

## FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Waterfall Bank  
(In Organization)  
Clearwater, Pinellas County, Florida

Application for Federal Deposit Insurance  
Application to Establish a Messenger Service Branch

### 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 factors of Section 6 of the Federal Deposit Insurance Act, as they relate to the application for Federal deposit insurance with membership in the Deposit Insurance Fund, and to establish a messenger service branch for Waterfall Bank ("Bank"), a proposed new state nonmember bank to be located at 500 McLennan Street, Clearwater, Pinellas County, Florida 33756, and has concluded that the applications should be approved.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the applications submitted by the Bank for Federal deposit insurance and to establish a messenger service branch be, and the same hereby are, approved, subject to the following conditions:

1. That initial paid-in capital funds of not less than \$45,000,000 will be provided.
2. That the Bank's Tier 1 capital-to-assets leverage ratio (as defined in Part 324 of the FDIC Rules and Regulations) will be maintained at not less than eight percent (8.00%) throughout the first three years of operation, and that an adequate allowance for loan and lease losses ("ALLL") will be provided from the date insurance is effective.
3. That any changes in the Bank's proposed management or the proposed ownership of ten percent (10.00%) or more of the Bank's stock, including new acquisitions of or subscriptions for ten percent (10.00%) or more of stock, shall be approved by the FDIC prior to the Bank's opening.
4. That 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. 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 FDIC and the Florida Office of Financial Regulation.
6. The applicant will have adequate fidelity coverage.

7. 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 Regional 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.
8. During the first three years of operation, the Bank must obtain the written non-objection of the FDIC's Atlanta Regional Director prior to the addition of any individual to the Board of Directors or the employment of any individual as a senior executive officer. The term "senior executive officer" shall have the meaning set forth in 12 C.F.R. § 303.101.
9. That the Bank will pay no dividends during the first three years of operation without the prior written approval of the FDIC's Atlanta Regional Director.
10. That, during the first three years of operation, the Bank must notify the FDIC's Atlanta Regional Director of any plans to establish a loan production office at least 60 days prior to opening the facility.
11. The Bank must operate within the parameters of the business plan submitted to the FDIC. During the first three years of operation, the Bank shall seek the prior approval of the FDIC's Atlanta Regional Director for any proposed major deviation or material change from the submitted business plan.
12. That during the first three years of operation, prior to implementing an incentive compensation plan, bonus plan, or employment agreement that was not previously submitted, the Bank will submit copies of, and obtain the appropriate Regional Director's written non-objection to the plan or agreement. This condition includes increasing the amount of stock options granted to directors or senior executive officers.
13. That, the approval granted in this Order will expire if Federal deposit insurance has not become effective within one year from the date of this Order, unless a written request for an extension of time has been approved by the FDIC.
14. Until the FDIC's conditional commitment becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment if warranted.

By Order of the Regional Director of the Atlanta Regional Office, acting pursuant to delegated authority for the Board of Directors of the FDIC.

Dated in Atlanta, Georgia, this 8th day of September 2021.

/ S /

John P. Henrie  
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 on behalf of Waterfall Bank, a proposed new state nonmember bank that will be located at 500 McLennan Street, Clearwater, Pinellas County, Florida 33756 ("Bank"). The organizers have applied to and received approval from the Florida Office of Financial Regulation for a state bank charter.

Notice of the Federal deposit insurance application and establishment of messenger service branch application, in a form approved by the FDIC, was published pursuant to the FDI Act on December 23, 2020.

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 the capital structure, 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.

Section 18(d) of the FDI Act (12 U.S.C. § 1828(d)) prohibits a state nonmember bank from establishing and operating a new domestic branch without the FDIC's prior consent and requires the FDIC to consider the statutory factors in 12 U.S.C. § 1816 in granting or withholding its consent.

The organizers have not established a bank holding company. The opening capital of the Bank will be realized from a private offering of 4,500,000 shares of common stock at a price of \$10 per share. The Bank's business plan is for a state nonmember bank that serves small- and medium sized business and individuals located in Pinellas, Hillsborough, Pasco, and Hernando Counties, Florida. 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 Bank's local community. In addition, the Bank plans to establish and operate a messenger service branch out of the main office.

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. 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 sections 6 and 18(d) of the FDI Act, the Atlanta Regional Director, with the concurrence of Regional Counsel, acting pursuant to delegated authority, has concluded that approval of the application for Federal deposit insurance and to establish as messenger service branch is warranted, subject to certain prudential conditions.

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