HORIZON BANCORP, INC.
225 North Lake Havasu Avenue
Lake Havasu City, Arizona 86403
(928) 854-3000

April 29, 2022

Dear Shareholder of Horizon Bancorp, Inc.:

You are cordially invited to attend the annual meeting of the shareholders of Horizon Bancorp, Inc., or the Company, to be held on Wednesday, June 15, 2022, at 5:30 p.m., local time, at Shugrue's Bridgeview Room, Shugrue's Restaurant, 1425 McCulloch Boulevard North, Lake Havasu City, Arizona 86403.

At the annual meeting you will be asked to consider and vote upon a proposal to elect seven directors of the Company. All seven director nominees stated in the proxy statement currently serve as directors of the Company.

In addition, at the annual meeting you will be asked to consider and vote upon a proposal to approve the Purchase and Assumption Agreement, dated March 9, 2022, referred to herein as the purchase agreement, by and among the Company, Horizon Community Bank, or the Bank, and Arizona Federal Credit Union, or AFCU, which provides for AFCU's acquisition of substantially all of the assets and assumption of substantially all of the liabilities (including deposit liabilities) of the Bank, which is referred to herein as the asset sale, and which proposal is referred to herein as the asset sale proposal.

You will also be asked at the annual meeting to consider and vote upon a proposal to voluntarily dissolve the Company and distribute its net assets, which would occur only following the completion of the asset sale, which proposal is referred to herein as the Company dissolution proposal. The dissolution of the Company is conditioned on the completion of the asset sale. Therefore, if the asset sale does not occur for any reason, the proposal to liquidate the Company would be abandoned.

Furthermore, at the annual meeting you will be asked to ratify the engagement of Eide Bailly LLP as the independent public accounting firm of the Company for the year ended December 31, 2021, which proposal is referred to herein as the accounting firm ratification proposal.

Finally, you will be asked at the annual meeting to consider and vote upon a proposal to adjourn or postpone the annual meeting, if necessary or appropriate, to permit the further solicitation of proxies if there are not sufficient votes to approve the asset sale proposal and Company dissolution proposal, which proposal is referred to herein as the adjournment proposal.

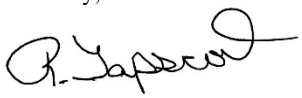
The Company's board of directors recommends that you vote "FOR" the election of the seven director nominees stated in the accompanying proxy statement, "FOR" the asset sale proposal, "FOR" the Company dissolution proposal, "FOR" the accounting firm ratification proposal, and "FOR" the adjournment proposal.

Information concerning the annual meeting of the shareholders of the Company and the proposals to be considered by the shareholders at the annual meeting are described in more detail in the enclosed notice of annual meeting of shareholders of the Company and proxy statement, which you should read carefully and in its entirety before voting. Also enclosed is a proxy card for the purpose of voting your shares of common stock of the Company and a pre-paid return envelope for returning the proxy card in advance of the annual meeting. You may also vote electronically using the Internet by following the instructions below and in the proxy card.

To vote electronically using the Internet, (i) have your proxy card in hand; and (ii) if you are a registered holder, log on to the Internet and visit https://westcoaststocktransfer.com/HRRB-proxy/ by 11:59 p.m. Eastern Time on June 14, 2022 and follow the instructions provided, or if you hold your shares in street name, log on to the website provided on the voting instruction card and follow the instructions provided.

While we have the opportunity, we want to thank you for your continued support of our banking organization. We continue to value your ongoing involvement and association with our institution. Should you have any questions, please do not hesitate to contact me.

Sincerely,



Ralph E. Tapscott
President and Chief Executive Officer

HORIZON BANCORP, INC.
225 North Lake Havasu Avenue
Lake Havasu City, Arizona 86403

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting of the shareholders of Horizon Bancorp, Inc., or the Company, will be held on Wednesday, June 15, 2022, at 5:30 p.m., local time, at Shugrue's Bridgeview Room, Shugrue's Restaurant located at 1425 McCulloch Boulevard North, Lake Havasu City, Arizona 86403, to consider and vote upon the following proposals:

1. To elect seven directors of the Company to serve until their successors are duly elected and qualified at the next annual meeting of shareholders of the Company or until their earlier death, resignation, or removal from office;

2. To approve the Purchase and Assumption Agreement, dated as of March 9, 2022, or the purchase agreement, by and among the Company, Horizon Community Bank, or the Bank, and Arizona Federal Credit Union, or AFCU, pursuant to which AFCU will acquire substantially all of the assets and assume substantially all of the liabilities (including deposit liabilities) of the Bank, all on and subject to the terms and conditions contained therein, which is referred to herein as the asset sale, and which proposal is referred to herein as the asset sale proposal;

3. To approve the voluntary dissolution of the Company whereby the Company will take all necessary action to wind up its affairs and dissolve under applicable Arizona law and distribute its net assets, including the net cash proceeds from the consideration paid by AFCU in the asset sale, to the shareholders of the Company pursuant to a plan of dissolution following the completion of the asset sale, which proposal is referred to herein as the Company dissolution proposal;

4. To ratify the engagement of Eide Bailly LLP as the independent public accounting firm of the Company for the year ended December 31, 2021, which proposal is referred to herein as the accounting firm ratification proposal; and

5. To adjourn or postpone the annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the asset sale proposal and the Company dissolution proposal, which proposal is referred to herein as the adjournment proposal.

We may also consider any other business that properly comes before the annual meeting or any adjournment or postponements thereof. We have fixed the close of business on April 20, 2022 as the record date for the Company annual meeting. Only holders of record of Company common stock at that time are entitled to notice of, and to vote at, the annual meeting, or any adjournment or postponement of the annual meeting.

The asset sale and the voluntary dissolution of the Company are integral parts of a larger transaction contemplated by the purchase agreement, which we refer to herein as the sale transaction. The sale transaction consists of (i) the asset sale, (ii) the voluntary liquidation of the Bank and the distribution of the Bank's net assets to the Company, and (iii) the voluntary winding up of the Company's affairs and dissolution of the Company, including the distribution of the Company's net cash to its shareholders. The dissolution of the Bank and the dissolution of the Company are expressly conditioned on the completion of the asset sale.

If the sale transaction is completed, the Company estimates that shareholders would receive approximately $18.91 in cash for each share of Company common stock that they own at the time of the Company's distribution of its net cash. This estimated distribution per share is based on numerous assumptions and is subject to change based on

several factors that are discussed in the attached proxy statement. Accordingly, shareholders should not assume that the ultimate per share distribution to shareholders will be equal to the estimated distribution amount of $18.91 per share.

At the annual meeting, directors will be elected by a plurality of votes cast (determined under cumulative voting principals), regardless of the number of votes received by any director nominee. Approval of the asset sale proposal and the Company dissolution proposal each requires the affirmative vote of the holders of a majority of the outstanding shares of common stock of the Company entitled to vote on those proposals. Approval of the independent public accounting firm ratification proposal and the adjournment proposal each requires that the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal. Cumulative voting is permitted in the election of directors. For all other purposes, shareholders are entitled to one vote for each share of Company common stock held by such shareholder.

The sale transaction can be completed only if the asset sale proposal and the Company dissolution proposal are approved by the shareholders at the annual meeting. If the asset sale is not approved, the sale transaction will not occur and the Company will not be dissolved and no distributions will be made to shareholders, even if the Company dissolution proposal is approved by shareholders.

The matters set forth above to be considered at the annual meeting are more fully discussed in the attached proxy statement, which you should read carefully before voting. This notice and the attached proxy statement are being mailed to holders of the common stock of the Company as of April 20, 2022 beginning on or about May 6, 2022.

Company shareholders of record who do not vote to approve the asset sale and otherwise comply with the applicable provisions of Arizona law pertaining to dissenters' rights, may be entitled to exercise dissenters' rights and obtain payment in cash for the fair value of their shares of Company common stock by following the procedures set forth in detail in the proxy statement. A copy of Title 10 of the Arizona Revised Statutes pertaining to dissenters' rights is included as Annex D to the proxy statement.

The Company's board of directors recommends that holders of record of the Company common stock entitled to vote at the annual meeting vote "FOR" the election of the seven directors nominated by the Company's board of directors; "FOR" the asset sale proposal; "FOR" the Company dissolution proposal; "FOR" the accounting firm ratification proposal; and "FOR" the adjournment proposal.

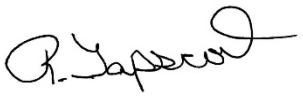
Your Vote is Very Important

Your vote is very important, and we cordially invite you to attend the Company annual meeting in person. However, whether or not you expect to attend in person, we urge you to sign, date and return the enclosed proxy card at your earliest convenience. This will ensure the presence of a quorum at the annual meeting and that your shares are voted in accordance with your wishes. For your convenience, we have enclosed a postage-paid envelope for the return of your proxy card. You may also vote electronically using the Internet as follows: (i) have your proxy card in hand; and (ii) if you are a registered holder, log on to the Internet and visit https://westcoaststocktransfer.com/HRRB-proxy/ by 11:59 p.m. Eastern Time on June 14, 2022 and follow the instructions provided, or if you hold your shares in street name, log on to the website provided on the voting instruction card and follow the instructions provided.

Your prompt response will help reduce proxy solicitation costs, which are paid for by the Company. Sending in your proxy card will not prevent you from voting your stock at the annual meeting if you desire to do so, as your proxy is revocable at your option. You may revoke your proxy at any time before it is voted at the annual meeting in the manner described herein.

If you have any questions concerning the purchase agreement, the sale transaction, the annual meeting or the proxy statement, would like additional copies of the proxy statement, need an additional proxy card or need help voting your shares of Company common stock, please contact Ralph E. Tapscott, President and Chief Executive Officer, or Ross E. Johnson, Executive Vice President and Chief Financial Officer, Horizon Bancorp, Inc., at 225 N. Lake Havasu Avenue, Lake Havasu City, Arizona 86403, or by telephone at (928) 854-3000 or (928) 854-3112.

By Order of the Board of Directors,



Ralph E. Tapscott
President and Chief Executive Officer

April 29, 2022
Lake Havasu City, Arizona

ANNUAL MEETING OF SHAREHOLDERS OF
HORIZON BANCORP, INC.

PROXY STATEMENT

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QUESTIONS AND ANSWERS

The following are answers to some questions that shareholders of Horizon Bancorp, Inc. may have regarding the annual meeting of the shareholders of Horizon Bancorp, Inc., which we refer to as the annual meeting, the proposed transaction between Arizona Federal Credit Union, Horizon Bancorp, Inc., and Horizon Community Bank and the proposals being considered at the Horizon Bancorp, Inc. annual meeting. We urge you to carefully read this entire proxy statement, including the Annexes, and the documents incorporated by reference into this proxy statement, because the information in this section does not provide all the information that might be important to you.

Unless the context otherwise requires, references in this proxy statement to: (1) "AFCU" refer to Arizona Federal Credit Union, a federally-chartered credit union with its home office located in Phoenix, Arizona; (2) "Horizon Bancorp" "the Company," "we," "our," and "us," refer to Horizon Bancorp, Inc., an Arizona corporation and registered bank holding company; and (3) "Horizon Community Bank" and "the Bank" refer to Horizon Community Bank, an Arizona state-chartered banking corporation with its home office located in Lake Havasu City, Arizona and wholly owned subsidiary of Horizon Bancorp.

Q: What am I being asked to vote on at the annual meeting?

A: At the annual meeting, shareholders of the Company will be asked to consider and vote upon the following proposals:

- Proposal 1 - Election of Directors. To elect seven directors of the Company to serve until their successors are duly elected and qualified at the next annual meeting of shareholders of the Company or until their earlier death, resignation, or removal from office;

- Proposal 2 - The Asset Sale Proposal. To approve the Purchase and Assumption Agreement, dated as of March 9, 2022, or the purchase agreement, by and among the Company, Horizon Community Bank, or the Bank, and Arizona Federal Credit Union, or AFCU, pursuant to which AFCU will acquire substantially all of the assets and assume substantially all of the liabilities (including deposit liabilities) of the Bank, all on and subject to the terms and conditions contained therein, which is referred to herein as the asset sale, and which proposal is referred to herein as the asset sale proposal;

- Proposal 3 - The Company Dissolution Proposal. To approve the voluntary dissolution of the Company whereby the Company will take all necessary action to wind up its affairs and dissolve under applicable Arizona law and distribute its net assets, including the net cash proceeds from the consideration paid by AFCU in the asset sale, to the shareholders of the Company pursuant to a plan of dissolution following the completion of the asset sale, which proposal is referred to herein as the Company dissolution proposal;

- Proposal 4 – The Accounting Firm Ratification Proposal. To ratify the engagement of Eide Bailly LLP as the independent public accounting firm of the Company for the year ended December 31, 2021, which proposal is referred to herein as the accounting firm ratification proposal; and

- Proposal 5 - The Adjournment Proposal. To adjourn or postpone the annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the asset sale proposal and the Company dissolution proposal, which proposal is referred to herein as the adjournment proposal.

As of the date of this proxy statement, the Company's board of directors is not aware of any matters, other than those stated above, that will be brought before the annual meeting.

Q: Why am I receiving this proxy statement?

A: The Company's board of directors is sending these materials to holders of record of shares of common stock of the Company as of April 20, 2022 to help them decide how to vote their shares of Company common stock with respect to the proposal to elect seven directors of the Company, the asset sale proposal, the Company dissolution proposal, and other matters to be considered at the annual meeting, including the adjournment proposal, if necessary.

Information about the annual meeting and the proposals to be considered by shareholders at the annual meeting is contained in this document. The Company's board of directors is soliciting proxies to be voted at the annual meeting. This proxy statement summarizes the information that you need to know to vote by proxy or in person at the annual meeting. Your vote is important. We encourage you to authorize your proxy as soon as possible.

Q: What will happen in the asset sale?

A: Under the terms of the purchase agreement, AFCU will acquire substantially all of the assets and assume substantially all of the liabilities (including deposit liabilities) of the Bank in exchange for cash consideration. The asset sale is an integral part of a larger sale transaction contemplated by the purchase agreement, which we refer to as the sale transaction. The sale transaction consists of (i) the asset sale, (ii) the voluntary liquidation and dissolution of the Bank and the distribution of the Bank's net assets to the Company, and (iii) the winding up of the Company's affairs and voluntary dissolution of the Company, including the distribution of the Company's net cash to the shareholders of the Company.

Q: What will happen in the dissolution of the Bank and the Company?

A: Subject to the completion of the asset sale, the Bank will voluntarily liquidate and distribute its remaining assets to the Company, the sole shareholder of the Bank. Thereafter, the Bank will surrender its charter to the Arizona Department of Insurance and Financial Institutions, or ADIFI, and voluntarily terminate its Federal Deposit Insurance Corporation, or FDIC, insurance.

Subject to the completion of the asset sale and the liquidation of the Bank, the Company will take all necessary action to wind up its affairs and dissolve under applicable Arizona law and distribute its net assets, including the net cash proceeds from the consideration paid by AFCU in the asset sale, to the shareholders of the Company pursuant to a plan of dissolution.

Q: What is the purchase price in the asset sale?

A: Under the terms of the purchase agreement, in exchange for the Bank's assets in the asset sale, AFCU has agreed to pay the Bank an aggregate of $91.4 million, subject to possible downward adjustment if the Bank's adjusted tangible book value as of the closing date of the asset sale, after disregarding the Bank's transaction expenses, is less than $43.349 million. For the purpose of determining any downward adjustment to the $91.4 million purchase price, the calculation of the Bank's adjusted tangible book value will disregard the payment and accrual of all transaction expenses of the Bank associated with the asset sale. Accordingly, the parties have agreed that the $91.4 million purchase price will not be affected by the Bank's expenses associated with the asset sale. In addition, AFCU has agreed to pay the Bank an additional $10.0 million to cover a portion of the tax liability that will be incurred by the Bank as a result of treating the asset sale as a taxable sale of assets for federal income tax purposes. As part of the asset sale, AFCU will assume substantially all of the Bank's liabilities (including deposit liabilities). For further information regarding the purchase price in the asset sale, see "*Proposal No. 2—The Asset Sale Proposal—Asset Sale Purchase Price*" beginning on page 15. For further information regarding the certain tax consequences of the sale transaction, see "*Proposal No. 2—The Asset Sale Proposal—Certain U.S. Federal Income Tax Consequences*" beginning on page 48.

Q: What will I receive in the sale transaction?

A: If the sale transaction is completed, following the dissolution of the Bank, the Company will distribute its net assets, including the net cash proceeds from the consideration paid by AFCU in the asset sale, to the shareholders of the Company. We expect that the net cash proceeds to be paid to the shareholders of the Company at the time of the distribution will be approximately $81.296 million, resulting in a cash payment of approximately $18.91 per share for each share of Company common stock. This estimated distribution per share is based on numerous assumptions, including an assumed 4,300,230 shares of Company common stock outstanding, on a fully diluted basis, as of the date of dissolution, and is subject to change based on several factors that are discussed more fully in this proxy statement. Accordingly, you should not assume that the ultimate per share distribution will be $18.91 per share. For

further information, see "*Proposal No. 2—The Asset Sale Proposal—Distributions to the Company Shareholders*" beginning on page 34 and "*—Other Factors That May Reduce the Shareholder Distribution*" beginning on page 36.

Q: What will happen to outstanding options to purchase shares of Company common stock in the sale transaction?

A: As of the record date, there were 370,367 outstanding options to purchase shares of Company common stock with an average exercise price of $9.20 per share. If the asset sale is completed, under the terms of the Company's stock incentive plan, each option to purchase shares of Company common stock that is outstanding and unexercised immediately prior to the effective time of the asset sale will automatically become fully vested and exercisable to the full extent of the original grant. Holders of vested options may choose to exercise their options at any time prior to the consummation of the asset sale or thereafter until the dissolution of the Company. All shares received upon exercise of such options will be cancelled in connection with the Company's dissolution and shareholders will receive their pro rata portion of the net cash distributed to shareholders in the dissolution. Alternatively, the Company's board of directors, as the administrator of the stock incentive plan, will allow holders of options to elect to "cash out" their options in connection with the Company's dissolution and receive the difference between the per share amount to be distributed to the shareholders and the exercise price underlying the option in accordance with the stock incentive plan. Under such alternative, holders of vested options will not be required to remit the exercise price to exercise their options. For further information, see "*Proposal No. 2—The Asset Sale Proposal—Treatment of Stock Options*" beginning on page 16.

Q: What are the U.S. federal income tax consequences of the asset sale and dissolution of the Company to shareholders of the Company?

A: We expect that the asset sale and the cash distributions made to shareholders in connection with the dissolution of the Company will be treated, for federal income tax purposes, as a taxable sale of the assets of the Bank to AFCU, followed by a liquidating distribution to the Company, followed by a liquidating distribution of the Company's net cash to the shareholders of the Company. The Bank will recognize gain or loss on the asset sale in an amount equal to the difference between the amount realized (which will include both the $91.4 million purchase price, as adjusted, and the additional $10.0 million tax payment) and the adjusted tax basis in the assets owned by the Bank. Based upon currently available information, we estimate that the Company's tax obligation will be approximately $11.6 million, resulting in a tax liability of approximately $1.6 million after application of the $10.0 million tax reimbursement. Generally, shareholders would recognize capital gain or loss in connection with the receipt of cash in connection with the asset sale and subsequent dissolution of the Company. For further information, see "*Proposal No. 2—The Asset Sale Proposal—Certain U.S. Federal Income Tax Consequences*" beginning on page 48.

Q: How does the Company's board of directors recommend that I vote at the annual meeting?

A: The Company's board of directors recommends that you vote "**FOR**" the election of the seven director nominees stated in this proxy statement; "**FOR**" the asset sale proposal; "**FOR**" the Company dissolution proposal; "**FOR**" the accounting firm ratification proposal; and "**FOR**" the adjournment proposal.

Q: When and where will the annual meeting be held?

A: The annual meeting will be held in person on Wednesday, June 15, 2022, at 5:30 p.m., local time, at Shugrue's Bridgeview Room, Shugrue's Restaurant located at 1425 McCulloch Boulevard North, Lake Havasu City, Arizona 86403.

Q: What constitutes a quorum for the annual meeting?

A: Holders representing at least a majority of the shares of Company common stock entitled to vote at the annual meeting must be present, in person or represented by proxy, to constitute a quorum. Abstentions and broker non-votes, if any,

will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Q: What is the vote required to approve each proposal?

A: The vote requirement for each proposal is as follows:

- Proposal 1 - Election of Directors. Directors of the Company will be elected by a plurality of the votes actually cast, in person or by proxy, at the annual meeting as determined by cumulative voting principals, which means that the seven nominees receiving the highest vote totals will be elected.

- Proposal 2 - The Asset Sale Proposal. Approval of the asset sale proposal requires the affirmative vote of the holders of at least a majority of the outstanding shares of Company common stock entitled to vote on the proposal.

- Proposal 3 - The Company Dissolution Proposal. Approval of the Company dissolution proposal requires the affirmative vote of the holders of at least a majority of the issued and outstanding shares of Company common stock entitled to vote on the proposal.

- Proposal 4 - The Accounting Firm Ratification Proposal. Approval of the proposal to ratify the engagement of Eide Bailly LLP as the independent public accountants for the Company to audit the Company's consolidated financial statements for the fiscal year ended December 31, 2021 requires that the number of votes cast "FOR" the proposal exceeds the number of votes cast "AGAINST" the proposal.

- Proposal 5 - The Adjournment Proposal. Approval of the adjournment proposal requires that the number of votes cast "FOR" the proposal exceeds the number of votes cast "AGAINST" the proposal.

Q: Why is my vote important?

A: If you do not submit a proxy or vote in person, it may be more difficult for the Company to obtain the necessary quorum to hold the annual meeting. In addition, your failure to submit a proxy or vote in person, your failure to instruct your bank or broker how to vote, or your abstention will have the same effect as a vote against approval of the asset sale proposal and the Company dissolution proposal. The asset sale proposal and the Company dissolution proposal each must be approved by the affirmative vote of the holders of at least a majority of the outstanding shares of Company common stock entitled to vote at the annual meeting before we may complete the sale transaction. The Company's board of directors recommends that you vote:

- "**FOR**" the election of the seven director nominees stated in this proxy statement;
- "**FOR**" the asset sale proposal;
- "**FOR**" the Company dissolution proposal;
- "**FOR**" the accounting firm ratification proposal; and
- "**FOR**" the adjournment proposal.

Q: How many votes do I have?

A: Except with respect to the election of directors, shareholders of the Company are entitled to one vote on each proposal to be considered at the annual meeting for each share of Company common stock owned as of the close of business on April 20, 2022, which is the record date for the annual meeting. With respect to the election of directors, shareholders of the Company are entitled to cumulate their votes by multiplying the number of votes they are entitled to cast by seven, the number of directors for whom they are entitled to vote, and cast the product thereof for a single director nominee or candidate or distribute the product among two or more director nominees or candidates.

Q: How do I vote?

A: If you are a shareholder of record, you may have your shares of Company common stock voted on the matters to be presented at the annual meeting in any of the following ways:

- by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-paid return envelope;

- by attending the annual meeting and casting your vote in person; or

- by completing your proxy card and voting electronically using the Internet, as follows: (i) have your proxy card in hand; and (ii) if you are a registered holder, log on to the Internet and visit https://westcoaststocktransfer.com/HRRB-proxy/ by 11:59 p.m. Eastern Time on June 14, 2022 and follow the instructions provided, or if you hold your shares in street name, log on to the website provided on the voting instruction card and follow the instructions provided.

Q: My shares are held in "street name" by my broker, bank or other nominee. Will my broker, bank or other nominee automatically vote my shares for me on all proposals at the annual meeting?

A: No. If your shares are held through a stock brokerage account or a bank or other nominee, you are considered the "beneficial holder" of the shares held for you in what is known as "street name." The "record holder" of such shares is your broker, bank or other nominee, and not you. If this is the case, this proxy statement has been forwarded to you by your broker, bank or other nominee. You must provide the record holder of your shares with instructions on how to vote your shares on the election of directors, the asset sale proposal and the Company dissolution proposal.

Brokers may only vote shares held for you with respect to proposals deemed to be "routine." Banks and other nominees not subject to broker rules cannot exercise discretionary voting rights. The only proposals at the annual meeting that are deemed to be "routine" are the accounting firm ratification proposal and the adjournment proposal. Your broker, bank or other nominee may not vote your shares on the election of directors, the asset sale proposal or the Company dissolution proposal at the annual meeting without instructions from you and a broker non-vote will result with respect to those proposals.

Please follow the voting instructions provided by your broker, bank or other nominee so that it may vote your shares on your behalf. Please note that you may not vote shares held in street name by returning a proxy card directly to the Company or the Company's transfer agent, West Coast Stock Transfer, Inc., or by voting in person at the annual meeting unless you first obtain a "legal proxy" from your broker, bank or other nominee.

Q: What if I abstain from voting, fail to authorize a proxy or vote in person, or fail to instruct my broker, bank or other nominee how to vote?

A: If you mark "WITHHOLD" on your proxy with respect to the election of directors fail to authorize a proxy or vote in person at the annual meeting, or fail to instruct your broker, bank or other nominee how to vote with respect to the election of directors it will have the no effect on the outcome of the election of directors.

If you mark "ABSTAIN" on your proxy with respect to the asset sale proposal or the Company dissolution proposal, fail to authorize a proxy or vote in person at the annual meeting, or fail to instruct your broker, bank or other nominee how to vote on such proposal, it will have the same effect as a vote "AGAINST" such proposal.

If you mark "ABSTAIN" on your proxy with respect to the proposal to the accounting firm ratification proposal or the adjournment proposal, it will have the same effect as a vote "AGAINST" the proposal. If you fail to authorize a proxy or vote in person at the annual meeting, or fail to instruct your broker, bank or other nominee how to vote on such proposal, it will have the no effect on the outcome of such proposal.

Q: Can I attend the annual meeting and vote my shares in person?

A: Yes. All shareholders of the Company as of the record date, including shareholders of record and shareholders who hold their shares through brokers, banks or other nominees or any other holder of record, are invited to attend the annual meeting. If you were not a shareholder of record as of the record date, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the annual meeting. If you plan to attend the annual meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. The Company reserves the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the annual meeting is prohibited without express written consent.

Q: Can I change my vote?

A: Yes. If you are a holder of record of Company common stock, you may revoke any proxy at any time prior to the annual meeting by delivering a written notice of revocation to the Company's transfer agent, West Coast Stock Transfer, Inc., 721 N. Vulcan Avenue, Suite 106, Encinitas, California 92024, by returning a duly executed proxy card bearing a later date than the date with which your previous proxy card was dated, or by attending the annual meeting and voting in person. Your attendance at the annual meeting will not constitute automatic revocation of the proxy unless you deliver your ballot in person at the annual meeting or deliver a written revocation to the Company prior to the voting of such proxy. If you hold your shares in "street name" through a broker, bank or other nominee, you should contact your broker, bank or other nominee to revoke your proxy.

Q: Have any shareholders already agreed to vote in favor of the proposed transaction?

A: Yes. Each director and certain executive officers of the Company entered into a voting agreement with the Company and AFCU at the time the purchase agreement was executed. Under the terms of the voting agreement, such directors and executive officers have agreed to vote their shares of Company common stock in favor of the asset sale and the other transactions contemplated by the purchase agreement. As of April 20, 2022, the record date for the annual meeting, these individuals held an aggregate of 667,019 shares of Company common stock, representing 15.51% of the issued and outstanding shares of Company common stock, which totaled 4,300,230 as of such date. See "*Ancillary Agreements—Voting Agreement"* beginning on page 50 for additional information regarding the voting agreement.

Q: Are shareholders of the Company entitled to exercise dissenters' rights?

A: Company shareholders who do not vote in favor of approval of the asset sale proposal and otherwise comply with all of the procedures of Title 10 of the Arizona Revised Statutes may be entitled to receive payment in cash of the fair value of their shares of Company common stock as ultimately determined under the statutory process. A copy of the applicable section of the dissenters' rights provisions of Title 10 of the Arizona Revised Statutes is attached as Annex D to this document. This "fair value" determined in the statutory process could be more or less than the per share amount of the cash distribution to the shareholders in the Company dissolution.

Q: When do you expect to complete the asset sale?

A: AFCU, the Company, and the Bank expect to consummate the asset sale in the fourth quarter of 2022. However, neither AFCU, the Company, nor the Bank can assure you when or if the asset sale will occur. Before the asset sale can be consummated, the Company must obtain the approval of the Company's shareholders for the asset sale proposal and the Company dissolution proposal, AFCU, the Company, and the Bank must obtain the necessary regulatory approvals with respect to the asset sale and the transactions contemplated by the purchase agreement, including the voluntary dissolution of the Bank and the voluntary dissolution of the Company, and AFCU must obtain the necessary regulatory and member approvals with respect to the conversion of its charter to an Arizona state charter, including the adoption of a revised field of membership. For additional information, see "*Proposal No. 2—*

The Asset Sale Proposal—Regulatory Approvals for the Asset Sale" beginning on page 33 and "*—When the Sale Transaction is Expected to be Completed*" beginning on page 37.

Q: When do you expect that I will receive a distribution in connection with my shares of Company common stock as a result of the dissolution of the Company?

A: The voluntary dissolution of the Bank is conditioned on the completion of the asset sale. The voluntary dissolution of the Company is conditioned on the completion of the asset sale and the dissolution of the Bank, and the Bank's distribution of its net assets to the Company. We intend to complete the dissolution of the Bank and the dissolution of the Company as soon as practicable after the asset sale is completed. However, we can give no assurance as to when the Company will be able to distribute its net assets (including the cash purchase price paid by AFCU in the asset sale) to the shareholders of the Company. Before making the cash distribution, the Company must complete its dissolution, which includes discharging and satisfying all the Company's obligations and liabilities, resolving any proceedings or claims that may arise prior to the Company's dissolution, disposing of and collecting on the Company's non-cash assets, filing all tax returns and closing any tax accounts or obligations required by applicable law, surrendering the Company's charter and making all necessary filings related to the dissolution with governmental authorities. It is expected that this process may take six months or more after the completion of the asset sale. Shareholders may receive one or more separate distributions. For additional information, see "*Proposal No. 2—The Asset Sale Proposal—When the Sale Transaction is Expected to be Completed*" beginning on page 37.

Q: What happens if the asset sale is not completed?

A: If the asset sale is not completed, the Bank will not transfer any assets or liabilities to AFCU, the Company will not be dissolved, even if the Company dissolution proposal is approved by the shareholders of the Company at the annual meeting, and holders of Company common stock will not receive any distributions or other consideration for their shares of Company common stock that otherwise would have been received in connection with the asset sale and subsequent dissolution of the Company. Instead, the Company will continue to operate and remain an independent private company and the Bank will continue to operate and remain an independent bank and wholly owned subsidiary of the Company.

Q: What do I need to do now?

A: After you have carefully read this proxy statement and have decided how you wish to vote your shares, please authorize a proxy to vote your shares by promptly completing and returning the enclosed proxy card so that your shares are represented and voted at the annual meeting. Please do <u>not</u> send in your Company stock certificates with your proxy.

Q: Whom should I call with questions?

A: If you have any questions concerning the asset sale, the proposed dissolution of the Company, or this proxy statement, would like additional copies of this proxy statement or need help voting your shares of Company common stock, please contact Ralph E. Tapscott, President and Chief Executive Officer, or Ross E. Johnson, Executive Vice President and Chief Financial Officer, Horizon Bancorp, Inc., at 225 N. Lake Havasu Avenue, Lake Havasu City, Arizona 86403, or by telephone at (928) 854-3000 or (928) 854-3112.

THE ANNUAL MEETING OF SHAREHOLDERS

This proxy statement is being provided to the holders of Horizon Bancorp, Inc., or the Company, common stock as part of a solicitation of proxies by the Company's board of directors for use at the annual meeting of shareholders of the Company to be held at the time and place specified below. This proxy statement provides the holders of the Company common stock with information they need to know to be able to vote or instruct their vote to be cast at the annual meeting.

General

Horizon Bancorp, Inc., or the Company, is furnishing this proxy statement to the record holders of the Company's common stock as of April 20, 2022, which we refer to as the record date, for use at the annual meeting of the shareholders of the Company, referred to herein as the annual meeting.

Date, Time and Place

The annual meeting will be held on Wednesday, June 15, 2022, at 5:30 p.m., local time, at Shugrue's Bridgeview Room, Shugrue's Restaurant located at 1425 McCulloch Boulevard North, Lake Havasu City, Arizona 86403.

Proposals and Business of the Annual Meeting

At the annual meeting, the Company's shareholders will be asked to consider and vote on the following:

Proposal 1 – Election of Directors – a proposal to elect seven directors to the board of directors of the Company to serve as directors until their successors are duly elected and qualified at the next annual meeting of shareholders of the Company or until their earlier death, resignation, or removal from office.

Proposal 2 – The Asset Sale Proposal – a proposal to approve the Purchase and Assumption Agreement, dated as of March 9, 2022, or the purchase agreement, by and among AFCU, the Company, and the Bank, pursuant to which AFCU will acquire substantially all of the assets and assume substantially all of the liabilities (including deposit liabilities) of the Bank, referred to herein as the asset sale, all on and subject to the terms and conditions set forth in the purchase agreement, which we refer to herein as the asset sale proposal.

Proposal 3 – The Company Dissolution Proposal – a proposal to approve the dissolution of the Company whereby the Company will take all action to wind up its affairs and dissolve under applicable Arizona law and distribute its net assets, including the net cash proceeds from the consideration paid by AFCU in the asset sale, to the shareholders of the Company pursuant to a plan of dissolution, which we refer to herein as the Company dissolution proposal.

Proposal 4 – The Accounting Firm Ratification Proposal – a proposal to ratify the engagement of Eide Bailly LLP as the independent public accountants for the Company for the fiscal year ended December 31, 2021.

Proposal 5 – The Adjournment Proposal – a proposal to adjourn or postpone the annual meeting of the shareholders of the Company to a later date or dates if the board of directors of the Company determines such an adjournment or postponement is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the annual meeting to approve the asset sale proposal or the Company dissolution proposal, which we refer to herein as the adjournment proposal.

We are not aware of any other matters to be voted upon at the annual meeting, other than procedural matters. We intend to conduct any business that properly comes before the annual meeting.

Proposal 1 – Election of Directors

In accordance with the Company bylaws, the Company's board of directors has set the number of directors at seven and has nominated the following persons to serve as directors. The directors elected at the annual meeting will hold office until the election and qualification of his or her successor or until his or her earlier resignation, death or removal from office.

Jo Navaretta	Hitendra Chauhan	Gary Clausen	Mark Durham
Gerald B. Ernst	Jerry Johnson	Ralph E. Tapscott	

Each of the nominees currently serves as a director of the Company. The nominees have indicated a willingness to serve, if elected, but if any nominee should be unable or unwilling to serve, proxies may be voted for a substitute nominee designated by the Company's board of directors.

Proposal 2 – The Asset Sale Proposal

The Company is asking its shareholders to approve the asset sale proposal. The asset sale proposal provides for AFCU's acquisition of substantially all of the assets and assumption of substantially all of the liabilities (including deposit liabilities) of the Bank in exchange for $91.4 million in cash, subject to possible downward adjustment if the Bank's adjusted tangible book value as of the closing date of the asset sale, after disregarding the Bank's transaction expenses, is less than $43.349 million. For the purpose of determining any downward adjustment to the $91.4 million purchase price, the calculation of the Bank's adjusted tangible book value will disregard the payment and accrual of all transaction expenses of the Bank associated with the asset sale. Accordingly, the parties have agreed that the $91.4 million purchase price will not be affected by the Bank's expenses associated with the asset sale. In addition, AFCU has agreed to pay the Bank an additional $10.0 million to cover a portion of the tax liability that will be incurred by the Bank as a result of treating the asset sale as a taxable sale of assets for federal income tax purposes. For further information regarding the purchase price in the asset sale, see "*Proposal No. 2—The Asset Sale Proposal—Asset Sale Purchase Price*" beginning on page 15.

The asset sale is the first integral step in the sale transaction contemplated by the purchase agreement. The sale transaction consists of (i) the asset sale, (ii) the liquidation of the Bank and the distribution of the Bank's remaining assets to the Company, or the Bank dissolution, and (iii) the winding up and voluntary dissolution of the Company and the distribution of the Company's remaining assets to its shareholders.

For a detailed discussion of the asset sale, including the terms and conditions of the purchase agreement, see "*Proposal No. 2—The Asset Sale Proposal*" beginning on page 15 and "*— Terms of the Purchase Agreement*" beginning on page 38. In addition, the Company's shareholders are directed to the purchase agreement, a copy of which is attached as Annex A to this proxy statement and incorporated in this proxy statement by reference.

Proposal 3 – The Company Dissolution Proposal

The Company is asking shareholders to approve a voluntary dissolution of the Company whereby, following consummation of the asset sale, the Company will take all necessary action to wind up its affairs and dissolve under applicable Arizona law and distribute its net assets, including the net cash proceeds from the consideration paid by AFCU in the asset sale, to the shareholders of the Company pursuant to a plan of dissolution. This proposal is referred to herein as the Company dissolution proposal.

Although the voluntary dissolution of the Company is being approved separately from the asset sale proposal, the proposed voluntary dissolution of the Company is an integral part of the sale transaction contemplated by the purchase agreement and will occur only if the asset sale and the Bank dissolution are completed. The purchase agreement, the asset sale and the Bank dissolution are discussed under *"Proposal 2—The Asset Sale Proposal"* beginning on page 15. The Company's reasons for the sale transaction are discussed under *"Proposal 2—The Asset Sale—The Company's Reasons for the Sale Transaction"* beginning on page 19.

The sale transaction can be completed as intended only if the asset sale proposal and the Company dissolution proposal are both approved by the shareholders of the Company at the annual meeting. If the asset sale proposal is not approved by the Company's shareholders, the sale transaction will not occur and the Company will not be dissolved and no distribution will be made to shareholders of the Company, even if the Company dissolution proposal is approved by shareholders. If shareholders approve the asset sale proposal but do not approve the Company dissolution proposal, assuming the other closing conditions in the purchase agreement are satisfied, AFCU, the Company and the Bank may agree to complete the asset sale, but only if AFCU waives its condition to closing the asset sale that the Company has received shareholder approval of the Company dissolution proposal. If AFCU waives such condition and the parties close

the asset sale, the Bank having transferred substantially all of its operating assets to AFCU, would liquidate and distribute its remaining assets to the Company. However, the Company could not then immediately begin the process of dissolving and the cash distributions to shareholders would be delayed until shareholders approve the Company dissolution. The Company does not intend to invest in another operating business following the completion of the asset sale and Bank dissolution. The Company would use its remaining assets to pay ongoing operating expenses, and the Company expects that such expenses would exceed any revenue generated by its remaining assets. Accordingly, the Company would use its remaining cash, including cash paid by AFCU in the asset sale if necessary, to satisfy its obligations and expenses until the Company is permitted to dissolve.

For a detailed discussion of the proposed voluntary dissolution of the Company, see "*Proposal 3—The Company Dissolution Proposal*" beginning on page 44. In addition, the Company's shareholders are directed to the proposed Company plan of dissolution, a copy of which is attached as Annex B to this proxy statement and incorporated in this proxy statement by reference.

If the asset sale is completed and the Company winds up its affairs and dissolves, the Company will distribute its net assets, including the net cash proceeds from the consideration paid by AFCU in the asset sale, to the shareholders of the Company. We expect that the net cash proceeds to be paid to the shareholders of the Company will be approximately $81.296 million, resulting in a cash payment of approximately $18.91 per share for each share of Company common stock that they own. This estimated distribution amount per share is based on numerous assumptions, including an assumed 4,300,230 shares of Company common stock outstanding, on a fully diluted basis, and the "cash out" of all 370,367 outstanding options as of the date of dissolution, and is subject to change based on several factors that are discussed more fully in this proxy statement under the heading "*Proposal No. 2—The Asset Sale Proposal—Distributions to the Company Shareholders*" beginning on page 34 and "*—Other Factors That May Reduce the Shareholder Distribution*" beginning on page 36. Further, in addition to the factors that could affect the distribution received by shareholder of which the Company is currently aware, in the course of the sale and dissolution process, unanticipated expenses and liabilities may arise, and such unanticipated expenses and liabilities may reduce the amount of cash available for distribution to shareholders. Accordingly, the ultimate per share distribution to the Company's shareholders may be less or more than the estimated $18.91 per share.

Proposal 4 – The Accounting Firm Ratification Proposal

The board of directors of the Company has engaged Eide Bailly LLP as the independent public accountants for the Company to audit the Company's consolidated financial statements for the fiscal year ended December 31, 2021. The Company is seeking shareholder ratification of the Company's engagement of Eide Bailly LLP to serve as the independent public accounting firm of the Company for the year ended December 31, 2021.

Proposal 5 – The Adjournment Proposal

The Company is seeking shareholder approval to adjourn or postpone the annual meeting to a later date or dates if the board of directors of the Company determinates such an adjournment or postponement is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the annual meeting to approve the asset sale proposal or the Company dissolution proposal. If this adjournment proposal is approved, the annual meeting could be adjourned to any date. If the annual meeting is adjourned, shareholders of the Company who have already submitted their proxies will be able to revoke their proxy at any time prior to their use.

Recommendation of the Board of Directors

On March 7, 2022, the Company's board of directors determined that the asset sale, the purchase agreement and the other transactions contemplated by the purchase agreement, including the sale transaction, are in the best interests of the Company and its shareholders, and it approved the purchase agreement, the asset sale and the other transactions contemplated by the purchase agreement. On April 20, 2022, the Company's board of directors nominated the seven persons identified in this proxy statement to serve as directors of the Company and recommended to the shareholders a plan of dissolution, a copy of which is attached as Annex B to this proxy statement and incorporated in this proxy statement by reference, providing for the voluntary dissolution of the Company following consummation of the asset sale and the Bank dissolution. Accordingly, the Company's board of directors recommends that the Company's shareholders vote as follows:

- "**FOR**" the election of the seven director nominees.
- "**FOR**" the asset sale proposal.
- "**FOR**" the Company dissolution proposal.
- "**FOR**" the accounting firm ratification proposal.
- "**FOR**" the adjournment proposal.

Holders of Company common stock should read this proxy statement carefully and in its entirety, including the annexes, for more detailed information concerning the annual meeting, the purchase agreement, the asset sale and the other transactions contemplated by the purchase agreement, and the winding up and dissolution of the Company.

Record Date; Shareholders Entitled to Vote

The record date for the annual meeting is April 20, 2022, which we refer to herein as the record date. Only record holders of shares of Company common stock as of the close of business (5:00 p.m. local time) on the record date are entitled to notice of, and to vote at, the annual meeting. At the close of business on the record date, 4,300,230 shares of Company common stock were issued and outstanding. Except with respect to the election of directors, each share of Company common stock outstanding on the record date is entitled to one vote on the proposals. With respect to the election of directors, shareholders of the Company are entitled to cumulate their votes by multiplying the number of votes they are entitled to cast by seven, the number of directors for whom they are entitled to vote, and cast the product thereof for a single director nominee or candidate or distribute the product among two or more director nominees or candidates.

Quorum

No business may be transacted at the annual meeting unless a quorum is present. Holders representing at least a majority of the shares of Company common stock entitled to vote at the annual meeting must be present, in person or represented by proxy, to constitute a quorum. All shares of Company common stock represented at the annual meeting, including shares that are represented but that vote to abstain and broker non-votes, will be treated as present for purposes of determining the presence or absence of a quorum.

Votes Required for Approvals

The required votes to approve the proposals at the annual meeting are as follows:

Proposal 1 – Election of Directors – Directors will be elected by a plurality of votes cast (determined under cumulative voting principals), regardless of the number of votes received by any director nominee. This means that the seven nominees receiving the highest vote totals will be elected. Shareholders of the Company are entitled to cumulate their votes by multiplying the number of votes they are entitled to cast by seven, the number of directors for whom they are entitled to vote, and cast the product thereof for a single director nominee or candidate or distribute the product among two or more director nominees or candidates. If you mark "WITHHOLD" on your proxy with respect to the election of directors, fail to authorize a proxy or vote in person at the annual meeting, or fail to instruct your broker, bank or other nominee how to vote with respect to the election of directors, it will have the no effect on the outcome of the election of directors.

Proposal 2 – The Asset Sale Proposal – Approval of the asset sale proposal requires the affirmative vote of at least a majority of the issued and outstanding shares of Company common stock entitled to vote at the annual meeting. Only shares of Company common stock are entitled to vote at the annual meeting. Failures to vote, broker non-votes and abstentions will have the same effect as a vote AGAINST this proposal.

Proposal 3 – The Company Dissolution Proposal – Approval of the Company dissolution proposal requires the affirmative vote of at least a majority of the issued and outstanding shares of Company common stock entitled to vote at the annual meeting. Only shares of Company common stock are entitled to vote at the annual meeting. Failures to vote, broker non-votes and abstentions will have the same effect as a vote AGAINST this proposal.

Proposal 4 – The Accounting Firm Ratification Proposal – Approval of the proposal to ratify the engagement of Eide Bailly LLP as the independent public accountants for the Company to audit the Company's consolidated financial statements for the fiscal year ended December 31, 2021 requires that the number of votes cast "FOR" the proposal exceed the number of votes cast "AGAINST" the proposal. If you mark "ABSTAIN" on your proxy with respect to the accounting firm ratification proposal, it will have the same effect as a vote "AGAINST" the proposal. If you fail to authorize a proxy or vote in person at the annual meeting, or fail to instruct your broker, bank or other nominee how to vote on such proposal, it will have the no effect on the outcome of such proposal.

Proposal 5 – The Adjournment Proposal – Approval of the adjournment proposal requires that the number of votes cast "FOR" the proposal exceeds the number of votes cast "AGAINST" the proposal. If you mark "ABSTAIN" on your proxy with respect to the adjournment proposal, it will have the same effect as a vote "AGAINST" the proposal. If you fail to authorize a proxy or vote in person at the annual meeting, or fail to instruct your broker, bank or other nominee how to vote on such proposal, it will have the no effect on the outcome of such proposal.

Each director and certain executive officers of the Company entered into a voting agreement with the Company and AFCU at the time the purchase agreement was executed. Under the terms of the voting agreement, such directors and executive officers have agreed to vote their shares of Company common stock in favor of the asset sale and the other transactions contemplated by the purchase agreement. As of April 20, 2022, the record date for the annual meeting, these individuals held an aggregate of 667,019 shares of Company common stock, representing 15.51% of the issued and outstanding shares of Company common stock, which totaled 4,300,230 as of such date. See "*Ancillary Agreements—Voting Agreement"* beginning on page 50 for additional information regarding the voting agreement.

Voting by Proxy; Incomplete Proxies

If you were a record holder of Company common stock at the close of business on the record date, a proxy card is enclosed for your use. The Company requests that you vote your shares as promptly as possible by submitting your Company proxy card by mail using the enclosed postage-paid envelope. When the accompanying proxy card is returned and is properly executed, the shares of Company common stock represented by it will be voted at the annual meeting in accordance with the instructions contained in the proxy card.

If a record holder returns an executed proxy card without an indication as to how the shares of Company common stock represented by it are to be voted with regard to the proposals, the shares of Company common stock represented by the proxy will be voted in accordance with the recommendation of the Company's board of directors and, therefore, such shares will be voted "FOR" the proposals. We are not aware of any other matters to be voted upon at the annual meeting, other than procedural matters. We intend to conduct any business that properly comes before the annual meeting. The proxy holders will vote the shares represented by properly completed proxy cards in accordance with the board's recommendations on any other matters that may properly come before the annual meeting.

Your vote is important. Accordingly, if you were a record holder of Company common stock on the record date, please sign and return the enclosed proxy card whether or not you plan to attend the annual meeting in person.

Revocability of Proxies and Changes to a Company Shareholder's Vote

A Company shareholder entitled to vote at the annual meeting may revoke a proxy at any time before the vote on the proposals at the annual meeting. If you wish to revoke or change your proxy, then you must take one of the following three actions:

- deliver written notice of revocation to the Company's transfer agent, West Coast Stock Transfer, Inc., 721 N. Vulcan Avenue, Suite 106, Encinitas, California 92024, by 11:59 p.m. Eastern Time on June 14, 2022;

- deliver a proxy card bearing a later date than the proxy card that such shareholder desires to revoke, which later dated proxy card must be received by the Company's transfer agent, West Coast Stock Transfer, Inc., 721 N. Vulcan Avenue, Suite 106, Encinitas, California 92024, by 11:59 p.m. Eastern Time on June 14, 2022; or

- attend the annual meeting and vote in person.

Merely attending the annual meeting will not, by itself, revoke your proxy; a Company shareholder attending the annual meeting must request a ballot and use it to cast a vote at the annual meeting in order to revoke a previously delivered and properly completed proxy card. The latest valid vote that the Company receives before the polls close at the annual meeting is the vote that will be counted for each shareholder.

Solicitation of Proxies

The Company's board of directors is soliciting proxies for the annual meeting from holders of Company common stock entitled to vote at the annual meeting. The Company will pay its own cost of soliciting proxies from its shareholders, including the cost of mailing this proxy statement. In addition to solicitation of proxies by mail, proxies may be solicited by the Company's officers, directors and employees, without additional remuneration, by personal interview, telephone or other means of communication.

Assistance

If you need assistance in completing your proxy card, have questions regarding the annual meeting or would like additional copies of this proxy statement, please contact Ralph E. Tapscott, President and Chief Executive Officer, or Ross E. Johnson, Executive Vice President and Chief Financial Officer, Horizon Bancorp, Inc., at 225 N. Lake Havasu Avenue, Lake Havasu City, Arizona 86403, or by telephone at (928) 854-3000 or (928) 854-3112.

PROPOSAL 1 – ELECTION OF DIRECTORS

General

The board of directors of the Company is comprised of seven members. All directors serve for a term of one year and, in each case, until their successor is duly elected and qualified. The board of directors of the Company has nominated seven current directors of the Company for reelection as directors of the Company to serve until their successors are duly elected and qualified at the next annual meeting of shareholders of the Company or until their earlier death, resignation, or removal from office. All nominees have agreed to serve if elected. If any nominee is unable or unwilling to serve as a nominee at the time of the annual meeting, a proxy may be voted "FOR" the election of another nominee recommended by the Company's board of directors, unless the shareholder executing such proxy withholds authority to vote for the election of directors.

The following table shows for each nominee: (i) his or her name; (ii) how long he or she has been a director of the Company; and (iii) his or her position with the Company or the Bank, other than as a director, or his or her principal occupation and other relevant experience.

Name	Director Since	Position with the Company or Principal Occupation and Relevant Experience
Jo Navaretta	2011	Jo Navaretta is co-owner of J&J Leasing, Inc. dba J&J Property Management and Development since 1991. She and her husband sold the business they owned and operated for 32 years, Pitzer's One Hour Heating and A/C along with Benjamin Franklin Plumbing. Prior to that, Ms. Navaretta held the positions of paralegal in New York and Loan Officer/Assistant Manager for The Arizona Bank in Lake Havasu City. Ms. Navaretta is past President of the Lake Havasu Unified School District Governing Board, member of ASU Community Advisory Group, member and past president of Soroptimist International of Lake Havasu City, honorary member of Lake Havasu City Rotary Club and various other civic and charitable organizations.
Hitendra Chauhan	2006	Dr. Chauhan is a practicing physician with Havasu Regional Medical Center. He received his medical degree from the University of Zambia. Dr. Chauhan completed his residency

		and fellowship at the University of Health Sciences in Chicago. He has full medical staff privileges at Havasu Regional Medical Center and was past Chief of Staff.
Gary Clausen	2005	Mr. Clausen is one of the original organizers of the Bank and has served as a director of the Company and the Bank since its organization. Mr. Clausen is a president of PURE Choice MotorSports LLC. He has been involved in the automotive, aircraft, and oil industries his entire career. PURE Choice MotorSports LLC is a designer, manufacturer, and distributor of high-quality specialty performance parts for the automotive, racing, and boating industries.
Mark Durham	2011	Mr. Durham is a licensed contractor and president of Durham Construction, Inc. Durham Construction Inc. is involved in developing both commercial and residential properties in Arizona. Mr. Durham is a graduate of Cal State University Long Beach School of Engineering.
Gerald B. Ernst	2009	Mr. Ernst served as President and Chief Executive Officer of the Bank from 2010 until he retired in 2020. He has served in the same capacity in banks in Arizona and Florida for the past 28 years. He has been in the banking industry since 1976. Mr. Ernst is a member of London Bridge Rotary, past president of Rotary, and past president of Western Independent Bankers Association, and has served as chairman or board member of numerous civic and charitable organizations.
Jerry Johnson	2009	Mr. Johnson has been a licensed contractor for over 44 years. He is the president of J&P Development. J&P Development is involved in developing both commercial and residential properties in Arizona. Prior to moving to Arizona in 1988, he was also an information and education specialist in fire prevention for the U.S. Forest Service in the state of California.
Ralph E. Tapscott	2020	Mr. Tapscott joined the Bank in November of 2019 as President and Chief Operations Officer. Upon Mr. Ernst's retirement, the Board of Directors appointed Mr. Tapscott as President and Chief Executive Officer and to the board of directors of each of the Company and the Bank. Mr. Tapscott has over 35 years of banking and management experience, including 15 years as a community bank Chief Executive Officer. He is active in both civic and industry associations, with current or past affiliations as Lake Havasu City Rotary Club Past President, River Cities United Way as past board member and campaign chair, past president of Havasu Foundation for Higher Education, past chairman of the Arizona Bankers Association, and others.

Cumulative Voting for Directors

The Company's directors are elected by cumulative voting. Cumulative voting entitles each shareholder to cast for a single nominee a number of votes equal to the number of directors being elected at the annual meeting (in this case, seven) multiplied by the number of shares owned by such shareholder. In the alternative, the shareholder may distribute such votes on the same principle among two or more nominees as he or she sees fit. Directors will be elected by a plurality of the votes (determined under cumulative voting principles) cast by shares entitled to vote at the annual meeting, which means that the seven nominees receiving the highest vote totals will be elected. Shares as to which authority to vote on the election of directors has been withheld and broker non-votes will not be counted as votes cast for nominees and will have no effect on the outcome of the voting for directors.

Recommendation of the Board of Directors

THE COMPANY'S BOARD OF DIRECTORS HAS NOMINATED THE SEVEN DIRECTOR NOMINEES LISTED ABOVE AND RECOMMENDS THAT THE COMPAMY SHAREHOLDERS VOTE "FOR" THE ELECTION OF THE SEVEN DIRECTOR NOMINEES.

PROPOSAL 2 - THE ASSET SALE PROPOSAL

The following information describes material aspects of the asset sale as provided for under the purchase agreement. It is not intended to be a complete description of all information relating to the asset sale and is qualified in its entirety by reference to the purchase agreement, a copy of which is included as Annex A and is incorporated herein by reference. We urge you to read the purchase agreement in its entirety.

Parties to the Asset Sale

Horizon Bancorp, Inc., or the Company, is an Arizona corporation and registered bank holding company under the Bank Holding Company Act of 1956, as amended. The Company is regulated by the Board of Governors of the Federal Reserve System, or Federal Reserve. The Company's primary asset is ownership of all of the outstanding common stock of the Bank.

Horizon Community Bank, or the Bank, is an Arizona state-chartered bank regulated by the ADIFI and the FDIC, with its deposits insured by the FDIC. The Bank conducts a complete range of commercial and personal banking activities. The Bank currently operates at six branch locations with its main office located at 225 North Lake Havasu Avenue, Lake Havasu City, Arizona 86403. As of March 31, 2022, the Bank had total assets of approximately $551.6 million, total loans (net of allowance for loan losses) of approximately $258.3 million, total deposits of approximately $490.3 million and shareholders' equity of approximately $39.5 million. The Bank is a wholly owned subsidiary of the Company.

Arizona Federal Credit Union, or AFCU, is a federally-chartered credit union regulated by the National Credit Union Administration, or NCUA, with its deposits insured by the NCUA. AFCU's operations are headquartered in Phoenix, Arizona. AFCU has applied to the ADIFI and NCUA to convert from a federally-chartered credit union to an Arizona state-chartered credit union. Following consummation of the conversion of its charter, AFCU will be regulated by the ADIFI and the NCUA. Approval of AFCU's proposed charter conversion by the ADIFI and NCUA and consummation of AFCU's charter conversion is a condition to consummation of the asset sale. AFCU is a member-owned, not-for-profit financial cooperative that provides a variety of financial products and services to its members. As of March 31, 2022, AFCU had total assets of approximately $2.8 billion, total loans (net of allowance for loan losses) of approximately $1.2 billion, total member deposits of approximately $2.5 billion, and members' equity of approximately $276.5 million.

The Asset Sale

AFCU, the Company and the Bank entered into a Purchase and Assumption Agreement, dated as of March 9, 2022, which we refer to as the purchase agreement. The purchase agreement provides for AFCU's acquisition of substantially all of the assets and the assumption of substantially all of the liabilities (including deposit liabilities) of the Bank. The asset sale is the first integral step in the sale transaction contemplated by the purchase agreement. The sale transaction consists of (i) the asset sale, (ii) the liquidation of the Bank and the distribution of the Bank's remaining assets to the Company, and (iii) the dissolution of the Company including the distribution of the Company's remaining assets to its shareholders.

Asset Sale Purchase Price

In the asset sale, AFCU will purchase substantially all of the Bank's assets and assume substantially all of the Bank's liabilities (including deposit liabilities). As consideration for the asset sale, AFCU will pay the Bank in cash $91.4 million, subject to possible downward adjustment, as discussed below. In addition, AFCU has agreed to pay the Bank an additional $10.0 million to cover a portion of the tax liability that will be incurred by the Bank as a result of treating the asset sale as a taxable sale of assets for federal income tax purposes.

The purchase agreement provides that if the Bank's adjusted tangible book value as of the closing date of the asset sale, after disregarding the Bank's transaction expenses, is less than $43.349 million, which amount is referred to as the minimum equity, the $91.4 million purchase price will be reduced on a dollar-for-dollar basis by the amount that such adjusted tangible book value, after disregarding the Bank's transaction expenses, is less than the minimum equity.

The purchase agreement defines "adjusted tangible book value" as the sum of the common stock, surplus and retained earnings of the Bank, (i) excluding all intangible assets of the Bank, (ii) excluding the effect of any unrealized securities gains or losses as determined pursuant to Generally Accepted Accounting Principles, or GAAP, (iii) including the deferred tax assets of the Bank, and (iv) adjusted to reflect all transaction expenses of the Bank that have not been paid or accrued prior to the closing date of the asset sale. The purchase agreement defines "transaction expenses" as all costs and expenses of the Bank and its affiliates related to or associated with the transactions contemplated by the purchase agreement through the closing of the asset sale, including (i) legal, accounting, and other professional fees, (ii) investment banking fees, (iii) fees, penalty payments, or liquidated damages associated with the termination of any of the Bank's contracts and de-conversion costs and fees, (iv) payments made to officers, directors, and employees of the Bank pursuant to existing employment agreements, change in control agreements, deferred compensation agreements and similar agreements, and (v) the cost of the extended reporting period for the Bank's director's and officer's liability coverage. In addition, any amounts paid or accrued by the Bank prior to closing the asset sale related to the renovation of the Bank's office construction located at 4155 N. Stockton Hill Road, Kingman, Arizona 86401 will be considered transaction expenses.

Under the terms of the purchase agreement, the calculation of the Bank's adjusted tangible book value is intended to equal such amount as would be reported as the Tier 1 capital of the Bank shown on Line 26 on Schedule RC-R Part I of the Bank's Reports of Condition and Income filed with the FDIC. However, for the purpose of determining any downward adjustment to the $91.4 million purchase price, the calculation of the Bank's adjusted tangible book value will disregard the payment and accrual of all transaction expenses of the Bank associated with the asset sale. Accordingly, the parties have agreed that the $91.4 million purchase price will not be affected by the Bank's expenses associated with the asset sale.

Although the Bank expects that its adjusted tangible book value, after disregarding the Bank's transaction expenses, calculated as of the closing date of the asset sale will meet or exceed the minimum equity, unexpected losses or expenses incurred by the Bank that are not included in the definition of "transaction expenses" under the purchase agreement, such as unexpected loan losses, could cause such adjusted tangible book value calculation to be less than the minimum equity at the closing of the asset sale, which would result in a reduction to the $91.4 million purchase price.

If the sale transaction is completed, the Company will distribute its net assets, including the net cash proceeds from the consideration paid by AFCU in the asset sale, to the shareholders of the Company. We expect that the net cash proceeds to be paid to the shareholders of the Company at the time of the distribution will be approximately $81.296 million, resulting in a cash payment of approximately $18.91 per share for each share of Company common stock that they own. This estimated distribution amount per share is based on numerous assumptions, including an assumed 4,300,230 shares of Company common stock outstanding, on a fully diluted basis, and the "cash out" of all 370,367 outstanding options as of the date of dissolution, and is subject to change based on several factors that are discussed more fully in this proxy statement under the heading "*Proposal No. 2—The Asset Sale Proposal—Distributions to the Company Shareholders*" beginning on page 34 and "*—Other Factors That May Reduce the Shareholder Distribution*" beginning on page 36. Further, in addition to the factors that could affect the distribution received by shareholders of which the Company is currently aware, in the course of the sale and dissolution process, unanticipated expenses and liabilities may arise, and such unanticipated expenses and liabilities may reduce the amount of cash available for distribution to shareholders. Accordingly, the ultimate per share distribution to the Company's shareholders may be less or more than the estimated $18.91 per share.

Treatment of Stock Options

As of the record date, there were 370,367 outstanding options to purchase shares of Company common stock with an average exercise price of $9.20 per share. If the asset sale is completed, under the terms of the Company's stock incentive plan, each option to purchase shares of Company common stock that is outstanding and unexercised immediately prior to the effective time of the asset sale will automatically become fully vested and exercisable to the full extent of the original grant. Holders of vested options may choose to exercise their options at any time prior to the consummation of

the asset sale or thereafter until the dissolution of the Company. All shares received upon exercise of such options will be cancelled in connection with the Company's dissolution and shareholders will receive their pro rata portion of the net cash distributed to shareholders in the dissolution. Alternatively, the Company's board of directors, as the administrator of the stock incentive plan, will allow holders of options to elect to "cash out" their options in connection with the Company's dissolution and receive the difference between the per share amount to be distributed to the shareholders and the exercise price underlying the option in accordance with the stock incentive plan. Under such alternative, holders of vested options will not be required to remit the exercise price to exercise their options. In order to elect such "cash out" method, under the terms of the stock incentive plan, an option holder must notify the Company within 60 days after the effective time of the asset sale (or, if earlier, the date of the Company's dissolution). For any options that remain outstanding at the completion of the Company's dissolution, the Company's board of directors, as the administrator of the stock incentive plan, may exercise its discretion to cause the "cash out" of all such remaining options. The issuance of Company common stock in connection with the exercise of options and the "cash out" method described above will dilute the per share distribution amount paid to the shareholders in the Company dissolution.

Background of the Asset Sale

The board of directors and management of the Company regularly review the Company's future prospects for earnings and asset growth as well as the implementation and viability of Company's strategic initiatives. From time to time, the board of directors and management of the Company will review and discuss the Company's long-term objectives and consider ways to enhance shareholder value and performance of the consolidated organization. This strategic planning exercise generally included an evaluation of the merits and drawbacks of (a) continuing to operate as an independent institution, (b) continued expansion through the strategic acquisition of other institutions and branch offices, and (c) entering into a strategic merger with another financial institution. These reviews and strategic discussions have focused on, among other things, prospects and developments in the financial services industry, in the regulatory environment, in the economy and financial markets, and the implications of such developments for financial institutions in general and the Company and the Company's market areas in particular. Management of the Company has also engaged in, from time to time and as part of its stated mergers and acquisitions strategy, discussions with executives of other institutions in the financial services industry, including with respect to potential strategic transactions to enhance shareholder value, liquidity and return on investment. the Company has periodically received inquiries from potential acquirors and other merger partners in the industry.

In furtherance of the foregoing, on April 23, 2021, the Company's board of directors held a special meeting to further define the strategic direction of the Company and to discuss potential business combination opportunities, including the prospect of merging the Company into a larger institution, and to identify potential strategic merger partners. Representatives of Hovde Group, LLC, or Hovde, gave a presentation regarding the current state of the bank mergers and acquisitions and the financial services industry generally. The board determined for management to begin seeking possible merger partners, initially with the help of the Company's former financial advisor, and thereafter, if needed, pursuant to a broader search with the help of Hovde.

In early September the Company received a formal offer from an institution, hereinafter referred to as Party A, which provided for a proposed acquisition of the Company's outstanding stock in exchange for common stock of Party A having aggregate value in the range of approximately $47.9 million and $51.4 million. After review by the Company's board of directors, the Company determined to continue pursuing other offers. Other than the offer from Party A, without having identified a viable merger partner during the second and third quarters of 2021, the Company engaged Hovde on September 18, 2021 to serve as the Company's financial advisor in connection with a proposed business combination.

During September and October, 2021, the Company management and representation from the Company's board of directors met several times with representatives of Hovde to discuss market conditions and potential business combination opportunities. At the request of the Company management, Hovde performed additional research and analysis during this time period to identify potential merger partners. As a result of these discussions and analyses, the Company management and Hovde identified six institutions with which to initiate discussions regarding a potential business combination, as well as planned a course of action for determining the interest of each institution in such a transaction. Of the six institutions, two institutions expressed interest in exploring a possible business combination with the Company, one of which was AZCU, and the other was Party A indicating its continued interest in the Company.

During October 2021, Hovde assisted the Company with populating a virtual due diligence data room hosted by Hovde. On October 13, 2021, the Company and AFCU entered into a Confidentiality and Non-Disclosure Agreement to

allow the parties to conduct reciprocal due diligence with respect to their institutions and engage in confidential discussions regarding a possible business combination.

At the request of AFCU, on November 5, 2021, Ralph E. Tapscott, President and Chief Executive Officer of the Company, met with Ronald L. Westad, President and Chief Executive Officer of AFCU, at AFCU's corporate offices in Phoenix, Arizona. At that meeting, Mr. Westad expressed AFCU's interest in pursuing a business combination with the Company and indicated that a proposed letter of intent offer would be forthcoming. Messrs. Tapscott and Westad also generally discussed their respective institutions, business plans and strategic objectives.

Over the following months, the Company and AFCU engaged in due diligence and held various meetings to determine if a transaction between the two parties was desirable from a financial and cultural standpoint. The Company also investigated the feasibility of obtaining regulatory approval for the transaction on a timely basis and AFCU's plans for integrating the two companies with regard to employee retention and customer service.

AFCU proposed a non-binding letter of intent to the Company on November 11, 2021, which provided for a purchase price of $100.0 million, payable solely in cash, in exchange for substantially all of the assets of the Bank, and that AFCU would assume substantially all of the liabilities of the Bank, including the deposit liabilities. The AFCU letter of intent also provided that AFCU would pay an additional $10.0 million as reimbursement for a portion of the additional tax incurred by the Bank as a result of structuring the transaction as a taxable sale of assets for federal income tax purposes. Further, the AFCU letter of intent provided that the Bank would be required to deliver at least $42.725 million in tangible equity capital at closing, and any shortfall would reduce the purchase price on a dollar-for-dollar basis. As part of the calculation of such closing tangible equity capital, the Bank would be permitted to add back its transaction costs, including all change in control and similar payments, with the result being that the purchase price would not be reduced by such costs. The AFCU letter of intent included an exclusivity period of 90 days for due diligence and the negotiation of a definitive agreement, which was subsequently extended to February 28, 2022. AFCU and the Company, along with their respective advisors, negotiated the terms of the letter of intent over the remainder of November.

On November 17, 2021, the Company's board of directors met and considered the AFCU letter of intent that had been negotiated between the parties and Party A's offer. The board also discussed and considered strategic matters relating to the viability of a business combination, benefits and challenges related to the proposals, including the likelihood for gaining timely regulatory approvals, and pursuing a transaction that would be in the bests interests of the Company's customers, employees, communities and shareholders. After an in-depth discussion, the Company's board of directors authorized management to deliver the negotiated AFCU letter of intent and pursue a business combination with AFCU.

On November 22, 2021, the Company and AFCU entered into the letter of intent. Following the execution of the letter of intent, AFCU conducted detailed due diligence on the Company and its operations, assets, liabilities, customers, and personnel. Management of AFCU and the Company continued to have regular conversations regarding the proposed terms of the transaction and the integration of operations.

On January 7, 2022, the Company management and Gerald B. Ernst, a member of the Mergers and Acquisitions Committee of the board of directors of the Company, met in with representatives of AFCU. At this meeting, representatives of the Company and representatives of AFCU generally discussed the anticipated benefits and challenges from a transaction, the integration of business cultures, and personnel and market considerations.

On January 27, 2022, AFCU verbally indicated to Mr. Tapscott that it was amending its offer by reducing the purchase price stated in the AFCU letter of intent by $9.0 million, to an aggregate purchase price of $91.0 million, and reducing the amount stated in the AFCU letter of intent as reimbursement for a portion of the additional tax incurred by the Bank as a result of structuring the transaction as a taxable sale of assets for federal income tax purposes by $900,000, to an aggregate reimbursement amount of $9.1 million. AFCU's justification for the proposed reduction of the purchase price primarily related to expects costs concerning early termination of certain contracts of the Bank, conversion and de-conversion of the Bank's information and certain renovation projects of the Bank. The Company and AFCU continued to negotiate the purchase price and tax reimbursement amount. Following further deliberations and analysis in consultation with the Company's financial advisor, the Company's board of directors resolved to accept a negotiated purchase price of $91.4 million and the original amount of the tax reimbursement amount of $10.0 million, for aggregate consideration value of 101.4 million.

Following extensive due diligence, counsel for AFCU delivered a draft purchase and assumption agreement to counsel for the Company on February 1, 2022. Over the following weeks, the parties negotiated the definitive transaction documents.

On March 7, 2022, the Company's board of directors met with its financial advisor and its legal advisor, Fenimore Kay Harrison LLP, to discuss the purchase and assumption agreement, which was in its substantially final form. The Company's board of directors heard a presentation from representatives of Hovde on the financial aspects of the transaction. Also at this meeting, the Company's legal advisor reviewed certain material terms of the purchase and assumption agreement and ancillary legal documents to the purchase and assumption agreement for the board. Legal counsel also reviewed in detail the business points, contingencies and timing considerations related to the transaction. The Company's board of directors asked a series of questions to the financial and legal advisors regarding the terms and conditions of the purchase and assumption agreement and engaged in a full discussion regarding the proposed transaction. At the conclusion of this discussion and after responding to questions from the directors, Hovde rendered to the Company's board of directors its oral opinion that, pursuant to the terms of the purchase and assumption agreement and subject to the assumptions and limitations set forth in the opinion, the amount of the net proceeds from the transaction available for distribution to the shareholders of the Company is fair, from a financial point of view, to the shareholders of the Company. Hovde's oral opinion was confirmed by delivery of its written opinion, dated March 7, 2022, to the Company's board of directors.

On March 9, 2022, the Company and AFCU executed the purchase and assumption agreement, and certain directors and executive officers of the Company delivered to AFCU a voting agreement and non-solicitation and confidentiality agreements. The Company announced the transaction after the close of trading on the OTC Markets on March 10, 2022.

The Company's Reasons for the Sale Transaction

After careful consideration, at its meeting on March 7, 2022, the Company's board of directors determined that the purchase agreement and the transactions contemplated thereby, including the asset sale, the subsequent liquidation of the Bank and the subsequent liquidation of the Company, which we refer to collectively as the sale transaction, were in the best interests of the Company and its shareholders. Accordingly, the Company's board of directors approved the asset sale, the purchase agreement and transactions contemplated thereby and recommends that our shareholders vote "FOR" the approval of the asset sale proposal and "FOR" the approval of the Company dissolution proposal described under *"Proposal 3 — The Company Dissolution Proposal.*"

Prior to approving the purchase agreement and the asset sale, the Company's board of directors consulted with our legal counsel as to its legal duties and the terms of the purchase agreement and related agreements. In addition, the Company's board of directors evaluated, with the help of our financial advisor, the financial, market and other considerations bearing on the decision to recommend the asset sale proposal. Our board of directors believes that, in addition to benefiting our shareholders, an acquisition by AFCU will create an organization that is better able to serve our customers and our market area.

The terms of the purchase agreement, including asset sale purchase price and the estimated cash distribution to our shareholders, were the result of arm's length negotiations between our representatives and representatives of AFCU, with the assistance of legal counsel and our financial advisor, Hovde. In reaching its conclusion that the sale transaction, including the asset sale, the Bank liquidation and dissolution and the Company dissolution, is in the best interest of the Company and its shareholders, the Company's board of directors carefully considered a number of positive factors, including:

- the amount of the estimated distributions to be received by the shareholders of the Company relative to the book value and earnings per share of Company common stock;
- the financial terms of recent business combinations in the financial services industry, particularly in the Southwest, and a comparison of the multiples of selected combinations with the terms of the proposed transaction with AFCU;
- the Company board's familiarity with and review of information concerning the business, results of operations, asset quality, financial condition, earnings, competitive position, future prospects and regulatory

standing of AFCU, the Company and the Bank, including the business prospects for the Company going forward, as projected by management and viewed in light of the changing economic and competitive landscape;

- the Company board's knowledge of the current and prospective competitive and regulatory environment for financial institutions generally and specifically in which AFCU and the Company operate, including national, regional and local economic conditions and the interest rate environment, including the impact that COVID-19 has had on such economic conditions and interest rate environment, increased operating costs resulting from regulatory initiatives and compliance mandates, the competitive environment for banks, thrifts and other financial institutions generally and the increased regulatory burdens on financial institutions generally, evolving trends in technology, the trend toward consolidation in the banking industry and in the financial services industry, and the likely effects of these factors on the Company's potential for growth, development, productivity, profitability and strategic options;
- the complementary aspects of AFCU's and the Company's respective businesses, including customer focus, geographic coverage, business orientation and compatibility of the companies' management and operating styles;
- the alternatives to the sale transaction, including remaining an independent institution;
- the fact that the sale transaction presents a liquidity opportunity for the Company's shareholders;
- the terms of the purchase agreement, and the presentation by the Company's legal advisors regarding the asset sale and the purchase agreement;
- the financial analysis provided by Hovde which was presented to the Company board and the opinion of Hovde, dated March 7, 2022, to the Company board to the effect that, as of such date, pursuant to the terms of the purchase agreement and subject to the assumptions and limitations set forth in the opinion, the amount of the net proceeds from the transaction available for distribution to the shareholders of the Company is fair, from a financial point of view, to the shareholders of the Company, as more fully described below under the section of this proxy statement entitled "*Opinion of Financial Advisor*";
- the fact that the purchase agreement provides that, for purposes of calculating the Bank's adjusted tangible book value under the terms of the purchase agreement, the Bank's total shareholders' equity would not be reduced by the amount of the Bank's transaction expenses or fees associated with the termination of the Bank's data processing contract;
- the impact of the sale transaction on the Company's employees, suppliers, creditors, and customers, as well as the communities served by the Bank, and the potential benefits and opportunities for employees of the Bank as a result of both employment opportunities and benefit plans in a larger organization;
- the belief that the combination with a larger financial institution would provide the opportunity to realize economies of scale, increase efficiencies of operations, enhance the development of new products and services and utilize more capital to support future growth;
- the ability of AFCU to pay the purchase price without a financing contingency and without the need to obtain financing to close the transaction;
- the Arizona and U.S. economies; and
- the regulatory and other approvals required in connection with the merger and the likelihood that the outstanding approvals needed to complete the transaction will be obtained within a reasonable time and without unacceptable conditions.

Our board of directors also considered various risks relating to the asset sale and the transactions contemplated by the purchase agreement, including:

- the interests of the Company's executive officers and directors with respect to the transactions contemplated by the purchase agreement apart from their interests as shareholders of the Company, and the risk that these interests might influence their decision with respect to the sale transaction. See "*—Interests of Directors and Executive Officers in the Asset Sale*" beginning on page 32;

- the risk that the terms of the purchase agreement, including provisions relating to the possible downward adjustment to the cash purchase price paid to the Bank pursuant to the Minimum Equity requirement, could result in lower than expected distribution ultimately received by the Company's shareholders;
- the provisions of the purchase agreement restricting Company's solicitation of third party acquisition proposals and the fact that Company would be obligated to pay a termination fee following the termination of the purchase agreement in certain circumstances;
- uncertainties regarding the amount of cash to be ultimately distributed to the Company's shareholders as a result of expenses incurred by the Company;
- the potential negative impact of the announcement of the transaction on Company's business and relations with customers, service providers and other stakeholders, whether or not the transaction is completed;
- the risk that since there have been relatively few transactions in which credit unions have acquired banks, the proposed transaction may not be approved by applicable banking and credit union regulators, or may contain conditions to approval that may make the proposed transaction less appealing to the Company and its shareholders;
- the likelihood that a transaction with a credit union would take longer to complete than a merger with a bank;
- the restrictions on the conduct of Company's business prior to completion of the merger, which may adversely affect Company's ability to make certain decisions quickly and independently and may delay or prevent Company from undertaking business opportunities that may arise pending completion of the transaction;
- the potential for unintended delays in the regulatory approval process;
- the substantial transaction costs that the Company will incur regardless of whether the asset sale is completed;
- that the cash distribution to the Company's shareholders will be taxable to the Company's shareholders upon distribution to such shareholders as a result of the liquidation of the Company, to the extent the sum of the cash and the fair market value of any other assets received by such shareholder exceeds such shareholder's adjusted tax basis in the shares of Company common stock exchanged therefor. See "*Proposal No. 2—The Asset Sale Proposal—Certain U.S. Federal Income Tax Consequences*" beginning on page 48;
- the possible effects of the pendency or completion of the transactions contemplated by the reorganization agreement, including any suit, action or proceeding initiated in respect of the merger; and
- the risk that the anticipated benefits of the transaction, including the realization of synergies and cost savings, may not be realized or may take longer than expected to be realized.

The reasons, factors and risks set out above are not intended to be exhaustive but do include the material factors considered by the Company's board of directors in approving the purchase agreement and asset sale. In reaching its determination, the Company's board of directors did not assign any relative or specific weights to different factors, and individual directors may have given different weights to different factors. Based on the reasons stated, the board believed that the purchase agreement and asset sale was in the best interest of the Company and its shareholders, and therefore the Company's board of directors approved the purchase agreement, which will result in the sale of substantially all of the assets of the Company, and the transactions contemplated by the purchase agreement, including the asset sale, Bank liquidation and Company dissolution.

Opinion of Financial Advisor

The fairness opinion and a summary of the underlying financial analyses of the Company's financial advisor, Hovde Group, LLC, or Hovde, are described below. Capitalized terms not otherwise defined in the following summary and description shall have the meanings as set forth in the draft of the Purchase and Assumption Agreement, dated March 4, 2022, provided to Hovde by the Company, and all section references herein shall refer to sections in the purchase agreement. Hovde has been informed by the Company that the terms of the definitive Purchase and Assumption Agreement dated March 7, 2022, or the purchase agreement, and executed by the Company, the Bank and AFCU do not

differ in any material respect from the terms set forth in the draft purchase agreement dated March 4, 2022 and utilized by Hovde for purposes of its analysis and opinion. The summary and description contain projections, estimates and other forward-looking statements about the future earnings or other measures of the future performance of the Company and the Bank. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections. You should not rely on any of these statements as having been made or adopted by the Company, the Bank or AFCU. You should review the copy of the Hovde opinion, which is attached to this proxy statement as Annex C.

Hovde acted as the Company's financial advisor in connection with the sale transaction. As used herein, and as discussed elsewhere in this proxy statement, the term "sale transaction" means the purchase and transfer of the assets and assumption of the liabilities contemplated by the purchase agreement, including, without limitation, Articles II and III of the purchase agreement, the dissolution and liquidation of Bank and the distribution of its assets to the Company, and the dissolution and liquidation of Company and distribution of its net assets to the Company's shareholders. Hovde is a nationally recognized investment banking firm with substantial experience in transactions similar to the sale transaction contemplated by the purchase agreement. As part of its investment banking business, Hovde is continually engaged in the valuation of businesses and their securities in connection with, among other things, mergers and acquisitions. Hovde has experience in, and knowledge of, banks, thrifts and their respective holding companies, and is familiar with the Company and the Bank and their operations. The Company's Board of Directors selected Hovde to act as its financial advisor in connection with the sale transaction based on the firm's reputation and expertise in transactions such as the sale transaction as set forth in the purchase agreement. Hovde reviewed the financial aspects of the sale transaction with the Board of Directors of the Company and, on March 7, 2022 delivered a written opinion to the Board of Directors of the Company that, subject to the matters, assumptions and limitations set forth in the opinion and pursuant to the terms of the purchase agreement, as of the date of the opinion the net proceeds from the sale transaction available for distribution to shareholders of the Company is fair, from a financial point of view, to the shareholders of the Company. In requesting Hovde's advice and opinion, no limitations were imposed by the Company upon Hovde with respect to the investigations made or procedures followed by Hovde in rendering its opinion.

The full text of Hovde's written opinion is included in this proxy statement as Annex C and is incorporated herein by reference. You are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Hovde. The summary of Hovde's opinion included in this proxy statement is qualified in its entirety by reference to the full text of such opinion.

Hovde's opinion was directed to the Boards of Directors of the Company and the Bank and addresses only the fairness of the net proceeds from the sale transaction available for distribution to the shareholders of the Company. Hovde did not opine on any individual stock, cash, or other components of consideration payable in connection with the sale transaction. Hovde's opinion does not constitute a recommendation to the Company as to whether or not they should enter into the purchase agreement or to any shareholders of the Company as to how such shareholders should vote at any meetings of shareholders called to consider and vote upon the sale transaction. Hovde's opinion does not address the underlying business decision to proceed with the sale transaction or the fairness of the amount or nature of the compensation, if any, to be received by any of the officers, directors or employees of the Company or the Bank relative to the amount of consideration to be received by the Company shareholders with respect to the sale transaction. Hovde's opinion should not be construed as implying that the total proceeds to be received by the Company shareholders from the sale transaction is necessarily the highest or best price that could be obtained by the Company in a sale transaction or combination transaction with a third party. Other than as specifically set forth in the opinion, Hovde is not expressing any opinion with respect to the terms and provisions of the purchase agreement or the enforceability of any such terms or provisions. Hovde's opinion is not a solvency opinion and does not in any way address the solvency or financial condition of the Company, the Bank or AFCU. Hovde's opinion was approved by Hovde's fairness opinion committee.

The Company engaged Hovde on September 18, 2021 to serve as a financial advisor to the Company in connection with a potential transaction and to issue an opinion to the Board of Directors of the Company in connection with a potential transaction. Pursuant to the Company's engagement agreement with Hovde, Hovde received a fee of $100,000 upon the delivery of the fairness opinion to the Company which would be fully credited one time against any completion fee due Hovde. Based upon Hovde's assumption for purposes of its analysis and opinion that (as set forth below) the net proceeds from the sale transaction available for distribution to shareholders of the Company is $81,296,119,

the net completion fee due Hovde upon the consummation of the sale transaction will be approximately $834,905 after providing full credit for the fairness opinion fee to the completion fee of approximately $934,905. In addition to Hovde's fees, and regardless of whether the sale transaction is consummated, the Company has agreed to reimburse Hovde for certain of its reasonable out-of-pocket expenses. The Company has also agreed to indemnify Hovde and its affiliates for certain liabilities that may arise out of Hovde's engagement.

Other than in connection with this present engagement, during the two years preceding the date of the opinion, Hovde has not provided investment banking or financial advisory services to the Company or the Bank for which it received a fee. During the two years preceding the date of the opinion, Hovde has not provided any investment banking or financial advisory services to AFCU for which it received a fee. Hovde or its affiliates may presently or in the future seek or receive compensation from AFCU in connection with future transactions, or in connection with potential advisory services and corporate transactions, although to Hovde's knowledge none are expected at this time. In the ordinary course of its business as a broker/dealer, Hovde may from time-to-time purchase securities from, and sell securities to, the Company, the Bank or AFCU or their affiliates. Except for the foregoing, during the two years preceding the date of the opinion, there have not been, and there currently are no mutual understandings contemplating in the future any material relationships between Hovde and the Company, the Bank or AFCU.

As set forth in the terms and conditions of the purchase agreement, at the Bank shall sell, convey, assign, and transfer to AFCU and AFCU shall purchase and acquire from Bank all of Bank's right, title, and interest in and to all of the assets (other than the excluded assets), free of all encumbrances other than permitted encumbrances. In consideration for the assets acquired by AFCU under the purchase agreement, AFCU shall assume all of the liabilities (other than the excluded liabilities) and pay in cash in immediately available funds to Bank at Closing an amount equal to Ninety-One Million Four Hundred Thousand Dollars ($91,400,000), subject to the adjustments set forth in Section 2.01(c) of the purchase agreement, as applicable (as adjusted, the "Purchase Price"). The purchase agreement provides that in the event that the sum of the Adjusted Tangible Book Value plus all Transaction Expenses, calculated as of the Closing Date, is less than Forty-Three Million Three Hundred Forty-Nine Thousand Dollars ($43,349,000) (the "Minimum Equity"), then the Purchase Price shall be reduced on a dollar-for-dollar basis by an amount equal to the positive difference between (A) the Minimum Equity minus (B) the sum of the Adjusted Tangible Book Value plus the Transaction Expenses, calculated as of the Closing Date.

Section 2.04 of the purchase agreement provides that subject to review and acceptance by AFCU, AFCU shall pay an amount (in addition to the Purchase Price and other amounts due pursuant to the purchase agreement) to Bank to cause the proceeds from the sale transaction, net of the Taxes imposed on Bank and/or Company as a result of the sale transaction (including any Tax imposed on Bank and/or Company as a result of receiving the amount described in Section 2.04 from AFCU), to be equal to the proceeds that Bank and/or Company would have received from the sale transaction, net of the Taxes imposed on Bank and/or Company as a result of the sale transaction, had Bank or Company instead sold its shares of capital stock of Bank (the "Reimbursement"); provided that AFCU's obligation to pay Bank pursuant to Section 2.04 shall not exceed Ten Million Dollars ($10,000,000); and provided further that the Reimbursement shall in no event be a negative number. For purposes of Hovde's analysis and opinion, management of the Company has estimated that the total Company Tax expense will be $11,628,017, and therefore, the amount of Company Tax expense net of the Reimbursement, which will be deducted from the Purchase Price to derive the net estimated proceeds available for distribution to Company shareholders will be $1,628,017.

Hovde noted that the purchase agreement provides that it may be terminated if any of the conditions of Section 10.01 shall occur, which among other conditions include: (i) by Bank or AFCU after the expiration of ten (10) Business Days after any Regulator shall have denied or refused to grant the approvals or consents required under the purchase agreement to be obtained unless within said ten (10) Business Day period AFCU and Bank agree to submit or resubmit an application to, or appeal the decision of, the Regulator which denied or refused to grant approval thereof; (ii) by Bank or AFCU if the conditions precedent to such parties' obligations to close specified in the purchase agreement have not been met or waived by November 30, 2022, as the same may be extended (the "End Date"); (iii) by Bank if Bank shall contemporaneously enter into a definitive agreement with a third party providing a superior proposal, which is defined as an unsolicited acquisition proposal made by a third party which, in the good faith judgment of the board of directors of Bank or Company receiving the acquisition proposal, if accepted, (a) is significantly more likely than not to be consummated, and (b) if consummated, is reasonably likely to result in a more favorable transaction for Bank and its shareholders than the sale transaction contemplated by the purchase agreement; and (iv) by Bank if the purchase agreement and the sale transaction shall not have been approved by the minimum number of affirmative votes of the

holders of Company common stock required by applicable law. If Bank terminates the purchase agreement pursuant to Section 10.01(e) (acceptance of a superior proposal), then, within five Business Days of such termination, Bank shall pay AFCU by wire transfer in immediately available funds, as agreed upon liquidated damages and not as a penalty and as the sole and exclusive remedy of AFCU, a Fee of Three Million Six Hundred Fifty-Six Thousand Dollars ($3,656,000.00).

In addition, Hovde noted that the purchase agreement sets forth in Article IX normal and customary closing conditions for Bank and AFCU, including, among other conditions, (i) all required licenses, approvals, and consents of any relevant federal, state, or other regulatory agency required for the consummation of the sale transaction shall have been obtained without any non-standard conditions or other non-standard requirements reasonably deemed unduly materially burdensome by either Bank or AFCU; (ii) no order shall have been entered and remain in force at the Closing Date restraining or prohibiting any of the sale transaction in any legal, administrative or other proceeding, and no action or proceeding shall have been instituted or threatened on or before the Closing Date seeking to restrain or prohibit the sale transaction contemplated by the purchase agreement or which would have a Material Adverse Effect; and (iii) the purchase agreement and the sale transaction, as applicable, shall have been approved by the minimum number of affirmative votes of the holders of Company common stock required by applicable law.

With the knowledge and consent of the Company and the Bank and for purposes of its analysis and opinion, Hovde assumed that (i) the sale transaction shall occur as set forth in the purchase agreement on or before the End Date; (ii) the Minimum Equity shall be at least $43,349,000, and therefore, the Purchase Price shall be $91,400,000. Hovde also assumed that the estimated proceeds available for distribution to Company shareholders will be $81,296,119 after adjustments for (a) Retained Cash, (b) cash at the Company, (c) the paydown of certain Company debt obligations, (d) the cash out of all Company stock options, and (e) the estimated Company Tax payment net of the Reimbursement. The Company has advised us to assume that there are 4,300,230 shares of Company common stock outstanding, and therefore, the estimated net proceeds from the sale transaction available for distribution to shareholders of the Company would be equal to $18.91 per share of Company common stock.

During the course of Hovde's engagement and for the purposes of its opinion Hovde:

(i) reviewed a draft of the purchase agreement dated March 4, 2022, as provided to Hovde by the Company management;

(ii) reviewed unaudited consolidated financial statements for the Company and the Bank for the twelve-month period ended December 31, 2021;

(iii) reviewed certain historical annual reports of the Company and the Bank, including the audited annual report of the Company for the year ended December 31, 2020;

(iv) reviewed certain historical publicly available business and financial information concerning the Company and the Bank;

(v) reviewed certain internal financial statements and other financial and operating data concerning the Company and the Bank;

(vi) reviewed financial projections approved by certain members of the senior management of the Company and the Bank;

(vii) discussed with certain members of senior management of the Company and the Bank the business, financial condition, results of operations and future prospects of the Company and the Bank, the history and past and current operations of the Company and the Bank, and the Company's and AFCU's assessment of the rationale for the sale transaction;

(viii) reviewed and analyzed materials detailing the sale transaction prepared by the Company and the Bank;

(ix) assessed current general economic, market and financial conditions;

(x) reviewed the terms of recent merger, acquisition and control investment transactions, to the extent publicly available, involving financial institutions and financial institution holding companies that we considered relevant;

(xi) took into consideration our experience in other similar transactions and securities valuations as well as our knowledge of the banking and financial services industry;

(xii) reviewed certain publicly available financial and stock market data relating to selected public companies that we deemed relevant to our analysis; and

(xiii) performed such other analyses and considered such other factors as we have deemed appropriate.

In performing its review, Hovde assumed, without investigation, that there have been, and from the date of its opinion through the Closing there will be, no material changes in the financial condition and results of operations of the Company, the Bank or AFCU since the date of the latest financial information described above. Hovde further assumed, without independent verification, that the representations and financial and other information included in the purchase agreement and all other related documents and instruments that are referred to therein or otherwise provided to Hovde by the Company, the Bank and AFCU are true and complete. Hovde relied upon the management of the Company and the Bank as to the reasonableness and achievability of the financial forecasts, projections and other forward-looking information provided to Hovde by them and their professionals, and Hovde assumed such forecasts, projections and other forward-looking information were reasonably prepared by the Company, the Bank and their professionals on a basis reflecting the best currently available information and their professionals' judgments and estimates. Hovde assumed that such forecasts, projections and other forward-looking information would be realized in the amounts and at the times contemplated thereby, and Hovde does not assume any responsibility for the accuracy or reasonableness thereof. Hovde was authorized by the Company to rely upon such forecasts, projections and other information and data, and Hovde expresses no view as to any such forecasts, projections or other forward-looking information or data, or the bases or assumptions on which they were prepared.

In performing its review, Hovde assumed and relied upon the accuracy and completeness of all of the financial and other information that was available to Hovde from public sources, that was provided to Hovde by the Company, the Bank or AFCU or their respective representatives or that was otherwise reviewed by Hovde for purposes of rendering its opinion. Hovde further relied on the assurances of the respective managements of the Company, the Bank and AFCU that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Hovde was not asked to undertake, and did not undertake, an independent verification of any of such information, and Hovde does not assume any responsibility or liability for the accuracy or completeness thereof. Hovde assumed that the Company and the Bank would advise Hovde promptly if any information previously provided to Hovde became inaccurate or was required to be updated during the period of Hovde's review.

Hovde is not expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for losses with respect thereto. Hovde assumed that such allowances for the Company and AFCU are, in the aggregate, adequate to cover such losses and will be adequate on a pro forma basis for the combined entity. Hovde was not requested to make, and did not make, an independent evaluation, physical inspection or appraisal of the assets, properties, facilities, or liabilities (contingent or otherwise) of the Company, the Bank or AFCU, the collateral securing any such assets or liabilities, or the collectability of any such assets, and Hovde was not furnished with any such evaluations or appraisals, nor did Hovde review any loan or credit files of the Company, the Bank or AFCU.

Hovde undertook no independent analysis of any pending or threatened litigation, regulatory action, possible un-asserted claims or other contingent liabilities to which the Company, the Bank or AFCU was or is a party or may be subject, and Hovde's opinion makes no assumption concerning, and therefore does not consider, the possible assertion of claims, outcomes or damages arising out of any such matters. Hovde also assumed, with the Company's consent, that the Company and AFCU are not parties to any material pending transaction, including without limitation any financing, recapitalization, acquisition or transaction, divestiture or spin-off, other than the sale transaction contemplated by the purchase agreement.

Hovde relied upon and assumed, with the Company's consent and without independent verification, that the sale transaction will be consummated substantially in accordance with the terms set forth in the purchase agreement, without

any waiver of material terms or conditions by the Company, AFCU or any other party to the purchase agreement and that the final purchase agreement would not differ materially from the draft Hovde reviewed. Hovde assumed that the sale transaction will be consummated in compliance with all applicable laws and regulations. The Company advised Hovde that they were not aware of any factors that would impede any necessary regulatory or governmental approval of the sale transaction. Hovde assumed that the necessary regulatory and governmental approvals as granted will not be subject to any conditions that would be unduly burdensome on the Company, the Bank or AFCU or would have a material adverse effect on the contemplated benefits of the sale transaction.

Hovde's opinion does not consider, include or address: (i) any legal, tax, accounting, or regulatory consequences of the sale transaction on the Company or their shareholders; (ii) any advice or opinions provided by any other advisor to the Board of Directors of the Company; (iii) any other strategic alternatives that might be available to the Company; or (iv) whether AFCU has sufficient cash or other sources of funds to enable it to pay the consideration contemplated by the sale transaction.

Hovde's opinion was based solely upon the information available to Hovde and described above, and the economic, market and other circumstances as they existed as of the date of the opinion. Events occurring and information that becomes available after the date of the opinion could materially affect the assumptions and analyses used in preparing the opinion. Hovde has not undertaken to update, revise, reaffirm or withdraw the opinion or to otherwise comment upon events occurring or information that becomes available after the date of the opinion.

In arriving at the opinion, Hovde did not attribute any particular weight to any single analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Hovde believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering all analyses, would create an incomplete view of the process underlying the opinion.

The following is a summary of the material analyses prepared by Hovde and delivered to the Board of Directors of the Company on March 7, 2022 in connection with the delivery of its opinion. This summary is not a complete description of all the analyses underlying the opinion or the presentation prepared by Hovde, but it summarizes the material analyses performed and presented in connection with such opinion. The preparation of an opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances of the contemplated sale transaction. The financial analyses summarized below include information presented in tabular format. The analyses and the summary of the analyses must be considered as a whole and selecting portions of the analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying the analyses and opinion of Hovde. The tables alone are not a complete description of the financial analyses.

Market Approach – Comparable Merger and Acquisition sale transaction. As part of its analysis, Hovde reviewed publicly available information related to two comparable groups (a "Regional Group" and a "Nationwide Group") of select bank and thrift merger and acquisition transactions. The Regional Group consisted of transactions where targets were headquartered in Arizona, Colorado, Idaho, Montana, New Mexico, Nevada, Utah and Wyoming announced since January 1, 2019, in which the targets' total assets were between $250 million and $750 million. The Nationwide Group consisted of transactions in the United States announced since January 1, 2021 in which the targets' total assets were between $450 million and $700 million and last-twelve-months return on average assets was between 0.00% and 1.00%. In each case for which financial information was available, no transaction that fit the above selection criteria was excluded. Information for the target institutions was based on balance sheet data as of, and income statement data for, the twelve months preceding the most recent quarter prior to announcement of the transactions. The resulting two groups consisted of the following precedent transactions (8 transactions for the Regional Group and 7 transactions for the Nationwide Group):

Regional Group

AFCU	Target	Price/ LTM Earnings Multiple	Price/ Common TBV Multiple	Prem./ Core Deposits Multiple [1]
BAWAG Group AG	Peak Bancorp Inc.	10.9x	151.1%	4.95%
Alerus Financial Corporation	MPB BHC, INC.	13.5x	207.2%	13.6%
InBankshares, Corp	Legacy Bank	8.78x	132.6%	3.85%
Eagle Bancorp Montana, Inc.	First Community Bancorp, Inc.	7.23x	140.0%	4.12%
First Western Financial, Inc.	Teton Financial Services, Inc.	17.6x	135.1%	3.61%
Glacier Bancorp, Inc	State Bank Corp.	15.6x	212.1%	13.5%
Capitol Bancorporation, Inc.	Advantage Bank	10.8x	180.6%	18.4%
Glacier Bancorp, Inc	FNB Bancorp	16.8x	216.4%	16.9%
	Minimum	**7.23x**	**132.6%**	**3.61%**
	Median	**12.2x**	**165.9%**	**9.23%**
	Maximum	**17.6x**	**216.4%**	**18.4%**

Nationwide Group

AFCU	Target	Price/ LTM Earnings Multiple	Price/ Common TBV Multiple	Prem./ Core Deposits Multiple [1]
BAWAG Group AG	Peak Bancorp Inc.	10.9x	151.1%	4.95%
Bank First Corporation	Denmark Bancshares, Inc.	21.6x	172.0%	9.08%
MidWestOne Financial Group, Inc.	Iowa First Bancshares Corp.	17.7x	91.9%	(1.27%)
Business First Bancshares, Inc.	Texas Citizens Bank, N.A.	16.6x	157.1%	4.81%
Community Bank System, Inc.	Elmira Savings Bank	15.0x	162.4%	6.95%
BayCom Corp	Pacific Enterprise Bancorp	10.2x	87.6%	(2.98%)
First Mid Bancshares, Inc.	Jefferson Bank and Trust Company	NM	141.6%	6.97%
	Minimum	**10.2x**	**87.6%**	**(2.98%)**
	Median	**15.8x**	**151.1%**	**4.95%**
	Maximum	**21.6x**	**172.0%**	**9.08%**

(1) Represents the premium (or discount) paid on common tangible book value, expressed as a percentage of core deposits. Core deposits are defined as total deposits less brokered deposits, foreign deposits and time deposit accounts greater than $100,000.

For each precedent transactions group, Hovde compared the implied ratio of the assumed total merger consideration to certain financial metrics of the sale transaction as follows:

- the multiple of the total merger consideration to the acquired company's LTM net earnings (the "Price-to-LTM Earnings Multiple");

- the multiple of the total merger consideration to the acquired company's common tangible book value (the "Price-to-Common Tangible Book Value Multiple"); and

- the multiple of the difference between the total merger consideration and the acquired company's common tangible book value to the acquired company's core deposits (the "Premium-to-Core Deposits Multiple").

The results of the analysis are set forth in the table below. Transaction multiples for the sale transaction were based upon the total net proceeds from the sale transaction available for distribution to shareholders of the Company of $81,296,119 and were based on December 31, 2021 financial results for the Company.

	Price-to-LTM Earnings Multiple	Price-to-Common Tangible Book Value Multiple	Premium-to-Core Deposits Multiple [1]
Net Estimated Proceeds Available for Distribution to Company Shareholders	14.4x	216.6%	10.1%
Regional Group			
Median	12.2x	165.9%	9.23%
Minimum	7.23x	132.6%	3.61%
Maximum	17.6x	216.4%	18.4%
Nationwide Group			
Median	15.8x	151.1%	4.95%
Minimum	10.2x	87.6%	(2.98%)
Maximum	21.6x	172.0%	9.08%

(1) Represents the premium (or discount) paid on common tangible book value, expressed as a percentage of core deposits. Core deposits are defined as total deposits less brokered deposits, foreign deposits and time deposit accounts greater than $100,000.

Using publicly available information, Hovde compared the financial performance of the Company with that of the median of the targets from the precedent bank and thrift merger and acquisition transactions from each of the Regional and Nationwide Groups. The performance highlights are based on September 30, 2021 financial results of the Company.

	Tangible Equity/ Tangible assets	Core Deposits [1]	LTM ROAA	LTM ROAE	Efficiency Ratio	NPAs/ assets	LLR/ NPLs [2]
Company	6.96%	91.6%	1.06%	16.0%	66.3%	0.19%	425.3%
Precedent sale transaction – Regional Group Median:	10.5%	89.2%	1.47%	13.7%	55.9%	0.40%	175.6%
Precedent sale transaction – Nationwide Group Median:	10.0%	89.2%	0.83%	8.74%	69.8%	0.38%	200.4%

(1) Core deposits exclude brokered deposits, foreign deposits and time deposit accounts greater than $100,000.

(2) Loan Loss Reserve (*"LLR"*) as a percentage of nonperforming loans (*"NPLs"*); excessively high ratios were determined as not meaningful by S&P Global Market Intelligence and are excluded from the median calculation.

No company or transaction used as a comparison in the above transaction analyses is identical to the Company, and no transaction was consummated on terms identical to the terms of the purchase agreement. Accordingly, an analysis of these results is not strictly mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies. The resulting values of the Precedent sale transaction Regional Group using the median values for the three-valuation metrics set forth above indicated an implied total valuation ranging between $62.3 million and $77.4 million with a three-factor implied total valuation average of $69.6 million compared to the total net proceeds from the sale transaction available for distribution to shareholders of the Company of $81.3 million. The resulting values of the Precedent sale transaction Nationwide Group using the median values for the three-valuation metrics set forth above indicated an implied total valuation ranging between $56.7 million and $89.3 million with a three-factor implied total valuation average of $68.3 million compared to the total net proceeds from the sale transaction available for distribution to shareholders of the Company of $81.3 million.

Income Approach – Discounted Cash Flow Analysis. Hovde derived the financial forecasts for the Company over a forward-looking five year period based on guidance provided by Company Management which formed the basis for the discounted cash flow analyses. The projected Company net income amounts used for the analysis were $4.9 million for 2022, $5.4 million for 2023, $5.9 million for 2024, $6.4 million for 2025 and $6.9 million for 2026. The projected Company tangible common equity amounts used for the analysis were $42.4 million for the year ended 2022, $47.8

million for the year ended 2023, $53.7 million for the year ended 2024, $60.1 million for year ended 2025 and $67.0 million for the year ended 2026. No dividends were assumed to be paid by the Company over the projected period.

To determine present values of the Company based on these projections, Hovde utilized two discounted cash flow models, each of which capitalized terminal values using different multiples: (1) Terminal Price/Earnings Multiple ("DCF Terminal P/E Multiple"); and (2) Terminal Price/ Tangible Book Value Multiple ("DCF Terminal P/ TBV Multiple").

In the DCF Terminal P/E Multiple analysis, an estimated value of the Company Common Stock was calculated based on the present value of the Company's forward-looking net income and dividend projections over the five year projection period of the financial forecasts based on guidance provided by the Company management. The projected net income amount for the year ended 2026 was $6.9 million and served as the basis of the terminal earnings value in the DCF. Hovde calculated a terminal value at the end of 2026 by applying a five point range of price-to-earnings multiples of 10.2x to 14.2x, which is based around the median price-to-earnings multiple derived from transactions in the Regional Group of 12.2x. The present value of the Company's projected terminal value was then calculated assuming a range of discount rates between 13.75% and 15.75%, with a midpoint of 14.75% discounted over the 4.83 year period from the date of the opinion to the end of the five year projection period. This range of discount rates was chosen to reflect different assumptions regarding the required rates of return of holders or prospective holders of the Company Common Stock. The range of discount rates utilized the buildup method to determine such required rates of return and was based upon the risk-free interest rate, an equity risk premium, an industry risk premium and a size premium which resulted in a discount rate of 14.75% used as the midpoint of the five point range of discount rates of 13.75% to 15.75%. The resulting total values of the Company's Common Stock based on the DCF Terminal P/E Multiple applied to the 2026 projected earnings of $6.9 million and then discounted over a 4.83 year period utilizing the five point range of discount rates set forth above resulted in implied total values between $34.8 million and $52.6 million with a midpoint of $43.3 million compared to the total net proceeds from the sale transaction available for distribution to shareholders of the Company of $81.3 million.

In the DCF Terminal P/ TBV Multiple analysis, an estimated value of the Company Common Stock was calculated based on the present value of the Company's forward-looking tangible common equity and dividend projections over the five year projection period of the financial forecasts provided by Company management. The projected tangible common equity amount for the year ended 2026 was $67.0 million, which served as the basis of the terminal value in the DCF. Hovde applied a five point range of price-to-tangible book value multiples of 1.56x to 1.76x utilizing as a midpoint of the range the median price-to-tangible book value multiple derived from precedent transactions in the Regional Group of 1.66x. The present value of the projected terminal value was then calculated assuming the range of discount rates between 13.75% and 15.75%, with a midpoint of 14.75% discounted over the same period as was applied in the DCF Terminal P/E Multiple analysis set forth above. The resulting implied total values of the Company Common Stock based on the DCF Terminal P/ TBV Multiple analysis ranged between $51.5 million and $63.2 million with a midpoint of $57.2 million compared to the total net proceeds from the sale transaction available for distribution to shareholders of the Company of $81.3 million.

These DCF analyses and their underlying assumptions yielded a range of implied multiple values for the Company's Common Stock which are outlined in the table below:

Implied Multiple Values for Company Common Stock Based On:	Total Net Proceeds ($000)	Price-to-LTM Earnings Multiple [1]	Price-to-Common Tangible Book Value Multiple [1]	Premium-to-Core Deposits Multiple [1][2]
Net Estimated Proceeds Available for Distribution to Company Shareholders	$81,296	14.4x	216.6%	10.1%
Terminal P/E Multiple DCF Analysis				
Midpoint Value	$43,336	7.7x	115.4%	1.34%
Terminal P/TBV Multiple DCF Analysis				
Midpoint Value	$57,161	10.1x	152.3%	4.54%

(1) Pricing multiples based on the total net proceeds from the sale transaction available for distribution to shareholders of the Company assumed by Hovde of $81,296,119 DCF Analysis – Terminal P/E Multiple median implied Merger consideration of $43,336,000; and a DCF Analysis – Terminal P/TBV Multiple median implied Merger consideration of $57,161,000.

(2) Represents the premium paid over common tangible book value, expressed as a percentage of core deposits. Core deposits are defined as total deposits less brokered deposits, foreign deposits and time deposit accounts greater than $100,000.

Hovde noted that while the discounted cash flow present value analysis is a widely used valuation methodology, it relies on numerous assumptions, including asset and earnings growth rates, projected dividend payouts, terminal values and discount rates. Hovde's analysis does not purport to be indicative of the actual values or expected total values of the Company Common Stock.

The table below summarizes the analyses performed under the Market Approach and the Income Approach described above.

Summary of Valuation Methodologies [1]:

***Total net proceeds from the sale transaction available for distribution to shareholders of the Company:* $81,296**

***Four Factor Average of Midpoint Implied Merger Value[2]:* $59,606**

Implied Value for Company Common Stock Based Upon: [3]	Minimum Implied Value	Average or Midpoint Implied Value	Maximum Implied Value
Comparable M&A sale transaction – Regional Group	$62,258	$69,600	$77,382
Comparable M&A sale transaction – Nationwide Group	$56,710	$68,326	$89,349
DCF – Terminal P/E Multiple	$34,762	$43,336	$52,599
DCF – Terminal P/ TBV Multiple	$51,511	$57,161	$63,223

(1) All values in thousands and are rounded to the nearest thousand.
(2) Reflects the average of the two implied Merger considerations (3 factor average) from the two Comparable M&A sale transaction groups and the two DCF present values calculated using the two terminal median valuation multiples and a 14.75% annual discount rate over a period of 4.83 years.
(3) Values represent the minimum, average and maximum implied values (using the median acquisition multiples derived from the Comparable M&A sale transaction groups), and the minimum and maximum implied values of the range of terminal multiples and discount rates in the DCF analyses.

Other Factors and Analyses. Hovde took into consideration various other factors and analyses, including but not limited to: current market environment; merger and acquisition environment; movements in the common stock valuations of selected publicly-traded banking companies; and movements in the Russell 3000 Index and certain bank stock price indices.

Conclusion. Based upon the foregoing analyses and other investigations and assumptions as set forth in its opinion, without giving specific weightings to any one factor, analysis or comparison, Hovde determined that, as of the date of its opinion, subject to the matters, assumptions and limitations set forth in the opinion and pursuant to the terms of the purchase agreement, the net proceeds from the sale transaction available for distribution to shareholders of the Company is fair, from a financial point of view, to the shareholders of the Company. Each Company shareholder is encouraged to read Hovde's opinion in its entirety. The full text of this opinion is included in this proxy statement as Annex B.

Recommendation of the Board of Directors

FOR THE REASONS SET FORTH ABOVE, THE COMPANY'S BOARD OF DIRECTORS HAS APPROVED THE PURCHASE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE ASSET SALE, AND RECOMMENDS THAT THE COMPANY SHAREHOLDERS VOTE "FOR" THE ASSET SALE PROPOSAL.

Dissenters' Rights

Holders of Company common stock who do not vote in favor of approval of the asset sale proposal and otherwise comply with all of the procedures of Title 10 of the Arizona Revised Statutes may be entitled to receive payment in cash of the fair value of their shares of Company common stock as ultimately determined under the statutory process. The appraised fair value may be more or less than the per share amount that the Company distributes

to the shareholders in the dissolution. If you are contemplating exercising your right to dissent, we urge you to read carefully the provisions of Sections 10-1320 through 10-1331, Arizona Revised Statutes, which are attached to this proxy statement as Annex D, and to consult with your legal counsel before electing or attempting to exercise these rights. The following discussion describes the steps you must take if you want to exercise your right to dissent. You should read this summary and the full text of the law carefully.

A dissenting shareholder who desires to exercise such shareholder's appraisal rights, must (1) deliver to the Company, prior to the taking of the vote on the asset sale proposal, a written notice of intent to demand payment for such shareholder's shares if the asset sale is effectuated, and (2) not vote such shareholder's shares in favor of the asset sale proposal. A vote against the asset sale proposal will not alone be deemed to be the written notice of intent to demand payment and will not be deemed to satisfy the notice requirements under the Arizona Revised Statutes. A vote in favor of the asset sale proposal will constitute a waiver of the shareholder's appraisal rights under the Arizona Revised Statutes. Such written notification should be delivered either in person or by mail (certified mail, return receipt requested, being the recommended form of transmittal) to:

Horizon Bancorp, Inc.
225 North Lake Havasu Avenue
Lake Havasu City, Arizona 86403
Attention: Ralph E. Tapscott
President and Chief Executive Officer

All such notices should be signed in the same manner as the shares are registered on the books of the Company. If a shareholder has not provided written notice of intent to demand fair value before the vote is taken at the annual meeting, the shareholder will be deemed to have waived his or her appraisal rights.

A shareholder who wishes to exercise dissenters' rights generally must dissent with respect to all of the shares the shareholder owns or over which the shareholder has the power to direct the vote. However, if a record shareholder is a nominee for several beneficial shareholders, some of whom wish to dissent and some of whom do not, then the record holder may dissent with respect to all the shares beneficially owned by any one person by notifying the Company in writing of the name and address of each person on whose behalf the record owner asserts dissenters' rights. A beneficial shareholder may assert dissenters' rights directly by submitting to the Company the record shareholder's written consent and by dissenting with respect to all the shares of which the shareholder is the beneficial shareholder or over which the shareholder has the power to direct the vote.

A shareholder who does not, prior to the annual meeting, deliver to the Company a written notice of the shareholder's intent to demand payment for the shares will lose the right to exercise dissenters' rights. In addition, any shareholder electing to exercise dissenters' rights must either vote against the asset sale or abstain from voting.

If the asset sale is completed, the Company must, within 10 days after the effective date of the asset sale, deliver a written notice to all the Company shareholders who properly gave notice of their intent to exercise dissenters' rights. The notice will, among other things:

- state where the payment demand must be sent and where and when certificates for certificated shares must be deposited;
- inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received;
- supply a form for demanding payment that includes the date of the first announcement of the terms of the asset sale and that requires that the person asserting dissenters' rights certify whether or not the person acquired beneficial ownership of the shares before that date;
- set a date by which the Company must receive the payment demand, which date must be at least 30 but not more than 60 days after the date the notice is delivered; and

- be accompanied by a copy of the dissenters' rights provisions of Sections 10-1320 through 10-1331, Arizona Revised Statutes.

A shareholder sent a notice as described above must demand payment, certify whether the shareholder acquired beneficial ownership of the shares before the date the terms of the asset sale were first announced as set forth in the notice, and deposit the shareholder's certificates in accordance with the terms of the notice. A shareholder who demands payment and deposits the shareholder's certificates retains all other rights of a shareholder until these rights are canceled or modified. A shareholder who does not demand payment or does not deposit the shareholder's certificates if required, each by the date set forth in the notice, is not entitled to payment for the shareholder's shares.

The Company must pay any dissenter who has complied with the requirements summarized above the "fair value" of the shareholder's shares plus interest from the effective date of the asset sale. With respect to a dissenter who did not beneficially own shares of the Company prior to the public announcement of the asset sale, the Company is not required to make the payment until the dissenter has agreed to accept the payment in full satisfaction of the dissenter's demands. "Fair value" means the value of the shares immediately before the effective date of the asset sale, excluding any appreciation or depreciation in anticipation of the asset sale unless exclusion is inequitable. The "fair value" may be less than, equal to, or greater than the value of the consideration that a Company shareholder would be entitled to receive under the purchase agreement and in the dissolution of the Company. Investment banker opinions as to the fairness, from a financial point of view, of the consideration payable in a transaction such as the asset sale are not opinions as to, and do not address, "fair value" under Sections 10-1320 through 10-1331, Arizona Revised Statutes.

Within 30 days of the Company's payment (or offer of payment in the case of shares acquired after public announcement of the asset sale) to a dissenting shareholder, a dissenter dissatisfied with the Company's estimate of the fair value may notify the Company of the dissenter's own estimate of the fair value and the amount of interest due, and demand payment of that amount. If the Company does not accept the dissenter's estimate and the parties do not otherwise settle on a fair value, then the Company must, within 60 days of receiving the estimate and demand, petition a court to determine fair value and accrued interest.

Any dissenting shareholder who perfects his or her right to be paid the fair value of his or her shares will recognize gain or loss, if any, for federal income tax purposes upon the receipt of cash for such shares. The amount of gain or loss and its character as ordinary or capital gain or loss will be determined in accordance with applicable provisions of the Internal Revenue Code of 1986, as amended, or the Code, and the Treasury regulations promulgated under the Code.

In view of the complexity of the Arizona statutes governing dissenters' rights, the Company shareholders who wish to dissent from the asset sale and pursue dissenter's rights should consult their legal advisors. Failure to follow the steps required by Arizona Revised Statutes for perfecting appraisal rights may result in the loss of appraisal rights. In that event, the shareholder will be entitled to receive the consideration distributed to the shareholders in the Company dissolution for such shareholder's shares in accordance with the asset sale agreement. A copy of the relevant statutory provisions is attached as Annex D. You should refer to Annex D for a complete statement concerning dissenters' rights and the foregoing summary of such rights is qualified in its entirety by reference to Annex D.

THE PROCESS OF DEMANDING AND EXERCISING APPRAISAL RIGHTS REQUIRES STRICT COMPLIANCE WITH TECHNICAL PREREQUISITES. IF YOU WISH TO EXERCISE YOUR APPRAISAL RIGHTS, YOU SHOULD CONSULT WITH YOUR OWN LEGAL COUNSEL IN CONNECTION WITH COMPLIANCE UNDER SECTIONS 10-1320 THROUGH 10-1331 OF THE ARIZONA REVISED STATUTES. TO THE EXTENT THERE ARE ANY INCONSISTENCIES BETWEEN THE FOREGOING SUMMARY AND SECTIONS 10-1320 THROUGH 10-1331 OF THE ARIZONA REVISED STATUTES, SUCH PROVISIONS OF THE ARIZONA REVISED STATUTES WILL GOVERN.

Interests of Directors and Executive Officers in the Asset Sale

In considering the recommendation of the Company's board of directors to vote "FOR" the asset sale proposal, the Company's shareholders should be aware that certain directors and officers of the Company have interests in the sale transaction, of which the asset sale is an integral part, that are in addition to, or different from, their interests as shareholders of the Company. The Company's board of directors was aware of these interests and considered them in (1)

approving the purchase agreement and the transactions contemplated by the purchase agreement, including the asset sale, the Bank dissolution and the subsequent voluntary dissolution of the Company, and (2) recommending that the Company's shareholders approve the purchase agreement, the asset sale and the dissolution of the Company. These interests are described below.

Indemnification of Directors and Officers. AFCU has agreed to indemnify past and current directors and officers of the Company and the Bank following the closing date of the asset sale for a period of six years against any and all claims, liability, costs, and expenses arising out of actions or omissions occurring at or prior to the closing date of the asset sale to the same extent which the Company or the Bank, as applicable, would have been permitted to indemnify such directors and officers under applicable law and their respective articles of incorporation and bylaws. In addition, AFCU has agreed to purchase a directors' and officers' liability insurance tail policy for a period of not less than six years after the closing date of the asset sale with respect to claims arising from facts, events or actions which occurred prior to the closing date of the asset sale, provided that the annual premium does not exceed 125% of the annual premium payments of the current policies in effect as of the effective date of the purchase agreement.

Treatment of Stock Options. As of the record date, there were 370,367 outstanding options to purchase shares of Company common stock with an average exercise price of $9.20 per share, of which 180,000 options were held by directors and executive officers of the Company. If the asset sale is completed, under the terms of the Company's stock incentive plan, each option to purchase shares of Company common stock that is outstanding and unexercised immediately prior to the effective time of the asset sale will automatically become fully vested and exercisable to the full extent of the original grant. In addition, such holders will be permitted to "cash out" their options in connection with the Company's dissolution and receive the difference between the per share amount to be distributed to the shareholders and the exercise price underlying the option in accordance with the stock incentive plan.

Change in Control Benefits. The Bank has in effect employment agreements with Ralph E. Tapscott, President and Chief Executive Officer of the Bank, Ross E. Johnson, Executive Vice President and Chief Financial Officer of the Bank, Mark J. Martinez, Executive Vice President and Chief Credit Officer of the Bank, and Scott Dickman, Executive Vice President and Phoenix Market President of the Bank. Under the terms of the employment agreements, upon a change in control of the Bank, which includes a sale of substantially all of the assets of the Bank, each executive is entitled to the payment of his then-current annual base salary and the value of one year of health care coverage under the Bank's health care plans. Accordingly, immediately prior to the closing of the asset sale and conditioned upon consummation of the asset sale, the employment agreements will be terminated and the Bank will pay each executive the change in control benefit calculated in accordance with the employment agreements. We anticipate that the aggregate pre-tax change in control benefit to be paid to the executives under the employment agreements will total approximately $805,612.

The Bank has also entered into executive supplemental compensation agreements, or SERPs, with Messrs. Tapscott, Johnson, Martinez, and Dickman. The Bank also has an outstanding SERP agreement with the Bank's former Chief Executive Officer, Gerald B. Ernst. Pursuant to the terms of the SERPs, each executive is entitled to receive a lump sum payment upon certain events relating to a change in control of the Bank, which includes a sale of substantially all of the assets of the Bank. Accordingly, immediately prior to the closing of the asset sale and conditioned upon consummation of the asset sale, the SERPs will be terminated and the Bank will pay each executive the benefit calculated in accordance with the SERPs. We anticipate that the aggregate pre-tax benefit to be paid to the executives under the SERPs will total approximately $3.5 million.

The aggregate amount to be paid under the employment agreements and the SERPs will be treated as transaction expenses of the Bank for purposes of calculating the Bank's adjusted tangible book value at the closing of the asset sale. As discussed above, for the purpose of determining any downward adjustment to the $91.4 million purchase price, the calculation of the Bank's adjusted tangible book value will disregard the payment and accrual of all transaction expenses of the Bank associated with the asset sale. Thus, such payment of such change in control benefits under the employment agreements and the SERPs will not affect the $91.4 million purchase price.

Regulatory Approvals Required for the Asset Sale

The Bank and AFCU have agreed to use their reasonable best efforts to obtain all authorizations from applicable regulators that are necessary or advisable to consummate the asset sale and the sale transaction contemplated by the purchase agreement. This includes the approval from the FDIC, the ADIFI and the NCUA. The Company will also

deregister as a bank holding company with the Federal Reserve in connection with the voluntary dissolution of the Company. The sale transaction cannot be completed without applicable regulators providing the required approvals or non-objections.

In addition, AFCU has applied to the ADIFI and NCUA to convert from a federally-chartered credit union to an Arizona state-chartered credit union and has submitted an updated field of membership for approval by the ADIFI. Approval of AFCU's proposed charter conversion by the ADIFI and NCUA and consummation of AFCU's charter conversion is a condition to consummation of the asset sale.

AFCU has filed the application materials necessary to obtain the regulatory approval of the ADIFI and the NCUA for the asset sale, and the Bank has filed the applications necessary to obtain the regulatory approvals of the FDIC and the ADIFI for the asset sale. The Company and the Bank will make additional filings required for the Bank dissolution and the dissolution of the Company following consummation of the asset sale. However, AFCU and the Company cannot provide any assurance as to whether they will obtain the required final regulatory approvals, when such approvals will be received, or whether there will be conditions in such approvals that are unacceptably burdensome to AFCU or the Company.

The FDIC may not approve any transaction that would result in a monopoly or otherwise substantially lessen competition or restrain trade, unless it finds that the anti-competitive effects of the transaction are clearly outweighed by the public interest. In addition, under federal law, a period of 30 days must expire following approval by the FDIC within which period the Department of Justice may file objections to the asset sale under the federal antitrust laws. This waiting period may be reduced to 15 days if the Department of Justice has not received any adverse comments relating to the competitive factors of the transaction. If the Department of Justice were to commence an antitrust action, that action would stay the effectiveness of the FDIC approval of the asset sale unless a court specifically orders otherwise. In reviewing the asset sale, the Department of Justice could analyze the asset sale's effect on competition differently than the FDIC, and thus it is possible that the Department of Justice could reach a different conclusion than the FDIC regarding the asset sale's competitive effects.

The approval of any regulatory application merely implies satisfaction of regulatory criteria for approval, which does not include review of the asset sale or the subsequent voluntary dissolution of the Company from the standpoint of the adequacy or the fairness of the purchase price to be received by the Bank or the estimated distribution to be received by our shareholders. Regulatory approvals do not constitute an endorsement or recommendation of the proposed asset sale or the subsequent voluntary dissolution of the Company.

Distributions to the Company Shareholders

Overview. Following the asset sale, the net proceeds resulting from the purchase price that the Bank receives from AFCU will be distributed to the Company along with any other assets remaining after the Bank pays, or provides for the payment of, all of its liabilities as part of the Bank dissolution. After the Bank dissolution, the Company will take all necessary action to wind up its affairs and dissolve under applicable Arizona law and distribute its net assets, including the net cash proceeds from the purchase price paid to the Bank in the asset sale, to the shareholders of the Company pursuant to a plan of dissolution of the Company. Amounts that will be available for distribution to the Company in the Bank dissolution and subsequently distributed to the shareholders in connection with the dissolution of the Company will depend on the amount of any adjustment to the purchase price as well as the amount of expenses and other costs incurred after the asset sale that are described below under *"— Other Factors That May Reduce the Shareholder Distribution."*

Based on currently available information and assuming no downward adjustment of the purchase price as described below, the Company estimates that its shareholders will receive a cash distribution of approximately $18.91 in the connection with the voluntary dissolution of the Company for each share of Company common stock that they own. *This estimated distribution per share is based on numerous assumptions, including an assumed 4,300,230 shares of Company common stock outstanding, on a fully diluted basis, and the "cash out" of all 370,367 outstanding options as of the date of dissolution, and is subject to change*. Factors that could cause the per share distribution to change include adjustments to the purchase price in the asset sale, as well as anticipated and unanticipated expenses and liabilities that arise during the sale and dissolution process, as discussed below and in the section below titled "*—Other Factors That May Reduce the Shareholder Distribution*" beginning on page 36. Shareholders may receive one or more separate distributions.

Asset Sale Purchase Price. In the asset sale, AFCU will purchase substantially all of the Bank's assets and assume substantially all of the Bank's liabilities (including deposit liabilities). As consideration for the asset sale, AFCU will pay the Bank in cash an aggregate of $91.4 million, subject to possible downward adjustment, as discussed below. In addition, AFCU has agreed to pay the Bank an additional $10.0 million to cover a portion of the tax liability that will be incurred by the Bank as a result of treating the asset sale as a taxable sale of assets for federal income tax purposes.

The purchase agreement provides that if the Bank's adjusted tangible book value as of the closing date of the asset sale, after disregarding the Bank's transaction expenses, is less than $43.349 million, which amount is referred to as the minimum equity, the $91.4 million purchase price will be reduced on a dollar-for-dollar basis by the amount that such adjusted tangible book value, after disregarding the Bank's transaction expenses, is less than the minimum equity.

The purchase agreement defines "adjusted tangible book value" as the sum of the common stock, surplus and retained earnings of the Bank, (i) excluding all intangible assets of the Bank, (ii) excluding the effect of any unrealized securities gains or losses as determined pursuant to Generally Accepted Accounting Principles, or GAAP, (iii) including the deferred tax assets of the Bank, and (iv) adjusted to reflect all transaction expenses of the Bank that have not been paid or accrued prior to the closing date of the asset sale. The purchase agreement defines "transaction expenses" as all costs and expenses of the Bank and its affiliates related to or associated with the transactions contemplated by the purchase agreement through the closing of the asset sale, including (i) legal, accounting, and other professional fees, (ii) investment banking fees, (iii) fees, penalty payments, or liquidated damages associated with the termination of any of the Bank's contracts and de-conversion costs and fees, (iv) payments made to officers, directors, and employees of the Bank pursuant to existing employment agreements, change in control agreements, deferred compensation agreements and similar agreements, and (v) the cost of the extended reporting period for the Bank's director's and officer's liability coverage. In addition, any amounts paid or accrued by the Bank prior to closing the asset sale related to the renovation of the Bank's office construction located at 4155 N. Stockton Hill Road, Kingman, Arizona 86401 will be considered transaction expenses.

Under the terms of the purchase agreement, the calculation of the Bank's adjusted tangible book value is intended to equal such amount as would be reported as the Tier 1 capital of the Bank shown on Line 26 on Schedule RC-R Part I of the Bank's Reports of Condition and Income filed with the FDIC. However, for the purpose of determining any downward adjustment to the $91.4 million purchase price, the calculation of the Bank's adjusted tangible book value will disregard the payment and accrual of all transaction expenses of the Bank associated with the asset sale. Accordingly, the parties have agreed that the $91.4 million purchase price will not be affected by the Bank's expenses associated with the asset sale.

Although the Bank expects that its adjusted tangible book value, after disregarding the Bank's transaction expenses, calculated as of the closing date of the asset sale will meet or exceed the minimum equity, unexpected losses or expenses incurred by the Bank that are not included in the definition of "transaction expenses" under the purchase agreement, such as unexpected loan losses, could cause such adjusted tangible book value calculation to be less than the minimum equity at the closing of the asset sale, which would result in a reduction to the $91.4 million purchase price.

Treatment of Stock Options. As of the record date, there were 370,367 outstanding options to purchase shares of Company common stock with an average exercise price of $9.20 per share. If the asset sale is completed, under the terms of the Company's stock incentive plan, each option to purchase shares of Company common stock that is outstanding and unexercised immediately prior to the effective time of the asset sale will automatically become fully vested and exercisable to the full extent of the original grant. Holders of vested options may choose to exercise their options at any time prior to the consummation of the asset sale or thereafter until the dissolution of the Company. All shares received upon exercise of such options will be cancelled in connection with the Company's dissolution and shareholders will receive their pro rata portion of the net cash distributed to shareholders in the dissolution. Alternatively, the Company's board of directors, as the administrator of the stock incentive plan, will allow holders of options to elect to "cash out" their options in connection with the Company's dissolution and receive the difference between the per share amount to be distributed to the shareholders and the exercise price underlying the option in accordance with the stock incentive plan. Under such alternative, holders of vested options will not be required to remit the exercise price to exercise their options. In order to elect such "cash out" method, under the terms of the stock incentive plan, an option holder must notify the Company within 60 days after the effective time of the asset sale (or, if earlier, the date of the Company's dissolution). For any options that remain outstanding at the completion of the Company's dissolution, the Company's board of directors, as the administrator of the stock incentive plan, may exercise its discretion to cause the "cash out" of

all such remaining options. The issuance of Company common stock in connection with the exercise of options and the "cash out" method described above will dilute the per share distribution amount paid to the shareholders in the Company dissolution.

Retained Cash. In addition to the purchase price, the purchase agreement permits the Bank to retain cash in the amount of $75,000, which we refer to as the retained cash. The retained cash is separate from the Bank purchase price and is intended to provide the Bank cash needed to pay third party costs and expenses of the Bank incurred after the closing of the asset sale in connection with the Bank dissolution.

Because the retained cash is intended to provide cash for transaction-related expenses that are not paid before closing of the asset sale, it is not intended or expected that the retained cash will increase the distribution received by shareholders in the connection with the subsequent dissolution of the Company. While the retained cash includes $75,000 for general post-closing related expenses, post-closing expenses may significantly exceed that amount. For a discussion of the effect of post-closing related expenses on the distribution to shareholder in connection with the voluntary dissolution of the Company, see *"—Other Factors That May Reduce the Shareholder Distribution"* below.

Payment of the Company's Existing Debt. The Company has an existing term loan, which is secured by the outstanding capital stock of the Bank, with an outstanding balance of approximately $5.6 million as of the date of this proxy statement. In connection with the proposed asset sale, the Company will pay in full and satisfy the outstanding balance of the loan, including all accrued but unpaid interest. Payment of this amount will be deducted from the purchase price paid to the Bank by AFCU in the asset sale and may be paid directly by AFCU to the lender at the time of closing of the asset sale. Payment and satisfaction of the Company's existing debt described herein will reduce the amount of proceeds available to distribute to shareholders of the Company in the dissolution of the Company.

Tax Expenses. We expect that the asset sale will be treated, for federal income tax purposes, as a taxable sale of the assets of the Bank to AFCU, resulting in a tax liability for the Company, as the sole shareholder of the Bank. In addition to the purchase price and the retained cash, pursuant to the terms of the purchase agreement, AFCU has agreed to reimburse the Bank for such tax liability, subject to a maximum of $10.0 million, which we refer to herein as the tax reimbursement. We expect that the combined tax liability for the Bank and the Company resulting from the asset sale will exceed $10.0 million. Such excess tax liability will reduce the amount of proceeds available for distribution to shareholders of the Company in connection with the dissolution of the Company. Based upon currently available information, we estimate that the Company's tax obligation will be approximately $11.6 million, resulting in a tax liability of approximately $1.6 million after application of the $10.0 million tax reimbursement.

Other Real Estate Owned. The purchase agreement provides that other real estate owned properties that the Bank acquired through foreclosure prior to December 31, 2021, or the existing OREO properties, will be excluded from the assets that Bank sells to AFCU in connection with the asset sale. In the event that the Bank fails to dispose of the existing OREO properties prior to the closing date of the asset sale, the Bank may incur costs and expenses to dispose of the existing OREO properties after the closing of the asset sale. Such costs and expenses will be paid out of the remaining cash at the Bank, which may reduce the amount of proceeds available for distribution to shareholders of the Company in connection with the dissolution of the Company.

Other Factors That May Reduce the Amount of Shareholder Distributions

In addition to possible downward adjustment of the $91.4 million purchase price in the event that the Bank's adjusted tangible book value as of the closing date of the asset sale, after disregarding the Bank's transaction expenses, is less than the minimum equity, other factors could decrease the per share distribution to be received by shareholders. The estimated per share amount to be distributed to the shareholders of the Company in the dissolution could be deceased by any of the factors discussed below, among other factors.

Sale Transaction Costs Incurred After the Asset Sale. While the calculation of the Bank's adjusted tangible book value will disregard the payment and accrual of all of the Bank's transaction expenses related to the asset sale, the Bank and the Company will be responsible for their expenses related to the dissolution of the Bank and the dissolution of the Company after the closing of the asset sale, which we refer to as post-closing expenses. As described above, the Bank is permitted to retain $75,000, as retained cash, to offset post-closing expenses. However, such post-closing expenses could exceed $75,000, in which case the Bank and the Company will be required to use other cash on hand, including a

portion of the cash proceeds from the asset sale, to satisfy post-closing expenses, which could reduce the per share distribution received by shareholders in connection with the dissolution of the Company.

It is not possible to accurately estimate the post-closing expenses. However, given the expected length of time that will be required to complete the Bank dissolution and the subsequent dissolution of the Company and the ongoing expenses that will be incurred during that time, post-closing expenses may significantly exceed $75,000. Post-closing expenses will include compensation costs for officers and directors who will continue to serve and manage the affairs of the Bank and the Company during the dissolution process, accounting and tax related expenses, including costs associated with filing all tax returns and closing any tax accounts or obligations required by applicable law, costs and expenses associated with disposing of and collecting on the Company's non-cash assets, legal expenses, costs related terminating the corporate existence of the Bank and the Company and making all related governmental filings, costs related to making distributions to shareholders after the Company dissolution, miscellaneous costs to operate the Bank and the Company during the liquidation and dissolution periods, and any final FDIC assessment costs. In addition, any loss of compensation deduction by the Bank for change in control payments made in connection with the asset sale may reduce the per share distribution received by shareholders in connection with the dissolution of the Company.

Unexpected Costs. In addition to the known and expected expenses related to the Bank dissolution and the dissolution of the Company, there may be additional unexpected expenses and liabilities that arise during the course of the sale and dissolution process. For example, although the Bank is not aware of any lawsuits or other unmatured contingent liabilities, any such litigation or liabilities that arise could significantly increase the time and expenses for completing the Bank dissolution and/or the dissolution of the Company. Such unanticipated expenses and liabilities may reduce the amount of cash available for distribution to shareholders.

When the Sale Transaction is Expected to be Completed

The closing of the asset sale will take place within 30 days following the satisfaction or waiver of the conditions to the parties' respective obligations to complete the asset sale as set forth in the purchase agreement. The parties expect to complete the asset sale during the fourth quarter of 2022. However, some of the conditions to completing the asset sale, including the receipt of the required regulatory approvals, are not within the control of the AFCU, the Company or the Bank, and we cannot guarantee when or if all conditions to completing the asset sale will be met in a timely manner or at all.

The Bank dissolution and the subsequent voluntary dissolution of the Company will take place as soon as practicable after the asset sale is completed. As discussed below, the Bank must surrender its charter to the ADIFI and terminate its FDIC insurance before liquidating and distributing its net assets to the Company. Before the Company distributes its net cash to the shareholders, the Company must complete its dissolution, which includes discharging and satisfying all the Company's obligations and liabilities, resolving any proceedings or claims that may arise prior to the Company's dissolution, disposing of and collecting on the Company's non-cash assets, filing all tax returns and closing any tax accounts or obligations required by applicable law, surrendering the Company's charter and making all necessary filings related to the dissolution with governmental authorities. It is expected that this process may take six months or more after the completion of the asset sale. However, this process could take longer than currently anticipated. For a discussion of the Bank dissolution, see below under "*—The Bank Dissolution*." For additional discussion of the dissolution of the Company, see "*Proposal 3—The Company Dissolution Proposal*" beginning on page 44.

The Bank Dissolution

Following the consummation of the asset sale, the Bank will liquidate and distribute its remaining assets to the Company, the sole shareholder of the Bank. Thereafter, the Bank will surrender its charter to the ADIFI and dissolve. This will be the second step of the sale transaction. The Bank has submitted the plan of dissolution of the Bank, or the Bank plan of distribution, to the ADIFI for approval under A.R.S. § 6-395.13. No separate approval of the Company's shareholders is required for the Bank dissolution. Rather, the Company, as the sole shareholder of the Bank, will vote to approve the Bank plan of dissolution and the Bank dissolution.

Upon completion of the asset sale, the Bank will have no material assets or liabilities other than cash received from AFCU as the purchase price and certain excluded liabilities and excluded assets from the asset sale. The excluded assets will include the cash that the Bank is permitted to retain in the asset sale (in addition to the cash received from AFCU as

payment of the purchase price) to use to pay the excluded liabilities as soon as possible following completion of the asset sale and to pay costs and expenses related to the dissolution of the Bank.

The Bank must also terminate its FDIC insurance. The process of terminating the Bank's FDIC insurance includes an examiner visitation after consummation of the asset sale to verify cessation of FDIC insured deposit taking and the absence of all deposits from the Bank's books and the issuance of a formal Order of Termination of Insurance by the FDIC.

After the Bank dissolution, the Company will wind up its affairs and voluntarily dissolve as discussed under *"Proposal 3 – The Company Dissolution Proposal."*

Terms of the Purchase Agreement

Asset Sale; Purchase Price. In the asset sale, AFCU will purchase substantially all of the Bank's assets and assume substantially all of the Bank's liabilities (including deposit liabilities). As consideration for the asset sale, AFCU will pay the Bank $91.4 million in cash, subject to possible downward adjustment if the Bank's adjusted tangible book value as of the closing date of the asset sale, after disregarding the Bank's transaction expenses, is less than $43.349 million. In addition, AFCU has agreed to pay the Bank an additional $10.0 million to cover a portion of the tax liability that will be incurred by the Bank as a result of treating the asset sale as a taxable sale of assets for federal income tax purposes.

Under the terms of the purchase agreement, AFCU will acquire all of the assets of the Bank, except for certain excluded assets. The assets of the Bank that AFCU will not purchase in the asset sale, or the excluded assets, consist of:

- deferred tax assets on the books and records of the Bank;
- the retained cash described above;
- all tax refunds;
- any claims, demands, and causes of action by the Bank against its directors, officers and employees relating to acts or omissions accruing on or before the closing date of the asset sale;
- the employee benefit plans of the Bank, except for bank-owned life insurance owned by the Bank;
- real property acquired by the Bank prior to December 31, 2021 and classified on the books of the Bank as other real estate owned; and
- all books and records related to the Bank's income taxes.

Under the terms of the purchase agreement, AFCU will assume all of the liabilities of the Bank, except for certain excluded liabilities. The liabilities of the Bank that AFCU will not assume in the asset sale, or the excluded liabilities, consist of:

- costs and expenses of the Bank related to the negotiation or consummation of the asset sale, Bank dissolution or the subsequent dissolution of the Company;
- preparation and filing of the Bank's final income tax return (including, fees and expenses of counsel, accountants or investment bankers);
- income taxes liabilities of the Bank;
- tax liabilities of the Bank related to the purchase price in the asset sale;
- liabilities of the Bank under certain excluded contracts to which it is a party, including certain contracts

related to employee benefits, employment agreements, and deferred compensation arrangements with its executive officers;

- impound accounts, as applicable;

- any certificate of deposit established pursuant to CDARS, and all costs associated with the Bank's divestiture of such certificates of deposit prior to the closing of the asset sale;

- all liabilities related to accrued vacation or paid time off owing to employees and independent contractors of the Bank;

- actions, suits or proceedings pending or threatened against or affecting the Bank, including all attorneys' fees and costs; and

- the leases associated with the loan production offices of the Bank located at 1650 North Dysart Road, Suite 2, Goodyear, Arizona 85395-1116 and 6245 North 24th Parkway, Suite 216, Phoenix, Arizona 85016, and all costs associated with the closing of such locations, including early termination fees or settlements with the lessors.

Conditions to the Asset Sale. The respective obligations of AFCU and the Bank to consummate the asset sale are subject to the satisfaction, or waiver by the other party, of certain conditions specified in the purchase agreement. Conditions to the obligations of both AFCU and the Bank to consummate asset sale are:

- the receipt of all required licenses, approvals, and consents of any relevant federal, state, or other regulatory agency without any non-standard conditions or other non-standard requirements reasonably deemed unduly burdensome by either the Bank or AFCU;

- no order shall be in force restraining or prohibiting any of the transactions contemplated by the purchase agreement and no action or proceeding shall have been instituted or threatened seeking to restrain or prohibit the transactions contemplated by the purchase agreement or which would have a material adverse effect (as defined in the purchase agreement);

- the approval of the purchase agreement, the asset sale and subsequent voluntary dissolution of the Company by the Company and its shareholders;

- the Bank and AFCU shall have coordinated the termination of the Bank's data processing contracts and card services contracts and all required consents, permissions and approvals required to transfer and assign the Bank data processing contracts to AFCU shall have been obtained, and conditions to such consents, including the payment by AFCU of all termination fees, conversion fees and other fees, expenses and payments required in connection with the assignment or termination of the data processing contracts, shall have been satisfied; and

- the Bank shall have taken all necessary actions to terminate its existing employee benefit plans and made all payments required in connection with existing employment agreements, change in control agreements, and deferred compensation agreements.

In addition, the Bank's obligations to consummate the asset sale are conditioned on the following unless waived by the Bank:

- the representations and warranties of AFCU shall be true, correct and complete, in all material respects, on and as of the closing date of the asset sale;

- each of the acts and undertakings and covenants of AFCU to be performed at or before the closing date of the asset sale shall have been duly performed in all material respects;

- no events or circumstances shall have occurred that have had or would reasonably be expected to have a material adverse effect on the financial condition of AFCU;

- AFCU shall have delivered to the Bank the applicable documents to complete the asset sale;

- the Bank shall have received the purchase price and tax reimbursement from AFCU in immediately available funds; and

- AFCU shall have obtained all necessary approvals to convert its charter to an Arizona state charter and adopt the field of membership proposed to the ADIFI and shall have consummated the charter conversion and adopted the proposed field of membership.

In addition, AFCU's obligations to consummate the asset sale are conditioned on the following unless waived by AFCU:

- the representations and warranties of the Bank shall be true, correct and complete, in all material respects, on and as of the closing date of the asset sale, except to the extent that inaccuracies in those representations and warranties, individually or in the aggregate, do not have a material adverse effect (as defined in the purchase agreement);

- each of the acts and undertakings and covenants of the Bank to be performed at or before the closing date of the asset sale shall have been duly performed in all material respects;

- the Bank shall not have experienced a material adverse effect (as defined in the purchase agreement);

- the Bank shall have delivered to AFCU the applicable documents to complete the asset sale;

- the Bank shall have delivered to AFCU the assets to be purchased by AFCU which are capable of physical delivery; and

- AFCU shall have received the required approvals from the NCUA, ADIFI, and the members of AFCU to convert AFCU's charter from a federal charter to an Arizona state charter.

Conduct of Business Pending the Asset Sale. The Bank has agreed that, prior to the closing date of the asset sale, it will conduct its business in the ordinary course consistent with past practice and will use commercially reasonable efforts to maintain and preserve intact its locations, operations and its current relationships. These covenants are designed to ensure that the Bank delivers a business at closing that is consistent with the condition of the Bank at the time of due diligence. These covenants also limit the Bank's ability to take certain actions that could have a material impact on the Bank, without the prior written consent of AFCU. For a complete description of such restrictions on the conduct of our business, see section 7.06 of the purchase agreement, a copy of which is included as Annex A to this proxy statement.

Certain Other Covenants. The purchase agreement also contains other agreements relating to the conduct of the parties before consummation of the asset sale, including the following:

- both the Bank and AFCU must use their commercially reasonable efforts in good faith, or cause to be taken, all actions, and to do, or cause to be done, all actions necessary to consummate the asset sale as promptly as practicable and to cooperate fully with the other party to the purchase agreement;

- the Company's board of directors must call a shareholder meeting for its shareholders to vote on the purchase agreement and the sale transaction, including the asset sale and the subsequent voluntary dissolution of the Company. The Company's board of directors must recommend approval of the purchase agreement and the sale transaction to the Company's shareholders, subject to the ability to change its recommendation to shareholders as a result of a third-party proposal, but only after following specific procedures provided in the purchase agreement;

- AFCU must call a meeting of the members of AFCU to vote on the conversion of AFCU's charter to an Arizona state charter and adoption of a revised field of membership. AFCU's board of directors must recommend approval of the charter conversion to AFCU's members;

- the Bank must provide AFCU with reasonable access to its books, records and properties and upon reasonable advance notice to the Bank, AFCU may review the reports and working papers of the Bank's independent auditors;

- as soon as practicable after the date of the purchase agreement, the Bank and AFCU must file all applications, filings, notices, consents, permits, requests or registrations required to obtain the authorization of any regulator and following receipt of all regulatory approvals, the Bank must undertake to obtain the consents of all third parties necessary to consummate the asset sale;

- the Bank will make available to AFCU copies of its most recent owner's closing title insurance policy, binder or abstract and any survey on each parcel of the Bank's real estate, or such other evidence of title reasonably acceptable to AFCU;

- after the receipt of all regulatory and shareholder approvals but before the closing of the asset sale, AFCU is permitted, at its sole expense, to begin installing its equipment and signage at the Bank's locations, subject to certain limitations and timeframes;

- the Bank will take all necessary actions to terminate the lease agreements in connection with the Bank's loan production offices located at 1650 North Dysart Road, Suite 2, Goodyear, Arizona 85395-1116 and 6245 North 24th Parkway, Suite 216, Phoenix, Arizona 85016 and close each loan production office no later than the closing date of the asset sale;

- the Bank shall provide all required notices and request all necessary consents to transfer the Bank's SBA-guaranteed loans and USDA-guaranteed loans to AFCU;

- as soon as possible after the closing of the asset sale, the Bank shall surrender its charter to the ADIFI, terminate its FDIC deposit insurance, limit its business activities to winding-down the business of the Bank, and dissolve in accordance with the Bank's plan of dissolution;

- the Bank agrees to provide AFCU copies of minutes of meetings of its board of directors and board committees no later than 15 days after such minutes are approved in final form, except to the extent impermissible under applicable law, objected to by regulatory agencies, or such minutes include certain confidential matters; and

- for a period no longer than two (2) years following the closing of the asset sale, the Company and the Bank must not permit any of their officers, directors of affiliates to, while they are an officer, director or affiliate of the Company or Bank, on behalf of the Company or the Bank, solicit customers whose deposits are assumed or whose loans are acquired by AFCU.

Agreement Not to Solicit Other Offers. The Bank agrees that it will not, and it will cause its officers, directors, agents, advisors and affiliates not to, solicit or encourage inquiries or proposals with respect to, or engage in any negotiations concerning, or provide any confidential information to, or have any discussions with, any person relating to, any other acquisition proposal (as defined below) involving the Bank; provided, however, that the board of directors of the Company or the Bank may provide information to, and may engage in such negotiations or discussions with, a person with respect to an acquisition proposal, directly or through representatives, if the Company's board of directors, after consulting with and considering the advice of its financial advisor and its outside counsel, determines in good faith that its failure to provide information or to engage in any such negotiations or discussions could reasonably be expected to constitute a failure to discharge properly the fiduciary duties of such directors in accordance with Arizona law. The Bank shall within twenty-four (24) hours days advise AFCU following the receipt by it of any written acquisition proposal and the substance thereof (including the identity of the person making such acquisition proposal and a copy of such acquisition proposal), and advise AFCU of any developments with respect to such acquisition proposal immediately upon the occurrence thereof.

As defined in the purchase agreement, "acquisition proposal" means a proposal for a merger, consolidation, sale of assets and assumption of liabilities, or other business combination involving the Bank or any proposal to or offer to acquire in any manner a substantial equity interest in, or a substantial portion of the assets or deposits of the Bank, other than the transactions contemplated by the purchase agreement.

Employee Matters. Each Bank employee that AFCU elects to hire will be offered, substantially similar salaries, duties and benefits as are available to similarly situated AFCU employees. Each Bank employee who is (i) not offered employment with AFCU as of the closing date the asset sale or (ii) involuntarily terminated by AFCU (other than for cause) within 12 months following the closing date of the asset sale, and who was not entitled to any consideration resulting from the asset sale pursuant to an employment or change in control agreement, will receive a severance payment, paid by AFCU, in an amount equal to one week of compensation for each years of service with the Bank, with a minimum of four weeks of severance and a maximum of twenty-four weeks of severance.

Representations and Warranties in the Purchase Agreement. The representations and warranties described below and included in the purchase agreement were made only for purposes of the purchase agreement and as of specific dates, are solely for the benefit of AFCU and the Bank, may be subject to limitations, qualifications or exceptions agreed upon by the parties, including those included in disclosure schedules made for the purposes of, among other things, allocating contractual risk between AFCU and the Bank rather than establishing matters as facts, and may be subject to standards of materiality that differ from those standards relevant to investors. You should not rely on the representations, warranties, covenants or any description thereof as characterizations of the actual state of facts or condition of AFCU, the Bank or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the purchase agreement, which subsequent information may or may not be fully reflected in public disclosures by AFCU or the Bank. The representations and warranties and other provisions of the purchase agreement should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this proxy statement.

Both AFCU and the Bank have made certain customary representations and warranties to each other relating to their businesses in the purchase agreement. These representations and warranties relate to, among other things:

- corporate organization and authority;
- absence of conflicts;
- financial information;
- absence of legal proceedings; and
- absence of facts that would materially impair or delay receipt of regulatory approvals.

The Bank also has made representations and warranties to AFCU regarding:

- the absence of certain material events since January 31, 2022;
- title to real estate and other assets;
- loans and investments, including the allowance for loan losses;
- residential and commercial mortgages;
- auto receivables;
- participation loans;
- aircraft loans;

- deposits;
- escrow and impound accounts;
- contracts and commitments;
- tax matters;
- employee matters and employee benefit plans;
- environmental matters;
- absence of undisclosed liabilities;
- performance of obligations under contracts;
- compliance with law;
- brokerage fees;
- books and records;
- Community Reinvestment Act rating;
- insurance;
- agreements with governmental entities;
- financial condition; and
- required consents and approvals.

AFCU also has represented to the Bank that it has the financial ability to pay the purchase price and that it is authorized to originate and service SBA loans and certain USDA-guaranteed loans.

For information on these representations and warranties, see Articles V and VI of the purchase agreement, a copy of which is included as Annex A to this proxy statement. The representations and warranties must generally be true through the completion of the asset sale.

Termination of the Purchase Agreement. The purchase agreement may be terminated at or before the completion of the asset sale, either before or after any requisite shareholder approval, by:

- The mutual written consent of AFCU, the Company, and the Bank;
- AFCU or the Bank, if:
    - ten (10) days after any required regulatory approval has been denied, the parties have not agreed to resubmit an application or appeal such denial;
    - the other party materially breaches a representation or warranty or covenant in the purchase agreement that is not cured in all material respects within 20 business days following written notice of the breach;
    - either party if the asset sale cannot be consummated by November 30, 2022, referred to herein as the end date, which may be extended as discussed below, provided the right to terminate the purchase

agreement is not available to any party whose material breach causes the failure to be able to close by that date;

- The Bank, if:
  - the Bank enters into another acquisition agreement with a third party in response to a superior acquisition proposal, but only if the Bank has determined that failure to take such action would cause it to violate its fiduciary duties, has complied with its obligations under the no-shop provisions of the purchase agreement and pays the termination fee discussed below; or
  - the shareholders of the Company do not approve the asset sale proposal and Company dissolution proposal.

Termination Fee. The purchase agreement requires the Bank to pay AFCU a cash fee of $3.656 million if the Bank terminates the purchase agreement because it has entered into another acquisition agreement with a third party in response to a superior acquisition proposal.

End Date Extension. Provided that AFCU is not in material breach of the purchase agreement, AFCU may elect to extend the end date an additional 60 days to allow additional time for AFCU to obtain all necessary regulatory approvals for the sale transaction by placing an amount equal to $250,000 in escrow at the Bank, referred to herein as the earnest money. The earnest money will be credited to the purchase price at the closing of the asset sale. If the purchase agreement is terminated by AFCU or the Bank as a result of the failure to obtain all necessary regulatory approvals or to satisfy all of the conditions to closing the asset sale by the end date, as extended, the earnest money will become the property of the Bank. The earnest money will also become the property of the Bank if the purchase agreement is terminated by the Bank as a result AFCU's material breach of the purchase agreement that is not cured in all material respects within 20 business days following written notice of the breach. The earnest money will become the property of AFCU if the purchase agreement is terminated for any other reason.

Fees and Expenses. Except as otherwise specified in the purchase agreement, each party will pay its own costs and expenses incurred in connection with the asset sale.

PROPOSAL 3 – THE COMPANY DISSOLUTION PROPSOAL

General

The Company is seeking shareholder approval of the dissolution of the Company whereby the Company will take all action to wind up its affairs and dissolve under applicable Arizona law and distribute its net assets, including the net cash proceeds from the consideration paid by AFCU in the asset sale, to the shareholders of the Company pursuant to a plan of dissolution. Although the voluntary dissolution of the Company is being approved separately from the purchase agreement and the asset sale, the proposed voluntary dissolution of the Company is an integral part of the sale transaction contemplated by the purchase agreement and will occur only if the asset sale and the Bank dissolution are completed. The purchase agreement, the asset sale and the Bank dissolution are discussed under *"Proposal 2 – The Asset Sale."* The Company's reasons for the sale transaction are discussed under *"Proposal 2 – The Asset Sale – The Company's Reasons for the Sale Transaction."*

The sale transaction can be completed as intended only if the asset sale proposal and the Company dissolution proposal are both approved by the shareholders of the Company at the annual meeting. If the asset sale proposal is not approved by the Company's shareholders, the sale transaction will not occur and the Company will not be dissolved and no distribution will be made to shareholders of the Company, even if the Company dissolution proposal is approved by shareholders. If shareholders approve the asset sale proposal but do not approve the Company dissolution proposal, assuming the other closing conditions in the purchase agreement are satisfied, AFCU, the Company and the Bank may agree to complete the asset sale, but only if AFCU waives its condition to closing the asset sale that the Company has received shareholder approval of the Company dissolution proposal. If AFCU waives such condition and the parties close the asset sale, the Bank having transferred substantially all of its operating assets to AFCU, would liquidate and distribute its remaining assets to the Company. However, the Company could not then immediately begin the process of dissolving and the cash distributions to shareholders would be delayed until shareholders approve the Company dissolution. The

Company does not intend to invest in another operating business following the completion of the asset sale and Bank dissolution. The Company would use its remaining assets to pay ongoing operating expenses, and the Company expects that such expenses would exceed any revenue generated by its remaining assets. Accordingly, the Company would use its remaining cash, including cash paid by AFCU in the asset sale if necessary, to satisfy its obligations and expenses until the Company is permitted to dissolve.

Winding Up and Dissolution of the Company

By approving the Company dissolution proposal, the Company's shareholders will be approving the voluntary dissolution of the Company under applicable Arizona law. If the Company dissolution proposal is approved, the Company's board of directors will take such actions as it deems necessary or appropriate to effect the voluntary dissolution of the Company following consummation of the asset sale and the Bank dissolution, including the adoption of a plan of dissolution, substantively in the form included as Annex B to this proxy statement. We expect that, following shareholder approval of the voluntary dissolution of the Company and the completion of the asset sale and the Bank dissolution, the Company will:

- adopt a plan of dissolution substantively in the form included as Annex B to this proxy statement, together with such revisions or modification as deemed necessary or appropriate by the board of directors of the Company;
- provide notice to the Company's known claimants and creditors of the Company's dissolution proceedings;
- conduct business operations only to the extent necessary to wind up the Company's business affairs;
- liquidate the Company's remaining assets;
- pay, or make adequate provision for the payment of, all of the Company's known debts, liabilities and obligations;
- if deemed necessary, appropriate, or desirable by the board of directors of the Company, a liquidating trust or contingency reserve fund for possible post-dissolution expenses;
- begin the process of distributing the Company's remaining assets to its shareholders; and
- prepare and file articles of dissolution with the Arizona Corporation Commission.

Timing of Distributions. We are currently unable to predict the precise timing of any distributions to our shareholders in connection with the dissolution of the Company, although we intend to make distributions as promptly as reasonably practicable following consummation of the asset sale and subsequent dissolution of the Bank. The timing of any distributions will be determined by the Company's board of directors. We anticipate that this process will be finalized in the first or second quarter of 2023. However, this process could take longer than currently anticipated.

Amount of Distributions. The remaining cash (including the net cash proceeds from the asset sale) of the Company after paying any and all debts and obligations of the Company, including the legal costs and fees for the winding up and dissolution of the Company, will be distributed to the shareholders of the Company on a pro rata basis in accordance with Arizona law and the Company's articles of incorporation and bylaws. We expect that the net cash proceeds to be paid to the shareholders of the Company at the time of the distribution will be approximately $81.296 million, resulting in a cash payment of approximately $18.91 per share for each share of Company common stock. This estimated distribution per share is based on numerous assumptions, including an assumed 4,300,230 shares of Company common stock outstanding, on a fully diluted basis, as of the date of dissolution, and is subject to change based on several factors that are discussed more fully in this proxy statement. Accordingly, you should not assume that the ultimate per share distribution will be $18.91 per share. ***This estimated distribution per share is based on numerous assumptions and is subject to change***.

Factors that could cause the per share distribution to change include adjustments to the purchase price in the asset sale, as well as anticipated and unanticipated expenses and liabilities that arise during the sale and dissolution

process. Shareholders may receive one or more separate distributions. For a detailed discussion of factors that could cause the distribution to be received by shareholders to change, see "*Proposal No. 2—The Asset Sale Proposal—Distributions to the Company Shareholders*" beginning on page 34 and "*—Other Factors That May Reduce the Shareholder Distribution*" beginning on page 36.

When the Company is in a position to begin making distributions to shareholders, distributions will be made to the record holders of shares of Company common stock on a pro rata basis as recorded in the books and records of the Company.

Contingency Fund. If deemed necessary or appropriate by the board of directors of the Company, in furtherance of the liquidation and distribution of the Company's net assets to the shareholders of the Company, the Company may transfer to one or more liquidating trustees, for the benefit of the Company's shareholders and/or creditors, under a liquidating trust or other contingency reserve fund, any assets of the Company, including cash, intended for distribution to shareholders and creditors not disposed of at the time of dissolution of the Company. If the board of directors elects to establish a contingency reserve fund, it is estimated that the fund will be approximately $430,000 for possible post-dissolution expenses, which the Company may maintain for up to the applicable statutory period after the filing of the articles of dissolution. In the event any such contingency reserve funds remain at the end of such period the Company will distribute such remaining funds equitably to the Company's shareholders entitled to such distributions. In the event that the amount of such remaining funds is immaterial compared to the cost and effort that would be required to equitably distribute such remaining funds to the Company's shareholders after such a long period, the Company's board of directors may, subject to a determination that it is in compliance with the directors' fiduciary duties, donate any such remaining funds to a charitable organization.

Trading of the Company's Common Stock; Closing of Transfer Books

The Company's common stock is expected to trade on the Company's transfer books until shortly before the initial distribution of cash to shareholders, at which time the transfer books will be closed and the Company's stock will not be transferable on the Company's books. However, the timing of the closing of the Company's transfer books is subject to change in the sole discretion of the Company without notice to shareholders. The Company will also deregister its stock with OTC Markets in connection with the Company's dissolution.

Interests of Directors and Executive Officers in the Proposed Dissolution of the Company

In considering the recommendation of the Company's board of directors to vote "FOR" the Company dissolution proposal, the Company's shareholders should be aware that certain directors and officers of the Company have interests in the sale transaction, of which the proposed voluntary dissolution of the Company is an integral part, that are in addition to, or different from, their interests as shareholders of the Company. These interests include indemnification and directors' and officers' insurance provided by AFCU for all present and former directors and officers for a period of six years after completion of the asset sale, accelerated vesting of all options to purchase shares of Company common stock, and payments under the change in control provisions of existing employment agreements and SERPs. For a more detailed discussion of the interests of directors and executive officers in the sale transaction, see *"Proposal 2 – The Asset Sale – Interests of Directors and Executive Officers in the Asset Sale."* The Company's board of directors was aware of these interests and considered them, among other matters, in approving the purchase agreement, the asset sale and the proposed voluntary dissolution of the Company.

Abandonment; Amendment

Notwithstanding shareholder approval of the Company dissolution proposal, the board of directors may abandon the proposed voluntary dissolution of the Company at any time before filing the articles of dissolution. Upon such filing, in accordance with Arizona law, the voluntary dissolution of the Company will become effective as of the effective date set forth in the articles of dissolution and may no longer be abandoned.

Notwithstanding any shareholder approval of the Company dissolution proposal, the board of directors may modify or amend the Company plan of dissolution without further action by or approval of the shareholders of the Company, to the extent permitted under applicable law.

Liability of Shareholders, Directors and Officers

Under Arizona law, the voluntary dissolution of the Company does not relieve the Company's shareholders, directors, or officers from liability imposed on them by law. In addition, a claim, including a contingent claim or a claim based on an event occurring after the effective date of dissolution, may be enforced under Arizona law against the Company to the extent of any undistributed assets. If all assets have been distributed in liquidation, then such claims may be enforced against a shareholder of the Company to the extent of the shareholder's pro rata share of the claim or the corporate assets distributed to the shareholder in the liquidation, whichever is less, but a shareholder's total liability for all such claims may not exceed the total amount of assets distributed to the shareholder. Because we intend to carefully evaluate, and make adequate provision for, the Company's liabilities in winding up the Company, we do not anticipate that any distribution will be made pursuant to the Company plan of dissolution without payment or adequate provision having been made for all the Company's liabilities.

Company Dissolution Conditioned on Completion of the Asset Sale

The dissolution of the Company will occur only after, and is conditioned on the completion of, the asset sale and the Bank dissolution. If the asset sale and Bank dissolution do not receive regulatory or shareholder approval or are not completed for any other reason, the Company will not be dissolved, even if the Company dissolution proposal is approved by the shareholders of the Company at the annual meeting.

Recommendation of the Board of Directors

THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE DISSOLUTION OF THE COMPANY FOLLOWING CONSUMMATION OF THE ASSET SALE.

PROPOSAL 4 – THE INDEPENDENT PUBLIC ACCOUNTING FIRM RATIFICATION PROPSAL

General

The board of directors of the Company has engaged Eide Bailly LLP as the independent public accounting firm for the Company to audit the Company's consolidated financial statements for the fiscal year ended December 31, 2021. The Company is seeking shareholder ratification of the Company's engagement of Eide Bailly LLP to serve as the independent public accounting firm of the Company for the year ended December 31, 2021.

Vote Requirement

Approval of the proposal to ratify the accounting firm ratification proposal requires that the number votes cast "FOR" the proposal exceed the number of votes cast "AGAINST" the proposal.

Recommendation of the Board of Directors

THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE PROPOSAL TO RATIFY THE COMPANY'S ENGAGEMENT OF EIDE BAILLY LLP TO SERVE AS THE INDEPENDENT PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2021.

PROPOSAL 5 – THE ADJOURNMENT PROPOSAL

General

The Company is seeking shareholder approval to adjourn or postpone the annual meeting to a later date or dates if the board of directors of the Company determinates such an adjournment or postponement is necessary to permit

solicitation of additional proxies if there are not sufficient votes at the time of the annual meeting to approve the asset sale proposal or the Company dissolution proposal.

If this adjournment proposal is approved, the annual meeting could be adjourned or postponed to any date. If the annual meeting is adjourned or postponed, shareholders of the Company who have already submitted their proxies will be able to revoke their proxy at any time prior to their use. If you sign and return a proxy and do not indicate how you wish to vote on the adjournment proposal, your shares of Company common stock will be voted in favor of the adjournment proposal.

Vote Requirement

Approval of the adjournment proposal requires that the number votes cast "FOR" the adjournment proposal exceed the number of votes cast "AGAINST" the adjournment proposal.

Recommendation of the Board of Directors

THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE ADJOURNMENT PROPOSAL.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion of the anticipated material U.S. federal income tax consequences to U.S. holders (as defined below) of Horizon Bancorp, or the Company, common stock as a result of the asset sale and subsequent winding-up, liquidation and dissolution of the Company after the asset sale. This discussion does not address any tax consequences arising under any U.S. state, local or foreign laws, the Medicare tax on net investment income, the alternative minimum tax or under any U.S. federal laws other than U.S. federal income tax laws (such as estate or gift tax laws). This discussion is based upon applicable provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury regulations promulgated under the Code and court and administrative rulings and decisions, all as in effect on the date of this proxy statement, and all of which are subject to change, possibly with retroactive effect, which could affect the accuracy of the statements and conclusions set forth in this discussion.

This discussion addresses only U.S. holders of Company common stock that hold their shares of Company common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). For purposes of this discussion, the term "U.S. holder" means a beneficial owner of Horizon Bancorp common stock that is for U.S. federal income tax purposes (1) an individual citizen or resident of the United States, (2) a corporation or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (3) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust or (b) such trust was in existence on August 20, 1996 and has a valid election in place to be treated as a U.S. person for U.S. federal income tax purposes, or (4) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source. Importantly, this discussion is for general information only and does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of that holder's individual circumstances or to a holder that is subject to special treatment under the U.S. federal income tax laws, such as those rules relating to:

- holders who are not citizens or residents of the United States;
- persons holding stock as part of a straddle, hedging transaction, conversion transaction, integrated transaction or constructive sale transaction;
- partnerships, subchapter S corporations and other pass-through entities and the partners or investors in such entities;
- financial institutions;

- tax-exempt organizations and entities, including individual retirement accounts;
- persons subject to the U.S. alternative minimum tax;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- dealers in securities; and
- holders who acquired their shares of Horizon Bancorp common stock through the exercise of employee stock options or similar derivative securities or otherwise as compensation.

If an entity or an arrangement treated as a partnership for U.S. federal income tax purposes holds Horizon Bancorp common stock, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Any entity treated as a partnership for U.S. federal income tax purposes that holds Horizon Bancorp common stock, and any partners in such partnership, should consult their own tax advisors about the tax consequences of the asset sale to them.

Determining the actual tax consequences of the asset sale to a U.S. holder is complex and can depend, in part, on the U.S. holder's specific situation. Each U.S. holder should consult its own independent tax advisor as to the tax consequences of the asset sale in its particular circumstance, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws and of changes in those laws.

Tax Consequences of the Asset Sale and Liquidations to the Bank and the Company

The asset sale is expected to be treated, for federal income tax purposes, as a taxable sale by the Bank of all of its assets to Arizona Federal Credit Union in exchange for cash and the assumption of the liabilities of the Bank. The Bank will recognize gain or loss on the asset sale in an amount equal to the difference between the amount realized (which will include both the $91.4 million purchase price, as adjusted, and the additional $10.0 million tax payment) and the adjusted tax basis in the assets owned by the Bank. Based upon currently available information, we estimate that the Company's tax obligation will be approximately $11.6 million, resulting in a tax liability of approximately $1.6 million after application of the $10.0 million tax reimbursement.

Following the asset sale, the Bank will liquidate and distribute its remaining assets to the Company, the sole shareholder of the Bank. The liquidation is not expected to result in the recognition of gain or loss to the Bank or Horizon Bancorp. Following the liquidation of the Bank, the Company will liquidate and distribute its remaining assets to its shareholders in exchange for their common stock. A corporation will generally recognize gain or loss on the distribution of property in full liquidation as if such property were sold at its fair market value. To the extent the Company distributes only cash, the Company is not expected to recognize gain or loss as a result of the liquidating distribution.

Tax Consequences to U.S. Holders Who Receive Cash in Exchange for Company Common Stock

A U.S. holder that surrenders Company common stock in exchange for cash pursuant to the asset sale and subsequent liquidation of the Company would generally recognize gain or loss in an amount equal to the difference between the amount of cash received and such U.S. holder's adjusted tax basis in its Company common stock. This gain or loss generally would be capital gain or loss, and long-term capital gain or loss if, as of the effective date of the asset sale, the U.S. holder's holding period with respect to Company common stock exceeds one year. Long-term capital gains of non-corporate U.S. holders generally are subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to limitations.

If a U.S. holder acquired different blocks of shares of Company common stock at different times or different prices, the U.S. holder should consult the U.S. holder's independent tax advisor regarding the manner in which gain or loss should be determined for each identifiable block of Company shares. Each U.S. holder of Company common stock

should consult its own independent tax advisor as to the tax consequences of the asset sale and liquidations in its particular circumstance, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws and of changes in those laws.

Backup Withholding

A U.S. holder of Company common stock may be subject, under certain circumstances, to information reporting and backup withholding at the applicable rate with respect to any cash payments that the U.S. holder receives. A U.S. holder generally will not be subject to backup withholding, however, if the U.S. holder:

- furnishes a correct taxpayer identification number, certifying that it is not subject to backup withholding on IRS Form W-9 or successor form included in the letter of transmittal that the U.S. holder will receive and otherwise complies with all the applicable requirements of the backup withholding rules; or
- provides proof that it is otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules are not an additional tax and generally would be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, if the U.S. holder timely furnishes the required information to the Internal Revenue Service.

This discussion of certain material U.S. federal income tax consequences is for general information only and is not intended to be tax advice. Holders of Company common stock are urged to consult their independent tax advisors with respect to the application of U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the U.S. federal estate or gift tax rules, or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable tax treaty.

ANCILLARY AGREEMENTS

Voting Agreement

In connection with the execution of the purchase agreement, the directors and certain executive officers of the Company entered into a voting agreement with AFCU and the Company. Under the terms of the voting agreement, such directors and executive officers agreed in their capacity as shareholders of the Company to vote the shares of Company common stock for which they own or control in favor of the purchase agreement and the transactions contemplated by the purchase agreement, including the asset sale. Generally, the voting agreement obligates these shareholders to vote their shares in favor of the purchase agreement and against approval of any other competing proposal to acquire the stock or assets of the Company or the Bank, subject to certain limitations involving their fiduciary or other legal obligations. The voting agreement further restricts these shareholders from seeking competing proposals for the acquisition of the Company or the Bank or the assets of the Company or the Bank. The voting agreement will remain in effect until the consummation of the asset sale or the termination of the purchase agreement.

As of April 20, 2022, the record date for the annual meeting, these individuals held an aggregate of 667,019 shares of Company common stock, representing 15.51% of the issued and outstanding shares of Company common stock, which totaled 4,300,230 as of such date

Non-Solicitation and Confidentiality Agreements

In connection with the execution of the purchase agreement, each of the Company's directors entered into a non-solicitation and confidentiality agreement with AFCU, or the non-solicitation agreement. Under the non-solicitation agreement, each such director agreed to, among other things, (1) not disclose or use any confidential information or trade secrets of AFCU for any purpose for so long as such information remains confidential information or a trade secret, (2) for a period of two years following the closing of the asset sale, not engage in certain competitive activities with AFCU, including not soliciting former employees of the Bank who become employees of AFCU following the asset sale and customers of the AFCU and not making any derogatory remarks or statements regarding AFCU, and (3) for a period of two years following the closing of the asset sale, not engage in any business activities which are conducted by AFCU or the Bank, whether as a consultant, officer, employee, agent or shareholder, in counties in Arizona in which the Bank

operates a banking office as of the closing of the asset sale and each county contiguous to each of such counties. The non-solicitation agreement becomes effective at the closing date of the asset sale and terminate and become null and void upon any termination of the purchase agreement in accordance with its terms.

INFORMATION ABOUT HORIZON BANCORP, INC.

General

Horizon Bancorp is an Arizona corporation and bank holding company registered under the Bank Holding Company Act of 1956, as amended, headquartered Lake Havasu City, Arizona. As a bank holding company, the Company is subject to supervision and regulation by the Federal Reserve in accordance with the requirements set forth in the Bank Holding Company Act of 1956, as amended and by the rules and regulations issued by the Federal Reserve. Shares of Company common stock are traded over-the-counter and listed on the OTC Pink Market under the symbol "HRRB." Company common stock has been listed on the OTC Pink since June 9, 2017.

Through its wholly owned banking subsidiary, Horizon Community Bank, an Arizona state non-member bank headquartered in Lake Havasu City, Arizona, the Company provides a broad range of financial products and services tailored to meet the needs of small to medium-sized businesses, professionals and retail customers who live or do business in its markets. The Bank's deposits are insured by the FDIC.

As of March 31, 2022, the Bank had total assets of approximately $551.6 million, total loans (net of allowance for loan losses) of approximately $258.3 million, total deposits of approximately $490.3 million and shareholders' equity of approximately $39.5 million. The Bank is a wholly owned subsidiary of the Company.

Beneficial Ownership of Management and Principal Shareholders

The following table sets forth certain information regarding the beneficial ownership of Company common stock by (i) the directors and executive officers of the Company, (ii) each person who beneficially owns 5% or more of the total outstanding shares of Company common stock and (iii) all directors and executive officers as a group.

The percentage of beneficial ownership is calculated based on 4,300,230 outstanding shares of Company common stock. Beneficial ownership is determined in accordance with the rules of the U.S. Securities and Exchange Commission, which generally attribute beneficial ownership of securities to persons who possess sole or shared voting or investment power with respect to those securities and includes shares issuable pursuant to the exercise of stock options. Unless otherwise indicated, based on information furnished by such shareholders, management of the Company believes that each person has sole voting and dispositive power over the shares indicated as owned by such person and the address of each shareholder is the same as the address of the Company.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage Beneficially Owned
Directors and executive officers:		
Ralph E. Tapscott	75,537 (1)	1.74%
Jo Navaretta	44,920 (2)	1.04%
Hitendra Chauhan	175,464 (3)	4.07%
Gary Clausen	72,433 (4)	1.68%
Mark Durham	36,225 (5)	*
Gerald B. Ernst	171,850 (6)	3.97%
Jerry Johnson	82,870 (7)	1.92%
Ross Johnson	93,149 (8)	2.16%
Mark Martinez	42,171 (9)	*
Scott Dickman	32,400 (10)	*
(as a group, 10 persons)	**827,019**	**18.54%**
Other greater than 5% shareholders:		
Jeff Cannon	330,405	7.68%
Rodney Haile	330,405	7.68%

* Indicates ownership which does not exceed 1.0%

(1) Includes (i) 26,540 shares held in an IRA for the benefit of Mr. Tapscott, (ii) 8,997 shares held jointly with Mr. Tapscott's spouse, and (iii) 40,000 options to purchase shares of Company common stock.

(2) Includes 9,000 options to purchase shares of Company common stock.

(3) Includes (i) 85,140 shares held as trustee of the Chauhan-Powar Living Trust, (ii) 56,034 shares held jointly with Dr. Chauhan's spouse and (iii) 9,000 options to purchase shares of Company common stock.

(4) Includes 9,000 options to purchase shares of Company common stock.

(5) Includes 9,000 options to purchase shares of Company common stock.

(6) Includes (i) 20,157 shares held as trustee of the GBE Irrevocable Trust and (ii) 24,000 options to purchase shares of Company common stock.

(7) Includes (i) 25,595 shares held in an IRA for the benefit of Mr. Johnson and (ii) 9,000 options to purchase shares of Company common stock.

(8) Includes (i) 34,184 shares held in an IRA for the benefit of Mr. Johnson and (ii) 17,000 options to purchase shares of Company common stock.

(9) Includes 17,000 options to purchase shares of Company common stock.

(10) Includes 17,000 options to purchase shares of Company common stock.

Market Area

The Bank's main office is in Lake Havasu City, Arizona and the Bank operates six full-service offices in the communities of Lake Havasu City, Parker, Quartzsite, Mohave Valley, Mesa, and Kingman. The Bank also operates two loan production offices in the communities of Goodyear and Phoenix, Arizona, and an operations and mortgage center in Lake Havasu City, Arizona. The Bank's business is not dependent on one or a few major customers.

Employees

As of March 31, 2022, the Company had 90 full-time equivalent employees, none of whom is covered by a collective bargaining agreement.

Legal Proceedings

There are no threatened or pending legal proceedings against the Company which, if determined adversely, would, in the opinion of management, have a material adverse effect on the business of the Company's financial condition, results of operations or cash flows.

FINANCIAL INFORMATION

The Company publicly files unaudited Parent Only Financial Statements for Small Bank Holding Companies on Form Y-9SP with the Federal Reserve. These financial statements are publicly available at www.ffiec.gov. Reports of Condition and Income ("Call Reports") are prepared by the Bank on a quarterly basis in accordance with applicable regulatory accounting principles and are unaudited. The Bank's Call Reports are publicly available on the FDIC's website at http://www.fdic.gov.

The Company's audited consolidated financial statements (including the related notes and schedules thereto) for the years ended December 31, 2020 and 2021 may be requested in writing by any record shareholder to Ross E. Johnson, Executive Vice President and Chief Financial Officer, Horizon Bancorp, Inc., at 225 N. Lake Havasu Avenue, Lake Havasu City, Arizona 86403.

OTHER AVAILABLE INFORMATION

This proxy statement is intended solely to provide the Company's shareholders with information regarding the annual meeting and the proposals to be considered and voted on by the shareholders at the annual meeting, including the proposal to elect the seven director nominees stated in this proxy statement, the asset sale proposal, the Company dissolution proposal, the accounting firm ratification proposal and, if necessary, the adjournment proposal. The descriptions of all agreements and other documents described in this proxy statement are summaries, do not purport to be complete and are qualified in their entirety by reference to such documents, which will be made available on request if not otherwise provided herein. The Company will make available to any Company shareholder, or his or her attorney or representative, any information deemed necessary or appropriate by such persons to verify the information contained herein to the extent that such information can be obtained without unreasonable effort or expense by the Company.

Any questions or requests for additional information should be directed to Ralph E. Tapscott, President and Chief Executive Officer, or Ross E. Johnson, Executive Vice President and Chief Financial Officer, Horizon Bancorp, Inc., at 225 N. Lake Havasu Avenue, Lake Havasu City, Arizona 86403, or by telephone at (928) 854-3000 or (928) 854-3112.

PURCHASE AND ASSUMPTION AGREEMENT

BY AND AMONG

ARIZONA FEDERAL CREDIT UNION,

HORIZON COMMUNITY BANK,

AND

HORIZON BANCORP, INC.
(SOLELY FOR PURPOSES OF THE SECTIONS IDENTIFIED HEREIN)

March 09, 2022

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PURCHASE AND ASSUMPTION AGREEMENT

THIS PURCHASE AND ASSUMPTION AGREEMENT ("**Agreement**") is made and entered into as of this 9th day of March, 2022, by and among HORIZON BANCORP., INC. ("**Holding Company**"), an Arizona corporation and registered bank holding company under the Bank Holding Company Act of 1956, as amended, HORIZON COMMUNITY BANK ("**Seller**"), an Arizona state chartered, nonmember bank and wholly-owned subsidiary of Holding Company, and ARIZONA FEDERAL CREDIT UNION ("**Buyer**"), a federally chartered credit union. Holding Company is only a signatory to the Agreement for purposes of providing the covenants of Holding Company set forth in Section 7.02, Section 7.07, Section 7.08, Section 7.17, Section 7.19, and Section 7.21.

RECITALS

WHEREAS, the board of directors of Seller has determined it advisable and in the best interest of Seller and its sole shareholder, the Holding Company, to sell substantially all of Seller's assets and transfer substantially all of Seller's liabilities to Buyer under the terms and conditions of this Agreement;

WHEREAS, applicable provisions of Arizona law allow Seller to dissolve and surrender its banking charter after transferring substantially all of its assets and liabilities to Buyer;

WHEREAS, similarly, the board of directors of Holding Company has determined it advisable and in the best interest of Holding Company and its shareholders for Seller to sell substantially all of Seller's assets and transfer substantially all of Seller's liabilities to Buyer under the terms and conditions of this Agreement;

WHEREAS, Buyer desires to acquire substantially all of the assets and assume substantially all of the liabilities of Seller;

WHEREAS, in connection with the Transactions, and as a condition precedent to Buyer's obligations under this Agreement, Buyer intends to obtain approval from the NCUA and the ADIFI and its members to convert from a federally chartered credit union to an Arizona state chartered credit union (the "**Buyer Charter Conversion**"), and without limiting the foregoing, the Buyer intends to obtain consent from the ADIFI to adopt a field of membership and charter type as submitted with the ADIFI and NCUA and required by the Buyer to consummate the transactions contemplated by this Agreement (the "**Field of Membership Change**"); and

WHEREAS, following the consummation of the transactions contemplated by this Agreement, and upon satisfaction of all of its debts and other obligations, Seller will wind up its business and surrender its banking charter, the resulting entity will liquidate and dissolve and distribute all of its remaining assets to Holding Company, and thereafter, Holding Company will liquidate and dissolve, and upon satisfaction of all of its debts and obligations, distribute all of its assets to the shareholders of Holding Company.

NOW THEREFORE, for and in consideration of the premises and the mutual agreements, representations, warranties and covenants herein contained, the Parties, intending to be bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. In addition to the terms defined elsewhere in this Agreement, as used herein, the following terms have the definitions indicated:

"**Account Loans**" are those savings account loans and NOW, checking and other transaction account lines of credit associated with Deposits which consist of (i) all account loans secured solely by Deposits, if any, and (ii) any overdraft, checking balances or checking account line of credit loan balances, if any.

"**Accounts Receivable**" means all accounts receivable reflected on Seller's books and records as of the close of business on the Closing Date.

"**Accrued Interest**" on any Loans and Liquid Assets means interest that is accrued but not credited through the close of business on the Closing Date and on Deposits and FHLB advances means interest that is accrued but unposted through the close of business on the Closing Date.

"**ACH Items**" means automated clearing house debits and credits including social security payments, federal recurring payments, and other payments debited and/or credited to or from Deposit accounts.

"**Acquisition Proposal**" has the meaning set forth in Section 7.07.

"**ADIFI**" means the Arizona Department of Insurance and Financial Institutions.

"**Adjusted Tangible Book Value**" means the sum of the common stock, surplus and retained earnings accounts of Seller, calculated in accordance with applicable regulatory accounting standards, (i) excluding all intangible assets of Seller, (ii) excluding the effect of any unrealized gains or losses on Seller's investment securities due to mark-to-market adjustments determined pursuant to GAAP (for the avoidance of doubt, any unrealized losses on Seller's available-for-sale debt securities shall be added to the sum for purposes of calculating Adjusted Tangible Book Value), (iii) including the deferred tax assets on the financial books and records of Seller, and (iv) as adjusted to reflect all Transaction Expenses that have not been paid or accrued prior to the Closing. Adjusted Tangible Book Value is intended to equal such amount as would be reported as the "Tier 1 capital" shown on Line 26 on Schedule RC-R Part I of Seller's Call Report as of the Closing Date after reflecting all Transaction Expenses. For illustrative purposes only, as of December 31, 2021, Adjusted Tangible Book Value, without reflecting any Transaction Expenses, was $44,645,000.

"**Affiliate**" of a Party means any Person, partnership, corporation, association or other legal entity directly or indirectly controlling, controlled by, or under common control with that Party.

"**Aircraft Loan**" means a closed-end installment Loan to finance new and used aircraft including fixed wing (single and twin-engine piston), turboprops jets, vintage, experimental and kits in process.

"**Allowance**" means the specific and general reserves applicable to the Loans as determined by Seller in accordance with applicable regulatory standards and GAAP. Any specific Allowance as of January 31, 2022, with respect to any Loan is set forth on the Allowance for Loan and Lease Loss Summary set forth in Section 1.01(a) of the Disclosure Schedule.

"**Assets**" means all of the assets of Seller, including, without limitation, the Liquid Assets, Seller Real Estate, Current OREO, Fixed Assets, the Loans, the Loan Documents, the Accounts Receivable, the Contracts, the Cash on Hand, the Records, the Safe Deposit Boxes, the Bank Accounts, the Prepaid Expenses, the Other Assets, the Routing and Telephone Numbers, BOLI, and repossessed collateral, but specifically excluding only the Excluded Assets.

"**Auto Receivable**" means a loan or installment sale contract arising from the purchase of, and secured by, an automobile, light-duty vehicle, all-terrain vehicle, boat or motorcycle.

"**Bank Accounts**" means all of Seller's deposit accounts, including, without limitation, those for payroll and cashier's checks. All Bank Accounts are identified on Disclosure Schedule 3.07.

"**BOLI**" as the meaning set forth in Section 5.17.

"**Business Day**" means any Monday, Tuesday, Wednesday, Thursday, or Friday that is not a federal holiday generally recognized by Arizona commercial banks.

"**Business Loan**" means a term or revolving Loan to a commercial enterprise secured by personal property, real property or a mixture of real and personal property, or unsecured term or revolving Loan to a commercial enterprise, including any Loan made in connection with the Small Business Administration's loan guaranty programs.

"Buyer" has the meaning assigned in the first paragraph of this Agreement.

"**Call Report**" means the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less than $5 Billion – FFIEC 051.

"**Cash on Hand**" means all petty cash, vault cash, ATM cash and teller cash.

"**Closing**" and "**Closing Date**" shall have the meanings assigned to them in Section 4.01 of the Agreement.

"COBRA" has the meaning set forth in Section 8.01(e).

"Code" has the meaning set forth in Section 3.11.

"**Commercial Mortgage Loan**" means a Loan secured by a Mortgage on real property used for commercial purposes, including five- or greater unit residential real property.

"**Construction Loan**" means a Loan, the proceeds of which are intended to be used substantially to finance the construction of improvements on real property.

"**Contracts**" means all of the contracts and agreements of Seller, including, without limitation, all service and maintenance agreements, leases of personal and real property, and any other agreements, licenses and permits to which Seller is a party (including contracts relating to the Safe Deposit Boxes, contracts and agreement related to the Renovation Project, and BOLI policies, contracts and agreements); *provided*, *however*, that, for purposes of clarification only, such contracts shall exclude only the Excluded Contracts.

"**COVID-19**" means the SARS-CoV-2 virus (severe acute respiratory syndrome coronavirus 2) and the disease therefrom known as COVID-19.

"**Current OREO**" means OREO, as such real estate is classified on the books of Seller, acquired by the Seller after December 31, 2021 through the Closing.

"**Deposit or Deposits**" means a deposit or deposits as defined in Section 3(l)(1) of the Federal Deposit Insurance Act ("**FDIA**") as amended, 12 U.S.C. Section 1813(l)(1), including without limitation the aggregate balances of all savings accounts with positive balances, accounts accessible by negotiable orders of withdrawal ("**NOW**" accounts), other demand instruments, Retirement Accounts, and all other accounts and deposits, together with Accrued Interest thereon, if any.

"Disclosure Schedule" has the meaning set forth in the first paragraph of Article V.

"**Employee Benefit Plan**" means any (a) nonqualified deferred compensation or retirement plan or arrangement that is an Employee Pension Benefit Plan, (b) qualified defined contribution retirement plan or arrangement that is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement that is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit plan or program, in each case that is sponsored or maintained by Seller for the benefit of Seller's employees.

"**Employee Pension Benefit Plan**" means as defined in ERISA Section 3(2).

"**Employee Welfare Benefit Plan**" means as defined in ERISA Section 3(1).

"**Encumbrances**" means all mortgages, claims, charges, liens, encumbrances, easements, restrictions, options, pledges, calls, commitments, security interests, conditional sales agreements, title retention agreements, leases, and other restrictions of any kind whatsoever.

"**End Date**" has the meaning set forth in Section 10.01(c).

"**Environmental Laws**" has the meaning set forth in Section 5.18(a).

"Environmental Problem" has the meaning set forth in Section 7.10.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Excluded Assets**" has the meaning set forth in Section 2.01(d).

"**Excluded Contracts**" means solely the following (1) any Employee Benefit Plan, including each Employee Pension Benefit Plan and any Employee Welfare Benefit Plan, (2) any employment agreements or change in control agreements, including deferred compensation or supplemental retirement agreements to which Seller is a party, all of which are listed on Schedule 5.17(e), or (3) any certificate of deposit established pursuant to Certificate of Deposit Account Registry Service ("**CDARS**").

"**Excluded Liabilities**" has the meaning set forth in Section 2.02(g).

"**FDIC**" means the Federal Deposit Insurance Corporation.

"**Federal Reserve**" means the Board of Governors of the Federal Reserve System

"Fee" has the meaning assigned in Section 10.03.

"**FHLB**" means the Federal Home Loan Bank of San Francisco.

"**Fixed Assets**" means all furniture, equipment, trade fixtures, ATMs, office supplies, sales material, Deposit account forms, Loan forms and all other forms and similar items used in connection with Seller's banking business, and all other tangible personal property owned or leased by Seller, located in or upon one of Seller's branch offices, loan production offices, or used in Seller's business, and described on Section 3.02 of the Disclosure Schedule, which includes the depreciated book value of those Fixed Assets as of January 31, 2022.

"**Former Seller Employee**" has the meaning set forth in Section 8.01(c).

"**GAAP**" means generally accepted accounting principles consistently applied by Seller.

"**General Exceptions**" has the meaning set forth in Section 5.01.

"**Governmental Authority**" means the Regulators, any court, and any other administrative agency or commission or other federal, state or local governmental authority or instrumentality.

"**Holding Company**" has the meaning assigned in the first paragraph of this Agreement.

"**Home Equity Loan**" means a closed-end or revolving Residential Mortgage Loan secured by a Mortgage with no lower priority than a second mortgage priority on the applicable Mortgaged Property.

"**Impound Account**" has the meaning set forth in Section 5.33.

"**IRA**" means Individual Retirement Account.

"**IRS**" means Internal Revenue Service.

"**Knowledge**" as used with respect to a Party (including references to such Party being aware of a particular matter) means those facts that are known or should reasonably have been known after reasonable inquiry by that Party by the chief executive officer, president, chief financial officer, chief operating officer or chief credit officer of such Party.

"**Liabilities**" means the liabilities defined in Section 2.02 hereof.

"**Liquid Assets**" means all bonds and other investment securities (including FHLB stock) owned by Seller on the Closing Date, together with Accrued Interest thereon, if any, and including any amounts due to or from brokers or custodians. A list of such bonds and investment securities owned as of January 31, 2022 (including the book value and market value thereof), is set forth in Section 1.01(b) of the Disclosure Schedule.

"**Loan Debtor**" and "**Loan Debtors**" means an obligor or guarantor, including a third party pledgor, with respect to the Loan Documents relating to a Loan.

"**Loan Documents**" means, with respect to each Loan, the constituent documents relating thereto, including, without limitation, the loan application, appraisal report, title insurance policy, promissory note and other evidences of indebtedness, deed of trust, loan agreement, security agreement, pledge agreement, collateral assignment, guarantee, and participation agreements, if any.

"**Loan**" and "**Loans**" means all the loans owned by Seller, each of which is either an Account Loan, a Construction Loan, a Residential Mortgage Loan, a Commercial Mortgage Loan, an Auto Receivable, an Aircraft Loan, a Shadow Loan, a Business Loan or an Unsecured Loan, net of the Allowance maintained by Seller with respect to the Loans, any deferred fees or costs with respect to the Loans, including any unposted or in transit loan credits or debits, and all retained rights of Seller to service previously originated and sold Loans, including any Loans that have been charged off in full against the Allowance prior to the Closing Date. For purposes of this Agreement, Loans shall include any loans in which Seller has sold a participation interest to another third party, as well as participation interests owned by Seller in connection with loans originated by another lender. The Loans as of January 31, 2022, are described more fully in Section 3.03 of the Disclosure Schedule.

"**Material Adverse Effect**" means any change, event or effect that is both material and adverse to (1) the financial condition, results of operation, Assets and business of Seller, taken as a whole, or (2) the ability of Seller to perform its obligations under this Agreement in all material respects and consummate the Transactions; provided, however, that a Material Adverse Effect shall not be deemed to include any effect that is caused by, arising out of or related to any of the following, either alone or in combination: (A) the effects of any change attributable to or resulting from changes in political, economic or market conditions, laws, regulations or accounting guidelines applicable to depository institutions generally or in general levels of interest rates, (B) changed or proposed changes after the date hereof in applicable law, (C) any outbreak, escalation or worsening of hostilities, declared or undeclared acts of war, sabotage, military action or terrorism, (D) changes or proposed changes after the date hereof in GAAP, regulatory accounting principles or standards or authoritative interpretation thereof, (E) employee departures or terminations or losses of customers after announcement of this Agreement, (F) the issuance or compliance with any directive or order of any Regulator, (G) actions taken by Seller or omissions of Seller pursuant to the terms of this Agreement or with the written consent of Buyer or the effect of the Transactions or (H) natural disasters, epidemic, pandemic or disease outbreak (including COVID-19).

"**Maximum Amount**" has the meaning set forth in Section 8.04(b) hereof.

"**Minimum Equity**" means has the meaning set forth in Section 2.01(c).

"**Mortgage**" means a mortgage or deed of trust encumbering real property and, if applicable, fixtures and securing the obligations of a Loan Debtor with respect to a Loan.

"**Mortgaged Property**" means real property encumbered by a Mortgage.

"**Multiemployer Plan**" means as defined in ERISA Section 3(37).

"**NCUA**" means the National Credit Union Administration.

"**OREO**" means other real estate owned, as such real estate is classified on the books of Seller.

"**Other Assets**" means all assets of Seller at the close of business on the Closing Date not otherwise enumerated herein, other than only the Excluded Assets.

"**Other Liabilities**" means all obligations and liabilities of Seller, and all claims, demands, and causes of action against Seller, in each case whether or not known, whether liquidated or unliquidated, whether absolute or contingent, and whether asserted or unasserted, other than only the Excluded Liabilities.

"**Party**" means any of Buyer or Seller.

"**Permitted Encumbrances**" means (a) Encumbrances for Taxes and assessments not delinquent or being contested in good faith by appropriate proceedings, (b) Encumbrances arising from or created by municipal and zoning ordinances, (c) Encumbrances arising out of work performed, services provided or materials delivered that arise in the ordinary course of business, (d) Encumbrances, including matters that would be disclosed by an accurate survey, that, individually or in the aggregate, do not materially reduce the value, or impair in any material manner the current use, of the Assets subject thereto, (e) with respect to any appurtenances to the Real Estate, including without limitation, easements, rights-of-way, licenses and privileges over property of third parties, all Encumbrances affecting the property of such third parties, (f) rights of lessors, as applicable, (g) other restrictions which do not have a Material Adverse Effect on Seller, and (h) Encumbrances created or suffered by Buyer.

"**Person**" means any individual, corporation, partnership, limited liability company, limited partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, person (as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended), Governmental Authority or other entity.

"**Plan of Dissolution**" means the plan for the purposes of winding up, liquidating and dissolving the Seller and Holding Company to be submitted to the ADIFI and/or the Arizona Corporation Commission, as applicable, and/or any other applicable Governmental Authority.

"**Prepaid Expenses**" means the prepaid expenses recorded or reflected on the books of Seller at the close of business on the Closing Date (including, without limitation, prepaid FDIC deposit premiums relating to the Deposits).

"**Purchase Price**" has the meaning set forth in Section 2.01(b) hereof.

"**Purchase Price Allocation**" has the meaning set forth in Section 3.11.

"**Real Estate**" means the Seller Real Estate and the Current OREO.

"**Records**" means (i) all open records and original documents relating to the Loans, Safe Deposit Boxes, the Bank Accounts, the Other Assets, or the Deposits; and (ii) an account history of all accounts related to Deposits, Loans, Cash on Hand, Liquid Assets, the Bank Accounts, and Safe Deposit Boxes. Records includes but is not limited to signature cards, customer cards, customer statements, legal files, pending files, all open account agreements, Retirement Account agreements, Safe Deposit Box records, and computer records.

"**Recurring Debit**" means payments made directly from a Deposit account to a third party on a regularly scheduled basis pursuant to arrangements between the owner of the account and the third party receiving the payments directly.

"**Regulators**" means FDIC, NCUA, ADIFI and the Federal Reserve, as applicable.

"**Residential Mortgage Loan**" means a Loan secured by a Mortgage on one-to four-unit residential real estate.

"**Retained Cash**" means a cash amount equal to $75,000, which shall be withheld and excluded from Cash on Hand and/or Bank Accounts on the Closing Date after the payment of all Transaction Expenses and after the calculation of Adjusted Tangible Book Value, which Retained Cash shall be retained by Seller after Closing for the purpose of satisfying certain of Seller's and Holding Company's costs and expenses related to the dissolution of Seller and Holding Company incurred after Closing.

"**Retirement Accounts**" means any Deposit account, generally known as IRAs, Keoghs or Simplified Employee Pension plans, maintained by a customer for the stated purpose of the accumulation of funds to be drawn upon at retirement.

"Return Items" has the meaning set forth in Section 5.13(b)(1).

"**Routing and Telephone Numbers**" means the routing number 122105935 of Seller used in connection with Deposits, upon approval from the Federal Reserve of the transfer of this number to Buyer under the name "Arizona Credit Union" or such other name requested by the Buyer, and the telephone and facsimile numbers associated with Seller.

"**Safe Deposit Boxes**" means all right, title and interest of Seller in and to any safe deposit business conducted through one of Seller's branches as of the close of business on the Closing Date.

"**SBA**" means the U.S. Small Business Administration.

"**Seller**" has the meaning set forth in the introductory paragraph of this Agreement.

"Seller Account" means an account to be established prior to Closing at Buyer in the name and for the benefit of Seller.

"**Seller Real Estate**" means the real estate, buildings and fixtures owned by Seller as of the date hereof described in Section 1.01(c) of the Disclosure Schedule.

"**Shadow Loan(s)**" means a Loan, charged-off by the Seller, where the Debtor makes payments to the Seller using "shadow" accounting for accruals and payments, but not on the charged off note as recoveries.

"Special Meeting" means either (i) the annual meeting of the shareholders of Holding Company at which the shareholders of Holding Company are asked to consider and vote on this Agreement and the Transactions or (ii) a special meeting of the shareholders of Holding Company held for the purpose of voting on this Agreement and the Transactions.

"Superior Proposal" has the meaning set forth in Section 10.01(e).

"**Taxpayer Information**" has the meaning set forth in Section 11.08.

"**TIN**" means Taxpayer Identification Number.

"**Transaction Expenses**" means all costs and expenses of Seller (and its subsidiaries and Affiliates) related to or associated with the Transactions contemplated by this Agreement through the Closing, including, without limitation, (a) the amount of all legal, accounting and professional costs and expenses of Seller and its Affiliates associated with this Agreement and the transactions contemplated hereby, including, without limitation, the Transactions, (b) any fees and commissions payable by Seller and its Affiliates to any broker, finder or investment banking firm in connection with this Agreement and the transactions contemplated hereby, including, without limitation, the Transactions, including any cost to obtain any opinion as to the financial fairness of the Transactions, (c) any fee, contract payment, penalty or liquidated damages associated with the termination of any contracts of Seller and its Affiliates in connection with the Transactions, including any costs or expenses associated with the termination of data processing contracts, and any de-conversion costs or fees, information technology agreements, debit card processing agreements and loan document and similar agreements, (d) any payments to be made pursuant to any existing employment, change in control, salary continuation, phantom stock, deferred compensation or other similar agreements or severance, noncompetition, retention or bonus arrangements between Seller or any of its Affiliates and any other Person (including, for the avoidance of doubt, all employment agreements, change in control agreements, deferred compensation and supplemental retirement agreements included in the definition of Excluded Contracts or otherwise identified on Disclosure Schedule 5.17(e) and all "stay bonus" payments and severance payments made under Section 8.01(f) and (h)), and (e) all expenses, premiums and additional costs in connection with procuring the tail coverage referenced in Section 8.04 of this Agreement. For purposes hereof and notwithstanding the foregoing, Transaction Expenses shall not include (i) any fee, contract payment, penalty or liquidated damages associated with the

termination of the FIS Contract, and (ii) costs and expenses associated with the Renovation Project; *provided*, *however*, to the extent Seller pays or accrues prior to the Closing any fee, contract payment, penalty or liquidated damages associated with the termination of the FIS Contract or any costs or expenses associated with the Renovation Project, then any such amounts shall be deemed Transaction Expenses for purposes of this Agreement; *provided further, however* that any payment or accrual shall not permit an earlier termination of the FIS Contract without the Buyer's consent.

"**Transactions**" means the purchase and transfer of the Assets and assumption of the Liabilities contemplated by this Agreement, including, without limitation, Articles II and III, the dissolution and liquidation of Seller and the distribution of its assets to the Holding Company, and the dissolution and liquidation of Holding Company and distribution of its net assets to Holding Company's shareholders.

"**Unfunded Commitment**" means the commitment of Seller to fund additional advances under any Loan, or under any new unfunded Loan commitment on and after the Closing Date.

"**Unsecured Loan**" means a loan which is not secured by assets of the Loan Debtor or Loan Debtors or any third party.

"**USDA**" means the U.S. Department of Agriculture.

"**Withholding Obligations**" has the meaning set forth in Section 11.03.

Section 1.02 Interpretation. The words "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole. Article, Section, Exhibit and Schedules references are to the Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. The table of contents and headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes," "including" or similar expressions are used in this Agreement, they will be understood to be followed by the words "without limitation." The words describing the singular shall include the plural and vice versa, and words denoting any gender shall include all genders and words denoting natural persons shall include corporations, partnerships and other entities and vice versa. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event of an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

ARTICLE II
TERMS OF PURCHASE AND SALE

Section 2.01 Assets.

(a) Purchase and Sale. At the Closing and subject to the terms and conditions set forth in this Agreement, Seller shall sell, convey, assign, and transfer to Buyer and Buyer shall purchase

and acquire from Seller all of Seller's right, title, and interest in and to all of the Assets (other than the Excluded Assets), free of all Encumbrances other than Permitted Encumbrances.

(b) Purchase Price. In consideration for the Assets acquired by Buyer under this Agreement, Buyer shall assume all of the Liabilities (other than the Excluded Liabilities) and pay in cash in immediately available funds to Seller at Closing an amount equal to Ninety-One Million Four Hundred Thousand Dollars and No/100 ($91,400,000.00), subject to the adjustments set forth in Section 2.01(c), as applicable (as adjusted, "**Purchase Price**").

(c) Adjustment to Purchase Price. In the event that the sum of the Adjusted Tangible Book Value plus all Transaction Expenses, calculated as of the Closing Date, is less than Forty-Three Million Three Hundred Forty-Nine Thousand Dollars and No/100 ($43,349,000.00) (the "**Minimum Equity**"), then the Purchase Price shall be reduced on a dollar-for-dollar basis by an amount equal to the positive difference between (A) the Minimum Equity minus (B) the sum of the Adjusted Tangible Book Value plus the Transaction Expenses, calculated as of the Closing Date.

(d) Excluded Assets. It is understood and agreed that Seller shall retain, and Buyer shall not acquire, any right or interest in any of, but only, the following assets (the "**Excluded Assets**"): (i) deferred tax assets on the financial books and records of Seller, (ii) the Retained Cash, (iii) all Tax Return and Tax filings related to income and franchise Taxes, Tax deposits, Tax books and records, and all Tax refunds, if any, of Seller, (iv) claims, demands, and causes of action by Seller against directors, officers and employees of Seller relating to their acts or omissions occurring on or prior to the Closing Date, (v) any Employee Benefit Plan maintained, administered or contributed to, or participated in by the Seller, other than BOLI policies, contracts and agreements, (vi) all books and records related to Seller's income Taxes; and (vi) OREO other than Current OREO.

Section 2.02 Liabilities. Subject to the terms and conditions of this Agreement, Buyer, on the Closing Date, shall assume and agree to pay, discharge and perform when lawfully due, all obligations, debts and liabilities of Seller, other than the Excluded Liabilities (the "**Liabilities**"), including, without limitation, the following:

(a) Deposits and Contracts. Each liability for the payment and performance of Seller's obligations on the Deposits and the Contracts in accordance with the terms of such Deposits and Contracts in effect on the Closing Date, pursuant to an Assignment and Assumption Agreement, substantially in the form attached to this Agreement as Exhibit A (the "**Assignment and Assumption Agreement**");

(b) Assumption of Loans. All obligations and duties of Seller under and pursuant to the Loan Documents as of the Closing Date, including, without limitation, the obligation to fund Unfunded Commitments, pursuant to the Assignment and Assumption Agreement;

(c) FHLB Advances. All obligations of Seller relating to advances from the FHLB, pursuant to the Assignment and Assumption Agreement;

(d) FIS. All obligations of Seller as to any fee, contract payment, penalty or liquidated damages associated with the termination of Seller's data processing contracts and agreements with Fidelity National Information Services Inc. (the "**FIS Contract**").

(e) Renovation Project. All costs and expenses relating to the Renovation Project accruing through the Closing and thereafter.

(f) Other Liabilities. All obligations of Seller with respect to the Other Liabilities, pursuant to the Assignment and Assumption Agreement .

(g) Excluded Liabilities. It is understood and agreed that Buyer shall not assume or be liable for only the following: (i) any costs and expenses of Seller relating to the negotiation or consummation of the Transactions, the winding up, liquidation and dissolution of Seller and the preparation and filing of Seller's final income Tax returns, including without limitation, fees and expenses of counsel, accountants or investment bankers (ii) any federal, state, county or local income Taxes of Seller, except as provided by Section 11.08, (iii) any liabilities of Seller for federal, state, county or local income Taxes arising from receipt of the Purchase Price from the Buyer, (iv) any liability or obligation under the Excluded Contracts as mutually agreed upon by the Parties updated from time to time with the mutual agreement of the Parties, (v) any liabilities under any Employee Benefit Plan maintained, administered or contributed to by Seller, (vi) any Impound Accounts, (vii) any certificate of deposit established pursuant to CDARS, (viii) any liabilities related to accrued vacation or paid time off owing to employees, independent contractors or other Persons, including Former Seller Employees, which Seller shall be permitted to payout prior to Closing as listed on Section 2.02(g) of the Disclosure Schedule (ix) actions, suits, or proceedings to the Knowledge of Seller, threatened against or affecting Seller, before any court or arbitrator or any Governmental Body including all attorneys' fees and costs associated therewith and (x) without limiting the foregoing, actions, suits, proceedings or investigations not set forth on Section 5.20 of the Disclosure Schedule including all attorneys' fees and costs associated therewith. (collectively, the "**Excluded Liabilities**"). Notwithstanding the foregoing, the parties elect the "alternate procedure" pursuant to IRS Revenue Procedure 2004-53, 2004-2 C.B. 320, and agree that Buyer shall be considered a "successor employer" for employment Tax purposes and that Buyer shall assume responsibility for filing all employment Tax Returns (including for any activity in "pre-Closing" periods).

(h) Other Debt Obligations or Liabilities Assumed. It is understood and agreed that, except for the Excluded Liabilities, Buyer shall assume and be liable for any and all of the debts, obligations, liabilities of, and claims, demands and causes of action against, Seller of any kind and nature whatsoever.

Section 2.03 Closing Balance Sheet. No later than five (5) Business Days prior to the Closing Date, Seller shall deliver to Buyer a balance sheet for Seller, estimated as of the Closing Date, reflecting Seller's good faith estimate of the accounts of Seller as of the Closing Date (which, for the avoidance of doubt, shall include net income estimated to be earned by Seller, if applicable, through and including the Closing Date), prepared in conformity with past practices of Seller (the "**Closing Balance Sheet**"). The Closing Balance Sheet shall also include a good faith calculation of Adjusted Tangible Book Value as of the Closing Date.

Section 2.04 Taxation Reimbursement. Subject to review and acceptance by Buyer, Buyer shall pay an amount (in addition to the Purchase Price and other amounts due hereunder) to Seller to cause the proceeds from the Transactions, net of the Taxes imposed on Seller and/or Holding Company as a result of the Transactions (including any Tax imposed on Seller and/or Holding Company as a result of receiving the amount described in this Section 2.04 from Buyer), to be equal to the proceeds that Seller and/or Holding Company would have received from the Transactions, net of the Taxes imposed on Seller and/or Holding Company as a result of the Transactions, had Seller or Holding Company instead sold its shares of capital stock of Seller (the "**Reimbursement**"); provided that Buyer's obligation to pay Seller pursuant to this Section 2.04 shall not exceed Ten Million Dollars ($10,000,000.00); and provided further that the Reimbursement shall in no event be a negative number. The Reimbursement is intended to reimburse Seller and/or Holding Company for the net impact of "double taxation" as a result of the Transactions being treated as the sale of assets for federal income tax purposes. Set forth on Disclosure Schedule 2.04 is the calculation of the tax consequences of the Transactions using financial information as of December 31, 2021, in order to determine the Reimbursement, which information shall be updated and delivered to Buyer no later than fifteen (15) days prior to the Closing Date. Seller hereby agrees to provide Buyer with the work papers and calculations prepared by Seller's accountants reflecting the Tax impact to Seller and/or Holding Company of the Transactions as soon as practicable. Buyer shall have the opportunity to review such calculations with its own advisory team. Buyer and Seller shall mutually agree on the final amount due to Seller from Buyer in connection with the Reimbursement set forth in this Section 2.04 no later than seven (7) days prior to the Closing Date. Buyer shall pay the Reimbursement described in this Section 2.04 to Seller at the Closing.

ARTICLE III
TRANSFER OF ASSETS

Subject to the terms and conditions of this Agreement, on and as of the Closing Date, Seller shall assign, transfer, convey and deliver to Buyer all of the Assets, including as described in this Article III:

Section 3.01 The Real Estate. All of Seller's right, title and interest on the Closing Date in and to the Real Estate, together with all of Seller's rights in and to all improvements thereon, and all easements associated therewith. Seller shall cause a special warranty deed to be delivered to Buyer on the Closing Date with respect to the Real Estate. All Real Estate shall be delivered to Buyer free and clear of all Encumbrances, other than Permitted Encumbrances. Seller shall deliver to Buyer at Closing, (a) all plans and specifications for the Real Estate in the possession or control of Seller; (b) assignable licenses and permits of Seller; (c) certificates of occupancy related to the Real Estate; (d) unexpired warranties, if any; (e) all keys to all locks on the Real Estate (including any mailboxes), all garage door openers and alarm codes, if any; and (f) all manuals and instruction materials in the possession or control of Seller.

Section 3.02 Fixed Assets.

(a) All of Seller's right, title, and interest in and to the Fixed Assets free and clear of all Encumbrances other than Permitted Encumbrances. Seller shall cause a Bill of Sale and

Assignment, substantially in the form attached hereto as Exhibit B (the "**Bill of Sale and Assignment**"), to be delivered to Buyer on the Closing Date to effect such transfer.

(b) Section 3.02 of the Disclosure Schedule sets forth the Fixed Assets, including the tangible personal property situated at all Seller locations including furniture, fixtures, equipment, which schedule identifies each item of such personal property with reasonable particularity, and describing any Encumbrances thereon. Seller hereby agrees that the personal property to be delivered on the Closing Date shall be substantially the same as the personal property set forth on Section 3.02 of the Disclosure Schedule, ordinary wear and tear excepted, *provided*, that in the event of material damage to the Fixed Assets, Seller shall have the option to repair or replace such Fixed Assets at Seller's sole cost and expense. Seller shall assign to Buyer any manufacturer or supplier warranty covering such Fixed Assets.

Section 3.03 Loans. All Loans (and related Loan Documents and the collateral associated therewith) as of the close of business on the Closing Date, as reflected on the books and records of Seller and set forth on Section 3.03 of the Disclosure Schedule, including Accrued Interest thereon as of the close of business on the Closing Date, pursuant to the Bill of Sale and Assignment. With respect to Shadow Loans, Section 3.03 of the Disclosure Schedule identifies the shadow date, debtor name, account number, outstanding principal balance, accrued and unpaid interest, and fees.

Section 3.04 Liquid Assets. All Liquid Assets shall be assigned to Buyer by Seller pursuant to the Bill of Sale and Assignment attached hereto as Exhibit B as of the close of business on the Closing Date.

Section 3.05 Cash on Hand. All Cash on Hand, less Retained Cash, at all Seller locations including ATM machines as of the close of business on the Closing Date, pursuant to the Bill of Sale and Assignment attached hereto as Exhibit B.

Section 3.06 Records and Routing and Telephone Numbers. All Records related to the Assets transferred or Liabilities assumed by Buyer hereunder and the Routing, Telephone Numbers, and Email Addresses as of the close of business on the Closing Date pursuant to the Bill of Sale and Assignment. Further, Seller shall transfer to Buyer all information related to its website domain and related hosting package, all social media accounts, customer email lists, and any marketing related materials, including all log-in credentials for each platform or online directory utilized by Seller for marketing and promotion.

Section 3.07 Contracts and Bank Accounts. All of Seller's right, title and interest at the close of business on the Closing Date in and to the Contracts and Bank Accounts, less the Retained Cash, pursuant to the Assignment and Assumption Agreement or Bill of Sale and Assignment, as applicable. All Bank Accounts, including Bank Account numbers, balance and purpose of such Bank Account, are identified on Disclosure Schedule 3.07.

Section 3.08 Accounts Receivable. All Accounts Receivable of Seller shall be transferred to Buyer pursuant to the Bill of Sale and Assignment attached hereto as Exhibit B.

Section 3.09 Safe Deposit Boxes and Other Assets. All of the Safe Deposit Boxes and Other Assets of Seller shall be transferred to Buyer pursuant to a Bill of Sale and Assignment attached hereto as Exhibit B.

Section 3.10 Retirement Accounts. With regard to each Retirement Account all of Seller's right, title and interest in and to the related plan or trustee arrangement, and in and to all assets held by Seller pursuant thereto, pursuant to a Retirement Account Transfer Agreement, substantially in the form attached hereto as Exhibit C (the "**Retirement Account Transfer Agreement**"). Pursuant to the terms of such Retirement Account Transfer Agreement, Buyer agrees to assume all of the fiduciary and administrative relationships of Seller arising out of any Retirement Accounts assigned to Buyer pursuant to this Section 3.10, and with respect to such accounts, Buyer shall assume all of the obligations and duties of Seller as fiduciary and/or third party administrator and succeed to all such fiduciary and administrative relationships of Seller as fully and to the same extent as if Buyer had originally acquired, incurred or entered into such fiduciary relationships.

Section 3.11 Allocation. Buyer and Seller agree that the allocation of the Purchase Price among the Assets will be made based on the relative value of the Assets acquired and Liabilities assumed, as required by Section 1060 of the Internal Revenue Code of 1986, as amended (the "**Code**") and agree to utilize such allocation for federal income tax purposes (the "**Purchase Price Allocation**") in the form attached hereto as Disclosure Schedule 3.11. Such Purchase Price Allocation shall be mutually agreed to by Buyer and Seller prior to the Closing Date. Prior to Closing, Seller shall prepare a draft Purchase Price Allocation and shall provide such Purchase Price Allocation to Buyer no later than fifteen (15) days prior to Closing. Buyer shall inform Seller in writing of any disagreements with the amounts allocated on the Purchase Price Allocation within five (5) days after receipt, which Seller shall consider in good faith. The amounts shown on the Purchase Price Allocation shall become final should Buyer fail to so inform Seller of any disagreement within five (5) days after receipt. Any adjustment to the Purchase Price shall be allocated among the Assets consistent with the Purchase Price Allocation. The Purchase Price Allocation will be consistently reflected by each Party on their federal income Tax Returns, if any and similar documents, including, but not limited to, Internal Revenue Service Form 8594. No Party shall file any document or assert any position that conflicts or is inconsistent with such Purchase Price Allocation unless otherwise required pursuant to applicable law, and each Party agrees to inform the other promptly upon receipt of any communication from (or forwarding any communication to) the Internal Revenue Service relating to Form 8594. Each Party shall cooperate fully with the other in filing Form 8594.

Section 3.12 Destruction of Property. Seller will give Buyer prompt written notice of (a) any material fire or casualty on any of the Assets, and (b) any actual or threatened condemnation of all or any part of any of the Real Estate. Upon receipt of such notice, Buyer may, in its sole and exclusive discretion, within five (5) Business Days of receipt of such notice, elect either to: (x) close the Transactions, excluding therefrom the personal property or real property in question and deducting from the Purchase Price an amount equal to Seller's financial reporting book value or market value, whichever is greater, thereof; or (y) close the Transactions, including therein the personal property or real property in question, in which event Seller shall (i) assign, transfer and set over unto Buyer all right, title and interest Seller has in and to any condemnation award, casualty award, insurance policy, insurance payment, or any manner of payment whatever in any way related to the condemnation or casualty, and (ii) in the event of casualty, extent Buyer a credit against the Purchase Price in the amount of any deductible carried under any policy of insurance.

ARTICLE IV
CLOSING

Section 4.01 Closing Date. Subject to the terms and conditions of this Agreement, the consummation of the transactions contemplated by this Agreement shall take place via the electronic exchange and release of signature pages ("**Closing**") on a date mutually agreeable by the Parties within thirty (30) days after the satisfaction or waiver (subject to applicable law) of all the conditions set forth in Article IX (other than those conditions that by their nature can only be satisfied at the Closing, but subject to the satisfaction or waiver thereof) and the receipt of all necessary approvals of the applicable Governmental Authorities and the expiration of any mandatory waiting periods, unless another date, time or place is agreed to in writing by the Parties. The date on which the Closing is to be held is herein called the "**Closing Date**." The Closing shall be deemed to occur at 11:59 p.m. local time on the Closing Date for all purposes (the "**Effective Time**"), and Seller's locations will close for business at 4:00 p.m. local time on the Closing Date.

Section 4.02 Closing Payment. The Purchase Price, as calculated pursuant to Section 2.01(b), and the Reimbursement shall be deposited by Buyer in the Seller Account in immediately available funds on the Closing Date; *provided*, *however*, Seller may direct that portion of Purchase Price be made in satisfaction of certain amounts owed by Holding Company.

Section 4.03 Deliveries by Seller. At or prior to the Closing, Seller shall deliver to Buyer the documents set forth in Section 9.02(d) of this Agreement, and on the Closing Date, Seller shall deliver possession of the Assets to Buyer.

Section 4.04 Deliveries by Buyer. At or prior to the Closing, Buyer shall deliver to Seller the documents set forth in Section 9.01(d) of this Agreement.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF SELLER AND HOLDING COMPANY

On or prior to the date hereof, Seller has delivered to Buyer a schedule ("**Disclosure Schedule**") setting forth, among other things, items the disclosure of which is necessary or appropriate either (i) in response to an express disclosure requirement contained in a provision hereof or (ii) as an exception to one or more representations or warranties of Seller or Holding Company contained in this Agreement, including this Article V, or to one or more of Seller's or Holding Company's covenants contained in this Agreement, including Article VII.

As of the date hereof and as of the Closing Date, Seller and the Holding Company, as the case may be, represents and warrants to Buyer, as follows:

Section 5.01 Organization and Authority. Seller is an Arizona state chartered bank, validly existing, and in good standing (to the extent applicable) with full power and authority to carry on its business as now being conducted and to own and operate the properties which it owns and/or operates. The execution, delivery, and performance by Seller of this Agreement is within its corporate power and have been duly authorized by all necessary corporate action on its part, subject to the approvals referred to in Section 5.02(iv). This Agreement has been duly executed and delivered by Seller and constitutes the valid and legally binding obligation of it, enforceable against it in accordance with its terms, subject to the effect of any bankruptcy, receivership, insolvency,

reorganization, moratorium or similar laws affecting or relating to creditors' rights generally and subject to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (the "**General Exceptions**").

Section 5.02 Conflicts; Consents; Defaults. Except as may be set forth in Section 5.02 of the Disclosure Schedule, neither the execution and delivery of this Agreement by Seller nor the consummation of the Transactions will (a) conflict with, result in the breach of, constitute a default under or accelerate the performance required by, any order, law, regulation, contract, instrument or commitment to which Seller is a party or by which it is bound, which conflict, breach or default would have a Material Adverse Effect, (b) violate the articles of incorporation or bylaws of Seller which violation would have a Material Adverse Effect, (c) require any consent, approval, authorization or filing under any law, regulation, judgment, order, writ, decree, permit, license or agreement to which Seller is a party, or (d) require the consent or approval of any other party to any material contract, instrument or commitment to which Seller is a party, in each case other than (i) the required approvals of this Agreement and the Transactions by the Regulators, (ii) the approval of the Buyer Charter Conversion and Field of Membership Change by the NCUA and the ADIFI (iii) the approval of the Buyer Charter Conversion by the minimum number of affirmative votes of the members of Buyer required by applicable law and Buyer's governing documents, (iv) the approval by Holding Company, as Seller's sole shareholder, of this Agreement and the Transactions, and (v) the approval of this Agreement and the Transactions by the requisite vote of the shareholders of Holding Company.

Section 5.03 Financial Information. Except as set forth in Section 5.03 of the Disclosure Schedule, Seller's unaudited balance sheet as of December 31, 2021, and related unaudited income statement for the year ended December 31, 2021, together with the notes thereto (collectively referred to herein as "**Seller Financial Statements**"), copies of which have been provided or made available to Buyer, have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved (except as may be disclosed therein, and in the case of interim statements, for the absence of footnotes and normal year-end adjustments) and fairly present, in all material respects, the results of operations and cash flows (to the extent applicable) of Seller, as of the dates and for the periods indicated.

Section 5.04 Absence of Changes. Except as set forth in Section 5.04 of the Disclosure Schedule, no events or transactions have occurred since January 31, 2022, which have resulted in a Material Adverse Effect.

Section 5.05 Title to Real Estate.

(a) Except as may be disclosed in Section 5.05 of the Disclosure Schedule, Seller has good, marketable and insurable title to the Seller Real Estate, free and clear of Encumbrances other than Permitted Encumbrances. To the Knowledge of Seller, (i) the Seller Real Estate complies in all material respects with all applicable private agreements, zoning requirements and other governmental laws and regulations relating thereto, and (ii) there are no condemnation proceedings pending or threatened with respect to the Seller Real Estate.

(b) There is no option to purchase, right of first offer, right of first refusal or other provision granting any person any right to acquire the Seller Real Estate.

(c) All permanent certificates of occupancy (unless permanent certificates of occupancy are not yet available based on the scope of construction at the Renovation Project) and other than with respect to the Renovation Project, all other material permits, consents and certificates required by all Governmental Authorities having jurisdiction and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions), have been issued for, and in connection with the operation of, the Seller Real Estate, have been paid for, and are in full force and effect; there are no agreements, consent orders, decrees, judgments, licenses, permits, conditions or other directives, issued by a Governmental Authority or court which restrict the future use, or require any change in the present use, or operations of the Seller Real Estate.

(d) Except as set forth on Schedule 5.05(d) of the Disclosure Schedule, to the Knowledge of Seller, there are no defects in the buildings, improvements and structures and fixtures located on or at the Seller Real Estate which would materially impair or impact the conduct of the business of Seller on the Closing Date. The mechanical, electrical, plumbing, HVAC and other systems servicing the Seller Real Estate are in good working order and repair, ordinary wear and tear excepted, and, to the Knowledge of Seller, there are no defects in such systems which would reasonably be expected to materially impair or impact the conduct of the business of Seller in the ordinary course as of the Closing Date.

(e) All utilities currently servicing the Seller Real Estate are installed, connected and operating in all material respects, with all charges due and owing paid in full. The Seller Real Estate is served by all utilities reasonably required to operate the business in accordance with past practices and there are no material inadequacies with respect to such utilities, and no fact or condition exists which would reasonably be expected to result in the termination or restriction of the future access from the Seller Real Estate to any presently existing highways or roads adjoining or situated on the Seller Real Estate or to any sewer or other utility facility servicing, adjoining or situated on the Seller Real Estate.

Section 5.06 Title to Assets Other Than Real Estate. Seller is the lawful owner of and has good and marketable title to the Loans, Liquid Assets, Cash on Hand, cash in the Bank Accounts, Prepaid Expenses, Accounts Receivable, the Fixed Assets and the Other Assets owned by it, free and clear of all Encumbrances other than the lien of the FHLB with respect to certain of the Loans and Permitted Encumbrances. Delivery to Buyer of the instruments of transfer of ownership contemplated by this Agreement will vest in Buyer good and marketable title to any Loans, the Fixed Assets owned by it, Liquid Assets, Cash on Hand, cash in the Bank Accounts, Prepaid Expenses, Accounts Receivable, all Records and the Other Assets, free and clear of all Encumbrances, other than the lien of the FHLB and Permitted Encumbrances. The Assets comprise all of the assets used or necessary for the operation of Seller's business in all material respects as presently conducted, other than the Excluded Assets to the extent they may be considered to be used or necessary for the operation of Seller's business. The information required to be set forth on Section 3.02 of the Disclosure Schedule pursuant to the definition of "**Fixed Assets**" is accurate, true and complete in all material respects.

Section 5.07 Loans. Seller represents and warrants as to each Loan that, except as may be set forth in Section 5.07 of the Disclosure Schedule:

(a) Seller is the sole owner and holder of the Loan and all servicing rights relating thereto. The Loan is not assigned or pledged (other than to the FHLB), and Seller has good and marketable title thereto. Seller has the full right, subject to no interest or participation of, or agreement with, any other party (other than to the FHLB), to sell and assign the Loan to Buyer, free and clear of any right, claim or interest of any person or entity (other than to the FHLB), and such sale and assignment to Buyer will not impair the enforceability of the Loan.

(b) Except for any Unfunded Commitment, the full principal amount of the Loan has been advanced to the Loan Debtor, either by payment direct to him or her, or by payment made on his or her approval, and there is no requirement for future advances thereunder. The unpaid principal balance of each Loan and the amount of the Unfunded Commitment in each case as of January 31, 2022, is as stated on Section 3.03 of the Disclosure Schedule.

(c) To Seller's Knowledge, each of the Loan Documents is genuine, and each is the legal, valid and binding obligation of the maker thereof, subject to the General Exceptions. To the Knowledge of Seller, all parties to the Loan Documents had legal capacity to enter into the Loan Documents and the Loan Documents have been duly and properly executed by such parties.

(d) All federal, state and local laws and regulations affecting the origination, administration and servicing of the Loans prior to the Closing Date, including without limitation, truth-in-lending, real estate settlement procedures, consumer credit protection, the Fair Debt Collection Practices Act, the Military Lending Act, the Small Business Act equal credit opportunity and disclosure laws, have been complied with in all material respects, except where the failure to do so would not have a Material Adverse Effect. Without limiting the generality of the foregoing, Seller has timely provided all disclosures, notices, estimates, statements and other documents required to be provided to the Loan Debtor under applicable law and has documented receipt of such disclosures, estimates, statements and other documents as required by law and prudent loan origination policies and procedures except where the failure to do so would not have a Material Adverse Effect.

(e) To Seller's Knowledge, the Loan Debtor has no rights of rescission, setoff, counterclaims, or defenses to the Loan Documents, except such defenses arising by virtue of bankruptcy, creditors' rights laws, and general principles of equity. Disclosure Schedule 5.07(e) contains a list of all Loans (including outstanding balance, interest rate and collateral) to directors, officers or any other person subject to Regulation O, 12 C.F.R. Part 215, and such Loans are in conformity in all material respects with all regulatory requirements and currently performing.

(f) Except as set forth on Section 5.07(f) of the Disclosure Schedule, as of the date hereof, (i) no Loan is in default, nor, to Seller's Knowledge, is there any event applicable to a Loan where with the giving of notice or the passage of time, would constitute a default; and (ii) no Loan is classified as substandard, doubtful, or loss or is on non-accrual status.

(g) Seller has not modified such Loan in any material respect, waived any material provision of or default under such Loan or the related Loan Documents, or agreed to forebear from exercising its rights at law or under the applicable Loan Documents with respect to any Loan, with respect to each of the above except in accordance with its customary loan

administration policies and procedures. Any such modification or waiver is in writing and is contained in the Loan file.

(h) Seller has taken all actions to cause each secured Loan to have a perfected security interest in collateral having first priority or such other priority as is required by the relevant loan approval for such Loan. Disclosure Schedule 5.07(h) shall identify each Loan in which collateral has not been perfected in the manner required by this Section.

(i) To Seller's Knowledge, the Loan Debtor is the owner of all collateral for such Loan except as otherwise set forth in the Loan Documents or related Loan file, free and clear of any Encumbrance except for the security interest in favor of Seller and any other Encumbrance expressly permitted under the relevant loan approval or Loan Documents.

(j) Notwithstanding the forgoing or anything to the contrary herein, Seller makes no representation as to (i) the collectability of any of the Loans due to any borrower's financial inability to pay, (ii) the present sufficiency of value of any collateral securing the Loans, or (iii) the present sufficiency of value of any real property acquired in foreclosure or in lieu of foreclosure in the course of the collection of Loans and being held for disposition as required by law.

Section 5.08 Residential and Commercial Mortgage Loans and Certain Business Loans. Except as set forth in Section 5.08 of the Disclosure Schedule, Seller represents and warrants as to each Residential Mortgage Loan, Commercial Mortgage Loan and Business Loan that is secured in whole or in part by a Mortgage that:

(a) The Mortgage is a valid first lien on the Mortgaged Property securing the related Loan (or a subordinate lien if expressly permitted under the relevant loan approval report), and the Mortgaged Property is free and clear of all Encumbrances having priority over the first lien (or if a subordinate lien, such subordinate lien has priority over any other lien that is known to Seller and that is not identified in the relevant loan approval as having priority over the subordinate lien) of the Mortgage, except for Permitted Encumbrances, was supported by a sufficient equity pursuant to the Seller's applicable underwriting standards at the time such Home Equity Loan was originated, and, in the case of a Home Equity Loan or a Mortgage securing a guarantee of a Business Loan, the permitted lien of the senior mortgage or deed of trust.

(b) To Seller's Knowledge, the Mortgage contains customary provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security provided thereby, including, (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale, and (ii) otherwise by judicial foreclosure.

(c) Except as set forth in the Loan file, all of which actions were taken in the ordinary course of business, Seller has not (i) satisfied, canceled, or subordinated the Loan in whole or in part; (ii) released the Mortgaged Property, in whole or in part, from the lien of the Loan; or (iii) executed any instrument of release, cancellation, modification, or satisfaction.

(d) To Seller's Knowledge, all real estate taxes, government assessments, insurance premiums, and municipal charges, and leasehold payments which previously became due and

owing have been paid. Except as set forth in the Loan file, if applicable, Seller has not advanced funds, or induced, solicited, or knowingly received any advance of funds by a party other than the Loan Debtor.

(e) To Seller's Knowledge, there is no proceeding pending for the total or partial condemnation of the Mortgaged Property and the Mortgaged Property is undamaged by waste, earth movement, fire, flood, windstorm, earthquake, or other casualty.

(f) To Seller's Knowledge, the Mortgaged Property is free and clear of all mechanics' liens or liens in the nature thereof, and no rights are outstanding that under law could give rise to any such lien.

(g) To Seller's Knowledge, all of the improvements which are included for the purpose of determining the appraised value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of the Mortgaged Property, and no improvements on adjoining properties encroach upon the Mortgaged Property, except as allowed by Seller's underwriting guidelines.

(h) Except as set forth on Section 5.08(h) the Disclosure Schedule, to Seller's Knowledge, (i) the Seller is in compliance with all obligations with MERS®, (ii) is in compliance with its obligations under the Home Mortgage Disclosure Act ("**HMDA**") and has not made any late filings, and (iii) all Loans secured by real estate have current flood monitoring and tax monitoring services.

(i) The Loan meets, or is exempt from, applicable state or federal laws, regulations and other requirements pertaining to usury, and the Loan is not usurious.

(j) Each Loan for which private mortgage insurance was required by Seller under its underwriting guidelines is insured by a reputable private mortgage insurance company; each such insurance policy is in full force and effect; and all premiums due thereunder have been paid. The Seller provided private mortgage insurance disclosures and notices to each debtor of a Loan requiring private mortgage insurance. Disclosure Schedule 5.08(j) specifies each Loan with private mortgage insurance.

(k) No claims have been made under any Lender's Title Insurance Policy respecting any of the Mortgaged Property, and Seller has not done, by act or omission, anything which would impair the coverage of any such Lender's Title insurance Policy.

(l) To Seller's Knowledge, there is in force for each Loan, a hazard insurance policy, including, to the extent required by applicable law, flood insurance. All such insurance policies contain a standard mortgagee clause naming Seller and its successors and assigns as mortgagee, and all premiums thereon have been paid. The Mortgage obligates the Loan Debtor thereunder to maintain the hazard insurance policy at the Loan Debtor's cost and expense and, on the Loan Debtor's failure to do so, authorizes the holder of the Mortgage to obtain and maintain such insurance at such Loan Debtor's cost and expense, and to seek reimbursement therefor from the Loan Debtor. Seller has not engaged in, and has no Knowledge of the Loan Debtor's having engaged in, any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for therein, or the validity and binding effect of either.

(m) As to each Residential Mortgage Loan, the Mortgaged Property consists of a one- to four-family, owner-occupied primary residence, second home or investment property.

(n) Except for any Loan that only represents a participation interest, the Loan was originated and underwritten in the ordinary course of Seller's business and by an authorized employee of Seller. Any Loan that only represents a participation interest was underwritten in the ordinary course of Seller's business and by an authorized employee of Seller.

(o) Neither (i) the information presented as factual concerning the income, employment, credit standing, purchase price and other terms of sale, payment history or source of funds submitted to Seller for the purpose of making the Loan, nor (ii) the information presented as factual in the appraisal with respect to the Mortgaged Property, contained, to Seller's Knowledge, any material omission or misstatement or other material discrepancy at the time the information was obtained by Seller.

(p) All appraisals have been ordered, performed and rendered in accordance with the requirements of the underwriting guidelines of Seller and in compliance, in all material respects, with all laws and regulations then in effect relating and applicable to the origination of Loans, which requirements include, without limitation, requirements as to appraiser independence, appraiser competency and training, appraiser licensing and certification, and the content and form of appraisals.

(q) To Seller's Knowledge, no Mortgaged Property is in violation of any Environmental Law.

(r) To Seller's Knowledge, all Loans made in connection with the SBA's loan guarantee program remain in compliance with such servicing requirements. Further, no actions or defaults have occurred that would cause Seller to be ineligible to receive the program guarantees as a result of such action, default or inaction.

(s) Seller has completed all annual due diligence and made appropriate adjustments to credit risk ratings of such underlying Loans. Further, the current risk ratings of the Loans were determined in compliance with Seller's policies and procedures in the ordinary course of operation.

(t) None of the Commercial Mortgage Loans or Business Loans are intended to meet the guidelines or specifications of FNMA or FHLMC.

Section 5.09 Auto Receivables. Seller represents and warrants to Buyer as to any Auto Receivable that:

(a) The Auto Receivable represents a bona fide sale or finance of the vehicle described therein to the vehicle purchaser or owner for the amount set forth therein;

(b) The vehicle described in the Auto Receivable has been delivered to and accepted by the vehicle purchaser and such acceptance shall not have been revoked;

(c) The security interest created by the Auto Receivable is a valid first lien in the motor vehicle covered by the Auto Receivable and all action has been taken to create and perfect such lien in such motor vehicle within such time following the date of the Auto Receivable as will afford first priority status;

(d) The down payment relating to such Auto Receivable has been paid in full by the vehicle purchaser in cash and/or trade as shown in such Auto Receivable, and no part of the down payment consisted of notes or postdated checks;

(e) The statements made by the vehicle purchaser or owner and the information submitted by the vehicle purchaser or owner in connection with the Auto Receivable are true and complete to Seller's Knowledge;

(f) Each Auto Receivable complies, in all material respects, with all applicable provisions of laws and regulation which are applicable to the transaction represented by the Auto Receivable.

(g) Seller has no Knowledge of any circumstances or conditions with respect to the Auto Receivable, the related vehicle, the vehicle purchaser or owner, or vehicle purchaser's or owner's credit standing that can be expected to adversely affect Seller's security interest in the Auto Receivable.

Section 5.10 Unsecured Loans. Except as set forth on Section 5.10 of the Disclosure Schedule, or as provided in Section 5.10 of the Disclosure Schedule or in the case of any Unsecured Loan of less than $1,000, no Unsecured Loan has been charged-off since January 31, 2022, under Seller's normal procedures.

Section 5.11 Allowance. Except as set forth in Section 5.11 of the Disclosure Schedule, the Allowance shown on the Seller Financial Statements as of December 31, 2021, with respect to the Loans is as of such date adequate in the judgment of management of Seller and consistent with applicable regulatory standards and GAAP to provide for possible losses on items for which reserves were made.

Section 5.12 Investments. Except for investments pledged to secure Federal Home Loan Bank advances or public deposits or as otherwise set forth in Section 5.12 of the Disclosure Schedule, none of the investments reflected in the Seller Financial Statements as of December 31, 2021, and none of the investments made by Seller since December 31, 2021, are subject to any restriction, whether contractual or statutory, which materially impairs the ability of Seller to dispose freely of such investment at any time and each of such investments complies with regulatory requirements concerning such investments.

Section 5.13 Deposits.

(a) Seller has made available (or will make available) to Buyer a true and complete copy of the account forms for all Deposits offered by Seller. Except as listed in Section 5.13 of the Disclosure Schedule, all the accounts related to the Deposits are in material compliance with all applicable laws, orders and regulations and were originated in material compliance with all applicable laws, orders and regulations.

(b) Section 5.13(b) of the Disclosure Schedule contains a true and correct schedule of the Deposits prepared as of the date indicated thereon (which shall be updated through the Closing Date), listing by category and the amount of such deposits, together with the amount of Accrued Interest thereon. All Deposits are insured to the fullest extent permissible by the FDIC. Subject to the receipt of all requisite regulatory approvals, Seller has and will have at the Closing Date all rights and full authority to transfer and assign the Deposits without restriction. As of the date hereof, with respect to the Deposits:

(1) Subject to items returned without payment in full ("**Return Items**") and immaterial bookkeeping errors, all interest accrued or accruing on the Deposits has been properly credited thereto, and properly reflected on Seller's books of account, and Seller is not in default in the payment of any thereof;

(2) Subject to Return Items and immaterial bookkeeping errors, Seller has timely paid and performed all of its obligations and liabilities relating to the Deposits as and when the same have become due and payable;

(3) Subject to immaterial bookkeeping errors, Seller has administered all of the Deposits in accordance with applicable duties and good and sound financial practices and procedures, and has properly made all appropriate credits and debits thereto; and

(4) None of the Deposits are subject to any Encumbrances or any legal restraint or other legal process, other than Loans, customary court orders, levies, and garnishments affecting the depositors, and control agreements for secured parties, all of which Encumbrances (other than Loans, customary court orders, levies, garnishments and control agreements) are described on Section 5.13(b) of the Disclosure Schedule.

Section 5.14 Contracts. All of the Contracts of the Seller are set forth on Section 5.14 of the Disclosure Schedule, constitute the legal, valid and binding obligations of Seller and the other parties thereto, enforceable in accordance with their terms (except as enforceability may be limited by General Exceptions). Seller is not in default under any of the Contracts and, to the Knowledge of Seller, no other party to any of the Contracts is in default thereunder. Except as set forth on Section 5.14 of the Disclosure Schedule, each of the Contracts may be assigned to Buyer by Seller without the approval or consent of any other Person. For the avoidance of doubt, Section 5.14 of the Disclosure Schedule excludes loan agreements that will be indefeasibly satisfied by the Seller at the Closing, agreements for Loans owned by Seller and set forth in Section 3.03 of the Disclosure Schedule, and Deposits agreements of Seller (other than Deposit agreements for Bank Accounts), and such agreements are excluded from the definition of Contracts for purposes of this Agreement. Seller has delivered or made available to Buyer true and correct copies of each of the Contracts and all attachments and addenda thereto. Section 5.14 of the Disclosure Schedule lists or describes the following:

(a) Each loan and credit agreement, conditional sales contract, indenture or other title retention agreement or security agreement relating to money borrowed by Seller;

(b) Each guaranty by Seller of any obligation for the borrowing of money or otherwise (excluding any endorsements and guarantees in the ordinary course of business and letters of credit issued by Seller in the ordinary course of its business) or any warranty or indemnification agreement;

(c) Each lease or license with respect to personal property involving an annual amount in excess of $10,000;

(d) Each lease with respect to real property;

(e) Each employment or consulting agreement or arrangement with respect to each employee of Seller; and

(f) Each agreement, loan, contract, lease, guaranty, letter of credit, line of credit or commitment of Seller not referred to elsewhere in this Section which (i) involves payment by Seller (other than as disbursement of loan proceeds to customers) of more than $10,000 annually or $25,000 in the aggregate over its remaining term unless, in the latter case, such is terminable within one (1) year without premium or penalty; (ii) involves payments based on profits of Seller; (iii) relates to the future purchase of goods or services in excess of the requirements of its respective business at current levels or for normal operating purposes; or (iv) were not made in the ordinary course of business.

Section 5.15 Tax Matters.

(a) Seller has filed with the appropriate governmental agencies all federal, state and local income, franchise, excise, sales, use, real and personal property and other tax returns and reports required to be filed by it. Seller is not (a) delinquent in the payment of any taxes shown on such returns or reports or on any assessments received by it for such taxes; (b) aware of any pending or threatened examination for income taxes for any year by the IRS or any state tax agency; (c) subject to any agreement extending the period for assessment or collection of any federal or state tax; or (d) a party to any action or proceeding with, nor has any claim been asserted against it by, any Governmental Authority for assessment or collection of taxes. To Seller's Knowledge, Seller is not the subject of any threatened action or proceeding by any Governmental Authority for assessment or collection of taxes. The reserve for Taxes in the unaudited financial statements of Seller as of December 31, 2021, is, in the opinion of management of Seller, adequate to cover all of the Tax liabilities of Seller (including, without limitation, income Taxes and franchise fees) as of such date in accordance with GAAP.

(b) All income and other material Tax Returns required to be filed by Seller and the Holding Company for any taxable period (or portion thereof) ending on or before the Closing Date (a "**Pre-Closing Tax Period**") have been, or will be, timely filed with the appropriate Governmental Authority. All income and other material Taxes due and owing by Seller and the Holding Company (whether or not shown on any Tax Return) have been, or will be, timely paid to the appropriate Governmental Authorities. No claim has been made in writing by any Governmental Authority in a jurisdiction where neither Seller nor the Holding Company files Tax Returns that Seller or the Holding Company, as applicable, is or may be subject to Tax by that jurisdiction or required to file a Tax Return in that jurisdiction. There are no Encumbrances for

Taxes (other than Permitted Encumbrances) on or encumbering any of the Transferred Assets of Seller or the Holding Company.

(c) Each of Seller and the Holding Company has, or will have prior to Closing, withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied in all material respects with information reporting and backup withholding provisions of applicable law. All such Tax planning shall be referenced in the Plan of Dissolution provided to the Buyer no later than April 30, 2022.

(d) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of Seller or the Holding Company. Neither Seller nor the Holding Company has agreed to any extension of time for an assessment or deficiency related to Taxes. All deficiencies asserted, or assessments made, in writing against Seller or the Holding Company as a result of any examinations by any Governmental Authority have been, or will be, fully and timely paid. Neither Seller nor the Holding Company is a party to any action by any Governmental Authority with respect to Taxes, and there are no pending or, to the Knowledge of Seller or the Holding Company, actions threatened in writing against the Seller by any Governmental Authority.

(e) Neither Seller nor the Holding Company is a "foreign person" within the meaning of Treasury Regulations Section 1.1445-2.

(f) Neither Seller nor the Holding Company is, nor has ever been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b) (or any corresponding or similar provision of state, local or foreign Tax law).

(g) None of the Transferred Assets of Seller or the Holding Company is (i) "tax-exempt use property" within the meaning of Section 168(h) of the Code or "tax-exempt bond financed property" within the meaning of Section 168(g)(5) of the Code; (ii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code; (iii) directly or indirectly securing any debt the interest on which is tax-exempt under Section 103(a) of the Code; (iv) an interest in a partnership (including any entity treated as a partnership for federal income tax purposes); (v) other than the stock of Seller wholly owned by the Holding Company, an interest in a corporation (including any entity treated as an association taxable as a corporation for federal income tax purposes); or (vi) an interest in an entity treated as a disregarded entity for federal income tax purposes (within the meaning of Treasury Regulations Section 301.7701-3).

(h) Neither Seller nor the Holding Company is a party to or bound by any Tax allocation, Tax sharing agreement, Tax indemnity or similar contract or arrangement.

(i) No private letter rulings, technical advice memoranda or similar agreements or rulings have been requested, entered into or issued by any Governmental Authority with respect to Seller or the Holding Company.

Section 5.16 Employee Matters.

(a) Except as may be disclosed in Section 5.16 of the Disclosure Schedule, Seller has not entered into any collective bargaining agreement with any labor organization with respect to any group of employees of Seller, and to the Knowledge of Seller, there is no present effort nor existing proposal to attempt to unionize any group of employees of Seller.

(b) Except as may be disclosed in Section 5.16(b) of the Disclosure Schedule, (i) Seller is and has been in material compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, including, without limitation, any such laws respecting employment discrimination and occupational safety and health requirements, and Seller is not engaged in any unfair labor practice; (ii) there is no unfair labor practice complaint against Seller pending or, to the Knowledge of Seller, threatened before the National Labor Relations Board; (iii) there is no labor dispute, strike, slowdown or stoppage actually pending or, to the Knowledge of Seller, threatened against or directly affecting Seller; (iv) Seller has not experienced any work stoppage or other such labor difficulty during the past five years; (v) Seller has not been notified or has reason to believe that an EEOC complaint has been or will be filed; and (vi) Seller has not been notified or has reason to believe that a Department of Labor complaint, proceeding, or action has been filed or is pending.

Section 5.17 Employee Benefit Plans.

(a) Each Employee Benefit Plan of Seller (and each related trust, insurance contract, or fund) is set forth is Section 5.17(a) of the Disclosure Schedule and complies in form and in operation in all material respects with the applicable requirements of ERISA, the Code, and other applicable legal requirements. No such Employee Benefit Plan is under audit by the IRS or the U.S. Department of Labor. Seller provided to Buyer true and correct copies of each Employee Benefit Plan.

(b) All premiums or other payments due for all periods ending on or before the Closing Date have been paid or will be paid with respect to each Employee Benefit Plan that is an Employee Welfare Benefit Plan of Seller.

(c) Except for the life insurance policies insuring one or more employees or officers of the Seller set forth on Disclosure Schedule 5.17, Seller is not party to any life insurance policies.

(d) All of Seller's Bank Owned Life Insurance (collectively, "**BOLI**") policies set forth on Disclosure Schedule 5.17(d) are fully paid, with no further premium payments due or owing, and are assignable to the Buyer.

(e) Except for the agreements with the employees set forth on Disclosure Schedule 5.17(e), Seller is not a party to or bound by any employment, change in control or similar type agreement with any employee or service provider.

(f) Except as set forth on Disclosure Schedule 5.17(f), there are no outstanding options, warrants or convertible securities relating to the common stock of Holding Company.

Section 5.18 Environmental Matters.

(a) As used in this Agreement, "**Environmental Laws**" means all local, state and federal environmental, health and safety laws and regulations in all jurisdictions in which Seller has done business or owned, leased or operated property, including, without limitation, the Federal Resource Conservation and Recovery Act, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Federal Clean Water Act, the Federal Clean Air Act, and the Federal Occupational Safety and Health Act, which pertain to Hazardous Materials; and "**Hazardous Materials**" means (A) pollutants, contaminants, pesticides, petroleum or petroleum products, radioactive substances, solid wastes or hazardous or extremely hazardous, special, dangerous, or toxic wastes, substances, chemicals or materials which are considered to be hazardous or toxic under any Environmental Law, including any "hazardous substance" as defined in or under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C., Sec. 9601, et seq., as amended and reauthorized, and any "hazardous waste" as defined in or under the Resource Conservation and Recovery Act, 42 U.S.C., Sec. 6902, et seq., and all amendments thereto and reauthorizations thereof, and (B) any other pollutants, contaminants, hazardous, dangerous or toxic chemicals, materials, wastes or other substance, including any industrial process or pollution control waste or asbestos, which pose a risk to the health and safety or any person, but specifically excluding any such substances to the extent used in *de minimis* quantities and to the extent strictly for household or general office purposes.

(b) Except as may be disclosed in Section 5.18(b) of the Disclosure Schedule, to the Knowledge of Seller, (A) Seller is in material compliance with applicable Environmental Laws; (B) there has been no release of Hazardous Materials at or affecting the Seller Real Estate or any Current OREO, in each case which has given or reasonably would be expected to give rise to liability of Seller in excess of $75,000; (C) there are no Hazardous Materials in the soils, groundwater or surface waters of the Seller Real Estate or any Current OREO that exceed applicable clean-up levels under Environmental Laws; (D) no Seller Real Estate or any Current OREO is currently listed on or proposed for listing on the United Stated Environmental Protection Agency's National Priorities List, or any other analogous state governmental list of properties or sites that require investigation, remediation or other response action under applicable Environmental Laws; (E) Seller did not authorize or permit any policy waivers with respect to Seller Real Estate or Current OREO; and (F) Seller has made disclosure of all known environmental matters, inclusive of providing to the Buyer all Phase I Environmental Site Assessments and/or Phase II Environmental Site Assessments performed by or for Seller with respect to the Real Estate. Except as may be disclosed in Section 5.18(b) of the Disclosure Schedule, and to the Knowledge of Seller, Seller has not received any notice from any person or entity that Seller is or was in violation of any Environmental Law or that Seller is responsible (or potentially responsible) for the cleanup or other remediation of any Hazardous Materials at, on or beneath any such property.

Section 5.19 No Undisclosed Liabilities. Seller does not have any material liability, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due (and, to the Knowledge of Seller, there is no past or present fact, situation, circumstance, condition or other basis for any present or future action, suit or proceeding, hearing, charge, complaint, claim or demand against Seller giving rise to any such liability) required in accordance with GAAP to be reflected in an

audited balance sheet of Seller or the notes thereto, except (i) for liabilities set forth or reserved against in the Seller Financial Statements, (ii) for liabilities occurring in the ordinary course of business of Seller since January 31, 2022, (iii) liabilities relating to the possible transactions contemplated by this Agreement, and (iv) as may be disclosed in Section 5.19 of the Disclosure Schedule.

Section 5.20 Litigation. Except as set forth in Section 5.20 of the Disclosure Schedule, there is no action, suit, proceeding or investigation pending against Seller or to the Knowledge of Seller threatened against or affecting Seller, before any court or arbitrator or any Governmental Authority, agency, or official involving a monetary claim for $15,000 or more or equitable relief (*i.e.*, specific performance or injunctive relief). In addition, Section 5.20 of the Disclosure Schedule identifies each action, suit, proceeding or investigation pending against Seller concluded within five (5) years prior to the date of this Agreement.

Section 5.21 Performance of Obligations. Seller has performed in all material respects all obligations required to be performed by it to date under the Contracts, the Deposits, and the Loan Documents, and Seller is not in material default under, and, to Seller's Knowledge, no event has occurred which, with the lapse of time or action by a third party, could result in a material default under, any such agreements or arrangements.

Section 5.22 Compliance with Law. Seller has all licenses, franchises, permits and other governmental authorizations that are legally required to enable it to conduct its business in all material respects and has conducted its business in compliance in all material respects with all applicable federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable thereto or to the employees conducting such businesses. Seller and each of its subsidiaries have complied in all material respects with and are not in material default or violation under any law applicable to Seller or any of its subsidiaries, including (to the extent applicable to Seller or its subsidiaries), all laws related to data protection or privacy, the USA PATRIOT Act, the Equal Credit Opportunity Act and Regulation B, the Fair Housing Act, the Fair Credit Reporting Act, the Truth in Lending Act and Regulation Z, the Home Mortgage Disclosure Act, the Fair Debt Collection Practices Act, the Electronic Fund Transfer Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Economic Growth, Regulatory Relief and Consumer Protection Act, any regulations promulgated by the Consumer Financial Protection Bureau, the Foreign Corrupt Practices Act, the SAFE Mortgage Licensing Act of 2008, the Real Estate Settlement Procedures Act and Regulation X, and any other law relating to bank secrecy, discriminatory or abusive or deceptive lending or any other product or service, financing or leasing practices, money laundering prevention, and all agency requirements relating to the origination, sale and servicing of mortgage and consumer loans. Neither Seller nor any of its subsidiaries has been given notice or been charged with any violation of, any law which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on Seller.

Section 5.23 Brokerage. Except for Seller's agreement with Hovde Group there are no existing claims or agreements for brokerage commissions, finders' fees, or similar compensation in connection with the transactions contemplated by this Agreement payable by Seller.

Section 5.24 Interim Events. Except as set forth in Section 5.24 of the Disclosure Schedule, since January 31, 2022, Seller has not paid or declared any dividend or made any other distribution

to its shareholders or taken any other action which if taken after the date of this Agreement would require the prior written consent of Buyer under Section 7.06 hereof. Since January 31, 2022, Seller has not accepted any new CDAR accounts.

Section 5.25 Records. The Records to be delivered to Buyer under Section 3.06 of this Agreement are and shall be sufficient to enable Buyer to conduct a banking business with respect thereto under the same standards as Seller has heretofore conducted such business. Seller shall not retain any Records other than those Records strictly necessary and required, as determined by Seller, for the disposition of Seller's charter and Seller's voluntary dissolution on or after the Closing Date.

Section 5.26 Community Reinvestment Act. Seller received a rating of "Satisfactory" in its most recent examination or interim review with respect to the Community Reinvestment Act. Seller has not been advised of any supervisory concerns regarding its compliance with the Community Reinvestment Act.

Section 5.27 Insurance. All material insurable properties owned or held by Seller are adequately insured by financially sound and reputable insurers in such amounts and against fire and other risks insured against by extended coverage and public liability insurance, as is customary with banks of similar size and location. Section 5.27 of the Disclosure Schedule sets forth, for each material policy of insurance maintained by Seller the amount and type of insurance, the name of the insurer and the amount of the annual premium. All amounts due and payable under such insurance policies are fully paid, and all such insurance policies are in full force and effect.

Section 5.28 Regulatory Enforcement Matters. Except as may be disclosed in Section 5.28 of the Disclosure Schedule, Seller is not subject to, and has received no notice or advice that it may become subject to, any order, agreement or memorandum of understanding with any federal or state agency charged with the supervision or regulation of banks or bank holding companies or engaged in the insurance of financial institution deposits or any other governmental agency having supervisory or regulatory authority with respect to Seller, including, without limitation, any orders imposing fines, disgorgement, or civil penalties.

Section 5.29 Regulatory Approvals. The information furnished or to be furnished by Seller for the purpose of enabling Seller or Buyer to complete and file all requisite regulatory applications for approval of the Transactions is or will be true and complete in all material respects as of the date so furnished. Except as set forth in Section 5.29 of the Disclosure Schedule, there are no facts Known to Seller which, insofar as Seller can now reasonably foresee, may have a material adverse effect on the ability of Buyer or Seller to obtain all requisite regulatory approvals for the Transactions or for Seller to perform its obligations pursuant to this Agreement.

Section 5.30 Representations Regarding Financial Condition.

(a) Seller is not entering into this Agreement in an effort to hinder, delay or defraud its creditors.

(b) Seller is not insolvent.

(c) Seller has no intention to file proceedings for bankruptcy, insolvency or any similar proceeding for the appointment of a receiver, conservator, trustee, or guardian with respect to its business or assets prior to the Closing.

Section 5.31 Participation Loans. Disclosure Schedule 5.31 fully describes all outstanding Loans in which Seller has participated with other parties either as the originating lender or otherwise and, except as disclosed in Disclosure Schedule 5.07, to Seller's Knowledge, Seller has no obligation as originating lender to repurchase any participation interest in such Loans and Seller shall not repurchase any such Loan participations prior to the Closing Date except as specifically required by the terms of the applicable loan participation agreement, and Seller shall notify Buyer prior to making any such repurchase(s).

Section 5.32 Limitation of Warranties. EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, SELLER EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE ASSETS OR WITH RESPECT TO ANY OTHER ASSETS BEING TRANSFERRED TO OR LIABILITIES BEING ASSUMED BY BUYER, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE, AND ANY REPRESENTATIONS OR WARRANTIES REGARDING COMPLIANCE OF OR BY THE REAL ESTATE OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY, INCLUIDNG ENVIRONMENTAL LAWS, THE MANNER OR QUALITY OF THE CONSTRUCTION OF MATERIALS INCORPORATED INTO THE REAL ESTATE, OR THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE REAL ESTATE.

Section 5.33 Escrow/Impound Accounts. Disclosure Schedule 5.33 identifies each escrow or impound account (each, an "**Impound Account**") whereby a customer or client of the Seller deposits on a periodic basis funds to satisfy certain obligations incurred by such Deposit holder to the Seller or otherwise. Not later than the Closing the Seller shall undertake an analysis of each Impound Account, shall notify the account holder of such Impound Account and close all such Impound Accounts. Buyer shall have no liability to service any Impound Account or undertake any analysis of such Impound Account.

Section 5.34 Aircraft Loans. Except as set forth in Disclosure Schedule 5.34:

(a) Each Aircraft Loan represents a bona fide sale or finance of the aircraft described therein to the aircraft purchaser or owner for the amount set forth therein;

(b) The aircraft described in the aircraft loan documentation has been delivered to and accepted by the aircraft purchaser and such acceptance shall not have been revoked;

(c) The security interest created by the Aircraft Loan is a valid first lien perfected in Oklahoma City with the Federal Aviation Administration and all action has been taken to afford first priority status;

(d) The down payment relating to such Aircraft Loan has been paid in full by the aircraft purchaser in cash and/or trade as shown in such Aircraft Loan documentation, and no part of the down payment consisted of notes or postdated checks;

(e) The statements made by the aircraft purchaser or owner and the information submitted by the aircraft purchaser or owner in connection with the Aircraft Loan are true and complete in all material respects to Seller Knowledge; and

(f) Each Aircraft Loan complies, in all material respects, with all applicable provisions of laws and regulation which are applicable to the transaction represented by the Aircraft Loan.

Section 5.35 Disclosure. No representation or warranty contained in this Article V and no statement or information relating to Seller or any assets or liabilities contained in (i) this Agreement (including the Disclosure Schedules and Exhibits hereto), or (ii) in any certificate or document furnished or to be furnished by or on behalf of Seller to Buyer pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements made herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF BUYER

On or prior to the date hereof, Buyer has delivered to Seller a schedule ("**Buyer Disclosure Schedule**") setting forth, among other things, items the disclosure of which is necessary or appropriate either (i) in response to an express disclosure requirement contained in a provision hereof or (ii) as an exception to one or more representations or warranties contained in this Article VI or to one or more of Buyer's covenants contained in Article VII.

As of the date hereof and as of the Closing Date, Buyer represents and warrants to Seller and Holding Company as follows:

Section 6.01 Organization and Authority. Buyer is a federally chartered credit union, duly organized, validly existing, and in good standing (to the extent applicable), with full power and authority to carry on its business as now being conducted and to own and operate the properties which it now owns and/or operates. The execution, delivery, and performance by Buyer of this Agreement are within Buyer's corporate power, and have been duly authorized by all necessary

corporate action. The board of directors of Buyer has unanimously approved this Agreement and the Transactions, the Buyer Charter Conversion and Field of Membership Change and determined that the Transactions, the Buyer Charter Conversion and Field of Membership Change are advisable and in the best interests of Buyer and the members of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and legally binding obligation of Buyer, enforceable against it in accordance with its terms, subject to the General Exceptions.

Section 6.02 Conflicts; Consents, Defaults. Except as set forth on the Buyer Disclosure Schedules, neither the execution and delivery of this Agreement by Buyer nor the consummation of the Transactions, the Buyer Charter Conversion or Field of Membership Change will (a) conflict with, result in the breach of, constitute a default under, or accelerate the performance required by, the terms of any order, law, regulation, contract, instrument or commitment to which Buyer is a party or by which Buyer is bound, (b) violate the creation documents or bylaws of Buyer, (c) require any consent, approval, authorization or filing under any law, regulation, judgment, order, writ, decree, permit or license to which Buyer is a party or by which Buyer is bound, or (d) require the consent or approval of any other party to any material contract, instrument or commitment to which Buyer is a party, in each case other than (i) the required approvals of this Agreement and the Transactions by the Regulators, (ii) the approval of the Buyer Charter Conversion and Field of Membership Change by the NCUA and the ADIFI (iii) the approval of the Buyer Charter Conversion by the minimum number of affirmative votes of the members of Buyer required by applicable law and Buyer's governing documents, (iv) the approval by Holding Company, as Seller's sole shareholder, of this Agreement and the Transactions, and (v) the approval of this Agreement and the Transactions by the requisite vote of the shareholders of Holding Company. Buyer is not subject to any agreement or understanding with any regulatory authority which would prevent or adversely affect the consummation by Buyer of the transactions contemplated by this Agreement.

Section 6.03 Litigation. There is no action, suit, proceeding or investigation pending against Buyer, or to the Knowledge of Buyer, threatened against or affecting Buyer, before any court or arbitrator or any Governmental Authority, agency or official which alone or in the aggregate would, if adversely determined, adversely affect the ability of Buyer to perform its obligations under this Agreement or consummate the Transactions, or which in any manner questions the validity of this Agreement or which could have a material adverse effect on the financial condition of Buyer. Buyer is not aware of any facts that would reasonably afford a basis for any such action, suit, proceeding or investigation.

Section 6.04 Regulatory Approvals. The information furnished or to be furnished by Buyer for the purpose of enabling Seller or Buyer to complete and file all requisite regulatory applications for approval of the Transactions and for inclusion in the proxy statement of Holding Company to be distributed to shareholders of Holding Company relating to the Special Meeting, is or will be true and complete as of the date so furnished, and no such information contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements made herein or therein, in light of the circumstances in which they were made, not misleading. There are no facts known to Buyer which, insofar as Buyer can now reasonably foresee, (a) may have a material adverse effect on the ability of Buyer or Seller to obtain all requisite regulatory and member approvals for the Transactions and the Buyer Charter Conversion and Field of Membership Change, or that could reasonably be expected to materially impede or delay receipt

of any such approval or that could reasonably be expected to result in any of such approvals not being obtained, or (b) may have a material adverse effect on the ability of Buyer to perform its obligations pursuant to this Agreement and consummate the Transactions and the Buyer Charter Conversion and Field of Membership Change. Buyer has not received any notice or other indication from any Governmental Authority that any Governmental Authority would oppose or refuse to grant or issue its consent or approval, if required, with respect to the Transactions or the Buyer Charter Conversion and Field of Membership Change, and Buyer has no reason to believe that, if requested, any Governmental Authority required to approve the Transactions and the Buyer Charter Conversion and Field of Membership Change would oppose, delay or fail to grant its consent or approval of such Transactions or the Buyer Charter Conversion and Field of Membership Change.

Section 6.05 Financial Ability. Buyer has the financial ability to pay the Purchase Price for the Assets and assume the Liabilities and the Reimbursement as provided in this Agreement and will be "well capitalized" under NCUA regulations at the Closing Date upon consummation of the Transactions contemplated by this Agreement, the Buyer Charter Conversion and Field of Membership Change.

Section 6.06 Financial Information. The unaudited consolidated balance sheet of Buyer as of December 31, 2021, and the related unaudited consolidated income statement for the year ended December 31, 2021, together with the notes thereto, have been prepared in accordance with GAAP and fairly present, in all material respects, the consolidated financial position and the consolidated results of operations and cash flows of Buyer as of the dates and for the periods indicated.

Section 6.07 Disclosure. No representation or warranty of Buyer contained in this Article VI or in this Agreement and no statement or information relating to Buyer contained in (i) this Agreement (including the Buyer Disclosure Schedules and Exhibits hereto), or (ii) in any certificate or document furnished or to be furnished by or on behalf of Buyer to Seller or Holding Company pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements made herein or therein, in light of the circumstances in which they were made, not misleading.

Section 6.08 Due Diligence. Buyer acknowledges that it has had the opportunity to conduct due diligence and investigation with respect to Seller, and in no event shall Seller or Holding Company have any liability to Buyer with respect to a breach of any representation, warranty or covenant under this Agreement with respect to which Buyer had Knowledge, prior to the date hereof or the Closing Date, *provided, however*, that any material information of which Buyer becomes aware after the date of this Agreement that was Known to Seller and not disclosed or made available to Buyer by Seller prior to the date hereof and related to Buyer's due diligence between the date of this Agreement and the Closing Date can serve as the basis for Buyer's claim that there has been a Material Adverse Effect as to Seller (*provided, however*, any determination of a Material Adverse Effect shall be made only after taking into account all standards and exceptions set forth in the definition of Material Adverse Effect in Section 1.01), with the consequences of such determination as set forth in this Agreement.

Section 6.09 No Representations or Warranties of Fair Market Value. Buyer acknowledges that the detailed representations and warranties set forth in this Agreement have been negotiated at arm's length among sophisticated business entities and that none of Seller, its subsidiaries, its

Affiliates, nor any person or entity acting on behalf of any of the foregoing is making an express or implied representation or warranty to Buyer in this Agreement as to the fair market value of the Purchase Price or the Assets or any return on any investment in the Seller's Assets and Liabilities, and Buyer is not relying on any such representation or warranty.

Section 6.10 Absence of Regulatory Actions. Buyer is not subject to, and has not received any notice or advice that it may become subject to, any order, agreement, memorandum of understanding, judgement, injunction, writ, ruling or decree by or with, and Buyer is not party to any commitment letter or similar undertaking to, and Buyer is not a recipient of any extraordinary supervisory agreement letter from, and Buyer has not adopted any policies, procedures or board resolutions at the request or suggestion of, any federal or state agency charged with the supervision or regulation of credit unions or engaged in the insurance of credit union deposits or any other Governmental Authority having supervisory or regulatory authority with respect to Buyer.

Section 6.11 SBA Approved Lender Status. Buyer has executed and entered into a Loan Guaranty Agreement with SBA on SBA Form 750 and is authorized to originate and service SBA loans made pursuant to the SBA's 7(a) loan program or Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) and Buyer has complied with all requirements of the 7(a) loan program in order to purchase the Loans of Seller subject to the SBA's 7(a) loan program.

Section 6.12 USDA Approved Lender Status.

(a) Buyer has applied or intends to apply for and use commercially reasonable effort to receive approval from the USDA Rural Development mission area to participate in USDA's Single Family Housing Guaranteed Loan Program. Buyer has no knowledge of any facts or circumstance why the sale or transfer of any USDA-guaranteed Loans from Seller to Buyer pursuant to this Agreement would violate 7 C.F.R. 3555.54.

(b) Buyer is, or will apply to be a USDA Rural Development approved lender and has, or if approved, will enter into a lender agreement as required by USDA Rural Development and is, or if approved, will be authorized to originate and service USDA Business and Industry Guaranteed Loans.

ARTICLE VII
COVENANTS

Section 7.01 Best Efforts.

(a) Subject to the terms and conditions of this Agreement, each of Seller and Buyer agrees to use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, so as to permit consummation of the Transactions and the Buyer Charter Conversion and Field of Membership Change as promptly as practicable and shall cooperate fully with the other Party to that end. For the avoidance of doubt, this Section 7.01 shall survive the Closing Date for so long as the Holding Company and the Seller remain in existence and the

Buyer shall cooperate with Seller, and to the extent required, with the Holding Company, in connection with the Plan of Dissolution.

(b) Buyer and Seller will furnish each other, each other's counsel, and each other's respective Regulators, as applicable, with all information concerning themselves, their subsidiaries, directors, trustees, officers and shareholders and such other matters as may be necessary or advisable in connection with any application, petition or any other statement or application made by or on behalf of Buyer or Seller to any Governmental Authority in connection with the Transactions or for any other purposes related to the Transactions, including, but not limited to, the Special Meeting and the Buyer Charter Conversion and Field of Membership Change.

Section 7.02 Shareholder Approval. Holding Company agrees, as soon as reasonably practicable, to take in accordance with applicable law and its articles of incorporation and bylaws, all action necessary to convene the Special Meeting to consider and vote upon the approval and/or adoption of this Agreement and the Transactions. Holding Company's board of directors is recommending and, unless, after having consulted with and considered the advice of outside counsel and its financial adviser, it has determined in good faith that to do so would be inconsistent with the fiduciary duties of directors under Arizona law, Holding Company's board of directors will not adversely change its recommendation and will continue to recommend to its shareholders that they approve and/or adopt this Agreement and the Transactions, and will take any other action required to the extent consistent with the fiduciary duties of directors under Arizona law, to permit and cause consummation of the Transactions.

Section 7.03 Buyer Member Approval. Buyer agrees, as soon as reasonably practicable, to take in accordance with applicable law and its charter and bylaws, all action necessary to convene a special meeting of the members of Buyer to consider and vote upon the approval of the Buyer Charter Conversion. Buyer's board of directors will unanimously recommend to its members that they approve the Buyer Charter Conversion.

Section 7.04 Press Releases. Each of Buyer and Seller agrees that it will not, without the prior approval of the other Party, issue any press release or written statement for general circulation relating to the Transactions (except for any release or statement that, in the opinion of outside counsel to such Party, is required by law or regulation or otherwise appropriate with respect to any over-the-counter market or interdealer quotation system and as to which such Party has used its commercially reasonable efforts to discuss with the other Party in advance, provided that such release or statement has not been caused by, or is not the result of, a previous disclosure by or at the direction of such Party or any of its representatives that was not permitted by this Agreement). In addition, all public statements, written or otherwise, made with respect to this Agreement and the transactions contemplated hereby shall be made, with respect to Buyer, solely by the Chairman or the Chief Executive Officer, and, with respect to Seller, solely by the Chairman or the Chief Executive Officer. Seller and Buyer shall inform all of their respective agents, officers, directors and employees of this requirement.

Section 7.05 Access to Records and Information; Personnel; Customers.

(a) Upon reasonable advance notice, Seller shall afford to the officers and authorized representatives of Buyer reasonable access during regular business hours to the office, properties, books, contracts, commitments and records, including personnel files and records, of Seller in order that Buyer may have reasonable opportunity to make such investigations as it shall desire of the Deposits, Assets, Liabilities and the operations of Seller's locations; *provided however,* that Seller shall not be required to take any action that would provide access to or to disclose information where such access or disclosure would violate or prejudice the rights or business interests or confidences of any customer or would result in the waiver by Seller of the privilege protecting communications between it and any of its counsel, or which would violate banking laws and regulations; *provided*, *further*, that such access and investigations shall not interfere with the normal business activities and operations of Seller. The officers of Seller shall furnish Buyer with such additional financial and operating data and other information relating to the assets, properties and business of Seller as Buyer shall from time to time reasonably request. Seller shall consent, upon reasonable advance notice, to the review by the officers and authorized representatives of Buyer of the reports and working papers of Seller's independent and third-party auditors (upon reasonable advance notice to and the consent of such auditors).

(b) After the receipt of all regulatory approvals required for the consummation of the Transactions and the Buyer Charter Conversion and Field of Membership Change, the approval of the Buyer Charter Conversion by the requisite vote of the members of the Buyer, and the approval of this Agreement and the Transactions by the shareholders of Holding Company, Buyer may, at its own expense, be entitled to deliver information, brochures, bulletins, press releases, and other communications to depositors, borrowers and other customers of Seller concerning the Transactions to which Buyer is a party and concerning the business and operations of Buyer; *provided*, *however*, that Seller must approve any such written communications before they are sent, which approval shall not be unreasonably withheld or delayed. Communications may be sent prior to obtaining all such regulatory approvals upon the prior written consent of both Buyer and Seller.

(c) At a time mutually agreed upon by the Parties, Seller and Buyer shall begin working together on the system conversion process. Seller will provide reasonable access to the necessary data and information of Seller with the intent of providing for data conversion to occur on or about the Closing Date or as soon as reasonably practicable after the Closing Date.

(d) On a monthly basis or as frequently as it is available following the date hereof and through the Closing Date, Seller shall provide information to Buyer in a format reasonably acceptable to Buyer concerning the status of the following matters:

(i) Any communication from or contacts by any Regulator concerning any regulatory or other legal matters affecting Seller as to which such Regulator has jurisdiction, unless, in the reasonable judgment of Seller's counsel, such disclosure would violate any banking laws or regulators or the Regulator objects to any such disclosure;

(ii) Current information on the quality and performance of the Loans including information on the status of any delinquencies, non-performing Loans, OREO, new Loans, information concerning refinancings and payments made on such Loans, and information

indicating that any of the representations and warranties relating to the Loans in Section 5.07, Section 5.08 or Section 5.09 are no longer accurate in all material respects; and

(iii) Information concerning the total Deposits and by deposit product, their weighted average interest rate.

(e) As soon as practicable after they become available, Seller shall deliver or make available to Buyer unaudited monthly financial statements prepared for the internal use of management of Seller prepared in accordance with Seller's current internal practices. As soon as practicable after they become available, each Party shall deliver or make available to the other Party the audited financial statements as of and for the year ended December 31, 2021 accompanied by the report thereon of such Party's independent auditors.

(f) From the date of this Agreement to the Closing Date, Seller will cause one or more of Seller's designated representatives to confer or correspond on a regular basis, but no less frequently than every other week, with the Chief Executive Officer of Buyer (or his designees) to report the general status of the ongoing operations of Seller.

Section 7.06 Operation in Ordinary Course. Except as set forth in Section 7.06 of the Disclosure Schedule or as contemplated by this Agreement, including the Renovation Project, from the date hereof to the Closing Date, Seller and Buyer shall: (i) not engage in any transaction materially affecting their respective locations, deposits, liabilities, or assets except in the ordinary course of business, and shall operate and manage its business in the ordinary course consistent with past practices; (ii) use commercially reasonable efforts to maintain their respective locations in a condition substantially the same as on the date of this Agreement, reasonable wear and use excepted; (iii) maintain their respective books of accounts and records in the usual, regular and ordinary manner; and (iv) use commercially reasonable efforts to duly maintain compliance with all laws, regulatory requirements and agreements to which it is subject or by which it is bound. Neither this section nor any other section of the Agreement shall preclude the payment of cash dividends by the Seller to the Holding Company, consistent with past practice, to service the Holding Company's debt obligations. Without limiting the generality of the foregoing, prior to the Closing Date, Seller shall, unless required by any Regulator or with the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed, and provided however, if consent is withheld or delayed, Buyer must notify Seller in writing within three (3) Business Days (provided, however, this time period shall be two (2) Business Days for purposes of Section 7.06(k)) of Seller's request, otherwise Buyer delay or inaction shall be considered the equivalent of prior written consent:

(a) maintain the Fixed Assets and Real Estate in their present state of repair, order and condition, reasonable wear and tear and casualty excepted;

(b) maintain its financial books, accounts and records in accordance with GAAP;

(c) charge off assets in accordance with GAAP as consistently applied;

(d) comply, in all material respects, with all applicable laws and regulations relating to its operations;

(e) not authorize or enter into any contract or amend, modify or supplement any contract relating to or affecting its operations or involving any of the Assets or Liabilities or allow any contract with automatic renewal provisions to renew if such renewal would exceed one (1) year from such renewal or which obligates Seller to expend $10,000 or more and $50,000 in the aggregate;

(f) not take any action, or enter into or authorize any transaction, other than in the ordinary course of business and consistent with past practice, relating to or affecting its operations or involving any of the Assets or Liabilities;

(g) not knowingly and voluntarily take any act which, or knowingly and voluntarily omitting to take any act the omission of which, likely would result in a material breach of any material contract, commitment or obligation of Seller;

(h) not make any material changes in its accounting systems, policies, principles or practices relating to or affecting its operations or involving any of the Assets or Liabilities, except in accordance with GAAP, regulatory requirements or which Seller in good faith believes would be prudent;

(i) not enter into or renew any data processing service contract;

(j) not engage or participate in any material transaction or incur or sustain any material obligation except in the ordinary course of business, which ordinary course of business shall include Loans permitted by Section 7.06(k), investment securities contemplated by Section 7.06(x) or such other transactions or obligations as may be contemplated hereunder;

(k) not make any new Loan, nor any extension of credit to an existing customer, in the amount of $1,000,000 or more with respect to a Loan secured by real estate or $500,000 or more with respect to a non-real estate, commercial and industrial loan, except after delivering to Buyer written notice, including a complete loan package for such Loan, in a form consistent with Seller's policies and practice, at least two (2) Business Days prior to the origination of such Loan, and such Loan shall be made in the ordinary course of business consistent with prudent banking practices, Seller's current loan policies and applicable rules and regulations of applicable Governmental Authorities with respect to the amount, term, security and quality of such borrower or borrower's credit;

(l) not undertake any actions which are inconsistent with a program to use all reasonable efforts to maintain good relations with its employees and customers;

(m) not transfer, assign, encumber, or otherwise dispose of, or enter into any contract, agreement, or understanding to transfer, assign, encumber, or otherwise dispose of, any of the Assets except in the ordinary course of business; *provided, however,* Seller may sell loan participations or loans guaranteed by the SBA or the USDA in the ordinary course of business, and may sell any and all Excluded Assets and transfer any and all Excluded Liabilities;

(n) not invest in any Fixed Assets or improvements in excess of $25,000 for any single item, or $50,000 in the aggregate, except for commitments previously disclosed to Buyer in writing, made on or before the date of this Agreement for replacements of furniture, furnishings

and equipment, normal maintenance and refurbishing, purchased or made in the ordinary course of business and for emergency and casualty repairs and replacements;

(o) except as expressly provided for elsewhere in this Agreement or as set forth on Disclosure Schedule 7.06(o), not increase or agree to increase the salary, remuneration, or compensation of its employees or pay or agree to pay any uncommitted bonus to any such employees, other than routine increases and bonuses in the ordinary course of business in conformity with past custom and practice;

(p) except as expressly provided for elsewhere in this Agreement, or as currently provided in the ordinary course of operation by Seller, without the Buyer's prior written consent, pay incentive compensation to employees for purposes of retaining their services or maintaining Deposit levels through the Closing Date;

(q) not enter into any new employment agreements with employees of Seller or any consulting or similar agreements with directors of Seller without the Buyer's prior written consent; *provided, however,* that Seller shall be permitted to engage the assistance of temporary or contract employees, to the extent Seller deems necessary, to assist Seller in the performance of its obligations under this Agreement;

(r) not fail to use its commercially reasonable efforts to preserve its present operations intact, keep available the services of its present officers and employees or to preserve its present relationships with persons having business dealings with it, including customers, officers and employees of Seller to the extent consistent with other provisions of this Agreement;

(s) not amend or modify any of its promotional, deposit account or practices other than amendments or modifications in the ordinary course of business or otherwise consistent with the provisions of this Agreement;

(t) maintain deposit rates substantially in accord with past standards and practices; *provided, however,* Seller may increase Deposit rates so long as they are not materially higher than financial institution competitors in the Seller's market

(u) not materially change or amend its schedules or policies relating to service charges or service fees;

(v) comply in all material respects with the Contracts;

(w) except in the ordinary course of business (including creation of deposit liabilities, entry into repurchase agreements, purchases or sales of federal funds, and sales of certificates of deposit), not borrow or agree to borrow any material amount of funds or directly or indirectly guarantee or agree to guarantee any material obligations of others except pursuant to outstanding letters of credit; *provided*, *however*, Seller shall not take any additional FHLB advances other than overnight or other short-term (less than 90 days) advances, which shall not exceed 5% of the total assets of Seller in the aggregate;

(x) not purchase or otherwise acquire any investment security for its own account except for obligations of the government of the United States or agencies of the United States or

state or local governments having maturities of not more than five (5) years and which municipal obligations have been assigned a rating of A or better by Moody's Investors Service or by Standard and Poor's, or similar rating agency, or engage in any activity that would be inconsistent with the classification of investment securities as either "held to maturity" or "available for sale";

(y) except as required by applicable law or regulation not: (1) implement or adopt any material change in its interest rate risk management and hedging policies, procedures or practices; (2) fail to follow in all material respects its existing policies or practices with respect to managing its exposure to interest rate risk; or (3) fail to use commercially reasonable means to avoid any material increase in its aggregate exposure to interest rate risk;

(z) not enter into any new lease for the occupation of, or contract to purchase any new real property; or

(aa) not voluntarily take any material action that would change Seller's loan loss reserves which is not in compliance with Seller's past practices consistently applied and in compliance with GAAP.

Section 7.07 Acquisition Proposals.

(a) Seller agrees that it shall not, and it shall cause its officers, directors, agents, advisors and Affiliates not to, solicit or encourage inquiries or proposals with respect to, or engage in any negotiations concerning, or provide any confidential information to, or have any discussions with, any person relating to, any tender or exchange offer, proposal for a merger, consolidation, sale of assets and assumption of liabilities, or other business combination involving Seller or any proposal or offer to acquire in any manner a substantial equity interest in, or a substantial portion of the assets or deposits of Seller (any of the foregoing, an "**Acquisition Proposal**"), other than the transactions contemplated by this Agreement; *provided, however*, that if Seller is not otherwise in violation of this Section 7.07, the board of directors of Holding Company or Seller may provide information to, and may engage in such negotiations or discussions with, a person with respect to an Acquisition Proposal, directly or through representatives, if Holding Company's board of directors, after consulting with and considering the advice of its financial advisor and its outside counsel, determines in good faith that its failure to provide information or to engage in any such negotiations or discussions would be reasonably likely to result in a failure to discharge properly the fiduciary duties of such directors in accordance with applicable law. Seller shall promptly (within one Business Day) advise Buyer following the receipt by it of any Acquisition Proposal and the substance thereof (including the identity of the person making such Acquisition Proposal and a copy of such Acquisition Proposal), and advise Buyer of any developments with respect to such Acquisition Proposal immediately upon the occurrence thereof.

(b) Prior to the date of the Special Meeting, the board of directors of Holding Company and Seller may each withdraw, qualify, amend, or modify the recommendation of such board of directors that the shareholders approve and/or adopt this Agreement and the Transactions following Buyer's receipt of a notice from Seller advising Buyer that the board of directors of Holding Company or Seller, as applicable, has decided that an Acquisition Proposal that it

received from a third-party (that did not result from a breach of Section 7.07(a)) constitutes or is reasonably likely to lead to a Superior Proposal.

Section 7.08 Regulatory Applications and Third-Party Consents. As promptly as practicable after the date of this Agreement, Buyer and Seller, as applicable, shall file all applications, filings, notices, consents, permits, requests, or registrations required to obtain authorizations of any Regulator and consents of all third parties necessary to consummate the Transactions and the Buyer Charter Conversion and Field of Membership Change. Buyer and Seller will use their commercially reasonable efforts to obtain such authorizations from the Regulators and consents from third parties as promptly as practicable and will consult with one another with respect to the obtaining of all such authorizations and consents necessary or advisable to consummate the Transactions and the Buyer Charter Conversion and Field of Membership Change. Seller and Buyer agree to use their commercially reasonable efforts to cooperate in connection with obtaining such authorizations and consents. Each Party will keep the other Party apprised of the status of material matters relating to completion of the Transactions and the Buyer Charter Conversion and Field of Membership Change. Copies of the non-confidential portions of applications and correspondence related to the Transactions and the Buyer Charter Conversion and Field of Membership Change to, from and between each Party and its respective Regulators shall be promptly provided to the other Party. Each of Buyer and Seller agrees, upon request, to furnish the other Party with all non-confidential information concerning itself and its respective directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with any filing, notice or application made by or on behalf of Buyer or Seller to any third party or any Regulator.

Section 7.09 Title Insurance and Surveys. Seller shall make available to Buyer prior to the Closing Date copies of its most recent owner's closing title insurance policy, binder or abstract and any surveys on each parcel of the Seller Real Estate, or such other evidence of title reasonably acceptable to Buyer. Seller shall also provide to Buyer updated title reports, abstracts or surveys on such Seller Real Estate at the Closing, as Buyer shall reasonably request. Buyer shall pay the costs of any such updated reports, abstracts, or surveys.

Section 7.10 Environmental Reports. Seller shall make available to Buyer copies of any environmental reports it has obtained or received with respect to the Real Estate within ten (10) Business Days after the date hereof. Section 7.10 of the Disclosure Schedule sets forth any policy waivers and disclosure of known environmental matters, inclusive of any Phase I Environmental Site Assessment and/or Phase II Environmental Site Assessment performed by or for Seller with respect to the Real Estate. Buyer, in its discretion, within thirty (30) days after the date hereof, may order a Phase I Environmental Site Assessment and/or Phase II Environmental Site Assessment with respect to any Real Estate of Seller; *provided, however,* that no such reports may be requested with respect to single family non-agricultural property of one acre or less unless Buyer has a good faith reason to believe that such property might contain Hazardous Materials. Seller reserves the right to have a representative of Seller present at the time of making any such inspection or test. Buyer shall notify Seller not less than three (3) Business Days in advance of making any such inspection or test and shall promptly furnish to Seller a copy of all reports received by Buyer with respect to any such inspection or test. Buyer shall have fifteen (15) Business Days from the receipt of any such environmental reports to notify Seller of any dissatisfaction with the contents of such reports. In making any inspection or test hereunder, Buyer shall, and shall cause any representative

of Buyer to, use discretion so as not to unreasonably disrupt Seller's business operations at the Real Estate. Should Buyer encounter any Hazardous Materials during the course of any inspection, investigation, test and/or study, Buyer shall notify Seller promptly and discontinue any further testing for the presence of existing Hazardous Materials pending further discussions with Seller. Unless required otherwise under applicable laws or any court orders, Buyer shall treat all information obtained by Buyer with respect to such environmental inspection or test as strictly confidential if required pursuant to Section 7.15 of this Agreement. All costs of any inspections and tests hereunder or environmental report requested pursuant to this Section shall be at Buyer's sole cost and expense and Buyer shall promptly pay for any and all costs associated with the inspections and tests conducted by Buyer or its representations on the Real Estate or otherwise pursuant to this Section and agrees to promptly discharge any liens that arise against the Real Estate as a result of the failure to pay for any and all costs associated such inspections and tests. Buyer does hereby agree to restore at its cost any property for which it has undertaken an environmental investigation or test to the condition existing immediately prior to such investigation. Buyer agrees to indemnify and hold Seller harmless from and against any and all cost, expense, liability or damage sustained by Seller, whether related to third party claims or otherwise, caused as a result or arising out of any inspections or tests by Buyer or its representatives on the Real Estate or otherwise pursuant to this Section and such indemnification shall survive the termination of this Agreement and shall survive the Closing; provided that the provisions set forth in this Section shall not obligate the Buyer to indemnify the Seller for the presence of any Hazardous Materials or conditions on, under, adjacent or within the Real Estate. If a Report related to any such inspection or test reflects the actual presence of any Hazardous Materials or conditions on, under or within the Real Estate that requires remediation under any Environmental Laws, and should the cost of taking all remedial or other corrective actions and measures with respect to all Real Estate, in the aggregate (i) required by applicable law, or (ii) recommended or suggested by such report or reports or prudent in light of serious life, health or safety concerns, in the aggregate, exceed the sum of $250,000 as reasonably estimated by an environmental expert retained for such purpose by Buyer and reasonably acceptable to Seller, or if the cost of such actions and measures cannot be so reasonably estimated by such expert to be such amount or less with any reasonable degree of certainty, such circumstances shall be deemed an "**Environmental Problem**." To the extent that a report identifies an Environmental Problem requiring further investigation or remediation, and to the extent any such response actions have not been completed in all material respects by Seller prior to Closing ("**Unresolved Response Action**"), upon agreement of Buyer and Seller, the Seller shall include the after-tax amount of the Remediation Costs reasonably expected to be incurred by the Buyer on or after the Closing Date, as determined by the environmental expert retained for such purpose, to fully complete all Unresolved Response Actions in determining its Transaction Expenses; *provided,* that the Seller shall in no event be required to pay or accrue any amount pursuant to this Section 7.10 in excess of $250,000, in the aggregate. Notwithstanding the foregoing, upon the occurrence of an Environmental Problem and provided there is an Unresolved Response Action, Buyer shall have the right to elect not to purchase the portion of the Real Estate affected by the Environmental Problem by giving written notice to Seller within thirty (30) days from Buyer's discovery of the Environmental Problem and to proceed with the Transactions, without acquiring the affected Real Estate. For purposes of this Agreement, the term "**Remediation Costs**" means all costs and expenses incurred by Seller or Holding Company to remediate or correct an Unresolved Response Action in accordance with the requirements of applicable law; *provided*, that Remedial Costs shall specifically exclude any and all costs or expenses to remediate or correct an Unresolved Response

Action or an Environmental Problem that are either directly paid or reimbursed to Seller or Holding Company by (i) any Governmental Authority, including, without limitation, the United States Environmental Protection Agency and/or the Arizona Department of Environmental Quality; (ii) any environmental remediation fund established, managed, funded, or overseen by any Governmental Authority; or (iii) any other third party, including, without limitation, any insurer.

Section 7.11 Further Assurances.

(a) On and for a period of thirty (30) days after the Closing Date, Seller shall (i) give such further reasonable assistance to Buyer and shall execute, acknowledge, and deliver all such instruments and take such further action as may be necessary and appropriate effectively to vest in Buyer full, legal, and equitable title to the Assets, and (ii) use its commercially reasonable efforts to assist Buyer in the orderly transfer of the Assets and Deposits being acquired by Buyer.

(b) Each Party agrees to send promptly to the other Party, at Buyer's expense, any payments, documents or instruments a Party receives after the Closing which belongs to another Party.

Section 7.12 Payment of Items. From and after the Closing Date, Buyer agrees to pay, to the extent of sufficient available funds on deposit, all properly drawn items, including ACHs, checks, drafts, and negotiable orders of withdrawal timely presented to it by mail, over its counters, or through clearings if such items are drawn by depositors whose Deposits or accounts on which such items are drawn are Deposits, whether drawn on the check or draft forms provided by Seller, for at least 180 days after the Closing Date, or on those provided by Buyer. In addition, Buyer shall, in all other respects, discharge the duties, liabilities and obligations with respect to the Deposits to the extent such duties, liabilities or obligations occur following the Closing.

Section 7.13 Close of Business on Closing Date. On the Closing Date, Seller shall close Seller's locations for business not later than 5:00 p.m. local time, whereupon representatives of Buyer shall have access to Seller's locations, under the supervision of representatives of Seller, to verify Seller's provision to Buyer of the Records.

Section 7.14 Supplemental Information; Disclosure Supplements. From and after the date hereof to the Effective Time, if any Party becomes aware of any facts, circumstances or of the occurrence or impending occurrence of any event that does or could reasonably be expected to cause one or more of such Party's representations and warranties contained in this Agreement to be or to become inaccurate, misleading, incomplete or untrue in any material respect as of the Closing Date, such Party shall promptly give detailed written notice thereof to the other Party and use reasonable and diligent efforts to change such facts or events to make such representations and warranties true, unless the same shall have been waived in writing by the other Party. In addition, from and after the date hereof to the Effective Time, and at and as of the Effective Time, each Party shall supplement or amend any of its representations and warranties which apply to the period after the date hereof by delivering monthly written updates ("**Disclosure Schedule Updates**") to the other Party with respect to any matter hereafter arising and not disclosed herein or in the Disclosure Schedules or the Buyer Disclosure Schedules that would render any such representation or warranty after the date of this Agreement materially inaccurate or incomplete as a result of such matter arising. Any required Disclosure Schedule Update shall be provided by each Party to the other Party

within twenty-five (25) days after the conclusion of each month prior to the Closing Date. A matter identified in a Disclosure Schedule Update that causes any warranty or representation to be materially breached shall not cure or be deemed to cure such breach.

Section 7.15 Confidentiality of Records. Until the Closing, Buyer and its authorized agents and representatives shall receive and treat all Records, documents and information obtained pursuant to any provision of this Agreement, including, without limitation, all environmental reports and all information obtained by Buyer with respect to any environmental inspection or test pursuant to Section 7.10, as confidential, until the transactions contemplated by this Agreement have been consummated, and if not consummated, shall thereafter continue to maintain such confidentiality and not use such information for any purpose whatsoever, and shall, upon the request of Seller, return to Seller all originals and copies of such documents or other materials containing such information or Records. Until the Closing Date, Buyer shall use all such information only for purposes of effectuating the Transactions.

Section 7.16 Non-Solicitation. Until the earlier of the termination of Seller's charter or two (2) years following the Closing Date, Seller will not, and will not permit any of its officers, directors or Affiliates on behalf of Seller to, (a) solicit customers whose Deposits are assumed pursuant to this Agreement or whose Loans are acquired by Buyer under this Agreement for any banking business, and Seller will not engage in deposit taking activities, or (b) solicit any Former Seller Employee to work for Seller, or any such officer, director, or Affiliates; *provided, however*, that the foregoing limitation shall not apply to any generalized searches for employees or consultants by use of media advertisements that are not targeted directly at Former Seller Employees.

Section 7.17 Installation/Conversion of Signage/Equipment. Prior to Closing and after the receipt of all regulatory approvals, and the approval of this Agreement and the Transactions by the shareholders of each of Seller and Holding Company, at times mutually agreeable to Buyer and Seller, Buyer may, at Buyer's sole expense, install teller equipment, platform equipment, security equipment, computers, and signage at Seller's locations, and Seller shall cooperate with Buyer in connection with such installation; *provided*, *however*, that (i) such installation shall not interfere with the normal business activities and operation of Seller's locations; (ii) no such signage shall be installed at Seller's locations more than five (5) Business Days before the Closing Date; and (iii) Buyer's name as appearing on any such signage shall be covered by an opaque covering material until after the close of business on the Closing Date.

Section 7.18 Seller Activities After Closing. After Closing, Seller may no longer accept any deposits or make any new loans, and Seller will limit its business activities to those related to the winding-down of Seller's business. Seller will not seek to sell Seller's charter and will take the necessary steps to terminate such charter and tender it back to the applicable Governmental Authority or Regulator.

Section 7.19 Charter Termination. Seller shall take the following actions as soon as possible after the Closing pursuant to a Plan of Dissolution provided to Buyer: (a) Seller shall surrender its original charter for cancellation; (b) Seller shall terminate its FDIC insurance; and (c) Seller shall dissolve in accordance with the Plan of Dissolution. Without limiting the foregoing, the Seller shall deliver its proposed Plan of Dissolution to the Buyer no later than April 30, 2022.

Section 7.20 Maintenance of Records by Buyer. Buyer agrees that it shall maintain, preserve and safely keep, for a minimum period of three (3) years or the minimum period required by applicable regulations whichever is longer, all of the Records for the benefit of itself, Seller, and that it shall permit Seller or their representatives, at any reasonable time and at the expense of Seller, to inspect, make extracts from or copies of any such Records as such representatives shall deem reasonably necessary.

Section 7.21 Board and Committee Meetings. Seller shall provide Buyer with copies of minutes and consents from all of its board and committee meetings (if any) no later than fifteen (15) days after the board approves such minutes and consents relating to the prior regular monthly or special meeting, except Seller may exclude and redact therefrom (a) any confidential discussion of this Agreement and the transactions contemplated hereby, including the Transactions, or any third party proposal to acquire control of Seller or Holding Company or any other matter that has been determined to be confidential, and (b) any information (i) where such disclosure would or could reasonably be expected to violate or prejudice the rights of Seller's customers, including "nonpublic personal information" under the Gramm-Leach-Bliley Act of 1999 or its state law equivalents and applicable regulations promulgated thereunder, (ii) where such disclosure would or could reasonably be expected to jeopardize the attorney-client privilege of Seller or Holding Company, (iii) that relates to confidential Regulator examination material or otherwise constitutes confidential supervisory information, or (iv) where such disclosure would or could reasonably be expected to contravene any law, rule, regulation, order, judgement, decree, fiduciary duty or binding agreement entered into prior to the date of this Agreement or in the ordinary course of business.

Section 7.22 Cooperation on Conversion of Systems. The Seller and Buyer shall coordinate and agree on the timing for the notices of termination for Seller's data processing contract and the card services contract, including the FIS Contract. Seller agrees to commence, using all commercially reasonable efforts, to promote an orderly transfer of information, processes, systems and data to Buyer and to otherwise use all commercially reasonably efforts to assist Buyer in facilitating the conversion of all of Seller's systems into or to conform with, Buyer's systems so that, as of the Closing, if possible, the systems of Seller are readily convertible to Buyer's systems to the fullest extent possible without actually converting them prior to Closing; *provided, however,* Seller shall have no liability with respect to Buyer's data conversion and Seller shall not be required to take any actions that would interfere with or prevent in any material respects the performance of the normal business operations of Seller or cause Seller to incur any conversion, de-conversion costs or similar costs or expenses, including without limitation, any fee, contract payment, penalty or liquidated damages associated with the termination of the FIS Contract; *provided*, *further*, *however*, to the extent Seller pays or accrues for any such costs, expenses, fees, contract payments, penalties or liquidated damages, then any such amounts shall be deemed Transaction Expenses for purposes of this Agreement. Buyer will convert Seller's data processing and electronic banking systems after the Closing Date. Buyer shall assume all of Seller's data processing, information technology and electronic services contracts, including the FIS Contract, effective as of the Closing Date. Buyer shall provide any required termination notice and pay any termination fees, conversion costs, and any other fees or expenses associated with conversion of the Seller's data processing, information technology and electronic services contracts, including the FIS Contract, whether incurred before or after the Closing Date.

Section 7.23 Minimum Share Deposits in Buyer. Seller's Loan Debtors and any other customers without a minimum of $0.01 in a Deposit account, on the Closing Date, must have a minimum deposit of $0.01 at Buyer on the Closing Date in order to satisfy Buyer's membership requirements. Buyer agrees to open a deposit share account for any Loan Debtor who does not have a Deposit balance of at least $0.01 in Seller on the Closing Date (which Deposit account will be assumed by Buyer) and to fund such new deposit share account with a $0.01 deposit, in compliance with its policies and applicable law.

Section 7.24 Seller Real Estate.

(a) Pending Construction and/or Renovation. As of the date of this Agreement, the Seller commenced construction (the "**Renovation Project**") with respect to the Seller's banking office located at 4155 N. Stockton Hill Road, Kingman, Arizona 86401. Until the Closing, the Seller will reasonably consult and coordinate with Buyer with respect to the completion of the Renovation Project, including permitting the Buyer to provide its input with respect to design and structural decisions throughout the remainder of the Renovation Project. The Seller has provided or made available to Buyer copies of all contracts and subcontracts, budgets and itemization of payments to date and payments remaining with respect to the Renovation Project. Seller agrees to reasonably cooperate with Buyer with respect to the completion of the Renovation Project to ensure a smooth transition to Buyer's use subsequent to the Closing. Seller will continue to pay for the Renovation Project until the Closing, and any amounts actually paid or accrued or otherwise capitalized as fixed assets prior to the Closing shall be deemed Transaction Expenses for purposes of this Agreement.

(b) Leased Real Estate. With respect to the loan production offices located at 1650 North Dysart Road, Suite 2, Goodyear, Arizona 85395-1116 and 6245 North 24th Parkway, Suite 216, Phoenix, Arizona 85016 (together, the "**Terminated Locations**"), Seller shall notify the lessors thereof of the Seller's decision to terminate each leasehold as of the expiration thereof; provided, however, that Seller may continue to lease such facilities on a month-to-month basis following the expiration of the applicable lease agreement and continue to operate its loan production offices at such locations until the Closing Date. Seller agrees to close each of the Terminated Locations and comply with the lease for each Terminated Locations to ensure that any obligations pursuant to leases, including any early termination fees or settlements with the lessors thereof, which shall be Excluded Liabilities.

(c) Lease Renewals. Except for the Terminated Locations, Buyer and Seller shall coordinate with respect to the renewal of any other leased Seller Real Estate, including whether such lease shall be renewed, and the terms that are acceptable to Buyer, including permitting Buyer to review the subject property and assist Seller in negotiations with the landlord.

Section 7.25 No Control of Other Party's Business. Nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the operations of Seller prior to the Closing Date, and nothing contained in this Agreement shall give Seller, directly or indirectly, the right to control or direct the operations of Buyer prior to the Closing Date. Prior to the Closing Date, each of Buyer and Seller shall exercise, consistent with the terms and conditions of this Agreement, control and supervision over its respective operations.

Section 7.26 SBA Consent. As soon as practicable following the receipt of all necessary regulatory approvals for consummation of the Transactions, Seller shall submit a request to the SBA for the SBA's prior written consent to sell and transfer the Loans of Seller subject to the SBA's 7(a) loan program to Buyer in conformity with the provisions of 13 C.F.R. 120.432 and other applicable laws and regulations governing the SBA's 7(a) loan program. Buyer and Seller shall each cooperate and use their respective commercially reasonable efforts (a) to prepare all documentation, to effect all filings, to obtain all permits, consents, approvals, and authorizations of all third parties and governmental authorities, including, without limitation, the SBA, necessary to consummate the sale and transfer of the Loans of Seller subject to the SBA's 7(a) loan program as provided herein and (b) to comply with the terms and conditions of such permits, consents, approvals, and authorizations.

Section 7.27 USDA Notices. Prior to Closing, Seller provide all notices required by USDA Rural Development to transfer Loans owned by Seller originated under USDA programs, including Single Family Housing Guaranteed Loans and Business and Industry Guaranteed Loans.

Section 7.28 Termination of Excluded Contracts. Prior to Closing, Seller shall use its commercially reasonable efforts to terminate at or prior to Closing all Excluded Contracts, obtain all applicable releases, and make any and all payments required under such Excluded Contracts. The Buyer is not assuming, nor shall it have responsibility for the continuation of, any liabilities under or in connection with any Excluded Contracts.

ARTICLE VIII
EMPLOYEES AND DIRECTORS

Section 8.01 Employees.

(a) As soon as practicable after the date of this Agreement, Buyer and Seller will establish a mutually acceptable process for the orderly interviewing of Seller employees for employment by Buyer and Seller will give Buyer a reasonable opportunity to interview employees; *provided*, *however*, that the interview process shall be conducted at such times and in such manner so as to minimize any interference with the normal business activities and operation of Seller.

(b) Buyer and Seller shall use commercially reasonable efforts for Buyer to identify and offer, as soon as practicable, but no later than 120 days, after the date of this Agreement, (i) offers of employment to Former Seller Employees (as defined below) with Buyer after the Closing Date and the compensation to be paid to each such Former Seller Employee by Buyer, subject to Section 8.01(c), which shall be in addition to any severance payment such Former Seller Employee shall otherwise be entitled to pursuant to this Agreement, and (ii) any retention agreements, employment offers and/or other related compensation and/or retention arrangements, to Former Seller Employees, as Buyer may determine.

(c) As of and following the Closing Date, Buyer shall offer similar salaries, duties and benefits as are available to similarly situated employees of Buyer to those employees of Seller who Buyer elects to hire and who satisfy Buyer's customary employment requirements, including pre-employment interviews, investigations and employment conditions, uniformly applied by

Buyer and based on Buyer's employment needs ("**Former Seller Employees**"), which shall be no less favorable in the aggregate than those provided by Buyer to similarly situated employees of Buyer.

(d) With Seller's prior consent (which consent shall not be unreasonably withheld), Buyer may conduct such training and other programs as it may, in its reasonable discretion and at its sole expense, elect to provide for Former Seller Employees; *provided*, *however*, that such training and other programs shall minimize interference with or prevent the performance of the normal business operations of Seller in any material respects.

(e) Buyer shall assume and honor all of Seller's obligations under the Consolidated Omnibus Reconciliation Act of 1985 ("**COBRA**") or any applicable state law with respect to continuation of healthcare coverage following the Closing Date and Seller's obligations under the Health Insurance Portability and Accountability Act of 1996.

(f) At the reasonable request of Buyer, Seller shall agree to pay "stay bonuses" in such amounts determined by Buyer to any Former Seller Employees identified by Buyer as necessary to ensure an orderly and successful transition of the business of Seller and the Assets to Buyer, which payments shall be made on the Closing Date. At the request of Buyer, at or prior to the Closing, Seller shall pay severance (calculated in accordance with Section 8.01(h)) to any employees of Seller identified by Buyer and in such amounts as determined by Buyer. Except with respect to an existing employment agreement in effect prior to the date of this Agreement, Seller shall not pay any such "stay bonuses" to any employee of Seller without Buyer's prior written consent. To the extent Seller pays any stay bonuses or severance pay in accordance with this Section 8.01(f), then the aggregate amount of all such stay bonuses and severance payment amounts, as applicable, shall be deemed Transaction Expenses for purposes of this Agreement. Any "stay bonus" agreement, retention agreement or similar arrangement entered into by Buyer, on the one hand, and an employee of Seller or Holding Company, on the other hand, at Closing or in contemplation of Closing, shall be assumed by Buyer hereunder and deemed included in the definition of Contracts for purposes of this Agreement, and Seller shall have no obligation or liability under any such agreement or arrangement.

(g) Except as hereinafter provided, at the Closing Date, Buyer will amend or cause to be amended each employee benefit plan and program of Buyer in which Former Seller Employees are eligible to participate, to the extent necessary and allowable under applicable law, so that as of the Closing Date:

(i) Such plans take into account for purposes of eligibility, participation, vesting, and benefit accrual, the service of such employees with Seller as if such service were with Buyer;

(ii) Former Seller Employees are not subject to any waiting periods or pre-existing condition limitations under the medical, dental and health plans of Buyer in which they are eligible to participate and may commence participation in such plans on the Closing Date and shall be credited with deductibles, co-insurance payments and out-of-pocket expenses incurred during the current plan year under any similar Employee Welfare Benefit Plans of Seller for purposes of determining deductibles and out-of-pocket maximums under the Buyer plans;

(iii) For purposes of determining the entitlement of Former Seller Employees to sick leave and vacation pay following the Closing Date, the service of such employees with Seller shall be treated as if such service were with Buyer;

(iv) Former Seller Employees are first eligible to participate and will commence participating in Buyer's qualified defined contribution plans on the first entry date coinciding with or following the Closing Date and shall be permitted to roll over their account balances from the Seller's qualified defined contribution plan accrued through the Closing Date into their new accounts under the Buyer qualified defined contribution plan promptly after the Closing Date;

(v) For purposes of eligibility to participate in any matching or non-elective contribution under a qualified defined contribution plan of Buyer, Former Seller Employees shall be eligible on terms and conditions consistent with those then currently provided by Buyer to its other similarly-situated employees; and

(vi) Former Seller Employees shall be credited by Buyer with unused vacation, and sick paid time off (PTO) consistent with Buyer's paid time off policy in an amount not to exceed an amount granted to such Former Seller Employee for a calendar year.

(h) Unless otherwise provided for in this Section, (i) each employee of Seller not hired by Buyer and (ii) each Former Seller Employee terminated by Buyer within the first twelve (12) months following the Closing Date, will receive severance benefits from the Buyer in accordance with Buyer's severance policy equal to one (1) week of compensation for each of such Former Seller Employee's years of service with Seller and Buyer (with a minimum of four (4) weeks and a maximum of twenty-four (24) weeks of severance). A Former Seller Employee shall not be entitled to severance benefits pursuant to this Section if such Former Seller Employee (A) is terminated by Buyer for Cause (as defined below) or (B) if such Former Seller Employee is terminated following the elimination of his or her position by Buyer after Closing and such Former Seller Employee refuses to accept a re-assignment within Buyer to a position that is substantially similar to the eliminated position and at a place of business no greater than thirty-five (35) miles of such Former Seller Employee's primary place of employment immediately prior to the Closing. In addition to the foregoing, an employee of Seller not hired by Buyer or a Former Seller Employee terminated by Buyer within the first twelve (12) months following the Closing Date shall not be eligible for a severance payment pursuant to this Section 8.01(h) if such employee of Seller or Former Seller Employee received a change in control payment in connection with the transactions contemplated by this Agreement by virtue of a contract with Seller. The term "**Cause**" shall mean any of the following acts or circumstances: (A) employee's conviction of or entrance of a plea of guilty or *nolo contendere* to a felony; (B) the conclusive finding of fraudulent conduct by employee, whether or not in connection with the business affairs of Buyer; (C) the conclusive finding of theft, embezzlement, or other criminal misappropriation of funds by employee, whether or not from Buyer; (D) an order from the NCUA or other state or federal agency having regulatory jurisdiction over Buyer's business affairs requiring employee to be removed from office pursuant to authority granted by applicable law, (E) employee's material failure to comply with any reasonable and lawful direction of his or her supervisors, or any rule, regulation or policy maintained by Buyer from time to time regarding the conduct of Buyer's business, or (F) employee's material failure to perform his or her duties and responsibilities to or on behalf of Buyer in good faith and in accordance with reasonable business judgment.

Section 8.02 Employment Contracts and Employee Benefit Plans.

(a) Buyer is not assuming, nor shall it have responsibility for the continuation of, any liabilities under or in connection with, any Excluded Contracts, including any Employee Benefit Plan as maintained, administered, or contributed to by Seller and covering any employees; *provided*, Buyer may enter into the negotiations with current employees of Seller for the purpose of drafting, negotiating, and finalizing terms of an employment contract between such current Seller employee and Buyer on terms to be mutually agreeable between such parties.

(b) Buyer and Seller shall take such actions prior to the Closing Date as may be reasonably necessary to (a) terminate the Seller's qualified defined contribution retirement plan effective immediately prior to the Closing Date and (b) enable the employees of Seller after the Closing Date to transfer the amount credited to their accounts under Seller's qualified defined contribution retirement plan through a rollover contribution into either a qualified defined contribution plan of Buyer or a separate third party administrator.

(c) Section 8.02(c) of the Disclosure Schedule lists any existing employment, change in control, salary continuation, phantom stock, deferred compensation or other similar agreements or severance, noncompetition, retention or bonus arrangements between Seller or any of its Affiliates and any other Person, which are identified in Section 5.17(e) of this Agreement, all of which are Excluded Contracts and all of which Buyer will honor, with any amounts thereunder to be paid out of Seller's Assets at or prior to Closing; *provided*, *however*, for the avoidance of doubt, all payments to be made pursuant to any existing employment, change in control, salary continuation, phantom stock, deferred compensation or other similar agreements or severance, noncompetition, retention or bonus arrangements between Seller or any of its Affiliates and any other Person and all "stay bonus" payments and severance payments made under Section 8.01(f) and (h) are Transaction Expenses in accordance with Section 1.01 and shall be added to Adjusted Tangible Book Value for the purposes of the calculation under Section 2.01(c).

Section 8.03 Other Employee Benefit Matters.

(a) Buyer and Seller shall take such actions prior to the Closing Date as may be reasonably necessary to enable the employees of Seller after the Closing Date to transfer the amount credited to their accounts under Seller's profit sharing plan through a rollover contribution into either a qualified defined contribution plan of Buyer or a separate third party individual retirement account, or to take a cash distribution from Seller's profit sharing plan. Subject to Buyer's current insurance carrier's acceptance and applicable regulations, Buyer shall also take such actions as may be reasonably necessary to ensure that where Former Seller Employees are entering mid-year into Employee Welfare Benefit Plans of Buyer, Former Seller Employees are credited with deductibles, co-insurance payments and out-of-pocket expenses incurred during the current plan year under any similar Employee Welfare Benefit Plans of Seller. For purposes of any vesting determinations in connection with a qualified defined contribution plan of Buyer, service with Seller prior to the Closing Date shall be counted. For purposes of eligibility to participate in any matching contribution under a qualified defined contribution plan of Buyer, Seller's employees shall be eligible on terms and conditions consistent with those then currently provided by Buyer to its other similarly-situated employees based on their employment date with Buyer.

(b) WARN Act. The Parties hereto agree to cooperate in good faith, including by sharing information about terminations of employment in a timely manner, to determine whether any notification may be required under the Worker Adjustment and Retraining Notification Act (WARN) (29 USC 2100 et. seq.) or the as a result of the transactions contemplated by this Agreement. Buyer shall be responsible for providing any notice required pursuant to WARN with respect to a layoff or plant closing that occurs on or after the Closing.

(c) Buyer shall provide each Former Seller Employee access to the benefit plans of Buyer set forth on Exhibit G.

Section 8.04 Indemnification.

(a) For a period of six (6) years after the Closing Date, Buyer shall indemnify, defend and hold harmless: (i) the present and former directors, officers and employees of Seller and Holding Company, and all such directors, officers and employees of Seller and Holding Company and their subsidiaries serving as fiduciaries under any of the respective benefits plans of Seller and Holding Company (the "**Indemnified Parties**") to the fullest extent allowable under Arizona law against all costs and expenses (including reasonable attorneys' fees, expenses and disbursements), judgements, fines, losses, claims, damages, settlements or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative (each, a "**Claim**"), arising out of or pertaining to the fact that the Indemnified Party is or was a director, officer, employee, or fiduciary of Seller or Holding Company or their subsidiaries or any such benefit plan or is or was serving at the request of Seller or Holding Company and their subsidiaries as a director, officer, manager, employee, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other business or non-profit enterprise (including any Employee Benefit Plan), whether asserted or claimed prior to, at or after the Closing Date (including with respect to the consummation of the transactions contemplated by this Agreement), and provide advancement of expenses to the Indemnified Parties (provided that the Indemnified Party to whom expenses are advanced provides an undertaking to repay advances if it shall be determined that such Indemnified Party is not entitled to be indemnified pursuant to the applicable laws).

(b) Buyer shall use its best efforts (and Seller and Holding Company shall cooperate prior to the Closing Date) to maintain in effect for a period of six (6) years after the Closing Date, Seller's and Holding Company's existing directors' and officers' liability insurance policy (provided that Buyer may substitute therefor (i) policies with comparable coverage and amounts containing terms and conditions which are substantially no less advantageous or (ii) with the consent of Seller and Holding Company (given prior to the Closing Date) any other policy with respect to claims arising from facts or events which occurred on or prior to the Closing Date and covering persons who are currently covered by such insurance) provided, that Buyer shall not be obligated to make premium payments for such six (6) year period in respect of such policy (or coverage replacing such policy) which exceeds, for the portion related to Seller's and Holding Company's directors, officers and employees, 125% of the annual premium most recently paid by Seller (the "**Maximum Amount**"). If the amount of premium that is necessary to maintain or procure such insurance coverage exceeds the Maximum Amount, Buyer shall use its reasonable best efforts to maintain the most advantageous policies of director's and officer's liability insurance obtainable for a premium equal to the Maximum Amount or may request Seller and/or

Holding Company to procure tail coverage, at Buyer's expense, at a single premium cost equal to the Maximum Amount.

(c) Any Indemnified Party wishing to claim indemnification under this Section 8.04 shall promptly notify Buyer upon learning of any Claim, provided that failure to so notify shall not affect the obligation of Buyer under this Section 8.04 unless, and only to the extent that, Buyer is actually and materially prejudiced in the defense of such Claim as a consequence. In the event of any such Claim (whether arising before or after the Effective Time), (i) Buyer shall have the right to assume the defense thereof and Buyer shall not be liable to such Indemnified Parties for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, unless such Indemnified Party is advised in writing by counsel that the defense of such Indemnified Party by Buyer would create an actual or potential conflict of interest (in which case, Buyer shall not be obligated to reimburse or indemnify any Indemnified Party for the expenses of more than one such separate counsel for all Indemnified Parties, in addition to one local counsel in the jurisdiction where defense of any Claim has been or is to be asserted), (ii) the Indemnified Parties will cooperate in the defense of any such matter, (iii) Buyer shall not be liable for any settlement effected without its prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed) and Buyer shall not settle any Claim without such Indemnified Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), and (iv) Buyer shall have no obligation hereunder in the event that (a) a federal or state banking agency or a court of competent jurisdiction shall determine that indemnification of an Indemnified Party in the manner contemplated hereby is prohibited by applicable laws and regulations or (b) that the Claim is determined by a court of competent jurisdiction to result from the Indemnified Party's fraud, sex or racial -based discrimination, sexual or racial harassment, or sexual misconduct.

(d) If the Buyer (i) does not undertake to assume and control the defense against a Claim within the thirty (30)-day period set forth in Section 8.04(c)(i); or (ii) after assuming the defense of a Claim, is not contesting such Claim in good faith, in each case, the Indemnified Party or the Indemnified Parties shall have the right to assume the defense and resolution of such Claim and shall reasonably consult with the Buyer regarding the strategy for the defense of such claim, it being understood that the Indemnified Parties' right to indemnification for a Claim shall not be adversely affected by assuming the defense of such Claim. The Buyer shall have no liability with respect to the settlement of a Claim the defense of which was assumed by an Indemnified Party or Indemnified Parties if such settlement was effected without the Buyer's prior written consent (which consent shall not be unreasonably withheld, conditioned, or delayed), and an Indemnified Party shall not settle any such Claim without the Buyer's prior written consent (which consent shall not be unreasonably withheld, conditioned, or delayed).

(e) If Buyer or any of its successors and assigns (i) shall consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) shall transfer all or substantially all of its property and assets to any individual, corporation or other entity, then, in each such case, proper provision shall be made so that the successors and assigns of Buyer and its Subsidiaries shall assume the obligations set forth in this Section 8.04.

(f) These rights shall survive consummation of the Transactions and are intended to benefit, and shall be enforceable by, each Indemnified Party and his or her heirs, representatives or administrators. After the Closing, the obligations of Buyer under this Section 8.04 shall not be terminated or modified in such a manner as to adversely affect any Indemnified Party unless the affected Indemnified Party shall have consented in writing to such termination or modification. If any Indemnified Party makes any claim for indemnification or advancement of expenses under this Section 8.04 that is denied by Buyer, and a court of competent jurisdiction determines that the Indemnified Party is entitled to such indemnification or advancement of expense, then Buyer shall pay such Indemnified Party's costs and expenses, including legal fees and expenses, incurred in connection with enforcing such claim against Buyer. If any Indemnified Party makes any claim for indemnification or advancement of expenses under this Section 8.04 that is denied by Buyer, and a court of competent jurisdiction determines that the Indemnified Party is not entitled to such indemnification or advancement of expense, the Indemnified Party shall pay Buyer's costs and expenses, including legal fees and expenses, incurred in connection with defending such claim against the Indemnified Party.

(g) Nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights to directors' and officers' insurance claims under any policy that is or has been in existence with respect to Holding Company or Seller or any of their subsidiaries for any of their respective directors, officers or other employees, it being understood and agreed that the indemnification provided for in this Section 8.04 is not prior to or in substitution for any such claims under such policies.

ARTICLE IX
CONDITIONS TO CLOSING

Section 9.01 Conditions to the Obligations of Seller. Unless waived in writing by Seller, the obligations of Seller to consummate the Transactions are subject to the satisfaction at or prior to the Closing Date of the following conditions:

(a) Performance. Each of the acts and undertakings and covenants of Buyer to be performed at or before the Closing pursuant to this Agreement shall have been duly performed in all material respects.

(b) Representations and Warranties. The representations and warranties of Buyer contained in this Agreement, including Article VI of this Agreement, shall be true, correct and complete, in all material respects, on and as of the Closing Date with the same effect as though made on and as of the Closing Date.

(c) Material Adverse Effect. Between the date of this Agreement and the Closing, no events or circumstances have occurred that have a material adverse effect on the financial condition of Buyer or the ability of Buyer to perform its obligations under this Agreement and consummate the Transactions.

(d) Documents. Seller shall have received the following documents from Buyer:

(1) An executed copy of the Assignment and Assumption Agreement substantially in the form of Exhibit A hereto.

(2) Resolutions of Buyer's board of directors, certified by its Secretary or Assistant Secretary, authorizing the execution and delivery of this Agreement and the consummation of the Transactions to which Buyer is a party.

(3) A certificate of the Secretary or Assistant Secretary of Buyer as to the incumbency and signatures of officers.

(4) A certificate signed by a duly authorized officer of Buyer stating that the conditions set forth in Section 9.01(a), Section 9.01(b) and Section 9.01(c) of this Agreement have been fulfilled.

(5) An executed copy of the Retirement Account Transfer Agreement attached hereto as Exhibit C.

(6) Such other instruments and documents as counsel for Seller may reasonably require as necessary or desirable to evidence Buyer's assumption of all liabilities associated with the Deposits and Seller's other obligations that are being assumed by Buyer pursuant to this Agreement, and otherwise to consummate the Transactions, all in form and substance reasonably satisfactory to counsel for Seller.

(e) Purchase Price. Seller shall have received the Purchase Price and the Reimbursement in immediately available funds deposited in the Seller Account.

(f) Conversion to State Chartered Credit Union and Field of Membership. Buyer shall have obtained approval from the NCUA, ADIFI, and the members of the Buyer by the minimum number of affirmative votes of the members of Buyer required by applicable law and Buyer's governing documents, as applicable, to (i) consummate the Buyer Charter Conversion and Field of Membership Change, (ii) adopt the Field of Membership Change as submitted with ADIFI and NCUA and required by the Buyer to consummate the transactions contemplated by this Agreement, and Buyer shall have consummated the Buyer Charter Conversion and Field of Membership Change.

Section 9.02 Conditions to the Obligations of Buyer. Unless waived in writing by Buyer, the obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing of the following conditions:

(a) Performance. Each of the acts and undertakings and covenants of Seller to be performed at or before the Closing pursuant to this Agreement shall have been duly performed in all material respects.

(b) Representations and Warranties. The representations and warranties of Seller contained in Article V of this Agreement shall be true, correct and complete in all material respects on and as of the Closing Date (unless they speak to an earlier date) with the same effect as though made on and as of the Closing Date, except to the extent that inaccuracies in those representations and warranties do not have a Material Adverse Effect on Seller.

(c) No Material Adverse Effect. Between the date of this Agreement and the Closing, Seller shall not have experienced a Material Adverse Effect.

(d) Documents. Buyer shall have received the following documents from Seller:

(1) A duly executed recordable special warranty deed, conveying title to the Real Estate, a vendor's affidavit, as applicable, and updated title reports with respect to the Real Estate, if reasonably requested by Buyer as provided in Section 7.09.

(2) An executed Assignment and Assumption Agreement in the form of Exhibit A hereto.

(3) An executed Bill of Sale and Assignment in the form of Exhibit B hereto.

(4) Resolutions of Seller's board of directors, certified by their respective Secretary or Assistant Secretary, authorizing the execution and delivery of this Agreement and the consummation of the Transactions to which Seller is a party.

(5) A certificate from the Secretary or Assistant Secretary of Seller as to the incumbency and signatures of officers.

(6) A certificate signed by a duly authorized officer of Seller stating that the conditions set forth in Section 9.02(a), Section 9.02(b) and Section 9.02(c) of this Agreement have been satisfied.

(7) A final customer list as set forth in Section 11.06(a) of this Agreement.

(8) An affidavit of non-foreign status as required by Section 1445 of the Internal Revenue Code of 1986, as amended.

(9) The holds and stop payment information described in Section 11.01 of this Agreement.

(10) An executed copy of the Retirement Account Transfer Agreement attached hereto as Exhibit C.

(11) All third-party consents required for Seller to consummate the Transactions.

(12) The Records.

(13) The Limited Power of Attorney, substantially in the form attached hereto as Exhibit D.

(14) A Non-Solicitation Agreement, substantially in the form attached hereto as attached hereto as Exhibit E, duly executed by each officer, director and Affiliate of Seller identified on Disclosure Schedule 9.02(d) in favor of Buyer.

(15) A Voting Agreement, substantially in the form attached hereto as attached hereto as Exhibit F, executed by each of the directors and officers of the Holding Company who own shares of common stock of Holding Company.

(16) Such other documents or instruments as counsel for Buyer may reasonably require as necessary or desirable for transferring, assigning and conveying to Buyer the Contracts and the Deposits and good, marketable, and (with respect to the Real Estate) insurable title to the Assets to be transferred to Buyer pursuant to this Agreement, all in form and substance reasonably satisfactory to counsel for Buyer.

(e) Physical Delivery. Seller shall also deliver to Buyer the Assets purchased hereunder which are capable of physical delivery.

(f) Employment Agreements. Buyer shall have received an executed copy of each of the employment agreements set forth in Buyer Disclosure Schedule 9.02(f).

(g) Conversion to State Chartered Credit Union and Field of Membership. Buyer shall have obtained approval from the NCUA and the ADIFI and the members of the Buyer by the minimum number of affirmative votes of the members of Buyer required by applicable law and Buyer's governing documents, as applicable, to (i) consummate the Buyer Charter Conversion, and (ii) adopt the Field of Membership Change as submitted with the ADIFI and NCUA and required by the Buyer to consummate the transactions contemplated by this Agreement; provided, however, any limitation on the field of membership requested by Buyer that excludes or otherwise prohibits the sale or transfer of any Asset and/or Liability of Seller to Buyer in connection with the Transactions by any relevant federal, state, or other regulatory agency from such agency's approval or consent shall not prevent the satisfaction of the condition set forth in this Section 9.02(g) if such Assets and/or Liabilities, in the aggregate, are not a material portion of Seller's business operations as determined by the Buyer in its commercially reasonable discretion.

Section 9.03 Condition to the Obligations of Seller and Buyer.

(a) Regulatory Approvals. All required licenses, approvals, and consents of any relevant federal, state, or other regulatory agency required for consummation of the Transactions shall have been obtained without any non-standard conditions or other non-standard requirements reasonably deemed unduly materially burdensome by either Seller or Buyer; *provided*, *however*, the exclusion of the sale or transfer of any Asset or Liability of Seller to Buyer in connection with the Transactions by any relevant federal, state, or other regulatory agency from such agency's approval or consent shall not be deemed unduly burdensome or otherwise prevent the satisfaction of the condition set forth in this Section 9.03(a) if such Assets and/or Liabilities, in the aggregate, are not a material portion of Seller's business operations.

(b) Absence of Proceedings and Litigation. No order shall have been entered and remain in force at the Closing Date restraining or prohibiting any of the Transactions in any legal, administrative or other proceeding, no action or proceeding shall have been instituted or threatened on or before the Closing Date seeking to restrain or prohibit the Transactions contemplated by this Agreement or which would have a Material Adverse Effect.

(c) Shareholder Approval. This Agreement and the Transactions, as applicable, shall have been approved by the minimum number of affirmative votes of the holders of Holding Company common stock required by applicable law.

(d) Data Processing and Card Services Contracts. Each of the acts and undertakings and covenants of each of Buyer and Seller to be performed at or before the Closing pursuant to Section 7.22 shall have been duly performed in all material respects.

(e) Termination of Excluded Contracts. All actions have been taken to terminate at or prior to Closing all Excluded Contracts, including all Employee Benefit Plans, all applicable releases have been obtained, and any and all payments required under such Excluded Contracts have been made; *provided, however,* in the case of Seller's 401(k) profit sharing plan, the Parties acknowledge that distributions therefrom will commence as soon as practicable following the termination of Seller's 401(k) plan, which may occur after the Closing Date.

(f) Prepaid Expenses. Accrual of all Sellers' Prepaid Expenses at least three (3) days prior to the Closing Date.

ARTICLE X
TERMINATION

Section 10.01 Termination. This Agreement and the transactions contemplated hereby may be terminated at any time, notwithstanding the approval thereof by the shareholders of Holding Company (unless otherwise indicated below), before or at the Closing (unless otherwise indicated below), as follows and in no other manner:

(a) By Seller or Buyer after the expiration of ten (10) Business Days after any Regulator shall have denied or refused to grant the approvals or consents required under this Agreement to be obtained pursuant to this Agreement, unless within said ten (10) Business Day period Buyer and Seller agree to submit or resubmit an application to, or appeal the decision of, the Regulator which denied or refused to grant approval thereof, *provided* that the Regulator does not state that such submission or resubmission will not cure the cause the denial or refusal of the grant approval or consents required; *provided*, *however*, that no party hereto shall have the right to terminate this Agreement under this Section 10.01(a) if such Regulator denial or refusal arises out of, or results from, a material breach by the party seeking to terminate this Agreement of any representations, warranties or covenants of such party;

(b) By the non-breaching Party after the expiration of twenty (20) Business Days from the date that a Party has given notice to the other Party of such other Party's material breach or misrepresentation of any obligation, warranty, representation, or covenant in this Agreement; *provided*, *however*, that no such termination shall take effect if within said twenty (20) Business Day period the Party so notified shall have fully and completely corrected in all material respects the grounds for termination as specified in such notice;

(c) As long as the terminating party is not in material breach of any representation, warranty, covenant or other agreement contained herein, the conditions precedent to such parties' obligations to close specified herein have not been met or waived by November 30, 2022 ("**End Date**"); *provided*, *however*, that the right to terminate this Agreement under this Section 10.01(c)

shall not be available to any party if the failure of such party to perform or comply in all material respects with the covenants and agreements of such party set forth in this Agreement shall have been the direct cause of, or resulted directly in, or materially contributed to, the failure of the Transactions to be consummated by the End Date;

(d) By the mutual consent Buyer, Seller and Holding Company and the approval of such action by their respective boards of directors;

(e) By Seller if, without breaching Section 7.07, Seller shall contemporaneously enter into a definitive agreement with a third party providing a Superior Proposal, as defined below; *provided*, that the right to terminate this Agreement under this Section 10.01(e) shall not be available to Seller unless it delivers to Buyer (1) written notice of Seller's intention to terminate at least five (5) Business Days prior to termination and (2) the Fee referred to in Section 10.03 (for purposes of this Agreement, "**Superior Proposal**" means an Acquisition Proposal made by a third party after the date hereof which, in the good faith judgment of the board of directors of Seller or Holding Company receiving the Acquisition Proposal, taking into account the various legal, financial and regulatory aspects of the proposal and the Person making such proposal, (A) if accepted, is significantly more likely than not to be consummated, and (B) if consummated, is reasonably likely to result in a more favorable transaction than the transactions contemplated by this Agreement for Seller and its shareholders and other relevant constituencies); or

(f) By Seller if this Agreement and the Transactions shall not have been approved by the minimum number of affirmative votes of the holders of Holding Company common stock required by applicable law at the Special Meeting.

Section 10.02 Effect of Termination and Abandonment. In the event of termination of this Agreement and the abandonment of the transactions contemplated by this Agreement pursuant to this Article X, no party to this Agreement shall have any liability or further obligation to any other party hereunder except (a) as set forth in Section 7.15 and Section 10.03 and (b) that termination will not relieve a breaching party from liability for any fraud or willful breach of this Agreement giving rise to such termination.

Section 10.03 Liquidated Damages. If Seller terminates this Agreement pursuant to Section 10.01(e), then, within five Business Days of such termination, Seller shall pay Buyer by wire transfer in immediately available funds, as agreed upon liquidated damages and not as a penalty and as the sole and exclusive remedy of Buyer, Three Million Six Hundred Fifty-Six Thousand Dollars ($3,656,000.00) (the "**Fee**"). Notwithstanding anything to the contrary in this Agreement, in the circumstance in which the Fee is or becomes payable pursuant to this Section, Buyer's sole and exclusive remedy (whether at law, in equity, in contract, in tort or otherwise) against Seller or any of its Affiliates with respect to the facts and circumstances giving rise to such payment obligation shall be payment of the Fee pursuant to, and except as provided in Section 10.02 in the case of willful breach of this Agreement, upon payment in full of such amount, none of Buyer or any of its Affiliates nor any other person shall have any rights or claims against Seller or any of its Affiliates (whether at law, in equity, in contract, in tort or otherwise) under or relating to this Agreement or the transactions contemplated hereby. Seller shall not be required to pay the Fee on more than one occasion.

Section 10.04 End Date Extension.

(a) Provided Buyer is not in material breach of any representation, warranty, covenant or other agreement contained herein, Buyer may extend the End Date an additional sixty (60) days by (i) notifying Seller in writing of its intent to exercise its right to extend under this Section 10.04 no later than five (5) Business Days prior to the End Date and (ii) depositing into an escrow account at Seller an amount equal to Two Hundred Fifty Thousand Dollars ($250,000.00) (the "**Earnest Money**") on or prior to the End Date.

(b) The Earnest Money shall be credited to the Purchase Price at Closing; *provided, however*, (i) the Earnest Money shall become the property of Seller without any further action by any Party hereto if this Agreement is terminated by Buyer or Seller pursuant to Section 10.01(a) or Section 10.01(c), or by Seller pursuant to Section 10.01(b), and (ii) the Earnest Money shall be returned to the Buyer without any further action by any Party hereto if this Agreement is terminated pursuant to Section 10.01(d), by Buyer pursuant to Section 10.01(b), or by Seller pursuant to Section 10.01(e) or Section 10.01(f).

ARTICLE XI
OTHER AGREEMENTS

Section 11.01 Holds and Stop Payment Orders. Holds and stop payment orders that have been placed by Seller on particular accounts or on individual checks, drafts or other instruments before the Closing Date will be continued by Buyer under the same terms after the Closing Date. Seller will deliver to Buyer at the Closing a complete schedule of such holds and stop payment orders and documentation relating to the placing thereof.

Section 11.02 ACH Items and Recurring Debits. Seller will transfer all automated clearing house ("**ACH**") arrangements to Buyer as soon as possible after the Closing Date. At least fifteen (15) Business Days prior to the Closing Date, Seller will deliver to Buyer (i) a listing of account numbers for all accounts being assumed by Buyer subject to ACH items and Recurring Debit arrangements, and (ii) all other records and information necessary for Buyer to administer such arrangements. Buyer shall continue such ACH arrangements and such recurring debit arrangements as are originated and administered by third parties and for which Buyer need act only as processor; Buyer shall also continue recurring debit arrangements that were originated or administered by Seller.

Section 11.03 Withholding. Seller shall deliver to Buyer (i) within three Business Days after the Closing Date a list of all "B" (taxpayer identification numbers ("**TINs**") do not match) and "C" (under reporting/IRS imposed withholding) notices from the IRS imposing withholding restrictions, and (ii) for a period of 120 days after the Closing Date, all notices received by Seller from the IRS releasing withholding restrictions on Deposit accounts transferred to Buyer pursuant to this Agreement. Any amounts required by any governmental agency to be withheld from any of the Deposits (the "**Withholding Obligations**") will be handled in the following manner:

(a) Any Withholding Obligations required to be remitted to the appropriate governmental agency prior to the Closing Date will be withheld and remitted by Seller, and any other sums withheld by Seller pursuant to Withholding Obligations prior to the Closing Date shall

also be remitted by Seller to the appropriate governmental agency on or prior to the time they are due.

(b) Any Withholding Obligations required to be remitted to the appropriate governmental agency on or after the Closing Date with respect to Withholding Obligations after the Closing Date and not withheld by Seller as set forth in Section 11.03(a) above will be remitted by Buyer.

(c) Any penalties described on "B" notices from the IRS or any similar penalties that relate to Deposit accounts opened by Seller prior to the Closing Date will be paid by Seller promptly upon receipt of the notice providing such penalty assessment resulted from Seller's acts, policies or omissions.

Section 11.04 Retirement Accounts. Seller will provide Buyer with the proper trust documents and all related information for any Retirement Accounts assumed by Buyer under Section 2.02 of this Agreement. Buyer shall be responsible for all federal and state income tax reporting of Retirement Accounts for 2022. Seller agrees to cooperate with Buyer to permit Buyer to retain Seller's current reporting service provider (and assume any such contract) (if Buyer elects to do so) and to assist Buyer in the preparation of any such reports or background materials needed for the preparation of any such reports.

Section 11.05 Interest Reporting. Buyer shall report for 2022 all interest credited to, interest withheld from, and early withdrawal penalties charged to the Deposits which are assumed by Buyer under this Agreement. For so long as Seller remains in existence, Seller agrees to cooperate with Buyer to permit Buyer to retain Seller's current reporting service provider (and assume any such contract) (if Buyer elects to do so) and to assist Buyer in the preparation of any such reports or background materials needed for the preparation of any such reports. Said reports shall be made to the holders of these accounts and to the applicable federal and state regulatory agencies.

Section 11.06 Notices to Depositors. Seller shall provide Buyer an intermediate customer list of the Deposit accounts to be assumed by Buyer pursuant to this Agreement, together with a tape thereof, as of month-end prior to the scheduled Seller mailing referred to in Section 11.06(a) below. Seller shall provide Buyer a final customer list of the Deposits transferred as of the Closing Date pursuant to this Agreement.

(a) After receipt of all regulatory approvals and, with the concurrence of the Regulators, if required, at least five Business Days before the Closing Date but only after the waiver or satisfaction of all conditions to Closing (other than deliveries), Seller shall mail notification to the holders of the Deposits to be assumed that, subject to closing requirements, Buyer will be assuming the liability for the Deposits; *provided, however*, such notice shall be given to the holders of IRAs at least 30 days prior to the Closing Date. The notification(s) will be based on the list referred to in the first paragraph of Section 11.06 above and a listing maintained by Seller of the new accounts opened since the date of said list. Seller shall provide Buyer with the documentation of said listing up to the date of Seller's mailing. Buyer shall send notification(s) to the same holders either together with Seller's mailing, (in which case Buyer shall pay the costs of such mailing and Buyer shall not delay the timing of such mailing), or within three days after Seller's notification setting out the details of its administration of the assumed

accounts. Each Party shall obtain the approval of the other Party on its notification letter(s), which approval shall not be unreasonably withheld or delayed. Except as otherwise provided herein, each Party will be responsible for the cost of its own mailing.

(b) After the effective date of any mailing regarding account services by Buyer, Buyer will provide copies of such materials to Seller for distribution at Seller's locations at the time new services are acquired.

Section 11.07 Card Processing and Overdraft Coverage.

(a) Seller will provide Buyer with a list of ATM and debit card holders no later than 15 business days after receipt of all necessary approvals of the Regulators; *provided*, *however*, Buyer shall not use such list to contact the card holders without prior consent of Seller.

(b) All of Seller's customers with overdraft coverage shall be provided similar overdraft coverage, if available, by Buyer after the Closing, and if not available, Buyer will provide written notice to any affected customers.

Section 11.08 Taxpayer Information. Seller shall deliver to Buyer within three Business Days after the Closing Date: (i) TINs (or record of appropriate exemption) for all holders of Deposits acquired by Buyer pursuant to this Agreement; and (ii) all other information in Seller's possession or reasonably available to Seller required by applicable law to be provided to the IRS with respect to the Assets and Deposits transferred pursuant to this Agreement and the holders thereof, except for such information which Seller will report pursuant to Section 11.03 of this Agreement (collectively, the "**Taxpayer Information**"). Seller hereby certifies that such information, when delivered, shall accurately reflect the information provided by Seller's customers.

ARTICLE XII
GENERAL PROVISIONS

Section 12.01 Attorneys' Fees. Except as expressly provided herein, each party to this Agreement shall bear the cost of its own attorneys' fees incurred in connection with the preparation of this Agreement and consummation of the Transactions. Notwithstanding the foregoing, in any action between the parties hereto seeking enforcement of any of the terms and provisions of this Agreement or in connection with any of the property described herein, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, not limited to taxable costs, and reasonable attorneys' fees and expenses as determined by the court.

Section 12.02 No Third-Party Beneficiaries. This Agreement is not intended nor should it be construed to create any express or implied rights in any third parties, except for the rights set forth in Section 8.04 of this Agreement.

Section 12.03 Notices. All notices, requests, demands, and other communication given or required to be given under this Agreement shall be in writing, duly addressed to the parties hereto as follows or at such other address, telephone or facsimile number as any such party may later specify by such written notice:

To Seller or:

Holding Company	Horizon Bancorp., Inc. Horizon Community Bank 225 North Lake Havasu Avenue Lake Havasu City, Arizona 86403 Attn: Ralph E. Tapscott Email: RalphT@horizoncommunitybank.com
With a copy to:	Fenimore Kay Harrison LLP 812 San Antonio Street Suite 600 Austin, Texas 78701 Attn: Jeremy S. Lemmon, Esq. Email: jlemmon@fkhpartners.com
To Buyer:	Arizona Federal Credit Union 333 N. 44th Street Phoenix, Arizona 85008 Attn: Ronald L. Westad, President and Chief Executive Officer Email: ron.westad@azfcu.org
With copy to:	Michael M. Bell, Esq. Honigman LLP 650 Trade Centre Way Suite 200 Kalamazoo, Michigan 49002 Email: mbell@honigman.com

Any such notice sent by registered or certified mail, return receipt requested, shall be deemed to have been duly given and received five Business Days after the same is so addressed and mailed with postage prepaid. Notice sent by any other manner shall be effective only upon actual receipt thereof.

Section 12.04 Assignment. This Agreement may not be assigned by any party hereto without the prior written consent of the other parties hereto, and any attempted assignment in violation of this section is void.

Section 12.05 Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors or representatives.

Section 12.06 Governing Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ARIZONA, WITHOUT REGARD FOR THE PROVISIONS THEREOF REGARDING CHOICE OR CONFLICT OF LAW (WHETHER OF THE STATE OF ARIZONA OR ANY OTHER JURISDICTION). VENUE FOR ANY CAUSE OF ACTION ARISING FROM THIS AGREEMENT WILL LIE IN MOHAVE COUNTY, ARIZONA.

Section 12.07 Entire Agreement. This Agreement, together with the Disclosure Schedules, the Buyer Disclosure Schedules and Exhibits hereto, contains all of the agreements of the parties to it with respect to the matters contained herein and no prior or contemporaneous agreement or understanding, oral or written, pertaining to any such matters shall be effective for any purpose. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest and expressly stating that it is an amendment of this Agreement.

Section 12.08 Headings. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions of this Agreement.

Section 12.09 Severability. If any paragraph, section, sentence, clause, or phrase contained in this Agreement shall become illegal, null or void, or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void, or against public policy, the remaining paragraphs, sections, sentences, clauses, or phrases contained in this Agreement shall not be affected thereby.

Section 12.10 Waiver. The waiver of any breach of any provision under this Agreement by any party hereto shall not be deemed to be a waiver of any preceding or subsequent breach under this Agreement.

Section 12.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument. This Agreement may be executed and accepted by facsimile or portable data file (pdf) signature and any such signature shall be of the same force and effect as an original signature.

Section 12.12 Force Majeure. No party hereto shall be deemed to have breached this Agreement solely by reason of delay or failure in performance resulting from a natural disaster or other act of God. The parties hereto agree to cooperate in an attempt to overcome such a natural disaster or other act of God and consummate the transactions contemplated by this Agreement, but if any party hereto reasonably believes that its interests would be materially and adversely affected by proceeding, such party shall be excused from any further performance of its obligations and undertakings under this Agreement.

Section 12.13 Disclosure Schedules. The Disclosure Schedules and the Buyer Disclosure Schedules identify, among other things, items the disclosure of which is necessary or appropriate, either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations, warranties or covenants of Seller and/or Buyer contained in this Agreement. Any information set forth in any one section of such schedules shall be deemed to apply to each other applicable section or subsection thereof if its relevance to the information called for in such section or subsection is reasonably apparent from the disclosures made in any of the schedules or a specific cross reference to a disclosure on another schedule is made. Notwithstanding any provision in this Agreement to the contrary, the mere inclusion of an item in such section or subsection of such schedules as an exception to a representation, warranty or covenant shall not be deemed as an admission of liability or to mean that any such information is required to be disclosed by this Agreement, or to mean that such information is material. Such information shall not

be used as a basis for interpreting the term "material," "materiality," "materially," or Material Adverse Effect, or similar qualification in this Agreement.

Section 12.14 Survival. None of the representations, warranties, covenants and other agreements in this Agreement or in any instrument delivered pursuant to this Agreement, other than those contained in Sections 7.10, 7.15, 10.02, 10.03 and 10.04 and in Article XII of this Agreement, shall survive the termination of this Agreement if this Agreement is terminated prior to the Closing Date. None of the representations, warranties, covenants and other agreements in this Agreement or in any instrument delivered pursuant to this Agreement, including any rights arising out of any breach of such representations, warranties, covenants and other agreements, shall survive the Closing Date, except for those covenants and agreements contained in Sections 7.10, 7.12, 7.20, 7.23, 8.01, 8.03, 8.04 and Article XI, which by their terms apply or are to be performed in whole or in part after the Closing, and in this Article XII.

Section 12.15 Transfer Charges and Assessments. All transfer, assignment, sales, conveyancing and recording charges, assessments and taxes applicable to the sale and transfer of the Assets and the assumption of the Liabilities shall be paid and borne by Buyer.

Section 12.16 Time of the Essence. Whenever performance is required to be made by a party hereto under a specific provision of this Agreement, time shall be of the essence.

Section 12.17 Specific Performance. The parties hereto agree that irreparable damage would occur in the event any covenants in this Agreement were not performed in accordance with their specific terms or otherwise were materially breached. It is accordingly agreed that, without the necessity of proving actual damages or posting bond or other security, the parties hereto shall be entitled to seek temporary and/or permanent injunction or injunctions to prevent breaches of such performance and to seek specific enforcement of the terms and provisions in addition to any other remedy to which they may be entitled, at law or in equity.

Section 12.18 Waiver of Jury Trial . EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION RELATED TO OR ARISING OUT OF THIS AGREEMENT OR ANY RELATED DOCUMENTS OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY.

[Signature Page Follows]

The parties hereto have duly authorized and executed this Agreement as of the date first above written.

ARIZONA FEDERAL CREDIT UNION

By: _____
Name: Ronald L. Westad
Title: President and Chief Executive Officer

HORIZON COMMUNITY BANK

By: _____
Name: Ralph E. Tapscott
Title: President and Chief Executive Officer

HORIZON BANCORP, INC.

By: _____
Name: Ralph E. Tapscott
Title: President and Chief Executive Officer

The parties hereto have duly authorized and executed this Agreement as of the date first above written.

ARIZONA FEDERAL CREDIT UNION

By:_____
Name: Ronald L. Westad
Title: President and Chief Executive Officer

HORIZON COMMUNITY BANK

By: _____
Name: Ralph E. Tapscott
Title: President and Chief Executive Officer

HORIZON BANCORP, INC.

By: _____
Name: Ralph E. Tapscott
Title: President and Chief Executive Officer

PLAN OF DISSOLUTION OF HORIZON BANCORP, INC.

This Plan of Dissolution (the "**Plan"**) is intended to accomplish the dissolution and winding up of Horizon Bancorp, Inc., an Arizona corporation (the "**Company**"), in accordance with A.R.S. §§ 10-1402 and 10-1403.

RECITALS

WHEREAS, the Company has entered into that certain Purchase and Assumption Agreement (the "**P&A Agreement**"), dated as of March 9, 2022, by and among Arizona Federal Credit Union, a federally chartered credit union ("**AFCU**"), the Company, and Horizon Community Bank, an Arizona state-chartered banking corporation and wholly-owned subsidiary of the Company (the "**Bank**"), providing for the sale and transfer of substantially all of the Bank's assets and liabilities to AFCU (the "**Asset Sale**");

WHEREAS, in connection with the Asset Sale, the Bank will transfer all of the Bank's deposits to AFCU and AFCU will assume all liabilities of the Bank associated with the deposits of the Bank such that following consummation of the Asset Sale, the Bank will have no deposits, including deposits insured by the Federal Deposit Insurance Corporation (the "**FDIC**");

WHEREAS, following consummation of the Asset Sale, the Bank intends to voluntarily dissolve the Bank; and

WHEREAS, following consummation of the Asset Sale and the dissolution of the Bank, the Company intends to voluntarily dissolve the Company.

PLAN OF DISSOLUTION

1. **Approval and Adoption of Plan**. The Board of Directors of the Company (the "**Board**") met at a duly called meeting of the Board on April 20, 2022, at which the Board recommended to the shareholders of the Company the dissolution of the Company, provided that the dissolution of the Company shall be expressly conditioned upon and subject to the consummation of the Asset Sale and the dissolution of the Bank.

The shareholders of the Company took action at a duly called annual meeting of the shareholders on June 15, 2022 and, as a result, satisfied the shareholder vote requirement set forth in A.R.S. § 10-1402 to approve the dissolution of the Company as proposed by the Board.

The Board met at a duly called meeting of the Board on [●][1] (the "**Adoption Date**") in contemplation of the closing of the Asset Sale, at which meeting the Board adopted this Plan for winding up and dissolving the Company in accordance with this Plan, including, without limitation, liquidating and distributing the Company's assets following consummation of the Asset Sale and the dissolution of the Bank. Immediately following, and expressly conditioned on, the consummation of the Asset Sale, the Plan will be effective as of the Adoption Date.

The Board, the Company and the shareholders of the Company intend that this Plan constitute a "plan of complete liquidation" of the Company within the meaning of Part II of Subchapter C of Chapter 1 of the Internal Revenue Code of 1986, as amended (the "Code"), and that the tax consequences to the Company

[1] This date to be on or immediately prior to the closing date of the Asset Sale.

shall be determined in accordance with Section 336 of the Code and that the tax consequences to the shareholders shall be determined in accordance with Section 331 of the Code.

2. **General Authorization**. The Board is authorized, as of the Adoption Date, without further action by the shareholders of the Company, to do and perform or cause the executive officers of the Company, subject to approval of the Board, to do and perform any and all acts, and to make, execute, deliver, or adopt any and all agreements, resolutions, conveyances, certificates, and other documents of every kind that are deemed necessary, appropriate, or desirable, in the absolute discretion of the Board, to implement the winding up of the business and affairs of the Company according to this Plan, including, but not limited to:

a. Collecting all debts and assets.

b. Selling any of the non-cash assets of the Company remaining following consummation of the Asset Sale and the dissolution of the Bank, including, without limitation, disposing of any property of the Company that is not to be distributed in kind to the shareholders of the Company following the consummation of the Asset Sale and the dissolution of the Bank.

c. The termination of the employee benefit plans of the Company and payment of expenses in connection with such terminations.

d. Paying all expenses incurred in connection with the implementation of this Plan including, but not limited to, any consulting, professional, and other fees and expenses of persons or entities providing services to the Company.

e. Discharging, satisfying, settling, or rejecting all liabilities, debts, or obligations of the Company whether through payment or making adequate provisions for payments.

f. Prosecuting and defending actions or proceedings by or against the Bank.

g. Distributing assets of the Company to the shareholders of the Company to the fullest extent permitted by the laws of the State of Arizona.

h. Filing all final tax returns, making final payments, and closing any tax accounts or obligations required by any state or federal law or regulation to effect winding up the Company's affairs and dissolving the Company including, but not limited to, filing the Internal Revenue Service ("**IRS**") Form 966 with the IRS and articles of dissolution with the Arizona Corporation Commission.

i. Surrender of the Company's charter to the Arizona Corporation Commission.

j. Withdrawing any qualification to transact business in any state in which the Company does business.

k. Interpreting the provisions of this Plan.

Notwithstanding authorization or consent to this Plan and the transactions contemplated hereby by the shareholders of the Company, the Board is authorized to modify, amend, or abandon this Plan and the transactions contemplated hereby without further action by the shareholders of the Company to the extent permitted by Arizona law. Notwithstanding anything to the contrary herein, the transactions contemplated by this Plan are expressly conditioned upon consummation of the Asset Sale and the assumption of the Bank's deposits by AFCU.

3. **Indemnification**. Pursuant to the terms of the P&A Agreement, AFCU will indemnify the Company's officers, directors, and employees to the fullest extent allowable under Arizona law for acts and omissions in connection with the implementation of the Plan and the winding up of the affairs of the Company for a period of six years.

4. **Filing of Tax Forms**. The Company shall file final returns, pay final obligations, and close all tax accounts as listed below. The Company shall file:

a. IRS Form 966 with the IRS not later than 30 days following the Adoption Date. If the Company amends the Plan, it shall file an additional Form 966 within 30 days of the amendment.

b. File all other required tax filings with the IRS, the State of Arizona, or any other state in which the Company transacts business including, without limitation, sales tax, payroll tax, workers' compensation, unemployment, or franchise tax during the winding up period that this Plan is implemented.

5. **Cessation of Business Activities**. The Company shall cease to carry on its business after the date of consummation of the Asset Sale, except as necessary to wind up and liquidate its business and affairs, including retaining such employees and consultants as necessary or desirable to carry out the winding up and dissolution of the Company.

6. **Published Notice of Dissolution**. At the time of the filing of the articles of dissolution, the Company shall request that the Arizona Corporation Commission shall input the information regarding the approval of the Company's articles of dissolution into the database as prescribed by A.R.S. § 10-130 in accordance with A.R.S. § 10-1403(D)(2).

7. **Settling Claims**. The Company shall proceed to collect its assets, dispose of its properties, and settle known claims as they are received or reject them accordingly, and may take such further actions as permitted by Arizona law to settle any and all claims.

8. **Plan of Distribution**.

a. On and after consummation of the Asset Sale and the dissolution of the Bank, the Bank shall liquidate the Company's assets in accordance with the terms of this Plan. This action by and on behalf of the Company will not require further approval by the Board or the shareholders of the Company, and may include efforts such as:

i. Undertaking all reasonable efforts to collect on assets of the Company, including taking such actions necessary to collect any amounts due to the Company by a third party.

ii. Selling any non-cash assets of the Company remaining after consummation of the Asset Sale and dissolution of the Bank.

iii. Disposing of any property of the Company that is not to be distributed in kind to the shareholders of the Company.

b. On and after consummation of the Asset Sale, the Company shall make adequate provision, by payment or otherwise, for all of the Company's existing and reasonably foreseeable debts, liabilities, and obligations, whether or not liquidated, matured, asserted, or contingent.

c. The Company shall distribute the remainder of the Company's assets following payment of all debts, liabilities, and obligations, either in cash or in kind, to the shareholders of the Company.

d. Subject to the foregoing, the Company has discretion in determining the manner and timing for the distributions to be completed. Distributions pursuant to this Plan or any other requirements of Arizona law may occur at a single time or be undertaken in a series of transactions over time. Unless otherwise provided herein, the distributions may be in cash or in assets or in some combination of both cash and assets. The Company has absolute discretion to make such distributions in such amounts and at the time or times it determines.

e. Following consummation of the Asset Sale, none of the Company's assets will be owed to creditors or claimants that cannot be located or are not competent to receive the assets.

9. **Articles of Dissolution and Effective Date**. After paying and discharging, or making adequate provision for the payment and discharge of, all known debts, liabilities, and obligations, the Company shall, in accordance with the provisions of Arizona law, prepare and file articles of dissolution with the Arizona Corporation Commission. The Company shall be dissolved upon the date set forth in the articles of dissolution.

[Signature Page Follows]

[Signature Page to Plan of Dissolution]

IN WITNESS WHEREOF, the Company has approved dissolution and adopted this Plan of Dissolution as of the Adoption Date.

HORIZON BANCORP, INC.

Date: [●]

_____

Ralph E. Tapscott

President and Chief Executive Officer

HOVDE GROUP

March 7, 2022

Board of Directors
Horizon Community Bank
Horizon Bancorp, Inc.
225 North Lake Havasu Avenue
Lake Havasu City, Arizona 86403

Dear Board of Directors:

Hovde Group, LLC ("we" or "Hovde") understands that Horizon Bancorp, Inc. ("Holding Company"), an Arizona corporation and registered bank holding company under the Bank Holding Company Act of 1956, as amended, Horizon Community Bank ("Seller"), an Arizona state chartered, nonmember bank and wholly-owned subsidiary of Holding Company, and Arizona Federal Credit Union ("Buyer"), a federally chartered credit union are about to enter into a Purchase and Assumption Agreement (the "Agreement") to be effective on or about March 7, 2022. The board of directors of Seller has determined it advisable and in the best interest of Seller and its sole shareholder, the Holding Company, to sell substantially all of Seller's assets and transfer substantially all of Seller's liabilities to Buyer under the terms and conditions of the Agreement. Similarly, the board of directors of Holding Company has determined it advisable and in the best interest of Holding Company and its shareholders for Seller to sell substantially all of Seller's assets and transfer substantially all of Seller's liabilities to Buyer under the terms and conditions of the Agreement, and Buyer desires to acquire substantially all of the assets and assume substantially all of the liabilities of Seller. In connection with the Transactions, and as a condition precedent to Buyer's obligations under the Agreement, Buyer intends to obtain approval from the NCUA and the ADIFI and its members to convert from a federally chartered credit union to an Arizona state chartered credit union, and the Buyer intends to obtain consent from the ADIFI to adopt a field of membership and charter type as submitted with the ADIFI and NCUA and required by the Buyer to consummate the Transactions contemplated by the Agreement. Following the consummation of the Transactions contemplated by the Agreement, and upon satisfaction of all of its debts and other obligations, Seller will wind up its business and surrender its banking charter, the resulting entity will liquidate and dissolve and distribute all of its remaining assets to Holding Company, and thereafter, Holding Company will liquidate and dissolve, and upon satisfaction of all of its debts and obligations, distribute all of its assets to the shareholders of Holding Company.

As used herein, "Transactions" means the purchase and transfer of the Assets and assumption of the Liabilities contemplated by the Agreement, including, without limitation, Articles II and III, the dissolution and liquidation of Seller and the distribution of its assets to the Holding Company, and the dissolution and liquidation of Holding Company and distribution of its net assets to Holding Company's shareholders. Capitalized terms used herein that are not otherwise defined shall have the same meanings attributed to them in the Agreement, and all Article and Section references shall refer to Articles or Sections in the Agreement. For purposes of our analysis and opinion, Agreement as used herein shall refer to the draft Agreement dated March 4, 2022, provided to Hovde by the Holding

Company management.

At the Closing and subject to the terms and conditions set forth in the Agreement, Seller shall sell, convey, assign, and transfer to Buyer and Buyer shall purchase and acquire from Seller all of Seller's right, title, and interest in and to all of the Assets (other than the Excluded Assets), free of all Encumbrances other than Permitted Encumbrances. In consideration for the Assets acquired by Buyer under the Agreement, Buyer shall assume all of the Liabilities (other than the Excluded Liabilities) and pay in cash in immediately available funds to Seller at Closing an amount equal to Ninety-One Million Four Hundred Thousand Dollars ($91,400,000), subject to the adjustments set forth in Section 2.01(c), as applicable (as adjusted, the "Purchase Price").

We note that the Agreement provides that in the event that the sum of the Adjusted Tangible Book Value plus all Transaction Expenses, calculated as of the Closing Date, is less than Forty-Three Million Three Hundred Forty-Nine Thousand Dollars ($43,349,000) (the "Minimum Equity"), then the Purchase Price shall be reduced on a dollar-for-dollar basis by an amount equal to the positive difference between (A) the Minimum Equity minus (B) the sum of the Adjusted Tangible Book Value plus the Transaction Expenses, calculated as of the Closing Date.

Section 2.04 of the Agreement provides that subject to review and acceptance by Buyer, Buyer shall pay an amount (in addition to the Purchase Price and other amounts due pursuant to the Agreement) to Seller to cause the proceeds from the Transactions, net of the Taxes imposed on Seller and/or Holding Company as a result of the Transactions (including any Tax imposed on Seller and/or Holding Company as a result of receiving the amount described in Section 2.04 from Buyer), to be equal to the proceeds that Seller and/or Holding Company would have received from the Transactions, net of the Taxes imposed on Seller and/or Holding Company as a result of the Transactions, had Seller or Holding Company instead sold its shares of capital stock of Seller (the "Reimbursement"**)**; provided that Buyer's obligation to pay Seller pursuant to Section 2.04 shall not exceed Ten Million Dollars ($10,000,000); and provided further that the Reimbursement shall in no event be a negative number. For purposes of our analysis and opinion, management of the Holding Company has estimated that the total Holding Company Tax expense will be $11,628,017, and therefore, the amount of Holding Company Tax expense net of the Reimbursement, which will be deducted from the Purchase Price to derive the net estimated proceeds available for distribution to Holding Company shareholders will be $1,628,017.

The Agreement provides that it may be terminated if any of the conditions of Section 10.01 shall occur, which among other conditions include: (i) by Seller or Buyer after the expiration of ten (10) Business Days after any Regulator shall have denied or refused to grant the approvals or consents required under the Agreement to be obtained unless within said ten (10) Business Day period Buyer and Seller agree to submit or resubmit an application to, or appeal the decision of, the Regulator which denied or refused to grant approval thereof; (ii) by Seller or Buyer if the conditions precedent to such parties' obligations to close specified in the Agreement have not been met or waived by November 30, 2022 (the "End Date"); (iii) by Seller if Seller shall contemporaneously enter into a definitive agreement with a third party providing a Superior Proposal which is defined as an Acquisition

Proposal made by a third party which, in the good faith judgment of the board of directors of Seller or Holding Company receiving the Acquisition Proposal, if accepted, (a) is significantly more likely than not to be consummated, and (b) if consummated, is reasonably likely to result in a more favorable transaction for Seller and its shareholders than the Transactions contemplated by the Agreement; and (iv) by Seller if the Agreement and the Transactions shall not have been approved by the minimum number of affirmative votes of the holders of Holding Company common stock required by applicable law at the Special Meeting. If Seller terminates the Agreement pursuant to Section 10.01(e) (acceptance of a Superior Proposal), then, within five Business Days of such termination, Seller shall pay Buyer by wire transfer in immediately available funds, as agreed upon liquidated damages and not as a penalty and as the sole and exclusive remedy of Buyer, a Fee of Three Million Six Hundred Fifty-Six Thousand Dollars ($3,656,000.00).

We note that the Agreement sets forth in Article IX normal and customary closing conditions for Seller and Buyer, including, among other conditions, (i) all required licenses, approvals, and consents of any relevant federal, state, or other regulatory agency required for the consummation of the Transactions shall have been obtained without any non-standard conditions or other non-standard requirements reasonably deemed unduly materially burdensome by either Seller or Buyer; (ii) no order shall have been entered and remain in force at the Closing Date restraining or prohibiting any of the Transactions in any legal, administrative or other proceeding, and no action or proceeding shall have been instituted or threatened on or before the Closing Date seeking to restrain or prohibit the Transactions contemplated by the Agreement or which would have a Material Adverse Effect; and (iii) the Agreement and the Transactions, as applicable, shall have been approved by the minimum number of affirmative votes of the holders of Holding Company common stock required by applicable law.

With the knowledge and consent of the Holding Company and the Seller and for purposes of our analysis and opinion, we have assumed that (i) the Transactions shall occur as set forth in the Agreement on or before the End Date of November 30, 2022; (ii) the Minimum Equity shall be at least $43,349,000, and therefore, the Purchase Price shall be $91,400,000. We have also assumed that the estimated proceeds available for distribution to Holding Company shareholders will be $81,296,119 after adjustments for (a) Retained Cash, (b) cash at the Holding Company, (c) the paydown of certain Holding Company debt obligations, (d) the cash out of all Holding Company stock options, and (e) the estimated Holding Company Tax payment net of the Reimbursement. The Holding Company has advised us to assume that there are 4,300,230 shares of Holding Company common stock outstanding, and therefore, the estimated net proceeds from the Transactions available for distribution to shareholders of the Holding Company would be equal to $18.91 per share of Holding Company common stock.

You have requested our opinion as to whether, pursuant to the terms, of the Agreement thenet proceeds from the Transactions available for distribution to shareholders of the Holding Companyis fair, from a financial point of view, to the shareholders of the Holding Company. Our opinion addresses only the fairness of the net proceeds available for distribution to shareholders of the Holding Company pursuant to the Agreement, and we are not opining on any individual stock, cash, option, or other components of the consideration.

During the course of our engagement and for the purposes of the opinion set forth herein, we have:

(i) reviewed a draft of the Agreement dated March 4, 2022, as provided to Hovde by the Holding Company management;

(ii) reviewed unaudited consolidated financial statements for the Holding Company and the Seller for the twelve-month period ended December 31, 2021;

(iii) reviewed certain historical annual reports of the Holding Company and the Seller, including the audited annual report of the Holding Company for the year ended December 31, 2020;

(iv) reviewed certain historical publicly available business and financial information concerning the Holding Company and the Seller;

(v) reviewed certain internal financial statements and other financial and operating data concerning the Holding Company and the Seller;

(vi) reviewed financial projections approved by certain members of the senior management of the Holding Company and the Seller;

(vii) discussed with certain members of senior management of the Holding Company and the Seller the business, financial condition, results of operations and future prospects of the Holding Company and the Seller, the history and past and current operations of the Holding Company and the Seller, and the Holding Company's and Buyer's assessment of the rationale for the Transactions;

(viii) reviewed and analyzed materials detailing the Transactions prepared by the Holding Company and the Seller;

(ix) assessed current general economic, market and financial conditions;

(x) reviewed the terms of recent merger, acquisition and control investment transactions, to the extent publicly available, involving financial institutions and financial institution holding companies that we considered relevant;

(xi) took into consideration our experience in other similar transactions and securities valuations as well as our knowledge of the banking and financial services industry;

(xii) reviewed certain publicly available financial and stock market data relating to selected public companies that we deemed relevant to our analysis; and

(xiii) performed such other analyses and considered such other factors as we have deemed appropriate.

We have assumed, without investigation, that there have been, and from the date hereof through the Closing there will be, no material changes in the financial condition and results of operations of the Holding Company, the Seller or the Buyer since the date of the latest financial information described above. We have further assumed, without independent verification, that the representations and financial and other information included in the Agreement and all other related documents and instruments that are referred to therein or otherwise provided to us by the Seller and the Buyer are true and complete. We have relied upon the management of the Holding Company and the Seller as to the reasonableness and achievability of the financial forecasts, projections and other forward-looking information provided to Hovde by the them and their professionals, and we assumed such forecasts, projections and other forward-looking information have been reasonably prepared by the Holding Company and the Seller and their professionals on a basis reflecting the best currently available information and their professionals' judgments and estimates. We have assumed that such forecasts, projections and other forward-looking information would be realized in the amounts and at the times contemplated thereby, and we do not assume any responsibility for the accuracy or reasonableness thereof. We have been authorized by the Holding Company and the Seller to rely upon such forecasts, projections and other information and data, and we express no view as to any such forecasts, projections or other forward-looking information or data, or the bases or assumptions on which they were prepared.

In performing our review, we have assumed and relied upon the accuracy and completenessof all of the financial and other information that was available to us from public sources, that was provided to us by the Holding Company, the Seller or the Buyer or their respective representatives or that was otherwise reviewed by us for purposes of rendering this opinion. We have further relied on the assurances of the respective managements of the Holding Company, the Seller and the Buyer that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. We have not been asked to undertake, and have not undertaken, an independent verification of any of such information, and we do not assume any responsibility or liability for the accuracy or completeness thereof. We have assumed that the Holding Company or the Seller would advise us promptly if any information previously provided to us became inaccurate or was required to be updated during the period of our review.

We are not experts in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for losses with respect thereto. We have assumed that such allowancesfor the Seller and the Buyer are, in the aggregate, adequate to cover such losses and will be adequateon a pro forma basis for the combined entity. We were not requested to make, and have not made, an independent evaluation, physical inspection or appraisal of the assets, properties, facilities, or liabilities (contingent or otherwise) of the Seller or the Buyer, the collateral securing any such assets or liabilities, or the collectability of any such assets, and we were not furnished with any such evaluations or appraisals, nor did we review any loan or credit files of the Seller or the Buyer.

We have undertaken no independent analysis of any pending or threatened litigation, regulatory action, possible unasserted claims or other contingent liabilities to which the Holding Company, the Seller or the Buyer is a party or may be subject, and our opinion makes no assumption

concerning, and therefore does not consider, the possible assertion of claims, outcomes or damages arising out of any such matters. We have also assumed, with your consent, that the Holding Company, the Seller and the Buyer are not parties to any material pending transaction, including without limitation any financing, recapitalization, acquisition or transaction, divestiture or spin-off, other than the Transactions contemplated by the Agreement.

We have relied upon and assumed, with your consent and without independent verification,that the Transactions will be consummated substantially in accordance with the terms set forth in the Agreement, without any waiver of material terms or conditions by the Holding Company, the Seller, the Buyer or any other party to the Agreement and that the final Agreement will not differ materially from the draft we reviewed. We have assumed that the Transactions will be consummated in compliance with all applicable laws and regulations. The Holding Company and the Seller have advised us that they are not aware of any factors that would impede any necessary regulatory or governmental approval of the Transactions. We have assumed that the necessary regulatory and governmental approvals as granted will not be subject to any conditions that would be unduly burdensome on the Holding Company, the Seller or the Buyer or would have a material adverse effect on the contemplated benefits of the Transactions.

Our opinion does not consider, include or address: (i) any legal, tax, accounting, orregulatory consequences of the Transactions on the Holding Company and the Seller or their respective shareholders; (ii) any advice or opinions provided by any other advisor to the Boards of the Holding Company and the Seller; (iii) any other strategic alternatives that might be available to the Holding Company and the Seller; or (iv) whether the Buyer has sufficient cash or other sources of funds to enable it to pay the consideration contemplated by the Transactions.

Our opinion does not constitute a recommendation to the Holding Company and the Selleras to whether or not they should enter into the Agreement or to any shareholders of the Holding Company as to how such shareholders should vote at any meetings of shareholders called to consider and vote upon the Transactions. Our opinion does not address the underlying business decision to proceed with the Transactions or the fairness of the amount or nature of the compensation, if any, to be received by any of the officers, directors or employees of the Holding Company or the Seller relative to the amount of consideration to be paid with respect to the Transactions. Our opinion should not be construed as implying that the total proceeds to be received by the Seller from the Transactions is necessarily the highest or best price that could be obtained by the Seller in a sale transaction, or combination transaction with a third party. Other than as specifically set forth herein, we are not expressing any opinion with respect to the terms and provisions of the Agreement or the enforceability of any such terms or provisions. Our opinion is not a solvency opinion and does not in any way address the solvency or financial condition of the Holding Company, the Seller or the Buyer.

This opinion was approved by Hovde's opinion committee. This letter is directed solely to the Boards of Directors of the Holding Company and the Seller and is not to be used for any other purpose or quoted or referred to, in whole or in part, in any registration statement, prospectus, proxy statement, or any other document, except in each case in accordance with our prior written consent; provided,

however, that we hereby consent to the inclusion and reference to this letter in any registration statement, proxy statement or information statement to be delivered to the holders of the Holding Company common stock in connection with the Transactions if, and only if, (i) this letter isquoted in full or attached as an exhibit to such document, (ii) this letter has not been withdrawn prior to the date of such document, and (iii) any description of or reference to Hovde or the analyses performed by Hovde or any summary of this opinion in such filing is in a form acceptable to Hovde and its counsel in the exercise of their reasonable judgment.

Our opinion is based solely upon the information available to us and described above, and the economic, market and other circumstances as they exist as of the date hereof. Events occurring and information that becomes available after the date hereof could materially affect the assumptionsand analyses used in preparing this opinion. We have not undertaken to update, revise, reaffirm or withdraw this opinion or to otherwise comment upon events occurring or information that becomes available after the date hereof.

In arriving at this opinion, Hovde did not attribute any particular weight to any single analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Hovde believes that its analyses must beconsidered as a whole and that selecting portions of its analyses, without considering all analyses, would create an incomplete view of the process underlying this opinion.

Hovde, as part of its investment banking business, regularly performs valuations of businesses and their securities in connection with transactions and acquisitions and other corporate transactions. In addition to being retained to render this opinion letter, we were retained by the Holding Company and the Seller to act as their financial advisor in connection with the Transactions. In connection with our services, we will receive an opinion fee that is contingent upon the issuance of this opinion letter and that will be credited one time in full against a completion fee that is contingent upon the consummation of the Transactions. The Holding Company and the Seller have also agreed to indemnify us and our affiliates for certain liabilities that may arise out of our engagement.

Other than in connection with this present engagement, in the past two years, Hovde has not provided investment banking or financial advisory services to the Holding Company or the Seller for which it received a fee. During the past two years preceding the date of this opinion Hovde has not provided any investment banking or financial advisory services to the Buyer for which it received a fee. We or our affiliates may presently or in the future seek or receive compensation from the Buyer in connection with future transactions, or in connection with potential advisory services and corporate transactions, although to our knowledge none are expected at this time. In the ordinary course of our business as a broker/dealer, we may from time to time purchase securities from, and sell securities to, the Holding Company, the Seller or the Buyer or their affiliates. Except for the foregoing, during the past two years there have not been, and there currentlyare no mutual understandings contemplating in the future, any material relationships between Hovde and the Holding Company, the Seller or the Buyer.

Based upon and subject to the foregoing review, assumptions and limitations, we are of the opinion, as of the date hereof, that pursuant to the terms of the Agreement the net proceeds from the Transactions available for distribution to shareholders of the Holding Company is fair, from a financial point of view, to the shareholders of the Holding Company.

Sincerely,

HOVDE GROUP, LLC

Hovde Group, LLC

Arizona Revised Statutes

TITLE 10 — CORPORATIONS AND ASSOCIATIONS
CHAPTER 13. DISSENTERS' RIGHTS

Article 1 — Dissent and Payment for Shares
Sections 10-1301 through 10-1303;

Article 2 — Procedure for Exercise of Dissenters' Rights
Sections 10-1320 through 10-1328; and

Article 3 — Judicial Appraisal of Shares
Sections 10-1330 and 10-1331

Article 1 — Dissent and Payment for Shares

A.R.S. § 10-1301
§ 10-1301. Definitions

In this article, unless the context otherwise requires:

1. "Beneficial shareholder" means the person who is a beneficial owner of shares held in a voting trust or by a nominee as the record shareholder.

2. "Corporation" means the issuer of the shares held by a dissenter before the corporate action or the surviving or acquiring corporation by merger or share exchange of that issuer.

3. "Dissenter" means a shareholder who is entitled to dissent from corporate action under § 10-1302 and who exercises that right when and in the manner required by article 2 of this chapter.

4. "Fair value" with respect to a dissenter's shares means the value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion is inequitable.

5. "Interest" means interest from the effective date of the corporate action until the date of payment at the average rate currently paid by the corporation on its principal bank loans or, if none, at a rate that is fair and equitable under the circumstances.

6. "Record shareholder" means the person in whose name shares are registered in the records of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with a corporation.

7. "Shareholder" means the record shareholder or the beneficial shareholder.

A.R.S. § 10-1302
§ 10-1302. Right to dissent; applicability

A. A shareholder of a domestic corporation is entitled to dissent from and obtain payment of the fair value of the shareholder's shares in the event of any of the following corporate actions:

1. Consummation of a plan of merger to which the corporation is a party if either:

(a) Shareholder approval is required for the merger by § 10-1103 or the articles of incorporation and if the shareholder is entitled to vote on the merger.

(b) The corporation is a subsidiary that is merged with its parent under § 10-1104.

2. Consummation of a plan of interest exchange to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the plan.

3. Consummation of a sale or exchange of all or substantially all of the property of the corporation other than in the usual and regular course of business, if the shareholder is entitled to vote on the sale or exchange, including a sale in dissolution, but not including a sale pursuant to a court order or a sale for cash pursuant to a

plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one year after the date of sale.

4. An amendment of the articles of incorporation that materially and adversely affects rights in respect of a dissenter's shares because it either:

(a) Alters or abolishes a preferential right of the shares.

(b) Creates, alters or abolishes a right in respect of redemption, including a provision respecting a sinking fund for the redemption or repurchase, of the shares.

(c) Alters or abolishes a preemptive right of the holder of the shares to acquire shares or other securities.

(d) Excludes or limits the right of the shares to vote on any matter or to cumulate votes other than a limitation by dilution through issuance of shares or other securities with similar voting rights.

(e) Reduces the number of shares owned by the shareholder to a fraction of a share if the fractional share so created is to be acquired for cash under § 10-604.

5. Any corporate action taken pursuant to a shareholder vote to the extent the articles of incorporation, the bylaws or a resolution of the board of directors provides that voting or nonvoting shareholders are entitled to dissent and obtain payment for their shares.

6. An election of the shareholders pursuant to § 10-2404 to have benefit corporation status or an election of the shareholders pursuant to § 10-2405 to terminate status as a benefit corporation.

7. Consummation of a plan of domestication if the shareholder does not receive interests in the foreign domesticated entity that have terms as favorable to the shareholder in all material respects and that represent at least the same percentage interest of the total voting rights of the outstanding interests of the domesticated entity as the shares held by the shareholder before the domestication.

8. Consummation of a plan of conversion if the shareholder does not receive interests in the converted entity that have terms as favorable to the shareholder in all material respects and that represent at least the same percentage interest of the total voting rights of the outstanding interests of the converted entity as the shares held by the shareholder before the conversion.

9. Consummation of a plan of division if the shareholder does not receive interests in each resulting entity that have terms as favorable to the shareholder in all material respects and that represent at least the same percentage interest of the total voting rights of the outstanding interests of each resulting entity as the shares held by the shareholder before the division.

B. A shareholder entitled to dissent and obtain payment for his shares under this chapter may not challenge the corporate action creating the shareholder's entitlement unless the action is unlawful or fraudulent with respect to the shareholder or the corporation.

C. This section does not apply to the holders of shares of any class or series if the shares of the class or series are redeemable securities issued by a registered investment company as defined pursuant to the investment company act of 1940 (15 United States Code § 80a-1 through 80a-64).

D. Unless the articles of incorporation of the corporation provide otherwise, this section does not apply to the holders of shares of a class or series if the shares of the class or series were registered on a national securities exchange, were listed on the national market systems of the national association of securities dealers automated quotation system or were held of record by at least two thousand shareholders on the date fixed to determine the shareholders entitled to vote on the proposed corporate action.

A.R.S. § 10-1303

§ 10-1303. Dissent by nominees and beneficial owners

A. A record shareholder may assert dissenters' rights as to fewer than all of the shares registered in the record shareholder's name only if the record shareholder dissents with respect to all shares beneficially owned by any one person and notifies the corporation in writing of the name and address of each person on whose behalf the record shareholder asserts dissenters' rights. The rights of a partial dissenter under this subsection are

determined as if the shares as to which the record shareholder dissents and the record shareholder's other shares were registered in the names of different shareholders.

B. A beneficial shareholder may assert dissenters' rights as to shares held on the beneficial shareholder's behalf only if both:

1. The beneficial shareholder submits to the corporation the record shareholder's written consent to the dissent not later than the time the beneficial shareholder asserts dissenters' rights.

2. The beneficial shareholder does so with respect to all shares of which the beneficial shareholder is the beneficial shareholder or over which the beneficial shareholder has power to direct the vote.

Article 2 — Procedure for Exercise of Dissenters' Rights

A.R.S. § 10-1320
§ 10-1320. Notice of dissenters' rights

A. If proposed corporate action creating dissenters' rights under § 10-1302 is submitted to a vote at a shareholders' meeting, the meeting notice shall state that shareholders are or may be entitled to assert dissenters' rights under this article and shall be accompanied by a copy of this article.

B. If corporate action creating dissenters' rights under § 10-1302 is taken without a vote of shareholders, the corporation shall notify in writing all shareholders entitled to assert dissenters' rights that the action was taken and shall send them the dissenters' notice described in § 10-1322.

A.R.S. § 10-1321
§ 10-1321. Notice of intent to demand payment

A. If proposed corporate action creating dissenters' rights under § 10-1302 is submitted to a vote at a shareholders' meeting, a shareholder who wishes to assert dissenters' rights shall both:

1. Deliver to the corporation before the vote is taken written notice of the shareholder's intent to demand payment for the shareholder's shares if the proposed action is effectuated.

2. Not vote the shares in favor of the proposed action.

B. A shareholder who does not satisfy the requirements of subsection A of this section is not entitled to payment for the shares under this article.

A.R.S. § 10-1322
§ 10-1322. Dissenters' notice

A. If proposed corporate action creating dissenters' rights under § 10-1302 is authorized at a shareholders' meeting, the corporation shall deliver a written dissenters' notice to all shareholders who satisfied the requirements of § 10-1321.

B. The dissenters' notice shall be sent no later than ten days after the corporate action is taken and shall:

1. State where the payment demand must be sent and where and when certificates for certificated shares shall be deposited.

2. Inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received.

3. Supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action and that requires that the person asserting dissenters' rights certify whether or not the person acquired beneficial ownership of the shares before that date.

4. Set a date by which the corporation must receive the payment demand, which date shall be at least thirty but not more than sixty days after the date the notice provided by subsection A of this section is delivered.

5. Be accompanied by a copy of this article.

A.R.S. § 10-1323
§ 10-1323. Duty to demand payment

A. A shareholder sent a dissenters' notice described in § 10-1322 shall demand payment, certify whether the shareholder acquired beneficial ownership of the shares before the date required to be set forth in the dissenters' notice pursuant to § 10-1322, subsection B, paragraph 3 and deposit the shareholder's certificates in accordance with the terms of the notice.

B. A shareholder who demands payment and deposits the shareholder's certificates under subsection A of this section retains all other rights of a shareholder until these rights are canceled or modified by the taking of the proposed corporate action.

C. A shareholder who does not demand payment or does not deposit the shareholder's certificates if required, each by the date set in the dissenters' notice, is not entitled to payment for the shareholder's shares under this article.

A.R.S. § 10-1324
§ 10-1324. Share restrictions

A. The corporation may restrict the transfer of uncertificated shares from the date the demand for their payment is received until the proposed corporate action is taken or the restrictions are released under § 10-1326.

B. The person for whom dissenters' rights are asserted as to uncertificated shares retains all other rights of a shareholder until these rights are canceled or modified by the taking of the proposed corporate action.

A.R.S. § 10-1325
§ 10-1325. Payment

A. Except as provided in § 10-1327, as soon as the proposed corporate action is taken, or if such action is taken without a shareholder vote, on receipt of a payment demand, the corporation shall pay each dissenter who complied with § 10-1323 the amount the corporation estimates to be the fair value of the dissenter's shares plus accrued interest.

B. The payment shall be accompanied by all of the following:

1. The corporation's balance sheet as of the end of a fiscal year ending not more than sixteen months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year and the latest available interim financial statements, if any.

2. A statement of the corporation's estimate of the fair value of the shares.

3. An explanation of how the interest was calculated.

4. A statement of the dissenter's right to demand payment under § 10-1328.

5. A copy of this article.

A.R.S. § 10-1326
§ 10-1326. Failure to take action

A. If the corporation does not take the proposed action within sixty days after the date set for demanding payment and depositing share certificates, the corporation shall return the deposited certificates and release the transfer restrictions imposed on uncertificated shares.

B. If after returning deposited certificates and releasing transfer restrictions, the corporation takes the proposed action, it shall send a new dissenters' notice under § 10-1322 and shall repeat the payment demand procedure.

A.R.S. § 10-1327
§ 10-1327. After-acquired shares

A. A corporation may elect to withhold payment required by § 10-1325 from a dissenter unless the dissenter was the beneficial owner of the shares before the date set forth in the dissenters' notice as the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action.

B. To the extent the corporation elects to withhold payment under subsection A of this section, after taking the proposed corporate action, it shall estimate the fair value of the shares plus accrued interest and shall pay this amount to each dissenter who agrees to accept it in full satisfaction of his demand. The corporation shall send with its offer a statement of its estimate of the fair value of the shares, an explanation of how the interest was calculated and a statement of the dissenters' right to demand payment under § 10-1328.

A.R.S. § 10-1328
§ 10-1328. Procedure if shareholder dissatisfied with payment or offer

A. A dissenter may notify the corporation in writing of the dissenter's own estimate of the fair value of the dissenter's shares and amount of interest due and either demand payment of the dissenter's estimate, less any payment under § 10-1325, or reject the corporation's offer under § 10-1327 and demand payment of the fair value of the dissenter's shares and interest due, if either:

1. The dissenter believes that the amount paid under § 10-1325 or offered under § 10-1327 is less than the fair value of the dissenter's shares or that the interest due is incorrectly calculated.

2. The corporation fails to make payment under § 10-1325 within sixty days after the date set for demanding payment.

3. The corporation, having failed to take the proposed action, does not return the deposited certificates or does not release the transfer restrictions imposed on uncertificated shares within sixty days after the date set for demanding payment.

B. A dissenter waives the right to demand payment under this section unless the dissenter notifies the corporation of the dissenter's demand in writing under subsection A of this section within thirty days after the corporation made or offered payment for the dissenter's shares.

Article 3 — Judicial Appraisal of Shares

A.R.S. § 10-1330
§ 10-1330. Court action

A. If a demand for payment under § 10-1328 remains unsettled, the corporation shall commence a proceeding within sixty days after receiving the payment demand and shall petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the sixty day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

B. The corporation shall commence the proceeding in the court in the county where a corporation's principal office or, if none in this state, its known place of business is located. If the corporation is a foreign corporation without a known place of business in this state, it shall commence the proceeding in the county in this state where the known place of business of the domestic corporation was located.

C. The corporation shall make all dissenters, whether or not residents of this state, whose demands remain unsettled parties to the proceeding as in an action against their shares, and all parties shall be served with a copy of the petition. Nonresidents may be served by certified mail or by publication as provided by law or by the Arizona rules of civil procedure.

D. The jurisdiction of the court in which the proceeding is commenced under subsection B of this section is plenary and exclusive. There is no right to trial by jury in any proceeding brought under this section. The court may appoint a master to have the powers and authorities as are conferred on masters by law, by the Arizona rules of civil procedure or by the order of appointment. The master's report is subject to exceptions to be heard before the court, both on the law and the facts. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

E. Each dissenter made a party to the proceeding is entitled to judgment either:

1. For the amount, if any, by which the court finds the fair value of his shares plus interest exceeds the amount paid by the corporation.

2. For the fair value plus accrued interest of the dissenter's after-acquired shares for which the corporation elected to withhold payment under § 10-1327.

A.R.S. § 10-1331

§ 10-1331. Court costs and attorney fees

A. The court in an appraisal proceeding commenced under § 10-1330 shall determine all costs of the proceeding, including the reasonable compensation and expenses of any master appointed by the court. The court shall assess the costs against the corporation, except that the court shall assess costs against all or some of the dissenters to the extent the court finds that the fair value does not materially exceed the amount offered by the corporation pursuant to §§ 10-1325 and 10-1327 or that the dissenters acted arbitrarily, vexatiously or not in good faith in demanding payment under § 10-1328.

B. The court may also assess the fees and expenses of attorneys and experts for the respective parties in amounts the court finds equitable either:

1. Against the corporation and in favor of any or all dissenters if the court finds that the corporation did not substantially comply with the requirements of article 2 of this chapter.

2. Against the dissenter and in favor of the corporation if the court finds that the fair value does not materially exceed the amount offered by the corporation pursuant to §§ 10-1325 and 10-1327.

3. Against either the corporation or a dissenter in favor of any other party if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously or not in good faith with respect to the rights provided by this chapter.

C. If the court finds that the services of an attorney for any dissenter were of substantial benefit to other dissenters similarly situated and that the fees for those services should not be assessed against the corporation, the court may award to these attorneys reasonable fees to be paid out of the amounts awarded the dissenters who were benefitted.