

COMMUNITY BANKING

Genesis Bank, built for acquisitions, strikes first deal in California

By [John Reosti](#) February 18, 2025, 12:06 p.m. EST 3 Min Read



Genesis Bank in Newport Beach, California, is acquiring an institution in neighboring Beverly Hills.

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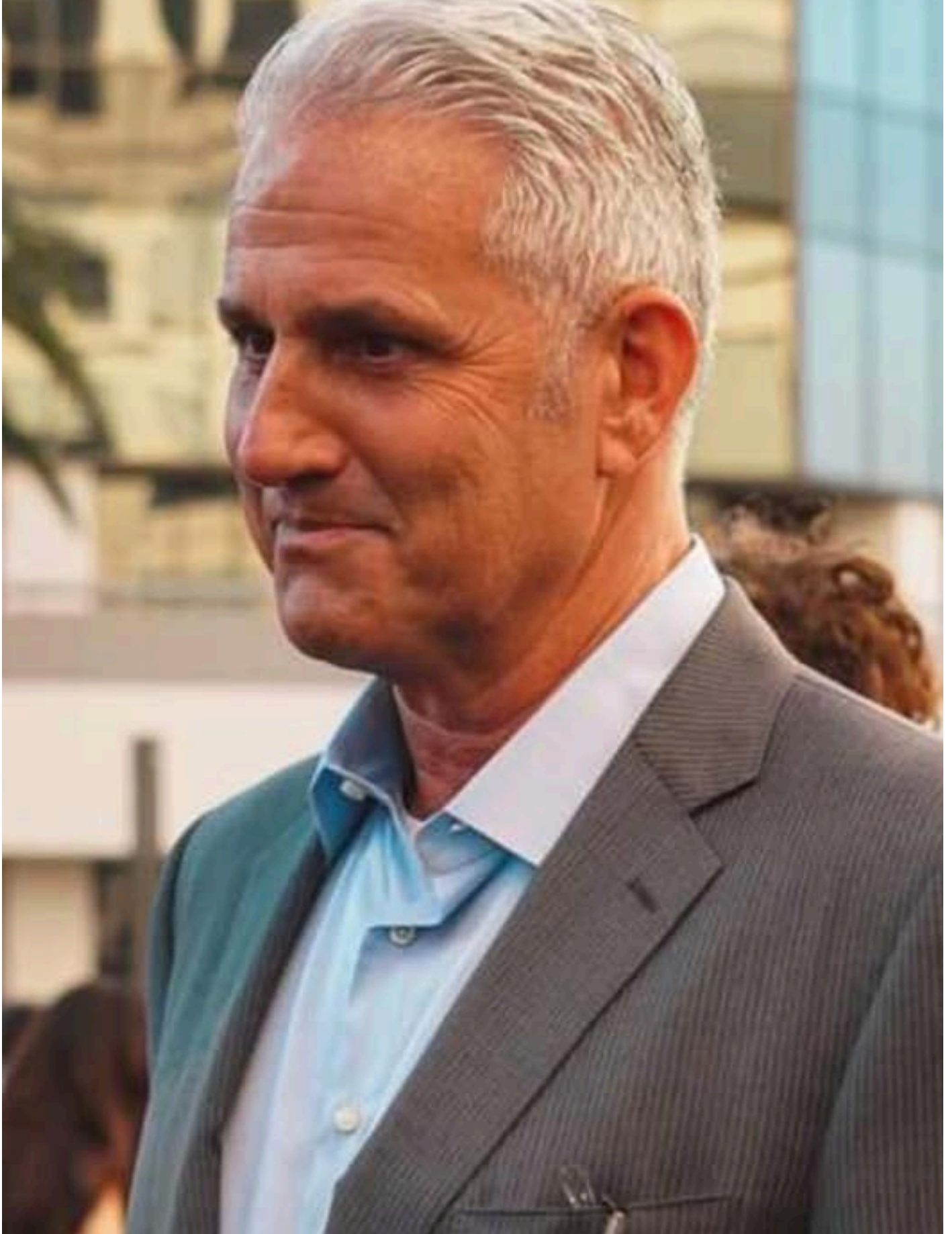
Genesis Bank in Newport Beach, California, which exited its de novo status in August, has announced its first acquisition, paying an undisclosed sum for the \$300 million-asset EH National Bank in nearby Beverly Hills. There's more dealmaking to come, according to founder and CEO Stephen Gordon.

"We're already working on other acquisitions," Gordon told American Banker on Monday. "M&A is part of our strategy. It's like a business line."

The \$197 million-asset Genesis and EH — both privately held — announced the deal Thursday. It's expected to close in mid-2025.

Gordon has a history of using acquisitions to grow banks. He did it first at Commercial Capital Bank in Irvine, California, then at Opus Bank, also headquartered in Irvine. In December 2023, while it was still a de novo, Genesis said it had [secured \\$500 million in equity capital pledges](#) to fuel its expansion ambitions. Gordon said Genesis would likely not need to tap into that cash to buy EH. Gordon described the combination as a "good, infill transaction."

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Genesis Bank Founder and CEO Stephen Gordon

"It was a great opportunity that we jumped on," he added.

Gordon founded Commercial Capital in 1999. That bank had grown to \$5.5 billion of assets when Washington Mutual paid \$983 million for it in 2006. Gordon founded Opus in 2010. It too grew rapidly but encountered credit-quality issues in 2016 that dampened investor returns. Gordon left Opus in November 2018, a little more than a year before the \$8 billion-asset company's [\\$1 billion sale](#) to Pacific Premier Bancorp in Irvine. Genesis [began operations](#) in August 2021.

Founded in 2005, EH does business as Excel Bank. Primarily a multifamily lender, it has struggled in the wake of the rapid interest rate hikes in 2022 and 2023. Prior to the COVID-19 pandemic, EH routinely reported net interest margins above 4%, but as rates ticked up, its spread narrowed considerably. Through the first nine months of 2024, the bank's reported NIM was 1.81%.

"I think there are a lot of banks that are kind of stuck," Gordon said. "They're stuck with legacy loans, legacy deposits. Having to fight their way through that liquidity crisis from a year-and-a-half ago and having to struggle with the low-rate loans and securities they put on the balance sheet."

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get the capital raise done, we moved forward very quickly with due diligence, then negotiating a definitive agreement and then announcing the deal just last week."

"It was a pretty quick, very efficient, very strong deep dive into all the areas you've got to diligence," he said.

The change-in-control component proved crucial. "We get to mark the entire bank to market for both interest rates and credit. You immediately generate strong returns at closing," Gordon said. None of those benefits would flow from a minority investment.

After deleveraging the EH balance sheet, the combined company expects to have assets totaling \$400 million, a tangible-equity-to-tangible-assets ratio north of 14% and a loan-to-deposits ratio of about 90%.

"We're buying [EH] at an attractive price," Gordon said. "We immediately become highly profitable, with very strong capital ratios and a lot of liquidity. We like all of the accounting aspects and metrics and returns out of this transaction."

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EH CEO Chuck Thomas said the acquisition would result in better service for clients and increased opportunities for EH employees as Genesis scales. "Genesis Bank is a dynamic organization with a state-of-the-art technology platform, and shares the same passion as Excel Bank for creating the best possible client service experience," Thomas said in a press release.

Excel's two branches should raise Genesis' profile in Riverside County and in Beverly Hills' Golden Triangle district, a neighborhood Gordon knows well.

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Excel's headquarters sits on the south side of Wilshire Boulevard, "literally within a stone's throw of the location we used to have."

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