



SCOTTSDALE

COMMUNITY BANK
(IN ORGANIZATION)

LOCAL COMMITMENT. GLOBAL VISION.

You have the...

UNIQUE OPPORTUNITY TO OWN A BANK

Join Us

- In building an outstanding financial services operation which brings returns to our investors and produces a LASTING FOOTPRINT ON SCOTTSDALE AND ARIZONA of which we can all be very proud.
- In opening the FIRST community bank in Arizona since 2007 it will be located in the core business center of the thriving Scottsdale community, internationally known for a highly productive business environment, excellent quality of life, and a magnet for tourism.



OUR VISION



We will provide innovative, cutting edge financial services, proactively addressing clients' needs while maintaining and taking pride in our integrity, work ethics, efficiency, and traditional values.

We will be an enterprise that colleagues and regulators point to as a model of success.



WHY
SCOTTSDALE COMMUNITY BANK



Characteristics of a Successful De Novo Bank

- ❖ A well constructed board of directors
- ❖ A dynamic market
- ❖ An experienced management team
- ❖ Successful execution of the business plan

Board of Directors

George Weisz
Chair of Board

Neill LeCorgne
President & CEO Director

Hemant Patel
Vice-Chair

Bruce Barnhill
Vice-Chair

Shelley Thompson
Secretary

Craig Reinmuth
Treasurer

Robert Blendu
Director

Leslie Dashew
Director

Frank Jacobson
Director

Russ Jones
Director

David Lorsch
Director

Christi Osborne
Director
(in organization)

Blair Robinson
Director

Dr. Ashesh Sanghvi
Director



Why choose

SCOTTSDALE, AZ

for a community bank?



Scottsdale

- ❖ Scottsdale is a dynamic market fueled by increasing employment and expanding infrastructure
- ❖ More than 20% of Arizona's corporate headquarters are located in Scottsdale
- ❖ Scottsdale named one of "America's thriving cities"
- ❖ Scottsdale designated one of the best cities to launch a start-up
- ❖ Scottsdale ranked nationally as one of the ten best places to live





MARKET AREA

- Our market area includes economic engines in Scottsdale from the thriving office, retail, and industrial Airpark area on the north, to the ASU SkySong Innovation Center and McDowell Corridor on the south.
- The family businesses in Paradise Valley on the west, to the creative office, entertainment, and recreational businesses on the Salt River Pima-Maricopa Indian Community to the east.
- The area encompasses diverse Old Town Scottsdale including its art galleries, financial center, Scottsdale Fashion Square, the Waterfront development, and the entertainment district.
- The Medical “Cure Corridor”, and the long, diverse Scottsdale Road Corridor, including world-class resorts, spas, restaurants, and other hospitality operations.



TARGET BUSINESS PROFILES

There are 18,000+ businesses within our market area that meet the following criteria:

- Privately owned businesses with annual revenues under \$5 million
- Businesses that match the Directors' extensive industry knowledge & experience
- Businesses with 25-100 employees
- Businesses with average credit needs between \$100,000 to \$2.5 million
- Businesses with average deposit balances over \$100,000.

Executive Management Team – 140+ Years of Experience

President & CEO

- ❖ 37 years serving banking industry
- ❖ President and COO of a multi bank holding company
- ❖ Experience in opening a de novo institution
- ❖ Industry expertise in bank technology

Chief Financial Officer

- ❖ 31 years in banking/ 15 years in executive role
- ❖ Experience in opening a de novo institution in Scottsdale/Gateway Commercial Bank
- ❖ President and CEO of a credit union

Executive Management Team – 140+ Years of Experience

Enterprise Risk Manager/Chief Credit Officer/COO

- ❖ 34 years in banking/ 11 years in executive role
- ❖ Experience in opening a de novo institution
- ❖ Senior management experience in lending, credit approval, credit administration, technology implementation, compliance and enterprise risk management

Senior Lending Officer

- ❖ 42 years in banking/9 years in executive role
- ❖ 23 years lending in the Scottsdale market
- ❖ Experience in opening a new banking operation in Phoenix market

Under Served Banking Community – FDIC Insured Institutions by State

- ❖ 13 banks headquartered in Arizona – incl. 10 community banks
- ❖ Versus :
 - 144 in California
 - 74 in Colorado
 - 41 in Utah
 - 34 in New Mexico
 - 410 in Texas
 - 401 in Illinois

Community Banks Headquartered in Arizona

INSTITUTION NAME	CITY	STATE HEADQUARTERS	COUNTY	ESTABLISHED DATE	ROA %	ROE %	ASSETS (000s)	DEPOSITS (000s)
Pinnacle Bank (SOLD)	Scottsdale	AZ	Maricopa	9/28/2005	0.52	4.69	\$253,164	\$225,941
Metro Phoenix Bank	Phoenix	AZ	Maricopa	9/13/2007	1.66	10.82	\$217,612	\$181,269
Goldwater Bank, N.A.	Phoenix	AZ	Maricopa	4/2/2007	4.07	50.92	\$169,765	\$145,250
Gateway Commercial Bank	Mesa	AZ	Maricopa	12/3/2007	1.03	7.59	\$119,148	\$91,752
Republic Bank of Arizona	Phoenix	AZ	Maricopa	4/30/2007	0.66	4.6	\$107,364	\$90,020
West Valley National Bank	Goodyear	AZ	Maricopa	12/22/2006	-1.29	-11.43	\$70,197	\$62,593
State Bank of Arizona	Lake Havasu City	AZ	Mohave	10/15/1991	1.27	11.51	\$678,511	\$592,167
Horizon Community Bank	Lake Havasu City	AZ	Mohave	12/9/2002	0.96	10.5	\$332,491	\$289,434
Mission Bank	Kingman	AZ	Mohave	4/30/2001	0.84	9.42	\$120,216	\$108,550
Commerce Bank of Arizona	Tucson	AZ	Pima	8/5/2002	0.96	8.76	\$233,913	\$204,026
1st Bank Yuma	Yuma	AZ	Yuma	9/4/2001	1.51	14.64	\$368,022	\$329,184

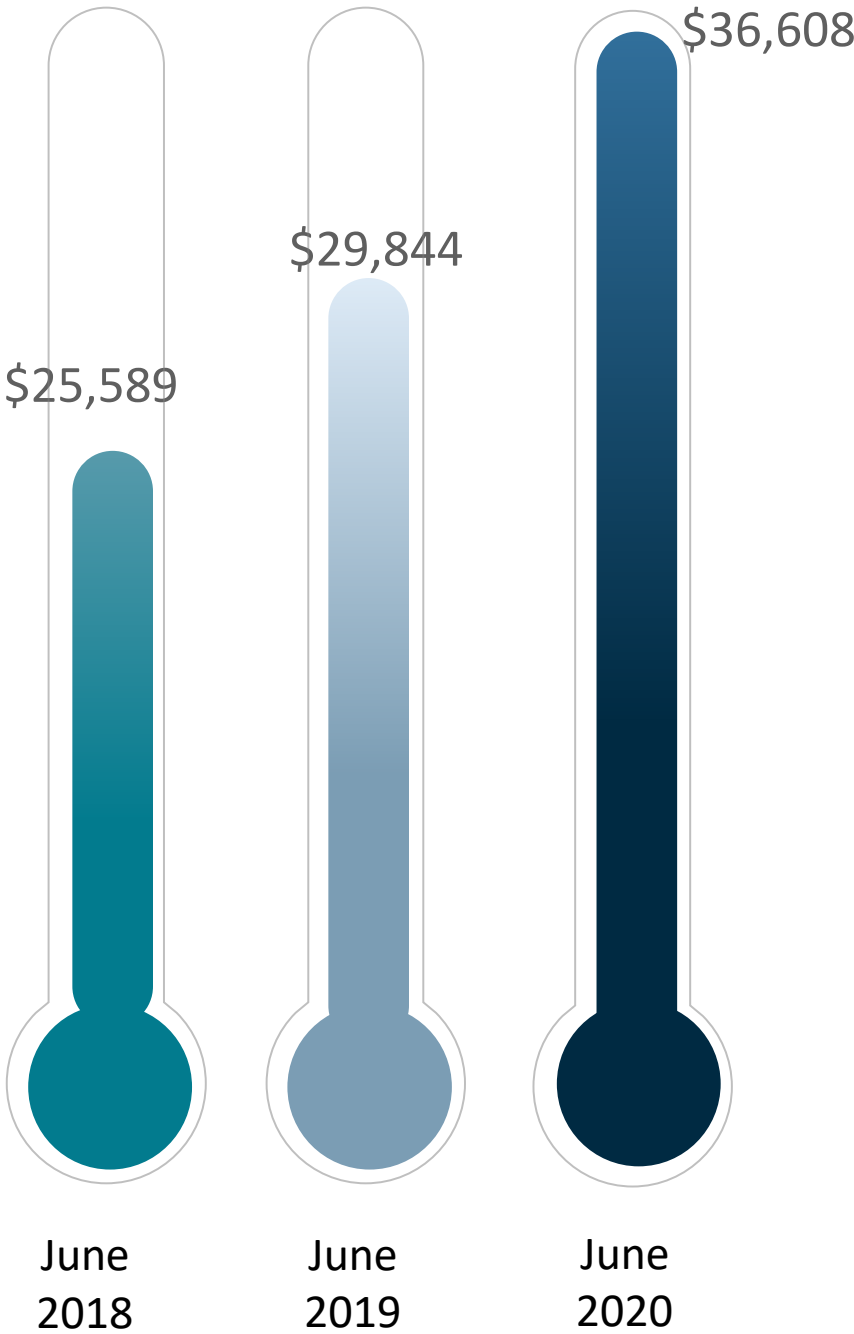
All FDIC Insured Institutions in Arizona - Growth Summary

Source: Call Report and Thrift Financial Report, FDIC Division of Insurance and Research

TOTAL ASSETS

43% ↑

Increase In Total Assets from June 2018 to June 2020

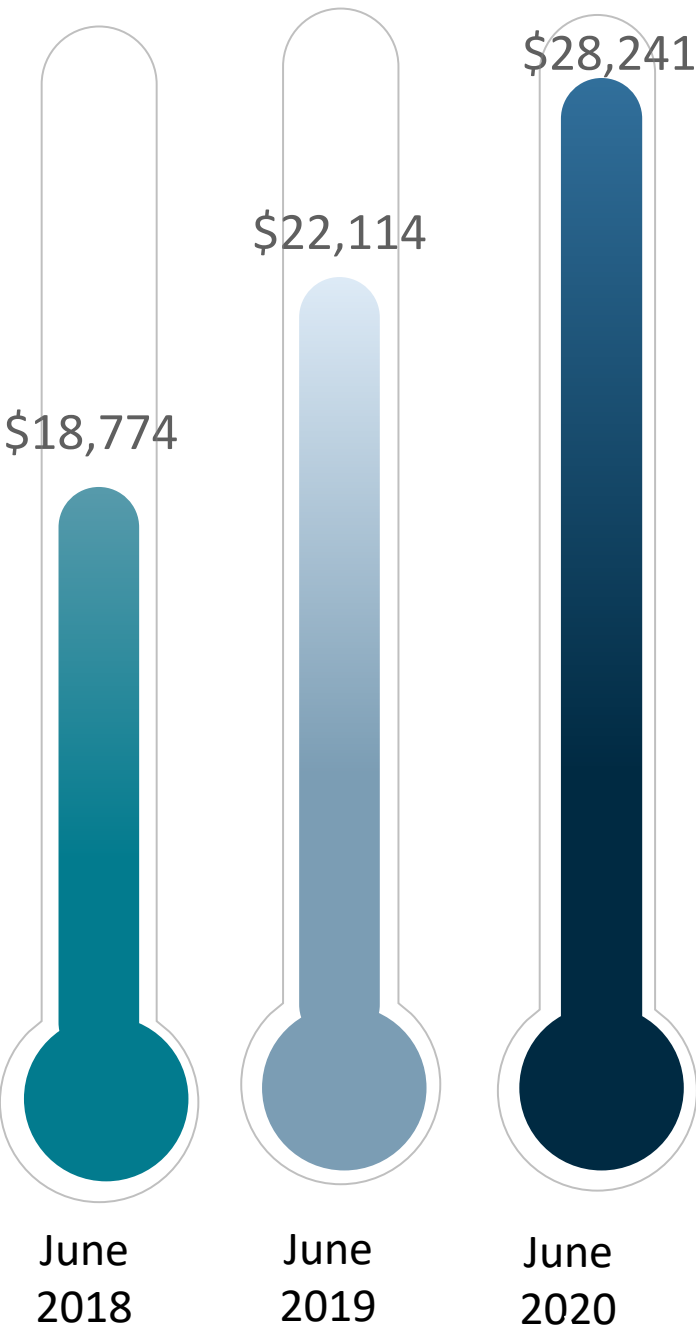


(Dollar Figures in Millions)

TOTAL LOANS & LEASES

50% ↑

Increase In Total Loans & Leases from June 2018 to June 2020

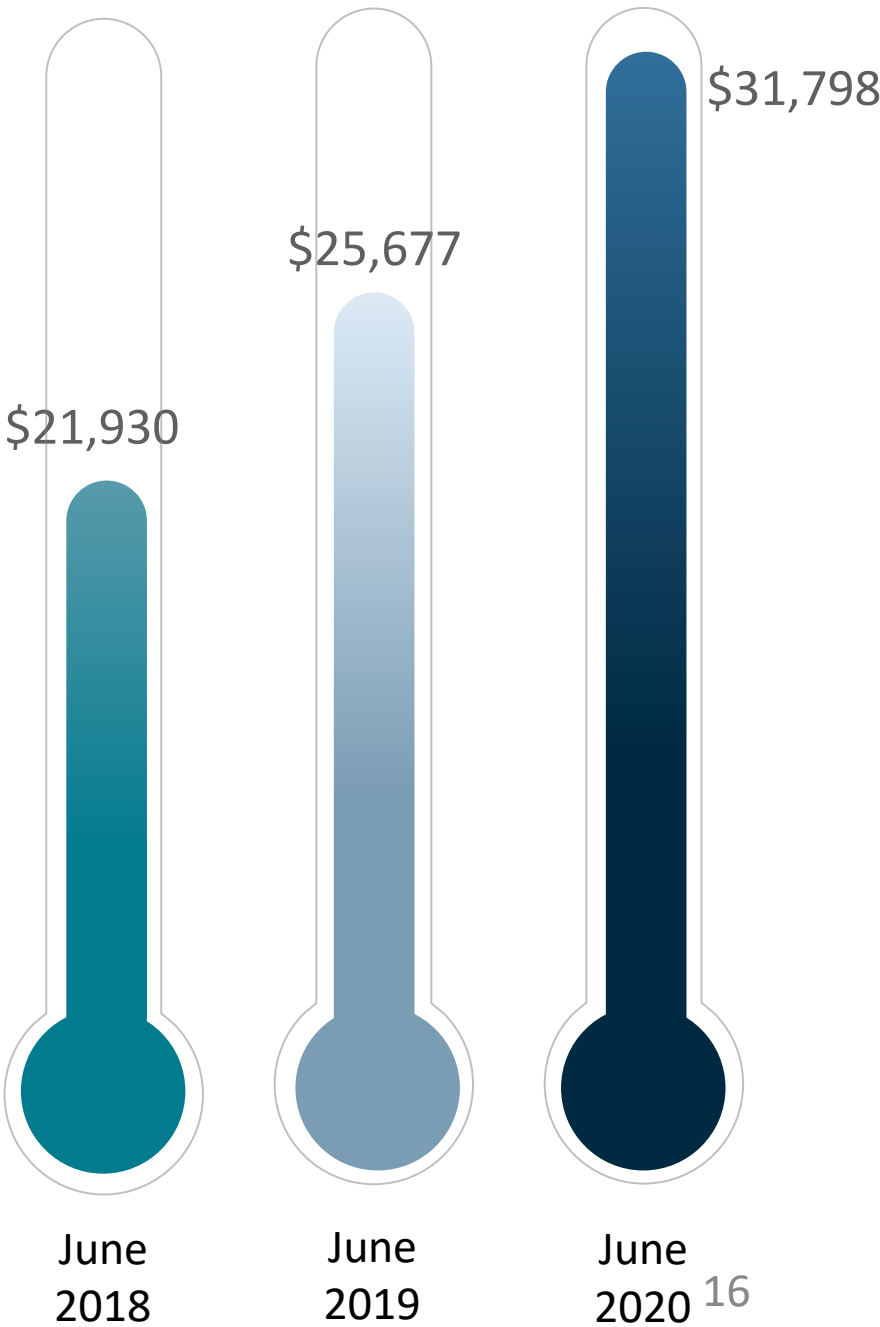


(Dollar Figures in Millions)

TOTAL DEPOSITS

45% ↑

Increase In Total Deposits from June 2018 to June 2020



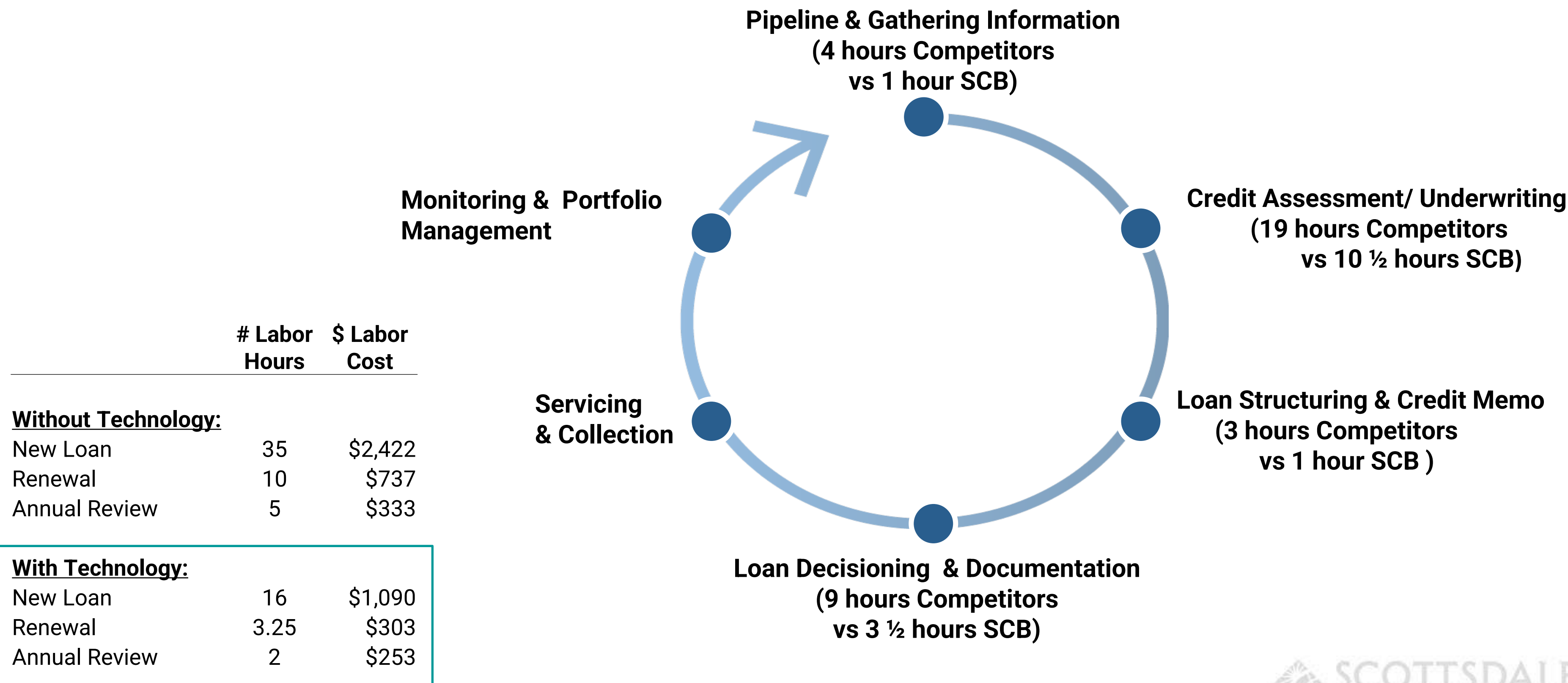
(Dollar Figures in Millions)

Key Operating Strategies For Success

Develop consistent earnings stream fueling franchise value.

- ❖ High dollar level of client operating balances
- ❖ Technology leader in the market/strong efficiency ratio
- ❖ Healthy and profitable loan portfolio
- ❖ Hire and retain quality management and staff
- ❖ Develop a strong system of risk management
- ❖ High touch service – complimented by tablet technology/bank anywhere
- ❖ Leverage the benefits of closely held ownership and decision-making
- ❖ Create a benefit to the community

Example: Using New Technology to Build Earnings



Bank Operating Targets Beyond Year 3

- ❖ Annual Operating ROE Target 10-15%
- ❖ Quarter by quarter growth in earnings/EPS – “No Surprises”
- ❖ Opportunity for dividends to be declared
- ❖ Strong asset quality
- ❖ Increase franchise value year-by-year
- ❖ “When to hold and when to fold” analysis – independence/hold or sell decision

Exit Strategy: Bank Merger Deals (pre-Pandemic)

	Number of Transactions (#)	Price/Tangible Book (x)	Price/ Last Twelve Months Earnings (x)
<u>2018</u>			
United States	244	1.76	24.5
Western States	26	2.04	25.1
<u>2019</u>			
United States	247	1.58	16.3

Source: FDIC as of 12/31/2019, SNL

Example: SCB Base Valuation Before Adjustments

Total Assets	ROA 1%	10x Earnings Multiple	Value Per Share 10x Earnings Multiple	15x Earnings Multiple	Value Per Share 15x Earnings Multiple	20x Earnings Multiple	Value Per Share 20x Earnings Multiple
\$175,000,000	\$1,750,000	\$17,500,000	\$10.94	\$26,250,000	\$16.41	\$35,000,000	\$21.88
\$300,000,000	\$3,000,000	\$30,000,000	\$13.04	\$45,000,000	\$19.57	\$60,000,000	\$26.09
\$400,000,000	\$4,000,000	\$40,000,000	\$14.63	\$60,000,000	\$21.95	\$80,000,000	\$29.27
\$500,000,000	\$5,000,000	\$50,000,000	\$16.30	\$75,000,000	\$24.46	\$100,000,000	\$32.61

Capital Assumptions – Tangible Capital 10% & \$15 per share offering for new capital when total assets > \$300 million. Dividends excluded from calculations

Example: SCB Base Valuation Before Adjustments for a \$250,000 investment

Total Assets	ROA 1%	10x Earnings Multiple	Value Per Share 10x Earnings Multiple	15x Earnings Multiple	Value Per Share 15x Earnings Multiple	20x Earnings Multiple	Value Per Share 20x Earnings Multiple
\$175,000,000	\$1,750,000	\$17,500,000	\$273,500	\$26,250,000	\$410,250	\$35,000,000	\$547,000
\$300,000,000	\$3,000,000	\$30,000,000	\$326,000	\$45,000,000	\$489,250	\$60,000,000	\$652,250
\$400,000,000	\$4,000,000	\$40,000,000	\$365,750	\$60,000,000	\$548,750	\$80,000,000	\$731,750
\$500,000,000	\$5,000,000	\$50,000,000	\$407,500	\$75,000,000	\$611,500	\$100,000,000	\$815,250

Capital Assumptions – Tangible Capital 10% & \$15 per share offering for new capital when total assets > \$300 million. Dividends excluded from calculations

Characteristics of Bank Investment

- ❖ Bank charters issued in underserved banking markets – mini local monopoly (4,400 insured commercial banks in USA)
- ❖ Bank is highly regulated –protects investors and FDIC Fund
- ❖ Stock categorized as high return with less risk
- ❖ Stock value largely follows standard bank earnings multiples
- ❖ Banks located in high growth markets with higher earnings trade for higher multiples
- ❖ One-time investment – no capital calls
- ❖ Stock liquidity from private investors to national exchanges
- ❖ Opportunity for dividends to be declared

Offering Summary

- ❖ Issuer: Scottsdale Community Bank, (In Organization)
- ❖ Type of Security: Common Stock
- ❖ Price per Share: \$10
- ❖ Offering: 1,800,000 shares
- ❖ Maximum Offering: \$18,000,000
- ❖ Minimum Purchase: \$10,000 (1,000 shares) – Average investment approximately \$100,000
- ❖ Maximum Purchase: 9.9% of shares issued

How to Invest

Types of Purchases:

- ❖ Individual or Joint
- ❖ Corporation, Partnership, LLCs
- ❖ Retirement Accounts incl. IRA Accounts
- ❖ Certain Trusts

How to Purchase:

- ❖ Mail your check, completed & signed Subscription Agreement and Investor Questionnaire to Pacific Coast Bankers' Bank
- ❖ Make check payable to "Pacific Coast Bankers' Bank IA FBO Scottsdale Community Bank (In Organization)."

Disclaimer

- ❖ THIS INFORMATION DOES NOT CONSTITUTE AN OFFERING OF, NOR DOES IT CONSTITUTE THE SOLICITATION OF AN OFFER TO BUY, SECURITIES OF THE COMPANY. THIS INFORMATION IS PROVIDED SOLELY TO INTRODUCE THE COMPANY TO THE RECIPIENT AND TO DETERMINE WHETHER THE RECIPIENT WOULD LIKE ADDITIONAL INFORMATION REGARDING THE COMPANY AND ITS ANTICIPATED PLANS. ANY INVESTMENT IN THE COMPANY OR SALE OF ITS SECURITIES WILL ONLY TAKE PLACE PURSUANT TO APPROPRIATE, DETAILED SUBSCRIPTION AGREEMENT AND OTHER DOCUMENTATION.
- ❖ SOME OF THE INFORMATION CONTAINED HEREIN IS CONFIDENTIAL AND PROPRIETARY TO THE COMPANY AND THE INFORMATION IS PROVIDED TO THE RECIPIENT WITH THE EXPRESS UNDERSTANDING THAT WITHOUT THE PRIOR WRITTEN PERMISSION OF THE COMPANY SUCH RECIPIENT WILL NOT DISTRIBUTE OR RELEASE THE INFORMATION CONTAINED HEREIN, MAKE REPRODUCTIONS OF, OR USE IT FOR ANY PURPOSE OTHER THAN DETERMINING WHETHER THE RECIPIENT WISHES ADDITIONAL INFORMATION REGARDING THE COMPANY OR ITS PLANS. BY ACCEPTING DELIVERY OF THIS INFORMATION, THE RECIPIENT AGREES TO RETURN SAME TO THE COMPANY IF THE RECIPIENT DOES NOT WISH ANY FURTHER INFORMATION REGARDING THE COMPANY.
- ❖ THIS INFORMATION PROVIDED HEREIN MAY INCLUDE CERTAIN FORECASTS AND OTHER FORWARD-LOOKING INFORMATION WITH RESPECT TO THE COMPANY'S FUTURE PERFORMANCE. SUCH STATEMENTS ARE SUBJECT TO A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, REGULATORY, AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. THE COMPANY'S ACTUAL RESULTS AND FUTURE DEVELOPMENTS COULD DIFFER MATERIALLY FROM THE RESULTS EXPRESS IN, OR IMPLIED BY, SUCH STATEMENTS. NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF SUCH STATEMENTS. ALL OF THESE FORWARD-LOOKING STATEMENTS ARE BASED ON ESTIMATES AND ASSUMPTIONS MADE BY THE COMPANY WHICH, ALTHOUGH BELIEVED TO BE REASONABLE, ARE INHERENTLY UNCERTAIN. THE ESTIMATES ARE INCLUDED SOLELY AS FORECASTS OF WHAT FINANCIAL RESULTS MIGHT BE OBTAINED IN THE FUTURE BASED ON THE ASSUMPTIONS AND SPECULATIONS DESCRIBED THEREIN AND ARE NOT INCLUDED FOR THE PURPOSE OF PREDICTING FUTURE RESULTS OR REVENUES FOR THE COMPANY, WHICH MAY DIFFER MATERIALLY FROM THE RESULTS FORECASTED IN THE COMPANY'S INTERNAL FINANCIAL FORECASTS. THEREFORE, UNDUE RELIANCE SHOULD NOT BE PLACED UPON SUCH ESTIMATES AND STATEMENTS. NO ASSURANCE CAN BE GIVEN THAT ANY OF SUCH ESTIMATES OR STATEMENTS WILL BE REALIZED, AND IT IS LIKELY THAT ACTUAL RESULTS WILL DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS.