

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: CommerceOne Bank
(In organization)
Birmingham, Jefferson County, Alabama

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 an Interagency Charter and Federal Deposit Insurance Application on behalf of CommerceOne Bank, a proposed new state nonmember bank that will be located in Birmingham, Alabama ("Bank"). The organizers concurrently applied to the Alabama State Banking Department ("State") for a state bank charter and received the State's conditional approval on March 14, 2018.

Notice of the Federal deposit insurance application, in a form approved by the FDIC, was published pursuant to the FDI Act on January 12, 2018.

The organizers have not established a bank holding company. The opening capital of the Bank will be realized from a public offering of 3,000,000 shares of common stock at a price of \$10.00 per share. The Bank's business plan is for a state nonmember bank that serves small- and medium-sized businesses and individuals located in Jefferson County, Alabama. 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 Bank's 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 earnings 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 Atlanta 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**

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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 CommerceOne Bank ("Bank"), a proposed state nonmember bank to be located at 2100 Southbridge Parkway, Suite 385, Birmingham, Jefferson County, Alabama 35209, 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 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 \$30,000,000 will be provided.
- (2) That the Bank's Tier 1 capital to total assets or leverage ratio (as defined in the capital regulations 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 ("ALLL") be provided from the date insurance is effective.
- (3) That the Bank shall pay no dividends during the first three years of operation without the prior written approval of the FDIC's Atlanta Regional Director and the Alabama State Banking Department.
- (4) That any changes in the Bank's proposed management or the proposed ownership of ten percent (10.00%) or more of the Bank's stock, including new acquisitions of or subscriptions for ten percent (10.00%) or more of stock, must be approved by the FDIC prior to the Bank's opening.
- (5) 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 Atlanta 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.

- (6) That, during the Bank's first three years of operation, the Bank must obtain the written non-objection of the FDIC's Atlanta 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. The term "senior executive officer" shall have the meaning set forth in 12 C.F.R. § 303.101.
- (7) That, prior to the Bank's opening, full disclosure must be made to all proposed directors and stockholders of the Bank of the facts concerning the interest of any insider in any transactions being effected or contemplated, including the identity of the parties to the transaction and the terms and costs involved. An "insider" is a person who: (i) is or is proposed to be a director, officer, or incorporator of the Bank; (ii) is a shareholder who directly or indirectly controls ten percent (10.00%) or more of any class of the Bank's outstanding voting stock; or (iii) is an associate or related interest of any such person.
- (8) That, during the first three years of operation, the Bank must notify the FDIC's Atlanta Regional Director of any plans to establish a loan production office at least 60 days prior to opening the facility.
- (9) The Bank will provide to the FDIC's Atlanta Regional Director the final agreements for the Bank's information technology service providers and obtain the prior written non-objection of the FDIC's Atlanta Regional Director for those agreements.
- (10) That, during the Bank's first three years of operation, the Bank must obtain the written non-objection of the FDIC's Atlanta 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.
- (11) 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 Atlanta 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.
- (12) 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.

