

**OFFICIAL ORDER OF
THE BANKING COMMISSIONER
ORDER NO. 2019-030**

IN THE MATTER OF:

CHARTER APPLICATION FOR	§	BEFORE THE BANKING
	§	
GULF CAPITAL BANK	§	COMMISSIONER OF TEXAS
	§	
HOUSTON, TEXAS	§	AUSTIN, TRAVIS COUNTY, TEXAS

ORDER APPROVING CHARTER

By application accepted for filing on May 24, 2019, the organizers Gulf Capital Bank, Houston, Texas (the “Bank”), requested approval of a Texas state charter for the Bank. Based upon the sworn statements and other evidence provided by the organizers and such investigation as deemed necessary in the circumstances, I find that:

1. The Bank has properly published notice of the charter application as required by Section 32.004 of the Texas Finance Code (the “Code”) and Title 7, Texas Administrative Code (“TAC”) § 15.5. No comments or protests were received in response to the publication;
2. The convenience and advantage of the public will be promoted by the establishment of the Bank;
3. The organizational and capital structure and amount of initial capital is adequate for the Bank’s business plan;
4. The anticipated volume and nature of business of the Bank indicates a reasonable probability of success and profitability based on the market to be served;
5. The Bank’s officers and directors as a group have sufficient banking experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the Bank will operate in compliance with the law and that the success of the Bank is probable;

6. Each principal shareholder of the Bank has sufficient experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the Bank will be free from improper or unlawful influence with respect to the Bank's operation in compliance with the law; and
7. The organizers are acting in good faith.

THEREFORE, I, Charles G. Cooper, Banking Commissioner, find that the organizers of Gulf Capital Bank, Houston, Texas, have met the requirements set forth in Section 32.003 of the Code and that the Bank's application for charter should be approved, subject to the following conditions:

- A. The Bank's initial paid-in capital, net of all organization and preopening expenses, must be not less than \$38.5 million. The Bank must remain "well-capitalized" as defined in the federal regulations for at least the first three years of operation. In addition, the Bank's Tier 1 leverage ratio may not drop below 8% for the first three years of operation;
- B. For a period of three years after approval of the charter, the Bank will provide the Banking Commissioner of Texas (the "Commissioner") with at least 30 days prior written notice of any proposed change of any individual to the board of directors or senior executive officer position and will not make the noticed change if the Commissioner objects within 30 days of receipt of the notice;
- C. From the date of this Order through the first three years of operation, the Bank will provide written notification to the Commissioner at least 60 days in advance of any material change in or deviation from the Business Plan submitted in the charter application and will not make the noticed change if the Commissioner objects within 60 days of receipt of the notice. The notice must contain, at a minimum, a summary of the anticipated change, any proposed

management changes as a result of the change, pro forma financial statements that measure the impact of the change to actual and to the original plan, and the Board's risk assessment of the change;

- D. For the calendar years ending December 31, 2020, December 31, 2021, and December 31, 2022, the Bank will compare its Business Plan to actual performance, noting and explaining in writing any material deviations and affirmative actions which will be taken to correct any materially adverse deviations. This comparison will be submitted to the Texas Department of Banking on or before March 15 following each period;
- E. The Bank will not declare or pay dividends for the first three years of operation without the express written approval of the Commissioner;
- F. The Bank will engage the services of an independent auditor to conduct a full-scope audit and render an unqualified audit report for each of the first three years of operation;
- G. The Bank will maintain adequate blanket bond coverage and at least \$1,000,000 in excess employee dishonesty bond coverage;
- H. The Bank will develop and implement a Directors' Training Program before the Certificate of Authority is issued. This Program will include, at a minimum, a review and assessment of the directors' training needs, identification of training providers, and a proposed training schedule for each director, which will include training for the Bank Secrecy Act and the USA PATRIOT ACT;
- I. The Bank may not exercise its trust powers without first complying with the requirements of 7 TAC § 3.23;
- J. The Bank will provide evidence of insurance of its deposit accounts by the Federal Deposit Insurance Corporation prior to the issuance of the Certificate of Authority; and

K. For the first two years of operation, the Bank will provide at least 30 days prior notice of any material change in the information technology plan that was reviewed as part of the charter investigation, including any change in customer electronic or internet account access or expansion in activities permitted through such access. The review period will commence upon receipt by the Commissioner of sufficient documentation to permit a review, and the proposed change[s] will not be implemented should the Commissioner object.

IT IS THEREFORE ORDERED that the application for a Texas state charter for Gulf Capital Bank, Houston, Texas, subject to the conditions set forth above and under Charter Number 3224-11, be and hereby is **APPROVED**.

Signed in triplicate original this 27th day of September, 2019.

/s/ Charles G. Cooper
Charles G. Cooper
Commissioner, Department of Banking