

FEDERAL DEPOSIT INSURANCE CORPORATION

RE: **Founders Bank** (In Organization)
Washington, DC

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 relating to the application for Federal deposit insurance with membership in the Deposit Insurance Fund for **Founders Bank** to be located at **5225 Wisconsin Avenue, NW, Suite 101A, Washington, DC 20015**, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED that the application submitted by **Founders Bank** 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 \$23 million be provided;
2. That the Tier 1 capital to assets leverage ratio (as defined in the FDIC's 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 proposed management or proposed ownership to the extent of 10 percent or more of stock, including new acquisitions of or subscriptions to 10 percent or more of the stock shall be approved by the FDIC prior to opening of the institution for business;
4. That the applicant will adopt an accrual accounting system for maintaining the books of the institution;
5. That deposit insurance will not become effective until the applicant has been granted a charter as a depository institution, has authority to conduct such business, and its establishment and operation have been fully approved by the appropriate state authority;
6. That the applicant has submitted any proposed contracts, leases, or agreements relating to construction or rental of permanent quarters to the Regional Director for review and comment;
7. 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. An insider is one who is or is proposed to be a director, officer, or incorporator of an applicant; a shareholder who directly or indirectly controls 10 or more percent of any class of the applicant's outstanding voting stock; or the associates or interests of any such person;

8. That the persons selected to serve as the principal operating officers shall be acceptable to the appropriate regional director;
9. That the institution 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 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 institution, and (iii) written notification within 15 days when a change in the institution's independent auditor occurs;
10. That prior to the effective date of deposit insurance, adequate fidelity coverage be obtained;
11. That the depository institution shall operate within the parameters of the business plan submitted to the FDIC. During the first three years of operations, the institution shall seek the prior approval of the Regional Director for any proposed major deviation or material change from the submitted business plan;
12. That the applicant obtain non-objection of the FDIC to any proposed change, prior to the bank's opening or during the first three years of operations, in the composition of the Board and executive management;
13. That prior to the effective date of deposit insurance, a complete shareholder list shall be provided to the Regional Director, which shall include the following for each beneficial owner or control party: name, number of shares owned or controlled directly or indirectly, dollar amount of shares owned or controlled directly or indirectly, and percentage of shares owned or controlled directly or indirectly. The shareholder list shall also identify any related direct or indirect interest in shares, whether such interests are held as owner, control party, beneficiary, trustee, or investment advisor, or whether due to another similar relationship that following the offering and when aggregated, will equal or exceed 10 percent of the institution's shares;
14. That prior to executing final employment agreements and compensation arrangements for any senior executive officer, and prior to the institution

commencing operations, the institution shall submit copies of, and obtain the Regional Director's written non-objection to the final employment agreements and compensation arrangements (including a written description of salary, benefits, deferred compensation, stock compensation, or incentives, and bonus and severance payments, as applicable) for the institution's senior executive officers. The institution shall also submit copies of the compensation analyses, studies, or other documentation supporting the reasonableness of the proposed compensation. The term "senior executive officer" shall have the meaning set forth in 12C.F.R. 303.101;

15. That during the first three years of operations, the bank shall notify the Regional Director of any plans to establish a loan production office at least 60 days prior to opening the facility;
16. That the bank will develop and implement a Community Reinvestment Act plan appropriate for the bank's business strategy;
17. That until the FDIC's conditional commitment becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment if warranted; and
18. That if the transaction does not take effect within one year from the date of this ORDER, or unless a request for an extension of time has been approved, the consent granted shall expire at the end of that time period.

Dated at New York, New York, this 8th day of January, 2020.

/S/

Frank R. Hughes
Regional Director

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Founders Bank (Proposed)
Washington, D.C.

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 Founders Bank (the bank), a proposed new nonmember bank chartered by the District of Columbia (DC) with a main office located at 5225 Wisconsin Avenue, NW, Suite 101A, Washington, DC, 20015. The organizers concurrently applied to the DC Department of Insurance, Securities, and Banking (DISB) for a District of Columbia commercial bank charter.

Notice of the Federal deposit insurance application, in a form approved by the FDIC, was published pursuant to the FDI Act on August 23, 2019.

The bank will not have a holding company. The opening capital of the Bank will be realized from a private placement offering. A minimum of \$23,000,000 of the proceeds from the common stock offering will capitalize the bank in exchange for 100% of the voting stock of the bank. Net of organizational expenses, the bank's opening capital will approximate a minimum of \$21,800,000.

The bank's business plan is for a bank that provides banking services primarily throughout the Washington Metropolitan Area including northern Virginia and some suburbs of Maryland. 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 earnings appear attainable, and the investment in fixed assets is reasonable. 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 apparent.

Accordingly, based upon careful evaluation of all available facts and information, and in consideration of the factors of Section 6 of the FDI Act, as well as in consideration of the Community Reinvestment Act, the National Historic Preservation Act, and the National Environmental Protection Act, the New York Regional Director, acting under 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