

FEDERAL DEPOSIT INSURANCE CORPORATION

**RE: OneWest Bank, FSB
(In Organization)
Pasadena, California**

Application for Federal Deposit Insurance

ORDER

The undersigned, acting on behalf of the Board of Directors 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 related to the application for Federal deposit insurance with membership in the Deposit Insurance Fund for OneWest Bank, FSB (the "Thrift"), to be located at 888 East Walnut Street, Pasadena, California, 91101, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED that the application submitted by OneWest Bank, FSB, for Federal deposit insurance be, and the same hereby is, approved subject to the following conditions:

1. That beginning paid-in-capital funds of not less than \$1,550,000,000 be provided;
2. That the Tier 1 capital to assets leverage ratio, as defined in the Office of Thrift Supervision (OTS) capital regulations, be maintained at not less than eight percent 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 any changes in the proposed management or proposed ownership of ten percent or more of stock, including new acquisitions of or subscriptions to ten percent or more of the stock, be approved by the FDIC prior to opening;
4. That prior to the effective date of deposit insurance, adequate fidelity coverage be obtained;
5. That deposit insurance shall not become effective until the applicant has been granted a charter, has authority to conduct banking business, and its

establishment and operation as a depository institution has been fully approved by the OTS;

6. That deposit insurance shall not become effective until the proposed thrift holding companies have obtained approval from the OTS to acquire control of the Thrift prior to its opening for business;
7. That deposit insurance shall not become effective unless and until the proposed acquisition of certain assets and liabilities of IndyMac Federal Bank, F.S.B., Pasadena, California, is consummated;
8. That until the conditional commitment of the FDIC becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment should any interim development be deemed to warrant such action;
9. That if Federal deposit insurance has not become effective within six months from the date of this ORDER, or unless, in the meantime, a request for an extension of time has been approved by the FDIC, the consent granted shall expire at the end of the said time period;
10. That the applicant will adopt an accrual accounting system for maintaining the books of the depository institution;
11. That full disclosure has been 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;
12. That the Thrift will obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective and submit to the appropriate FDIC office (i) a copy of the audited annual financial statements and the independent public auditor's report thereon within 90 days after the end of the depository institution's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after their receipt by the depository institution, and (iii) written notification within 15 days when a change in the depository institution's independent auditor occurs;
13. That the Thrift shall also submit the detailed, revised Business Plan (required within 60 days of consummation by the OTS) to the FDIC's San Francisco Regional Director ("Regional Director"). For three years following the commencement of operations, the Thrift shall provide the Regional Director with quarterly variance reports detailing compliance with the Business Plan and any material deviations;

14. That for three years following the commencement of operations the Thrift shall provide at least 60 days prior notice to the Regional Director of any material proposed changes to the Business Plan; and
15. That the Thrift shall provide the Regional Director with copies of the monthly reports provided to the FDIC, as receiver for IndyMac Federal Bank, F.S.B., pursuant to the Shared-Loss Agreement by and between the FDIC, as receiver for IndyMac Federal Bank, F.S.B., and the Thrift.

Dated this 5th day of March, 2009.

Sandra L. Thompson
Director

FEDERAL DEPOSIT INSURANCE CORPORATION
In Re: OneWest Bank FSB (proposed)
Pasadena, California
Application for Federal Deposit Insurance

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 a Federal deposit insurance application on behalf of OneWest Bank, FSB, a proposed new institution that will be located at 888 East Walnut Street, Pasadena, California (OneWest or Thrift). The application is intended to establish a newly chartered Federal savings association for the purpose of acquiring certain assets and liabilities of IndyMac Federal, F.S.B., Pasadena, California (IndyMac), an insured mutual thrift which the FDIC is operating in conservatorship. The organizers have concurrently applied for a thrift charter and filed a Bank Merger Act application with the Office of Thrift Supervision (OTS) to facilitate the proposed acquisition.

In accordance with FDIC regulations, the deposit insurance application will not be subject to public notice, as the application is in furtherance of the resolution of the failed predecessor institution, IndyMac Bank, F.S.B. (12 C.F.R. section 303.23 (b)). We are advised that the OTS intends to waive its public notice requirements pursuant to its regulations, which permit a waiver in supervisory cases. (12 C.F.R. section 574.6(g))

IMB HoldCo LLC (IMB HoldCo), a Delaware corporation organized to become a regulated savings and loan holding company, will serve as a holding company for the Thrift. OneWest Bank Group LLC, a Delaware corporation organized to become a regulated savings and loan holding company, will serve as the direct holding company and own all of the stock of the Thrift. Capital will be provided by IMB HoldCo through investments made by Paulson & Co., Inc. (Paulson & Co.), J.C. Flowers III L.P. (J.C. Flowers III), MSD Financial Investments, LLC, Trident IV, L.P., SSP Offshore LLC, American Capital Partners, LLC, Silar MCF-I LLC, Trident IV Professional Fund, L.P., and IMB Management Holdings L.P.(collectively, the Investors). The Investors will provide initial capitalization of \$1,550,000,000. IMB Management Holdings L.P., an entity controlled by Steven Mnuchin, will serve as the managing member of IMB HoldCo. As a result of its control of IMB HoldCo, IMB Management Holdings L.P. will become a savings and loan holding company.

Paulson & Co. will acquire a 24.974 percent interest in IMB HoldCo. In addition, J.C. Flowers III, independent of Paulson & Co., will acquire a 24.974 percent interest in IMB HoldCo. No member of IMB HoldCo will own or control more than 24.99 percent of the interests in IMB HoldCo.

Paulson & Co. and J.C. Flowers III would be deemed in control, subject to rebuttal, of IMB HoldCo upon acquisition of their respective interests under the control provisions of

the OTS regulations. (12 C.F.R. part 574.4) In each case, their ownership of IMB HoldCo will exceed 10 percent but not exceed 25 percent, and they will be one of the two largest shareholders of HoldCo, which would constitute a control factor under the OTS regulations. The OTS will require that Paulson & Co. and J.C. Flowers III each execute a Rebuttal of Control Agreement. Approval of the Federal deposit insurance application is conditioned upon Paulson & Co. and J.C. Flowers III executing and the OTS accepting these agreements.

FDIC Staff has analyzed the deposit insurance application based upon IMB Management Holdings L.P., IMB HoldCo, and the proposed OneWest as the successful bidder and capital of \$1,550,000,000 being required. IMB HoldCo intends to provide OneWest with sufficient capital, funding, and managerial resources to accomplish several strategic priorities. These priorities are to stabilize OneWest's financial and operating performance, manage the acquired mortgage assets, build upon current servicing and loan modification capabilities, create a targeted jumbo mortgage lending program, and acquire additional bank franchises as opportunities arise. OneWest plans to continue the loan modification programs piloted by IndyMac and to further develop solutions intended to enable borrowers to keep their homes while maintaining the value of the underlying loans.

The financial projections indicate that the Thrift will remain "well capitalized" and will be funded through a combination of its initial capitalization, retail deposits, and various external funding sources. Future earnings prospects appear attainable and based on reasonable projections, and management is considered satisfactory. Corporate powers to be exercised are consistent with the purpose of the FDI Act, and no undue risk to the Deposit Insurance Fund is apparent.

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 Associate Director, pursuant to delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

**DIRECTOR
DIVISION OF SUPERVISION AND CONSUMER PROTECTION
FEDERAL DEPOSIT INSURANCE CORPORATION**