

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Scottsdale Community Bank (In Organization)
Scottsdale, Maricopa County, Arizona

Application for Federal Deposit Insurance (Modification of Conditions)

AMENDED ORDER AND BASIS FOR APPROVAL

WHEREAS, on September 25, 2020, the Federal Deposit Insurance Corporation (“FDIC”) approved an application submitted on behalf of Scottsdale Community Bank (“Proposed Bank”), a proposed new state non-member bank to be located at 8767 E. Via de Ventura, Suite 190, Scottsdale, Arizona 85258, for Federal deposit insurance with membership in the Deposit Insurance Fund, and issued a Deposit Insurance Order (the “Original Order”), subject to a number of conditions; and

WHEREAS, on August 2, 2021, George Weisz, Chair, Board of Directors of the Proposed Bank, filed a written request with the FDIC on behalf of the Proposed Bank, requesting an extension of time by the Bank, which is listed in #20 of the Original Order, stating that if the Federal deposit insurance has not become effective within twelve months from the September 25, 2020 date of the Order, or unless, in the meantime, a written request for an extension of time by the Bank has been approved by the FDIC, the consent granted shall expire at the end of this time period;

WHEREAS, the undersigned, acting on behalf of the Board of Directors of the 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 and relating to the written request for an extension of time by the Bank as prescribed in condition #20 of the Original Order;

WHEREAS, on August 13, 2021, the undersigned, acting on behalf of the Board of Directors of the FDIC, pursuant to delegated authority, approved the written request for an extension of time by the Bank as prescribed in condition #20 of the Original Order; and

NOW THEREFORE, the FDIC hereby consents to a modification of the Original Order (the “First Modification”), such that the First Modification of the Original Order now provides:

1. That initial paid-in capital funds shall not be less than \$16,000,000.
2. That the Bank’s Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation and guidance from the FDIC) shall be maintained at not less than eight percent (8%) throughout the first three years of operation and that an adequate allowance for loan and lease losses will be provided.
3. That the Bank shall pay no dividends during the first three years of operations without prior written approval of the FDIC San Francisco Regional Director and the Arizona Department of Insurance and Financial Institutions.

4. That 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 prior approval from the FDIC's San Francisco Regional Director for any proposed major deviation or material change from the submitted Business Plan.
5. That any changes in proposed management or the proposed ownership of ten percent (10%) or more of the Bank's stock, including new acquisitions of or subscriptions to ten percent (10%) or more of stock, shall be approved by the FDIC prior to the Bank's opening.
6. That in the event the main office location changes, the Bank must obtain the written non-objection of the FDIC's San Francisco Regional Director to the proposed location of the main office, chartering authority approval, satisfactory resolution of any outstanding historical preservation and environmental matters, and appropriate plans to reasonably inform the public prior to the effective date of deposit insurance.
7. That the Bank submit any proposed contracts, leases, or agreement relating to construction or rental of permanent quarters to the FDIC San Francisco Regional Director for review and comment.
8. That during the first three years of operations, the Bank shall notify the FDIC's San Francisco Regional Director of any plans to establish a loan production office at least 60 days prior to opening the facility.
9. That during the Bank's first three years of operation, the Bank must obtain the written non-objection of the FDIC's San Francisco 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 of the Bank.
10. That during the Bank's first three years of operation, the Bank must obtain the written non-objection of the FDIC San Francisco Regional Director prior to implementing any change(s) in the duties, responsibilities, or authorities of any director or senior executive officer. Such notice shall be submitted at least 30 days prior to the proposed change(s), and the notice shall fully describe the reason(s) for such change(s). The term "senior executive officer" shall have the meaning set forth in 12 C.F.R. 303.101.
11. That the Bank has designated a qualified individual or individuals responsible for coordinating and monitoring day-to-day compliance with Bank Secrecy Act/Anti-Money Laundering regulatory requirements ("BSA Officer") prior to opening.
12. That prior to executing final employment agreements and compensation arrangements for any senior executive officer, and prior to the institution commencing operations, the institution shall submit copies of, and obtain the San Francisco Regional Director's written non-objection to, the final employment agreements and compensation arrangements.
13. That prior to the Bank's opening, full disclosure has been made to all proposed directors and stockholders of the facts concerning the interest of any insider in any transactions

being effected or then contemplated, including the identity of the parties to the transaction and the terms and costs involved. An "insider" is a person who: (i) is or is proposed to be a director, officer, or incorporator of the Bank; (ii) is a shareholder who directly or indirectly controls 10 percent or more of any class of outstanding voting stock; or (iii) is an associate or related interest of any such person.

14. That during the Bank's first three years of operation, the Bank must obtain the written non-objection of the FDIC's San Francisco Regional Director prior to the implementation of any stock benefit plans, including stock options, stock warrants, or other similar stock-based compensation plans established by the Bank.
15. 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.
16. That Federal deposit insurance will not become effective until the Bank has been granted a charter and has authority to conduct banking business, and that its establishment and operation as a depository institution has been fully approved by the appropriate federal and state supervisory authorities.
17. That the persons(s) selected to serve as the principal operating officers(s) shall be acceptable to the FDIC San Francisco Regional Director.
18. That prior to the effective date of Federal deposit insurance, the Bank must obtain adequate fidelity coverage.
19. That the Bank shall 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 shall submit to the FDIC San Francisco Regional Director, (i) a copy of the audited annual financial statements and the independent public auditor's report within 90 days following the end of the Bank's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after receipt by the Bank, and (iii) written notification within 15 days when a change in the Bank's independent auditor occurs.
20. That if the Federal deposit insurance has not become effective by March 25, 2022, which is six months from the expiration date of the Original Order, or unless, in the meantime, a written request for an extension of time by the Bank has been approved by the FDIC, the consent granted shall expire at the end of this time period on said date.
21. That until deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment if warranted.

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

Dated at San Francisco, California this 13th day of August, 2021.

/S/

Paul P. Worthing
Deputy Regional Director