

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Orca Bank (Proposed)
Bellingham, Whatcom County, Washington

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, including financial history and condition, capital adequacy, future earnings prospects, general character of management, risk to the 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 Orca Bank, a proposed state nonmember bank to be located at 1910 Broadway, Bellingham, Washington 98225, 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. Beginning paid-in capital funds shall not be less than \$15,000,000.
2. The institution’s Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation and guidance from the institution’s primary federal regulator) shall be maintained at not less than eight percent (8%) throughout the first three years of operation and that an adequate allowance for loan and lease losses will be provided.
3. Prior to the effective date of Federal Deposit Insurance, Savi Financial Corporation, Inc., shall provide a written commitment to maintain the proposed institution’s Tier 1 capital to assets leverage ratio at not less than 8% throughout the first three years of operation.
4. The institution shall not pay dividends during the first three years of operations without the prior written approval of the appropriate FDIC Regional Director.
5. Any changes in proposed management or the proposed ownership of 10% or more of stock, including new acquisitions of or subscriptions to 10% or more of stock, shall be approved by the FDIC prior to opening.
6. 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.

7. An accrual accounting system shall be adopted for maintaining the financial records of the institution.
8. The institution's bank holding company has obtained approval of the Board of Directors of the Federal Reserve System to acquire voting stock control of the proposed depository institution prior to its opening for business.
9. The institution shall submit any proposed contracts, leases, or agreement relating to construction or rental of permanent quarters to the appropriate FDIC Regional Director for review and comment.
10. The institution shall 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 shall submit to the appropriate FDIC Regional Director, (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 institution, and (iii) written notification within 15 days when a change in the institution's independent auditor occurs.
11. The persons(s) selected to serve as the principal operating officers(s) shall be acceptable to the appropriate FDIC Regional Director.
12. Prior to the effective date of Federal Deposit Insurance, the institution shall obtain sufficient fidelity coverage in a sufficient amount to conform to generally accepted banking practices.
13. During the first three years of operations, the institution shall notify the appropriate FDIC Regional Director of any plans to establish a loan production office at least 60 days prior to opening the facility.
14. The institution must operate within the parameters of the Business Plan submitted to the FDIC. During the first three years of operation, the institution shall seek the prior approval of the appropriate FDIC 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.
15. During the first three years of operation, the institution shall submit written notice to and obtain the written non-objection of the appropriate FDIC Regional Director for any proposed change to the board of directors or to any senior executive officer position. Such notice shall be submitted at least 30 days prior to the proposed election to the board or appointment, and shall include a complete Interagency Biographical and Financial Report for each individual proposed for election or appointment. The term "senior executive officer" shall have the meaning set forth in 12 C.F.R. 303.101.
16. During the first three years of operation, the institution shall submit written notice to and obtain the written non-objection of the appropriate FDIC Regional Director prior to implementing any change(s) in the duties, responsibilities, or authorities of any director or senior executive officer. Such notice shall be submitted at least 30 days prior to the proposed change(s), and the notice shall fully describe the reason(s) for such change(s).

The term “senior executive officer” shall have the meaning set forth in 12 C.F.R. 303.101.

17. 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 appropriate FDIC 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 term “senior executive officer” shall have the meaning set forth in 12 C.F.R. 303.101.
18. During the first three years of operation, the institution shall submit copies of and obtain the written non-objection of the appropriate FDIC Regional Director prior to implementing any stock benefit plan, including with respect to stock options, stock warrants, stock grants, or other similar stock-based compensation. Any such plan shall comply with the FDIC Statement of Policy on Applications for Deposit Insurance. Furthermore, during the first three years of operation, the institution shall submit written notice at least 60 days prior to, and obtain the appropriate FDIC Regional Director’s written non-objection prior to implementing any major change to or material deviation from any previously submitted stock benefit plan.
19. Prior to receiving deposit insurance, shareholder and proposed director Julian Greening will consent and submit to the jurisdiction of any United States Federal court of competent jurisdiction and of any Federal banking authority (including the FDIC) for purposes of any investigation or possible investigation, subpoena, examination, action or proceeding by any Federal banking authority (including the FDIC), the United States Department of Treasury, or the United States Department of Justice, relating to or pursuant to the administration and enforcement of any United States banking law.
20. Shareholder and proposed director Julian Greening will at all times maintain in the United States a designated agent, acceptable to the FDIC, to accept service on their behalf (including service of any legal process, notice, order or subpoena) solely in connection with the consent to jurisdiction required in the preceding condition. Mr. Greening will update the designation from time to time, as circumstances warrant, but will not change the designation without the prior written consent of the FDIC.
21. If the institution does not commence operations within twelve months from the date of this ORDER, the consent granted herein shall expire, unless the FDIC approves a request for an extension of the deadline prior to the expiration.
22. Until the FDIC’s conditional commitment becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment if warranted.
23. Federal deposit insurance will not become effective until the applicant has been granted a charter as a depository bank, has authority to conduct such business, and its establishment and operation have been fully approved by the appropriate state and/or federal supervisory authority.

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 18th day of August, 2023.

/ S /
Kathy L. Moe
Regional Director

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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 filed on behalf of Orca Bank ("Bank"), a proposed new community bank that will be located in Bellingham, Washington. The application is intended to establish a newly chartered state nonmember commercial bank. The organizers concurrently applied to the Washington State Department of Financial Institutions, Division of Banks for a state bank charter.

Notice of the Federal Deposit Insurance application, in a form approved by the FDIC, was initially published pursuant to the FDI Act on June 21, 2022. The Bank will be a wholly-owned subsidiary of Savi Financial Corporation, Inc. (the "Holding Company"), a bank holding company that wholly-owns SaviBank, Burlington, Washington. Upon opening, SaviBank will transfer all of the assets and liabilities associated with SaviBank's branch located in Bellingham, Washington, to the Bank. The opening capital of the Bank will be realized from a private placement offering for up to 100,000 shares of common stock at a price of \$10.00 per share to the Bank organizers, and a capital injection of \$14,000,000 from the Holding Company, for total initial capitalization of \$15,000,000.

The Bank's business plan is to operate a state-chartered nonmember community bank that provides banking services in the market area of Whatcom County. 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 (12 U.S.C. § 1816), 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**