

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of)	
)	
)	
LINEAGE BANK,)	CONSENT ORDER
FRANKLIN, TENNESSEE)	
)	FDIC-23-0041b
)	
(INSURED STATE NONMEMBER BANK))	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for LINEAGE BANK, FRANKLIN, TENNESSEE (Bank), under Section 3(q)(2) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q)(2).

The Bank, by and through its duly elected and acting Board of Directors (Board), has executed a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER (“STIPULATION”), dated J a n u a r y 29, 2024, that is accepted by the FDIC. With the STIPULATION, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices relating to its Third-Party Risk Management Program and its Financial Technology (“FinTech”) partners, to the issuance of this CONSENT ORDER (“ORDER”) by the FDIC.

Having determined that the requirements for issuance of an order under Section 8(b) of the Act, 12 U.S.C. § 1818(b), have been satisfied, the FDIC hereby orders that:

BOARD SUPERVISION

1. During the term of this ORDER, the Bank’s board of directors shall increase its participation in the affairs of the Bank by assuming full responsibility for the approval of the Bank’s policies and objectives and for the supervision of the Bank’s management, including all

the Bank's business lines and strategic activities. The Bank's board of directors' minutes shall document the Board's reviews and approvals, including the names of any dissenting directors.

MANAGEMENT

2. During the term of this ORDER, the Bank shall have and retain qualified management. The Board should ensure each member of management (president, chief executive officer, chief financial officer, chief credit officer, Bank Secrecy Act officer, and information technology managers) possess the qualifications, experience, authority, accountability, and resources commensurate with his or her duties and responsibilities at the Bank and the complexity of Bank operations.

3. By March 31 of each year while this ORDER is in effect, the Board shall document an independent evaluation of each member of the Bank's management team in written form. Board members who are also part of management should not participate in evaluations of their own positions.

INTERNAL AUDIT AND CONTROL PROGRAM

4. Within ninety (90) days of the effective date of this ORDER, the Bank's Board shall develop and implement a plan to enhance the internal audit functions to include evaluation of risk controls for high risk areas of the bank, including, but not limited to on boarding deposits obtained through third parties, processing payments obtained through third parties, and sweeping deposits and to enhance reporting to the Board and management.

5. Within ninety (90) days after the effective date of this ORDER, the Bank's Board shall provide for an independent internal audit function with direct reporting to the Audit Committee.

6. Effective with the date of this ORDER, the Bank's Board or Board Audit Committee shall receive and review monthly the audit tracking logs. These Board discussions should be documented in the Board or Audit Committee minutes.

BUSINESS LINES

7. While this ORDER is in effect, the Bank shall not enter into any new line of business or expand a current business line that would result in annual 10 percent growth in total assets or total liabilities without the prior written consent of FDIC Dallas Regional Director ("Regional Director").

STRATEGIC PLAN

8. Within one-hundred twenty (120) days after the effective date of this ORDER, the Board shall update the Bank's Strategic Plan. The Strategic Plan shall be comprehensive and include the associated risks, such as strategic, credit, operational, transaction, market, compliance, legal, regulatory, reputation, counterparty, third-party, concentration, and any other identifiable risk for any existing and any proposed products or services.

9. The written Strategic Plan shall address, at a minimum:

- (a) All major lines of business;
- (b) Short and long-term (up to three years) goals;
- (c) Staffing needs;
- (d) Discussion of the Bank's existing and proposed products, geographic markets, and services for the time period covered in the Strategic Plan with a detailed description of each product or service to be offered, the source and cost of funding, targeted customer category and delivery

channel, along with a discussion of how the particular product or service would assist the Bank in attaining its stated mission;

- (e) Assessment of growth and volume of each line of business in relation to the Strategic Plan, including analysis of any deviations from the Strategic Plan;
- (f) Liquidity and funds management strategies for sustaining adequate liquidity including back-up lines of credit to meet unanticipated liquidity needs;
- (g) Financial goals, including pro-forma statements for asset growth, capital adequacy, and earnings along with specific plans to achieve and maintain capital levels at or above the limits required by this ORDER;
- (h) Development of risk mitigation strategies related to compliance with applicable laws and regulations; and
- (i) Assumptions used to develop the plan.

10. The Bank shall submit the Strategic Plan to the Regional Director for review and comment. After the Regional Director comments on the Strategic Plan, the Board shall adopt the Strategic Plan as amended or modified.

11. Within sixty (60) days after the end of each calendar quarter following the effective date of this ORDER, the Board shall evaluate the Bank's performance in relation to the Strategic Plan required by this paragraph and record, and include in a written report a) the results of the evaluation and b) actions taken as a result in the Board's minutes. The Board's written evaluation shall be submitted to the Regional Director for review and comment.

THIRD-PARTY RISK MANAGEMENT PROGRAM

12. Within sixty (60) days of the effective date of this ORDER, the Board shall develop and submit a general contingency plan to the Regional Director for review and comment detailing how the Bank will administer an effective and orderly termination with significant third-party FinTech partners.

13. During the term of this ORDER, if the Bank or a third-party FinTech partner chooses to terminate or end an existing contract, the Bank will develop and submit a specific plan to the Regional Director within thirty (30) days of such a decision detailing how the Bank will administer an effective and orderly termination of the FinTech partner relationship.

14. Within ninety (90) days from the effective date of this ORDER, the Board shall perform or engage a third-party to perform an evaluation of the management structure, depth, and capacity of Bank staff responsible for the oversight and risk management of the Bank's Banking-as-a-Service business line (BaaS Program). Based on the results of this evaluation, the Board shall establish and implement a staffing and action plan within thirty (30) days to remedy any weaknesses identified by the evaluation. In addition, the Board shall notify the Regional Director of the identity and qualifications of the third-party once that party is engaged.

15. Within thirty (30) days of the effective date of this ORDER, a review and written assessment should be undertaken to determine the adequacy of existing reserve account balances held by the Bank to cover all liabilities, contingent or otherwise, associated with or related to in any way the FinTech relationships. A copy of the written assessment shall be provided to the Regional Director for review and comment.

16. (a) Within one-hundred twenty (120) days of the effective date of this ORDER, the Board shall adopt and Bank management shall implement, and thereafter adhere to, a written

program to assess and manage the risks posed by third-party relationships with FinTech companies (“Third-Party Risk Management Program”). The Third-Party Risk Management Program shall be provided to the Regional Director for review and comment.

(b) The Third-Party Risk Management Program shall address risks posed by (1) all FinTechs with whom the Bank has a direct relationship (“Direct FinTechs”); and (2) FinTechs with whom the Bank’s Direct FinTechs have a business relationship (“Third-Party FinTechs”) through which any funds or transactions are processed through the Bank. Direct FinTechs and Third-Party FinTechs shall hereafter be collectively referred to as “FinTech Partners.”

(c) The Third-Party Risk Management Program shall be commensurate with the level of risk and complexity of the Bank’s FinTech Partners and shall, at a minimum, include:

- (1) Policies relating to due diligence and risk assessment criteria for selecting and approving FinTech Partners that is appropriate to the particular products, services, and activities provided by the FinTech Partner. The due diligence and risk assessment criteria shall be documented in the form of a written “Formal Onboarding Process” as detailed in paragraph 19;
- (2) Policies and criteria supporting an effective compliance oversight program for FinTech Partners that include, at a minimum: (i) evaluation of the products, services, and activities offered through the Bank’s FinTech Partners for compliance with applicable laws and regulations; (ii) an effective internal compliance monitoring program for ongoing activities and performance of FinTech Partners; and (iii) a process for addressing FinTech Partners’

activities identified as non-compliant or in violation of applicable laws and regulations;

- (3) Policies and criteria that require each FinTech Partners' Information Security Program and internal control environment to be adequate and effective;
- (4) Policies and criteria related to documentation, management information systems (MIS), and reporting and approval authorities that facilitate Board and management oversight, accountability, monitoring, and risk management associated with FinTech Partner relationships;
- (5) Policies and criteria related to an audit plan for independent reviews by a qualified auditor that allows Bank management to assess whether the Bank's risk management practices align with the Bank's policies, procedures, and processes. The audit plan must provide for effective independent reviews to assess internal controls as well as IT, compliance with applicable laws and regulations, and operational risk associated with FinTech Partner relationships;
- (6) Policies and criteria to ensure that annual external audits consider whether accounting and recordkeeping for BaaS activities are appropriate;
- (7) Analysis of the Bank's ability to perform the functions being outsourced, if required;
- (8) Review of applicable contracts and agreements to ensure ongoing

compliance by all parties; and

- (9) Policies and criteria related to an annual evaluation and implementation of adequate staffing to ensure appropriate oversight and management of relationships with FinTech Partners and the compliance with all laws and regulations.

(d) The Board shall engage a qualified third-party to assess the adequacy and effectiveness of the Third-Party Risk Management Program and related controls at least annually, and more frequently if the Bank finds it necessary or if required by the FDIC in writing, and amend the Third-Party Risk Management Program to maintain effectiveness as needed or directed by the FDIC. Each assessment of the Third-Party Risk Management Program shall be presented to the Regional Director for review and comment.

17. (a) Within ninety (90) days of the effective date of this ORDER, the Bank shall engage a qualified independent firm to complete an assessment of existing relationships with FinTech Partners, the conclusions of which shall be documented and supported in the form of a comprehensive written report (“BaaS Risk Assessment Report”). The Bank shall notify the Regional Director of the identity and qualifications of the firm once the firm is engaged.

- (b) At a minimum, the BaaS Risk Assessment Report shall include:
 - (1) an evaluation of the products, services, and activities offered through the Bank’s relationships with each FinTech Partner for compliance with applicable laws and regulations;
 - (2) the types and volume of activity being conducted with each FinTech Partner;
 - (3) the financial condition of each FinTech Partner;

- (4) ongoing review of the risk profile of each FinTech Partner;
- (5) any changes in key personnel of each FinTech Partner;
- (6) consumer complaints received relating to each FinTech Partner;
- (7) any operational or transaction concerns relating to each FinTech Partner, including any suspicious activity by or through each FinTech Partner;
- (8) an evaluation of underlying agreements and contracts between the Bank and each FinTech Partner, including compliance by each FinTech Partner with such underlying agreements and contracts;
- (9) an evaluation of international risk posed by the Bank's relationship with each FinTech Partner;
- (10) an evaluation of concentration risk posed by the Bank's relationship with each FinTech Partner;
- (11) an evaluation of consumer compliance and misrepresentation of deposit insurance risk posed by the Bank's relationship with each FinTech Partner,; and
- (12) an evaluation of anti-money laundering/countering the financing of terrorism risk posed by the Bank's relationship with each FinTech Partner.

(c) Within thirty (30) days of receipt of the BaaS Risk Assessment Report, the Board shall develop a written plan to correct any deficiencies or recommendations identified in the BaaS Risk Assessment Report, and shall monitor and track progress in addressing recommendations at least monthly. The Board's monthly monitoring shall be

documented in writing and shall be submitted to the Regional Director for review with the subsequent quarterly Progress Report.

(d) After the initial BaaS Risk Assessment Report, the BaaS Risk Assessment Report shall be produced annually and provided to the Regional Director, no later than January 31 of each year.

18. During the term of this ORDER, the Board shall receive monthly reports regarding the level of activity of all FinTech Partners regarding account activity by segment, such as For the Benefit Of (“FBO”) accounts and Automated Clearing House (“ACH”) activity. This report should include information related to the capital and liquidity impact on the Bank.

19. Within ninety (90) days of the effective date of this ORDER, the Board shall formalize and expand the process for accepting new FinTech Partner relationships in the form of a written “Formal Onboarding Process.” The Formal Onboarding Process shall include provisions requiring the completion of due diligence for each proposed FinTech Partner relating to, at a minimum, a written assessment of:

- (a) the financial condition of the potential FinTech Partner;
- (b) proposed contracts and agreements between the Bank and potential FinTech Partner;
- (c) type and volume of anticipated activity between the Bank and potential FinTech Partner;
- (d) Bank management experience associated with the activity proposed relating to the potential FinTech Partner;
- (e) readiness of management information systems for processing transactions relating to the potential FinTech Partner;

- (f) registration or licensing requirements;
- (g) additional parties or companies involved in the expected transactions with the potential FinTech Partner;
- (h) marketing and consumer and deposit insurance disclosures of the proposed FinTech Partner;
- (i) compliance with applicable laws and regulations, including applicable AML/CFT regulations, by the potential FinTech Partner;
- (j) quantified analysis of how the proposed FinTech Relationship is expected to impact the Bank's financial measures including asset totals, capital ratios, earnings, liquidity, and sensitivity to market risk; and
- (k) approval authority for the proposed FinTech Partner, including the role of the Bank's Board. If approval rests with a committee of the Board of Directors, the Board shall review committee minutes at least monthly.

20. The Formal Onboarding Process for new FinTech Partners shall be provided to the Regional Director for review and comment. After the review of any comments by the Regional Director regarding the Formal Onboarding Process, the Board shall adopt the Formal Onboarding Process as amended or modified. Thereafter, the Formal Onboarding Process shall be implemented immediately to the extent that the steps of the Formal Onboarding Process are not already in effect.

21. The Bank shall refrain from onboarding any new FinTech partners or ACH end-customers via FinTech Partners until the Formal Onboarding Process has been submitted to the Regional Director for review and comment, approved by the Board, and thereafter implemented.

AUTOMATED CLEARING HOUSE

22. Within sixty (60) days of the effective date of this ORDER, the Bank shall ensure the due diligence process is expanded for originators in the Bank's third-party sender ACH business line. At a minimum, the due diligence process should be expanded to include the location of the originator, verification that the originator is a legitimate business, and sales techniques (as applicable).

23. Within sixty (60) days of the effective date of this ORDER, the Bank shall expand policies and procedures governing ACH functions (including third-party sender services) to specify the following:

- (a) Approval limits and authorities for customers;
- (b) Underwriting and due diligence requirements for customers obtained through FinTech Partners;
- (c) Processes to identify higher-risk customers;
- (d) Documented due diligence review of each merchant, including assigning risk ratings to merchants;
- (e) Appropriate committee and Board review of due diligence results and risk ratings; and
- (f) Ongoing monitoring processes, including adherence to approved underwriting practices.

24. Within ninety (90) days of the effective date of this ORDER, the Bank's Board or a committee thereof shall review the due diligence findings and risk ratings for all third-party originators. If this review is conducted by a committee of the Bank's Board, the Bank's Board shall review committee actions at the next regular meeting of the Board of Directors.

ANTI-MONEY LAUNDERING / COUNTERING THE FINANCING OF TERRORISM
(AML/CFT)

25. Within sixty (60) days from the effective date of this ORDER, the Board shall assess the resources needed to oversee AML/CFT functions at the Bank, and provide for the designation of a qualified individual or individuals, with appropriate experience and training, responsible for coordinating and monitoring day-to-day compliance with the AML/CFT program (“AML/CFT Officer”) pursuant to Section 326.8 of the FDIC’s Rules and Regulations (12 C.F.R. § 326.8). This officer shall:

- (a) Have sufficient executive authority to monitor and ensure compliance with the applicable rules and regulations;
- (b) Report directly to the board of directors;
- (c) Report to the Bank’s Audit Committee on a regular basis, not less than monthly, with respect to any AML/CFT matters;
- (d) Be responsible for assuring the proper filing of Currency Transaction Reports and Suspicious Activity Reports; and
- (e) Provide monthly comprehensive written reports to the board of directors.

26. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a written plan (“AML/CFT Plan”) for the administration of the Bank’s AML/CFT Program designed to, among other things, ensure internal controls are sufficient to maintain compliance with AML/CFT laws and implementing rules and regulations. The Bank shall submit the AML/CFT Plan to the Regional Director for review, and comment. After the Regional Director has reviewed and commented on the AML/CFT Plan, the Board shall adopt the AML/CFT Plan as amended or modified. Thereafter, the AML/CFT Plan shall be implemented

immediately to the extent that the steps of the AML/CFT Plan are not already in effect. In regard to the Bank's BaaS Program business line, the system of AML/CFT internal controls shall ensure, at a minimum:

- (a) Appropriate policies and procedures are in place to ensure that risks are properly identified, measured, monitored, and controlled;
- (b) A documented risk assessment of FinTech Partners, specifically updating the risk assessment methodology and supporting documentation, is implemented and utilized;
- (c) A documented customer due diligence process is implemented to establish a customer profile and expected customer activity;
- (d) Information systems associated with FinTech Partners provide timely and accurate information;
- (e) A documented process is implemented to monitor transactions for potential suspicious activity, including ACH transactions;
- (f) Any required suspicious activity reporting is completed within the timeframes required by the governing regulations;
- (g) The AML/CFT staff is adequately trained to identify suspicious activity;
- (h) Information required for the customer identification program is readily available;
- (i) Beneficial ownership information is documented and maintained;
- (j) Any legally required searches of bank records or customers are conducted in a timely manner and documented; and

- (k) A method to ensure third-parties the Bank has engaged are meeting the requirements of the Bank's AML/CFT program and policies.

LOOKBACK REVIEW

27. Within one-hundred twenty (120) days of the effective date of this ORDER, the Board shall engage an independent, qualified third-party to conduct a lookback of all activity from September 1, 2022 to effective date of this ORDER for the largest FinTech partnership account to ensure any suspicious activities are identified, researched, and reported, as needed. Prior to the lookback review commencing, the Bank shall provide a copy of the engagement letter to the Regional Director for review and comment. The engagement letter must describe the work to be performed, responsibilities of the independent qualified third-party, professional standards of work to be performed, specific procedures to be used, qualification of the person(s) assigned to perform the work, timeframe to complete, and provision for unrestricted access to the information required to complete the lookback.

LIQUIDITY AND FUNDING CONCENTRATIONS

28. Within ninety (90) days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director for review and comment a written plan ("Concentration Reduction Plan") to manage and reduce Funding Concentrations as identified in the most recent Report of Examination. The Concentration Reduction Plan shall include, but not be limited to:

- (a) Identify and analyze all current and projected liquidity risks, including but not limited to liquidity risks posed by FinTech partnerships;
- (b) Provide for active monitoring and control of liquidity risk exposures and funding needs, including but not limited to liquidity risk exposures and

funding needs attributable to any and all liabilities, contingent or otherwise, associated with or related in any way to the FinTech partnerships;

- (c) Provide for sound liquidity and funding risk management tools, including cash flow projections, diversified funding sources, a cushion of liquid unencumbered assets, and a well-developed, documented, and Board approved contingency funding plan;
- (d) Strategies and procedures to reduce any funding concentrations;
- (e) Quarterly targets for concentrations expressed in dollars and as a percent of Total Assets; and
- (f) Provisions for the submission of monthly written reports to the Board for review and notation in minutes; and
- (g) Prohibit the solicitation, acceptance, renewal, or rolling over any “brokered deposit” as defined by Section 337.6 of the FDIC Rules and Regulations, or the offering or payment of an effective yield on a deposit account of comparable size and maturity that exceeds the rate limits as described in Part 337.7 of the FDIC Rules and Regulations. As applicable, the Bank may apply for a waiver from the FDIC allowing for the solicitation, acceptance, renewal, or rolling over of brokered deposits as provided for in Part 337.6 of the FDIC Rules and Regulations.

29. After the Regional Director has responded to the Concentration Reduction Plan, the Board shall adopt the Concentration Reduction Plan as amended or modified by the Regional Director. The Concentration Reduction Plan shall be implemented immediately to the extent that the provisions of the Concentration Reduction Plan are not already in effect at the Bank.

30. Within one-hundred twenty (120) days after the effective date of this ORDER, the Bank shall improve liquidity and funds management practices by (a) revising stress scenarios to isolate the effects of each scenario on the balance sheet prior to consideration of contingent funding sources and to clearly convey potential shortfalls to the Board and senior management; (b) incorporate scenarios tailored to the Bank's unique business model with well-defined context surrounding cause, effect, and remediation. High-impact scenarios should consider the potential impact to earnings, capital, and regulatory restrictions that may be placed on the Bank's ability to utilize brokered deposits or other wholesale funding sources.

CONTINGENCY FUNDING PLAN

31. Within sixty (60) days after the effective date of this ORDER, the Bank shall update the Contingency Funding Plan and liquidity stress testing processes to specifically address the impact and risks associated with the FinTech deposit concentration, alternate sources and cost of replacing these deposits, and specific action steps management will take to address reductions in FinTech funding sources. The Contingency Funding Plan shall be provided to the Regional Director for review and comment.

GROWTH PLAN

32. While this ORDER is in effect, the Bank shall not increase its Total Assets or Total Liabilities by more than 10 percent during any calendar quarter period without providing, at least thirty (30) days prior to its implementation, a Growth Plan to the Regional Director. The Growth Plan, at a minimum, shall include the funding source to support the projected growth, as well as the anticipated use of funds. This Growth Plan shall not be implemented without the prior written consent of the Regional Director.

33. While this ORDER is in effect, the Bank shall have no growth in new deposits, including intraday, with new FinTech Partners until the Bank has a well-defined Third-Party Risk Management Program, as detailed in paragraph 16, for FinTech entities and an effective AML/CFT Program. The Board shall provide oversight to ensure the correct personnel for this type of activity is in place.

CAPITAL PLAN

34. Within ninety (90) days of the effective date of this ORDER, the Bank shall submit a written capital plan (“Capital Plan”) to the Regional Director to increase Tier 1 Capital. The Capital Plan should include specific plans to (1) stabilize and control balance sheet growth; (2) provide for capital resiliency for all activities and business lines, including off-balance sheet deposit sweep activities; and (3) consider counterparty and third-party risks to capital. The Capital Plan shall require the Bank, after establishing an appropriate allowance for credit losses, to achieve and maintain its Tier 1 Leverage Capital ratio equal to or greater than 12.5 percent and to achieve and maintain its Total Risk-Based Capital ratio equal to or greater than 16 percent. Any increase in the Bank’s Tier 1 Capital necessary to meet the capital ratios required by this ORDER may be accomplished by:

- (a) The sale of securities in the form of common stock; or
- (b) The direct contribution of cash subsequent to January 23, 2023, by the directors or shareholders of the Bank; or
- (c) Receipt of an income tax refund or the capitalization subsequent to January 23, 2023, of a bona fide tax refund certified as being accurate by a certified public accounting firm; or
- (d) Any other method approved by the Regional Director.

35. After the Regional Director responds to the Capital Plan, the Bank's Board shall adopt the Capital Plan, including any modifications or amendments requested by the Regional Director.

36. The Capital Plan must include a Contingency Plan that includes short-term and long-term capital sources and a plan to sell or merge the Bank in the event that the Bank:

- (a) Fails to maintain the minimum capital ratios required by the ORDER,
- (b) Fails to submit an acceptable Capital Plan, or
- (c) Fails to implement or adhere to a Capital Plan to which no written objection was provided by the Regional Director. The Bank shall be required to implement the Contingency Plan only upon written notice from the Regional Director.

37. For purposes of this ORDER, all terms relating to capital shall be calculated according to the methodology set forth in Part 324 of the FDIC's Rules and Regulations, 12 C.F.R. Part 324.

DIVIDEND RESTRICTION

38. As of the effective date of this ORDER, the Bank shall not declare or pay any dividend or pay any management fees to the Bank's holding company without the prior written consent of the Regional Director.

BUDGET AND PROFIT PLAN

39. Within ninety (90) days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director for review and comment a written profit plan ("Profit Plan"). The Profit Plan required by this paragraph shall contain formal goals and

strategies, be consistent with sound banking practices, reduce discretionary expenses, improve the Bank's overall earnings and net interest income, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

40. A written Profit Plan and budget shall be prepared for each calendar year for which this ORDER is in effect and shall be submitted to the Regional Director for review and comment within sixty (60) days after the end of each year. Within thirty (30) days after receipt of any such comments from the Regional Director and after adoption of any recommended changes, the Bank shall approve the written Profit Plan and budget and shall implement and follow the Profit Plan.

41. Within sixty (60) days after the end of each calendar quarter following completion of the Profit Plan and budget required by this paragraph, the Board shall evaluate the Bank's actual performance in relation to the written Profit Plan and budget, record the results of the evaluation, and note any actions taken in the board of director's minutes.

42. The Profit Plan must, taking into account the Business Plan and other written plans and policies, establish a formal goal and strategies pertaining to improving the Bank's net interest margin, increasing the Bank's interest income, and improving and sustaining the Bank's earnings, at a minimum:

- (a) Specify goals to improve the net interest margin, increase interest income, reduce discretionary expenses and improve and sustain earnings, as well as maintain adequate provisions to the allowance for credit losses;
- (b) Identify the major areas in which the Board will seek to improve the bank's operating performance;
- (c) Establish realistic and comprehensive budgets;
- (d) Establish appropriate budget/forecasting standards;

- (e) Contain a budget review process to monitor the income and expenses of the bank as well as compare the actual to budget projections; and
- (f) Describe the operating assumptions that form the basis for and adequately support projected income and expense components;

CORRECTION OF VIOLATIONS

43. Within ninety (90) days after the effective date of this ORDER, the Bank shall address and correct any violations noted in the Report of Examination. Within one-hundred twenty (120) days after the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

PROGRESS REPORTS

44. Within forty-five (45) days after the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director written progress reports detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director has released, in writing, the Bank from making further reports.

NOTIFICATION TO SHAREHOLDERS

45. After the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its shareholders (1) in conjunction with the Bank's next shareholder communication, and also (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication,

statement, or notice shall be sent to the FDIC, Accounting and Securities Disclosure Section, Washington, D.C. 20429, for review at least twenty (20) days prior to dissemination to shareholders. Any changes requested by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC, the Tennessee Department of Financial Institutions, or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of issuance by the FDIC.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued pursuant to delegated authority.

Dated this 30 day of January 2024.

/s/

Kristie K. Elmquist
Regional Director
Division of Risk Management Supervision
Federal Deposit Insurance Corporation