

**FEDERAL DEPOSIT INSURANCE
CORPORATION**

RE: Nave Bank (In Organization)
San Juan, San Juan County, Puerto Rico
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 relevant to the statutory factors of Section 6 of the Federal Deposit Insurance Act (12 U.S.C. § 1816), as they relate to the application for Federal deposit insurance with membership in the Deposit Insurance Fund for Nave Bank (Bank), a proposed new state member bank to be located at 1608 Ponce de Leon Ave., San Juan, San Juan County, Puerto Rico, 00909, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED, for 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. The Bank shall provide initial paid-in capital funds of not less than \$96,000,000 (after organizational and pre-opening expenses).
2. The Bank shall maintain a Leverage ratio (as defined in the appropriate capital regulations of the FDIC) of not less than eight percent (8.00%) throughout the first three years of operations.
3. The Bank will have determined the framework for a Current Expected Credit Losses methodology from the date Federal deposit insurance is effective and will maintain a supportable Allowance for Credit Losses through the first three years of operations.
4. 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.
5. The Bank must obtain adequate fidelity coverage prior to the effective date of Federal deposit insurance. The Bank will maintain adequate fidelity coverage through the first three years of operations.
6. The Bank 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 auditor's report within 90 days after the end of the Bank's fiscal year, (ii) a copy of any other reports by the auditor (including any management letters)

within 15 days of receipt by the Bank, and (iii) written notification within 15 days if a change in the Bank's independent auditor occurs.

7. The Bank shall operate within the parameters of the Business Plan submitted to the FDIC on August 15, 2022 and the revised projections submitted on December 15, 2022. During the first three years of operation, the Bank shall seek the prior approval of its primary federal regulator for any proposed major deviation or material change from the submitted business plan or revised projections.
8. Prior to commencing operations, the Bank shall submit written notice to and obtain the written non-objection from the appropriate FDIC Regional Director regarding any proposed addition to the Board of Directors, the employment of a new senior executive officer, or proposed ownership of 10 percent or more of stock, including new acquisition of or subscriptions to 10 percent or more of stock. Notice shall be submitted at least 30 days prior to the proposed election to the board, appointment to the executive position or acquisition of 10 percent or more of stock, and shall include a complete *Interagency Biographical and Financial Report* for the individual. The terms "director" and "senior executive officer" shall have the meaning set forth in 12 C.F.R. § 303.101.
9. The proposed bank holding company has obtained approval of the Board of Governors of the Federal Reserve System to acquire voting stock control of the proposed depository institution prior to its opening for business.
10. Federal deposit insurance will not become effective until the Bank has been granted a charter as a depository institution; has authority to conduct a banking business; and its establishment and operation have been fully approved by the appropriate State and Federal supervisory authority.
11. Until Federal deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment should any interim development be deemed by the FDIC to warrant such action.
12. If Federal deposit insurance has not become effective within one year from the date of this ORDER, or unless, in the meantime, a written request for an extension of time by the Bank has been approved by the FDIC, the consent granted shall expire at the end of this time period on said date.

Dated this 11th day of August 2023.

FEDERAL DEPOSIT INSURANCE CORPORATION

/ S /

Frank Hughes
Regional Director

FEDERAL DEPOSIT INSURANCE CORPORATION

RE: Nave Bank (Proposed)
San Juan, San Juan County, Puerto Rico
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 Nave Bank ("Bank"), a proposed new state-chartered, member bank with a headquarters located at 1608 Ponce de Leon Ave., San Juan, San Juan County, Puerto Rico, 00909. The organizers concurrently applied to the Puerto Rico Office of the Commissioner of Financial Institutions for a state member bank charter and to the Federal Reserve Bank of New York and Board of Governors of the Federal Reserve System to become a member bank of the Federal Reserve System and establish a bank holding company, Nave Holdings, Inc. ("Nave Holdings").

Notice of the Federal deposit insurance application, in a form approved by the FDIC, was published pursuant to the FDI Act on August 17, 2022.

The FDIC must consider the statutory factors of section 6 of the FDI Act (12 U.S.C. §1816) when evaluating an application for deposit insurance. These factors relate to the financial history and condition of the depository institution; the adequacy of capital and management; the future earnings prospects; the general character and fitness of management; the risk to the Deposit Insurance Fund; the convenience and needs of the community to be served; and the consistency of corporate powers with the FDI Act.

The organizers established Blue Oceans Solution PR LLC ("Blue Oceans") to facilitate the formation and application process of the Bank. RV Forward 787, LLC ("RV Forward") currently owns all of the outstanding membership interests of Blue Oceans. The Bank will be wholly owned by a bank holding company, Nave Holdings, Inc. a Puerto Rico corporation. Nave Holdings will be structured as a C Corporation. Nave Holdings will raise capital funds in exchange for common stock shares through a contribution agreement with RV Forward and a private placement offering. The private offering will consist of a minimum of 10 million shares and a maximum of 13.5 million shares of voting and non-voting common stock, inclusive of shares granted under the aforementioned contribution agreement, at a price of \$10 per share. Net of organizational expenses, the Bank's opening capital will approximate a minimum of \$96,000,000.

The Bank's Business Plan is for a community bank serving both commercial and retail customers in Puerto Rico using digital distribution channels and one branch office. The loan portfolio will primarily consist of commercial real estate and commercial and industrial loans, with consumer loan originations anticipated in year three. Funding will primarily consist of non-maturity deposits and, to a lesser extent, certificates of deposit. Products tailored to the commercial market will include checking accounts (basic and premium), money market deposit

accounts, and certificates of deposit. The Bank's initial assessment area is composed of municipalities (Bayamon, Carolina, Catano, Guayanoba, San Juan, and Trujillo Alto) located in the San Juan-Bayamon-Caguas, PR Metropolitan Statistical Area. Operations will be overseen by an experienced management team and a diverse and knowledgeable Board of Directors committed to the Bank's mission and serving its intended market.

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 I Capital to Assets Leverage Ratio, as defined in Part 324 of the FDIC Rules and Regulations, of not less than eight percent (8%) 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, 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