

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Scottsdale Community Bank (in organization)
Scottsdale, Maricopa County, Arizona

Application for Federal Deposit Insurance

ORDER

The undersigned acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation ("FDIC") pursuant to delegated authority, has fully considered all available facts and information relative to the statutory factors enumerated in section 6 of the Federal Deposit Insurance Act, including financial history and condition, capital adequacy, future earnings prospects, general character of management, risk to the fund, convenience and needs of the community and consistency of corporate powers, as they relate to the application for Federal Deposit Insurance with membership in the Deposit Insurance Fund for Scottsdale Community Bank ("Bank"), a proposed new state nonmember bank to be located at 7373 N. Scottsdale Road, Building A, Suite 199, Scottsdale, AZ 85253, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application submitted by the proposed bank for Federal Deposit Insurance be, and the same hereby is, approved, subject to the following conditions:

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 within twelve months from the date of this 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 said twelve-month period.
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 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 25th day of September, 2020.

/ S /

Kathy L. Moe
Regional Director

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Scottsdale Community Bank (In Organization)
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STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. § 1815), the Federal Deposit Insurance Corporation ("FDIC") received an Interagency Charter and Federal Deposit Insurance Application filed on behalf of Scottsdale Community Bank ("Bank"), a proposed new community bank that will be located in Scottsdale, Arizona. The application is intended to establish a newly-chartered state nonmember commercial bank. The organizers concurrently applied to the Arizona Department of Insurance and Financial Institutions ("ADIFI") for a state bank charter to form a de novo commercial bank to be known as Scottsdale Community Bank.

Notice of the Federal Deposit Insurance application, in a form approved by the FDIC, was initially published pursuant to the FDI Act on November 8, 2019. The Bank has not established a bank holding company. The minimum opening capital of the Bank will be realized from a public offering of 1,600,000 shares of common stock at a price of \$10.00 per share.

The Bank's business plan is to operate a state-chartered nonmember community bank that provides banking services in the greater Maricopa County, Arizona market area. The Bank will offer traditional products and services and will be overseen by an experienced management team, including a diversified and knowledgeable Board of Directors who is committed to serving the local community.

The Bank will operate with sufficient capital and managerial resources to accomplish the strategies and goals in the business plan. The Bank will be capitalized with an amount sufficient to achieve and maintain a Tier 1 capital to assets leverage ratio, as defined in the capital regulations of the FDIC, of not less than eight percent (8.00%) throughout the Bank's first three years of operation. Projected growth and future earnings prospects appear attainable. The Bank's plans appear to satisfy the convenience and needs of the community. Corporate powers to be exercised are consistent with the purposes of the FDI Act, and no undue risk to the Deposit Insurance Fund is evident.

Accordingly, based upon a careful evaluation of all available facts and information, and in consideration of the factors of Section 6 of the FDI Act, the San Francisco Regional Director, pursuant to delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

REGIONAL DIRECTOR
DIVISION OF RISK MANAGEMENT SUPERVISION
FEDERAL DEPOSIT INSURANCE CORPORATION