

In Re: AloStar Bank of Commerce
Birmingham, Alabama
Application for Federal Deposit Insurance (Modification of Conditions)

AMENDED ORDER AND BASIS FOR APPROVAL

WHEREAS, on April 13, 2011, the Federal Deposit Insurance Corporation (“FDIC”) approved an application submitted by AloStar Bank of Commerce (“Bank”) (formerly known as Alabama Conditional Bank), then a proposed new state non-member bank located in Birmingham, Alabama, for Federal deposit insurance with membership in the Deposit Insurance Fund and for consent to exercise trust powers limited to the following corporate trust services: trustee, transfer agent, paying agent, escrow agent and agent for AloStar Bank of Commerce, and issued a Deposit Insurance Order (the “Original Order”), subject to a number of conditions; and

WHEREAS, on June 30, 2015, at the Bank’s request and based on the retirement of the Bank’s former Chairman and Chief Executive Officer, the FDIC modified Condition Number 7 (the “First Modification”) of the Original Order to require at least forty percent (instead of at least fifty percent, as required in the Original Order) of the Bank’s Board of Directors to be independent; and

WHEREAS, on January 4, 2017, based on its “supervisory record over a sustained period,” the Bank requested that additional modifications be made to the Original Order; and

WHEREAS, the FDIC no longer considers the Bank to be a de novo Bank and, having had extensive supervisory experience with the Bank’s management, board of directors, and business model, the FDIC concludes that the rationale for certain conditions contained in the Original Order, as modified by the First Modification, no longer exists and that the FDIC’s supervisory objectives for the Bank can be achieved through other supervisory means; and

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

1. Initial paid-in-capital funds of not less than \$160,000,000 shall be provided, less amounts attributable to reasonable legal, placement, and other organizational fees.
2. Federal deposit insurance shall not become effective unless the applicant is the successful bidder for, and subsequently acquires certain assets and assumes deposits and certain other liabilities from the FDIC as receiver for Nexity Bank, Birmingham, Alabama.
3. The Bank and each Investor shall be bound by, and comply with, all applicable provisions of the FDIC’s *Final Statement of Policy on Qualifications for Failed Bank Acquisitions*.

For purpose of this Order, Investors shall include: Fortress Investment Group LLC; Oaktree Capital Management, L.P.; Pine Brook Road Associates, L.P.; and Stone Point Capital LLC (for itself and on behalf of its affiliated investing fund(s) and/or entity(ies)); Managing

Director Curtis A. Glover, Fortress Investment Group; Managing Director Michael P. Harmon, Oaktree Capital Management, L.P.; Managing Director Eric W. Leathers, Pine Brook Road Partners, LLC; Principal Christopher M. Doody, Stone Point Capital LLC; Michael J. Gillfillan; and Andrew S. McGhee.

4. Any changes in the proposed management of the Bank or the proposed ownership shall be approved in writing by the appropriate FDIC Regional Director prior to opening.
5. The Audit Committee of the Bank's Board of Directors shall be comprised of at least three (3) Bank directors, none of whom are officers or employee of the Bank, and all of whom are independent directors.
6. The Bank shall obtain adequate fidelity coverage prior to the date deposit insurance becomes effective.
7. The Bank shall adopt and maintain an accrual accounting system.
8. Federal deposit insurance shall not become effective until the Bank has been granted a charter, has authority to conduct banking business, and its establishment and operation as a depository institution has been fully approved by the State.
9. For three years following the commencement of banking operations, the Bank shall provide to the appropriate FDIC Regional Director at least 60 days prior notice of any proposed material changes to or significant deviations from the Business Plan and obtain the prior written approval of the Regional Director before implementation of the proposed material changes to or significant deviations from the Business Plan.
10. 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 coverage becomes effective and shall submit to the appropriate FDIC Regional Director and the State (i) a copy of the audited annual financial statements and the independent auditor's report thereon within 90 days after 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 their receipt by the Bank; and (iii) written notification within 15 days after a change in the Bank's independent auditor occurs.
11. Full disclosure shall be made to all proposed directors and stockholders of the Bank 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) a shareholder who directly or indirectly controls ten percent or more of any class of the Bank's outstanding voting stock; or (iii) an associate or interest of any such person.
12. Until deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its approval should an interim development be deemed to warrant such action.

13. If deposit insurance has not become effective within six months from the date of this Order, or unless, in the meantime, a request for an extension of time has been approved by the FDIC, this approval shall expire at the end of said six-month period.

Dated at Washington, D.C. this 28th day of June, 2017.

FEDERAL DEPOSIT INSURANCE CORPORATION

/s/

By: _____

Patricia A. Colohan

Associate Director

Division of Risk Management Supervision