

COMMUNITY CORNER

California's Genesis Bank pursuing more M&A after announcing Excel Bank deal

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Market Intelligence

Newport Beach, California-based [Genesis Bank](#) is working on more possible acquisitions after sealing its [deal to acquire](#) Beverly Hills, California-based Excel Bank, a tradename of [EH National Bank](#).

Genesis Bank aims to capitalize on M&A opportunities arising from high interest rates, as well as the liquidity crisis and bank failures in 2023, according to founding Chairman and CEO Stephen Gordon.

"The only way to solve a lot of the problems that a lot of challenged banks have is to be able to mark their balance sheets to market, for both rate and credit. And the only way to do that is to have M&A activity and have a buyer be able to mark the balance sheet," Gordon said in an interview. "That's the direction we're going to continue going. And that applies to the institution we're buying [and] the various institutions that we're in negotiations with."

The CEO noted that M&A is a business line at Genesis Bank, and the bank is pursuing it "very opportunistically" while also growing organically. Initially, Genesis Bank will focus on acquiring banks headquartered in California but is interested in entering other markets over time, Gordon said.

Excel Bank deal

Genesis Bank, with \$184.9 million in assets as of Dec. 30, 2024, is [acquiring](#) Excel Bank, which had \$298.6 million in assets as of the same date, in an all-cash transaction. Since 2021, there have been 11 deals, excluding mergers of equals, where the buyer is smaller in assets compared to the seller, according to S&P Global Market Intelligence data.

Gordon said Excel Bank attempted to raise capital before the deal, and he sensed the bank would not "raise the capital and complete the transactions they were working on to address matters on their own balance sheet." Gordon then informed Excel Bank that Genesis Bank would extend an acquisition offer if it failed to secure the capital raise.

After a few weeks, Excel Bank concluded it could not accomplish the capital raise, Gordon said. The banks then proceeded with deal talks and eventually reached a definitive agreement, he said.

The Genesis Bank CEO stated his bank is not raising any capital for the deal, given the deal size and the "deeply discounted" price. The absence of a capital raise also considered the possible impact of marking, restructuring and deleveraging of Excel Bank's balance sheet, according to Gordon and a [news release](#).

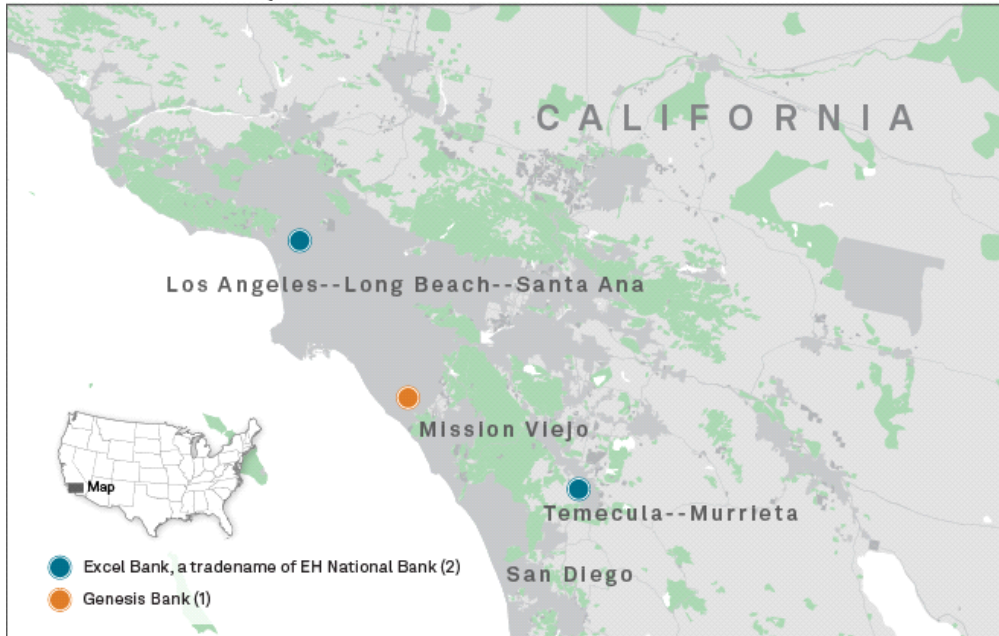
The balance sheet restructuring will involve Excel Bank's securities and loan portfolios. The proceeds will be used to pay down brokered deposits, high-rate deposits and wholesale funding, leading to net interest margin and net income improvements, Gordon said.

Genesis Bank found the markets where Excel Bank operates attractive. The combined bank will operate in Orange, Los Angeles, Riverside and San Bernardino counties, which "represent the second largest market in the entire US after the New York Tri-state area," Gordon said.

With the deal, Genesis Bank will enter Los Angeles County with one branch, which would rank the bank No. 80 in deposit market share in the county on a pro forma basis. The bank will also enter Riverside County with one branch that would rank No. 28 in deposit market share in the county, Market Intelligence data showed.

The transaction is expected to close by midyear, subject to receipt of approvals from Excel Bank shareholders and regulators and the satisfaction of customary closing conditions.

Genesis Bank to acquire Excel Bank



As of Feb. 13, 2025.
Number of branches reflects information collected by S&P Global Market Intelligence, using the FDIC standard branch definition, and may not include recent non-publicly disclosed branch activity. Map includes all branch types.
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