

# Genesis to Acquire Excel Bank, Doubling Assets to Over \$400 Million

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FEBRUARY 24, 2025

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Stephen Gordon Chairman/CEO Genesis Bank

Stephen Gordon is back in the acquisition game.

His Genesis Bank announced on Feb. 13 that he is acquiring Beverly Hills-based Excel Bank in an all-cash transaction. The price wasn't disclosed.

After the combination is completed later this year, Genesis' assets will top \$400 million.

"It will ultimately double the size of Genesis," Gordon told the Business Journal. "It will expand the client base and make the company meaningful profitable."

Gordon previously started and sold two successful banks: Commercial Capital Bank, which was sold for \$1 billion in 2006, and Opus Bank, which was sold for \$744 million in 2020. He built both to a combined \$15 billion in assets by growing both organically and through acquisitions. Gordon, chairman and chief executive of Genesis, said he's made about 15 acquisitions during his career.

The Excel Bank acquisition is the first for Genesis since Gordon launched it 2021.

"They were trying to raise capital, and they knew they wouldn't be able to complete the capital raise," Gordon said.

"I've known the CEO and president since the early 2000s. I reached out to them to express that I'd be interested in buying the bank."

## What is Excel?

Gordon started Newport Beach-based Genesis during the height of the pandemic because he saw other banks retreat from customer service and become too internally focused.

He grew Genesis organically; its Orange County deposits climbed 40% to \$133.7 million in the year ended June 30, 2024. Genesis Bank ranks No. 45 on the Business Journal's annual list of banks with operations in Orange County. The Business Journal's annual special report on banks starts on page 15.

Genesis also ranks No. 10 on the Business Journal's annual list of banks with headquarters in Orange County, reporting \$190.7 million in assets as of June 30, 2024.

Founded in 2005, Excel Bank is known for serving small businesses and their owners, multifamily and commercial real estate investors, owners and their operations, as well as property management companies and homeowners associations across Southern California. As of Dec. 31, Excel Bank had \$300 million in total assets, \$238 million in loans, \$242 million in deposits and \$23 million in tangible common equity.

"The combination of Genesis Bank and Excel Bank will bring enhanced services to Excel Bank clients and create future opportunities for employees," Excel Bank CEO Charles "Chuck" Thomas said in a statement. "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."

### **The Beverly Hills Attraction**

One of the key drivers for the acquisition was that Gordon's prior bank, Opus, had a successful branch across the street from Excel Bank in Beverly Hills, he said.

"This was an opportunity to have a presence with bankers in a prime location right there in Beverly Hills," Gordon said. "A lot of clients still think of us as an Orange County-based bank. A ton of our clients are in LA County."

After the acquisition is completed this summer, Genesis Bank will take over Excel's offices in Beverly Hills and Temecula.

Opus had about 50 branches, a strategy that Gordon doesn't intend to replicate. The days of bank branches "are done" because of modern technology, he said, adding that they still may have a place in the industry. He considers these three offices to be more like commercial banking offices than traditional branches.

In addition to Orange and Los Angeles counties, Genesis also focuses on Riverside and San Bernardino counties. Gordon said companies in Southern California appear to be "robust."

"Companies seem to be in pretty good shape," he said. "Now that rates have come down, real estate investors seem to be in good shape. The banking system is in good shape."

"The ability for the banking system to support growth is there. The new federal administration is pro-growth."

"It's all lining up well."

### **Start of Buying Spree?**

In 2023, Genesis raised \$500 million in equity capital commitments, saying there is a "meaningful opportunity" to buy and recapitalize other banks in the Western Region of the U.S.

The equity capital includes commitments from large and medium-sized private equity firms, traditional bank fund investors, and family offices.

He said the Excel Bank acquisition was purchased at a "steep discount" – 50% of tangible book value.

"We'll be booking a significant gain on the transaction," he said. "It's highly accretive."

The all-cash deal indicates Genesis has plenty of cash on hand.

"We got a lot of dry powder, plenty of capital, lots of liquidity," Gordon said.

He is planning more acquisitions this year.

"I'm already working on the next one," he quipped.

Genesis Bank was advised in this transaction by its legal counsel, Holland & Knight LLP. Excel Bank was advised in this transaction by its legal counsel, Richard Knecht, attorney at law.