

# FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Bank of St. George  
(In Organization)  
St. George, Washington County, Utah  
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 relative to the statutory factors enumerated in section 6 of the Federal Deposit Insurance Act (“FDI Act”), including financial history and condition, capital adequacy, future earnings prospects, general character of management, risk to the Deposit Insurance Fund, convenience and needs of the community and consistency of corporate powers, as they relate to the application for Federal deposit insurance with membership in the Deposit Insurance Fund for Bank of St. George (“Bank”), a proposed new state nonmember bank to be located at 148 East Tabernacle Street, St. George, Washington County, Utah, and has concluded that the application should be approved.

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

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 deviate 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 within twelve months 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.
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 17th day of December, 2019.

/S/  
Kathy L. Moe  
Regional Director

**FEDERAL DEPOSIT INSURANCE CORPORATION**

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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 Bank of St. George, a proposed new community bank that will be located in St. George, Utah (“Bank”). The application is intended to establish a newly-chartered state nonmember commercial bank. The organizers concurrently applied to the Utah Department of Financial Institutions (“UDFI”) for a state bank charter, and are awaiting the UDFI’s conditional approval to form a de novo commercial bank to be known as Bank of St. George.

Notice of the Federal deposit insurance application, in a form approved by the FDIC, was initially published pursuant to the FDI Act on April 18, 2019. The organizers have not established a bank holding company. The opening capital of the Bank will be realized from a public offering of 1,800,000 shares of common stock at a price of \$10.00 per share.

The Bank’s business plan is to operate a state nonmember community bank that provides banking services in the greater Washington County, Utah market area. The Bank will offer traditional products and services 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 1 Capital to assets leverage ratio, as defined in the capital regulations of the FDIC, of not less than eight percent (8.00%) 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**