of the application for Federal deposit insurance.
13. That prior to the effective date of Federal deposit insurance, the Bank must obtain adequate fidelity coverage.

14. That Federal deposit insurance will not become effective until the Bank has been granted a charter and has authority to conduct a banking business, and that its establishment and operation as a depository institution has been fully approved by the appropriate federal and state supervisory authorities.
15. That if the Federal deposit insurance has not become effective by June 17, 2021, which is six months from the expiration date of the Original Order, or unless, in the meantime, a written request for an extension of time by the Bank has been approved by the FDIC, the consent granted shall expire at the end of this time period on said date.
16. That until deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment if warranted.

By Order of the Regional Director of the San Francisco Regional Office, acting pursuant to delegated authority for the Board of Directors of the FDIC.

Dated at San Francisco, California this 14<sup>th</sup> day of January, 2021.

/ S /  
Kathy L. Moe  
Regional Director