

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Genesis Bank
(In Organization)
Newport Beach, Orange County, California

Application for Federal Deposit Insurance

ORDER

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation ("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, as they relate to the application for Federal deposit insurance with membership in the Deposit Insurance Fund for Genesis Bank ("Bank"), a proposed new state nonmember bank to be located at 4675 MacArthur Court, Suite 1600, Newport Beach, Orange County, California 92660.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application submitted by the Bank for Federal deposit insurance be, and the same hereby, is approved subject to the following conditions:

1. That initial paid-in capital funds of not less than \$53,300,000 be provided.
2. That the Bank's Tier 1 capital to assets leverage ratio (as defined in the capital regulations of the FDIC) be maintained at not less than eight and a half percent (8.50%) throughout the first three years of operation, and that an adequate allowance for loan and lease losses ("ALLL") be provided from the date insurance is effective.
3. That the Bank shall pay no dividends during the first three years of operations without the prior written approval of the appropriate FDIC Regional Director and the California Department of Financial Protection and Innovation.
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 of any proposed major deviation or material change from the submitted Business Plan, at least sixty days prior to implementation of any such major deviation or material change.
5. During the first three years of operation, the institution shall notify the appropriate Regional Director of any plans to establish an LPO at least 60 days prior to opening the facility.
6. That the Bank will 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 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 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.
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, prior to the effective date of Federal deposit insurance, the Bank must obtain adequate fidelity coverage.

9. 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.
10. That, until deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment should any interim development be deemed by the FDIC to warrant such action.
11. That, if Federal deposit insurance has not become effective within one year from the date of this 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.
12. That any changes in the Bank's proposed management or the proposed ownership of percent (10.00%) or more of the Bank's stock, including new acquisitions of or subscriptions to ten percent (10.00%) or more of stock, must be approved by the FDIC prior to the Bank's opening.
13. That the Bank shall provide a final list of all shareholders prior to the Bank's opening.
14. 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.
15. 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 implementing any change(s) in the duties, responsibilities, or authorities of any director or senior executive officer. Such notice shall be submitted at least 30 days prior to the proposed change(s), and the notice shall fully describe the reason(s) for such change(s). The term "senior executive officer" shall have the meaning set forth in 12 C.F.R. 303.101.
16. That prior to executing final employment agreements for any senior executive officer, and prior to the institution commencing operations, the institution shall submit copies of, and obtain the San Francisco Regional Director's written non-objection of, the final employment agreements. That the incentive compensation arrangements in the final employment agreements be consistent with the FDIC's Statement of Policy on Compensation: "Guidance on Sound Incentive Compensation Policies."
17. That the Bank shall designate a qualified individual responsible for implementing an effective Bank Secrecy Act and Anti-Money Laundering program.
18. That in the event of a proposed change to the main office location, the Bank shall obtain the prior written non-objection of the FDIC's San Francisco Regional Director and the approval of the Bank's chartering authority.

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 29th day of January, 2021.

/S/
Kathy L. Moe
Regional Director

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STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. § 1815), the Federal Deposit Insurance Corporation ("FDIC") received an Interagency Charter and Federal Deposit Insurance Application on behalf of Genesis Bank, a proposed new community bank that will be located in Newport Beach, California ("Bank"). The application is intended to establish a newly-chartered state nonmember commercial bank. The organizers concurrently applied to the State of California Department of Financial Protection and Innovation ("DFPI") for a state bank charter, and received conditional approval on November 4, 2020, from the DFPI to form a de novo commercial bank to be known as Genesis Bank.

Notice of the Federal Deposit Insurance application, in a form approved by the FDIC, was initially published pursuant to the FDI Act on June 18, 2020. The Bank has not established a bank holding company. The minimum opening capital of the Bank will be realized from a private offering of 5,330,000 shares of stock at a price of \$10 per share.

The Bank's business plan is to operate a state-chartered nonmember commercial bank that provides banking services in the Orange County and Los Angeles, California market area. The Bank will offer banking services to commercial, small business, commercial real estate, and multi-family customers and will be overseen by an experienced management team, including a diversified and knowledgeable Board of Directors who is committed to serving the local community.

The Bank will operate with sufficient capital and managerial resources to accomplish the strategies and goals in the business plan. The Bank will be capitalized with an amount sufficient to achieve and maintain a Tier I capital to assets leverage ratio, as defined in the capital regulations of the FDIC, of not less than eight and a half percent (8.50%) throughout the Bank's first three years of operation. Projected growth and future earnings prospects appear attainable. The Bank's plans appear to satisfy the convenience and needs of the community. Corporate powers to be exercised are consistent with the purposes of the FDI Act, and no undue risk to the Deposit Insurance Fund is evident.

Accordingly, based upon a careful evaluation of all available facts and information, and in consideration of the factors of Section 6 of the FDI Act, the San Francisco Regional Director, pursuant to delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

REGIONAL DIRECTOR
DIVISION OF RISK MANAGEMENT SUPERVISION
FEDERAL DEPOSIT INSURANCE CORPORATION