

## FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Zenith Bank & Trust (In Organization)  
Scottsdale, Arizona

Application for Federal Deposit Insurance  
Application for Consent to Exercise Trust Powers

### 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 Zenith Bank & Trust (“Bank”), a proposed state non-member bank to be located at 4900 N. Scottsdale Road, Suite 1500, Scottsdale, Maricopa County, Arizona, and has concluded that the application should be approved. Further, the application for Consent to Exercise Trust Powers is hereby 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 and Consent to Exercise Trust Powers be, and the same is hereby approved, subject to the following conditions:

1. Beginning paid-in capital funds shall not be less than \$22,000,000.
2. The Bank’s Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation and guidance from the Bank’s primary federal regulator) shall be maintained at not less than eight percent (8%) throughout the first three years of operation and that an adequate allowance for credit losses will be provided.
3. Any changes in proposed management or the proposed ownership to the extent of 10 percent or more of stock, including new acquisitions of or subscriptions to 10 percent or more of stock, shall be approved by the FDIC prior to the Bank opening for business.
4. An accrual accounting system shall be adopted for maintaining the financial records of the Bank in accordance with U.S. Generally Accepted Accounting Principles.
5. Prior to the effective date of Federal Deposit Insurance, the Bank shall be granted a charter by the State of Arizona as a depository institution, and be granted requisite authority to conduct business in accordance with local and state laws and regulations.
6. The Bank will submit any proposed contracts, leases, or agreements relating to construction or rental of permanent quarters to the appropriate FDIC Regional Director for review and comment.
7. The Bank’s proposed bank holding company needs to obtain approval of the Board of Governors of the Federal Reserve System to acquire voting stock control of the proposed depository Bank prior to its opening for business.

8. The Bank will 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 submit certain audit-related documents to the San Francisco Regional Office of the FDIC.
9. 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 the prior approval of the FDIC Regional Director and for any proposed major deviation or material change from the submitted Business Plan, at least 60 days prior to implementation of any such major deviation or material change.
10. Full disclosure will need to be 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 one who is or is proposed to be a director, officer, or incorporator of an applicant; a shareholder who directly or indirectly controls 10 or more percent of any class of the applicant's outstanding voting stock; or the associates or interests of any such person.
11. During the first three years of operation, the Bank shall submit written notice to and obtain the written non-objection of the FDIC 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.
12. During the Bank's first three years of operation, the Bank shall submit written notice to and obtain the written non-objection of the appropriate FDIC Regional Director for any proposed change to the board of directors or to any senior executive officer position. Such notice shall be submitted at least 30 days prior to the proposed election to the board or appointment, and shall include a complete Interagency Biographical and Financial Report for each individual proposed for election or appointment. The term "senior executive officer" shall have the meaning set forth in 12 C.F.R. 303.101.
13. Prior to executing final employment agreements and compensation arrangements for any senior executive officer, and prior to the Bank commencing operations, the Bank shall submit copies of, and obtain the appropriate FDIC Regional Director's written non-objection to the final employment agreements and compensation arrangements (including a written description of salary, benefits, deferred compensation, stock compensation or incentives, and bonus and severance payments, as applicable) for the Bank's senior executive officers. The term "senior executive officer" shall have the meaning set forth in 12 C.F.R. 303.101.
14. During the first three years of operation, the Bank shall submit copies of and obtain the written non-objection of the FDIC Regional Director prior to implementing any stock benefit plan, including with respect to stock options, stock warrants, stock grants, or other similar stock-based compensation. Any such plan shall comply with the FDIC Statement of Policy on Applications for Deposit Insurance. Furthermore, during the first three years of operation, the Bank shall submit written notice at least 60 days prior to, and obtain the

appropriate Regional Director's written non-objection prior to implementing any major change to or material deviation from any previously submitted stock benefit plan.

15. The Bank shall not pay dividends during the first three years of operations without prior written approval of the FDIC Regional Director.
16. If the Bank does not commence operations within twelve months (12) from the date of this ORDER, the consent granted herein shall expire, unless the FDIC approves a request for an extension of the deadline prior to the expiration.
17. Until the FDIC's conditional commitment becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment if warranted.
18. Federal deposit insurance will not become effective until the applicant has been granted a charter as a depository Bank, has authority to conduct such business, and its establishment and operation have been fully approved by the appropriate state and/or federal supervisory authority.

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 in San Francisco, California this 17th day of May, 2023.

/ S /  
Kathy L. Moe  
Regional Director

**FEDERAL DEPOSIT INSURANCE CORPORATION**

Re: Zenith Bank & Trust (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 Zenith Bank & Trust ("Bank"), a proposed new community bank that will operate from one single location 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 ("AZDIFI") for a state bank charter to form a de novo commercial bank to be known as Zenith Bank & Trust. Further, the organizers concurrently applied for Consent to Exercise Trust Powers.

Notice of the Federal Deposit Insurance application and Consent to Exercise Trust Powers, in a form approved by the FDIC, was initially published pursuant to the FDI Act on October 28, 2022. The Bank will establish a holding company. The minimum opening capital of at least \$22,000,000 will be realized from a private placement offering.

The Bank's business plan is to operate a state chartered nonmember community bank that provides banking services in the market area of Maricopa County. 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 communities.

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 (12 U.S.C. § 1816), the San Francisco Regional Director, pursuant to delegated authority, has concluded that approval of the applications are warranted, subject to certain prudential conditions.

**REGIONAL DIRECTOR  
DIVISION OF RISK MANAGEMENT SUPERVISOR  
FEDERAL DEPOSIT INSURANCE CORPORATION**