

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

LOUISIANA OFFICE OF FINANCIAL INSTITUTIONS
BATON ROUGE, LOUISIANA

In the Matter of:)

CRESCENT BANK)
NEW ORLEANS, LOUISIANA)

(Insured State Nonmember Bank))

CONSENT ORDER

FDIC-24-0086b
OFI-2024-02

The Federal Deposit Insurance Corporation (FDIC) is the appropriate Federal banking agency for CRESCENT BANK, NEW ORLEANS, LOUISIANA (Bank) under Section 3(q) of the Federal Deposit Insurance Act (“FDI Act”), 12 U.S.C. § 1813(q). The Louisiana Office of Financial Institutions (OFI) is the state regulator for the Bank pursuant to Louisiana law, La. Stat. Ann. § 6:101.

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a Stipulation to the Issuance of a Consent Order (“Stipulation”), dated January 21, 2025, that is accepted by the FDIC and the OFI. With the Stipulation, Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law, to the issuance of this Consent Order (“ORDER”) by the FDIC and the OFI.

Having determined that the requirements for issuance of an ORDER under Section 8(b) of the FDI Act, 12 U.S.C. § 1818(b), and La. Stat. Ann. §§ 6:121, 6:121.1, and 6:122 have been satisfied, the FDIC and the OFI hereby order that:

MODEL RISK MANAGEMENT

1. (a) Within one hundred and twenty (120) days from the effective date of this ORDER, the Bank's Board shall perform an independent review of the current expected credit loss (CECL) and underwriting model risk management (MRM) framework to include the evaluation of governance, policies, controls, and model development, and the implementation and use of processes, model validation procedures, and ongoing monitoring.

(b) Within sixty (60) days from the effective date of this ORDER, the Board shall amend the Model Risk Governance Policy with respect to the CECL and underwriting models to include the following items:

- 1) Enhanced testing of key performance/statistical thresholds for each type of model;
- 2) Procedures for measuring, monitoring, and reporting aggregate model risk, including key risk indicators; and
- 3) Guidance and limits for credit expansion testing or holdout samples.

ALLOWANCE FOR CREDIT LOSSES

2. (a) Within 90 days from the effective date of this ORDER, the Board shall ensure that the existing methodology for determining the Allowance for Credit Losses (ACL) addresses the deficiencies noted in the April 22, 2024 Report of Examination (April 22, 2024 ROE).

(b) The Board shall then ensure that an ACL consistent with the Bank's revised ACL methodology is maintained going forward.

(c) Within 90 days from the effective date of this ORDER, the Board shall ensure that amendments to its Consolidated Reports of Condition and Income previously filed with

the FDIC, including with respect to the ACL, accurately reflect the financial condition of the Bank as of the date of each such report and conform with the revised ACL methodology. Reports filed after the effective date of this ORDER shall accurately reflect the financial condition of the Bank as of the reporting date.

COMPLIANCE WITH THE LOAN POLICY

3. Within sixty (60) days from the effective date of this Order, the Bank shall revise and/or adopt internal controls, as applicable, designed to ensure consistency with the Board-approved loan policies. Any material deviation from the Board-approved loan policy shall be reviewed and approved by the Board, and the basis for the Board's acceptance shall be entered into the Board minutes.

CAPITAL MAINTENANCE

4. (a) Within sixty (60) days from the effective date of this ORDER, the Board shall formulate and submit a written Capital Plan ("Capital Plan") to the Regional Director of the FDIC's Dallas Regional Office ("Regional Director") and the Commissioner of the OFI ("Commissioner") to increase its Tier 1 Leverage Capital ratio equal to or greater than 11.00 percent of the Bank's Average Total Assets and to achieve and maintain its Total Risk-Based Capital ratio equal to or greater than 15.00 percent of the Bank's Total Risk-Weighted Assets. The Capital Plan should address, at a minimum, achieving and maintaining minimum capital levels as required, potential sources of any new capital, time frames for raising capital from such sources, the description of any triggering events or conditions that would cause the implementation of contingency aspects of the Capital Plan, and dividends.

(b) After receiving approval from the Regional Director and the Commissioner, the Board shall cause the Bank to implement the Capital Plan as soon as practicable.

DIVIDEND RESTRICTIONS

5. (a) As of the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and the Commissioner.

(b) The Bank shall not make any payment, directly or indirectly, to or for the benefit of the Bank's holding company or any other Bank affiliate, without prior written consent of the Regional Director and the Commissioner.

BOARD OVERSIGHT

6. The Board shall monitor and confirm the completion of actions taken by Bank management to comply with the terms of this ORDER. All actions taken by the Board pursuant to this ORDER shall be duly noted in the minutes of its meetings. The Board shall ensure that the Bank has sufficient policies, personnel, resources, and systems to effectively implement and adhere to all provisions of this ORDER, that management implements such policies, and that those policies, personnel, resources, and systems are effective in addressing the provisions of this Order.

PROGRESS REPORTS

7. Within thirty (30) days after the end of the first calendar quarter following the effective date of this ORDER, and within thirty (30) days after the end of each successive calendar quarter, the Bank shall furnish written progress reports to the Regional Director and the Commissioner detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by the ORDER have been accomplished and the Regional Director and the Commissioner have released the Bank in writing from making additional reports.

DISCLOSURE TO SHAREHOLDERS

8. Within thirty (30) days from the effective date of this ORDER, the Bank shall send

a copy of this ORDER to its parent holding company. The description shall fully describe this ORDER in all material respects.

BINDING EFFECT

9. The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC, OFI, or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties, as that term is defined in Section 3(u) of the FDI Act, 12 U.S.C. § 1813(u).

This ORDER will become effective upon its issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC and the OFI. Violation of any provisions of this ORDER will be deemed to be conducting business in an unsafe or unsound manner and will subject the Bank to further regulatory enforcement action.

Issued Pursuant to Delegated Authority.

Dated: _____, 2025

/s/ Date: 01/24/2025

J. Mark Love
Deputy Regional Director
Division of Risk Management Supervision
Federal Deposit Insurance Corporation

/s/

P. Scott Jolly
Commissioner
Louisiana Office of Financial Institutions