

FEDERAL DEPOSIT INSURANCE CORPORATION

IN RE: Gulf Capital Bank, In Organization
Houston, Harris County, Texas
Application for Federal Deposit Insurance
Deposit Insurance Fund

ORDER

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation 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 through the Deposit Insurance Fund for Gulf Capital Bank, a proposed new state non-member bank to be located at 1 Riverway, Suite 150, Houston, Harris County, Texas 77056, and has concluded that the application should be approved.

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

1. That the depository institution will provide initial paid-in capital funds of not less than \$40,000,000.
2. That the Tier 1 capital to assets leverage ratio, as defined in the capital regulations of the FDIC, will be maintained at not less than eight percent throughout the first three years of operation and will provide for an adequate allowance for loan and lease losses.
3. That any changes in proposed senior executive officers, proposed directors, 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 stock must be submitted to and approved by the FDIC prior to the Bank opening for business.
4. That the depository institution will adopt an accrual accounting system for maintaining the Bank's books.
5. That Federal deposit insurance will not become effective until the applicant has been granted a charter as a depository institution, has authority to conduct a depository institution business, and its establishment and operation as a depository institution has been fully approved by the Texas Department of Banking.
6. That the depository institution will have adequate fidelity coverage.

7. That the depository 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 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.
8. That the depository institution will develop and implement a Community Reinvestment Act plan appropriate for its business strategy.
9. That the depository institution will operate within the parameters of the business plan submitted to the FDIC. During the first three years of operation, the institution will seek the prior approval of the appropriate Regional Director for any proposed major deviation or material change from the submitted business plan.
10. That during the first three years of operation, the depository institution will notify the appropriate Regional Director of any plans to establish a loan production office at least 60 days prior to opening the facility.
11. That during the first three years of operation, prior to implementing an incentive compensation plan or other bonus plan that was not previously submitted, the depository institution will submit copies of, and obtain the appropriate Regional Director's written non-objection to the plan.
12. That prior to commencing operations and during the first three years of operation, the depository institution will submit written notice to and obtain the written non-objection of the appropriate Regional Director for any proposed addition of any individual to the board of directors or the employment of any individual as senior executive officer. Such notice shall be submitted at least 30 days prior to the proposed election to the board or appointment to senior executive officer position. The terms "director" and "senior executive officer" shall have the meaning set forth in 12 C.F.R. § 303.101.
13. That until the depository institution is established, the FDIC will have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action.

14. That if deposit insurance has not become effective within twelve 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 twelve-month period.

Dated this 26th day of September, 2019.

FEDERAL DEPOSIT INSURANCE CORPORATION

By: /S/

Serena Owens
Deputy Regional Director
Dallas Regional Office

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Gulf Capital Bank
(In organization)
Houston, Harris County, Texas

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 Gulf Capital Bank (“Bank”), a proposed new community bank that will be located in Houston, Texas. The application is intended to establish a new state-chartered nonmember commercial bank. The organizers concurrently applied to the Texas Department of Banking for a state bank charter to form a de novo commercial bank to be known as Gulf Capital Bank. The Texas Department of Banking has indicated their intent to approve.

Notice of the Federal deposit insurance application, in a form approved by the FDIC, was initially published pursuant to the FDI Act on May 7, 2019. The Bank will be headquartered at 1 Riverway, Suite 150, Houston, Harris County, Texas 77056.

The organizers have not established a bank holding company. The opening capital of the Bank will be realized from a private offering of approximately 4,000,000 shares of common stock at a price of \$10.00 per share.

The Bank’s Business Plan is for a community bank that provides banking services primarily in Houston, Texas and the surrounding areas. The Bank will operate in the local market offering traditional products and services, serving the needs of small and mid-size businesses and consumers in the community. The Bank will be managed 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 8.00 percent throughout the Bank’s first three years of operation. Moderate growth is projected, 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 Dallas Deputy Regional Director, pursuant to delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

**DEPUTY REGIONAL DIRECTOR
DIVISION OF RISK MANAGEMENT SUPERVISION
FEDERAL DEPOSIT INSURANCE CORPORATION**