AGREEMENT BY AND BETWEEN
The First National Bank of Waverly
Waverly, Ohio
and
The Office of the Comptroller of the Currency

AA-CE-2024-64

The First National Bank of Waverly, Waverly, Ohio ("Bank"), and the Office of the Comptroller of the Currency ("OCC") wish to assure the safety and soundness of the Bank and its compliance with laws and regulations.

The Comptroller of the Currency ("Comptroller") has found unsafe or unsound practices, including those relating to strategic planning, capital planning, and liquidity risk management.

Therefore, the OCC, through the duly authorized representative of the Comptroller, and the Bank, through its duly elected and acting Board of Directors ("Board"), hereby agree that the Bank shall operate at all times in compliance with the following:

ARTICLE I

JURISDICTION

(1) The Bank is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*

(3) The OCC is the "appropriate Federal banking agency" as that term is defined in 12 U.S.C. § 1813(q).

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within sixty (60) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) members of which a majority shall be directors who are not employees or officers of the Bank or any of its subsidiaries or affiliates. The Board shall submit in writing to the Assistant Deputy Comptroller (ADC) the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of the membership, the Board shall submit in writing to the ADC within ten (10) days the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank's compliance with the provisions of this Agreement. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings.

(2) Within ninety (90) days of the date of this Agreement, and thereafter within thirty (30) days after the end of each quarter, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

(a) a description of the corrective actions needed to achieve compliance with each Article of this Agreement;

(b) the specific corrective actions undertaken to comply with each Article of this Agreement; and

(c) the results and status of the corrective actions.

(3) Upon receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the ADC within ten (10) days of the first Board meeting following the Board's receipt of such report.

ARTICLE III

CAPITAL PLAN

(1) Within sixty (60) days of the date of this Agreement, the Board shall adopt an effective internal capital planning process to assess the Bank's capital adequacy in relation to its overall risks and to ensure maintenance of appropriate capital levels. Thereafter, management shall implement, and the Board shall verify, no less than quarterly, adherence to the capital planning process. The capital planning process shall be consistent with safe and sound practices and ensure the integrity, objectivity, and consistency of the process through adequate governance. Refer to the "Capital and Dividends" booklet of the *Comptroller's Handbook*. The Board shall document the initial capital planning process and thereafter review and document the capital planning process at least annually or more frequently, if appropriate, or required by the ADC in writing.

(2) Within sixty (60) days of the date of this Agreement, the Board shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable written capital plan for the Bank, consistent with the Strategic Plan required by Article IV, covering at least a three (3) year period ("Capital Plan"). Refer to the "Capital and Dividends" booklet of the *Comptroller's Handbook*. The Bank's revised Capital Plan shall, at a minimum:

(a) include specific plans for the achievement and ongoing maintenance of adequate capital;

(b) identify and evaluate all material risks and establish reasonable early warning triggers tied to the Bank's actual capital levels and ratios;

(c) develop and adhere to action plans in the event that capital levels approach or breach triggers;

(d) reassess the Bank's tier 1 leverage ratio risk limit and capital needs in relation to material risks and strategic direction;

(e) establish a contingency capital plan commensurate with the Bank's overall risk and complexity that includes early warning triggers required by this Article;

(f) develop realistic and detailed action plans that sufficiently address capital shortfalls in stressed scenarios as a result of stress testing;

(g) establish a dividend policy that details the Board's objectives and plans for declaring dividends;

(h) include detailed quarterly financial projections which shall be consistent with the Strategic Plan required by Article IV; and

(i) include specific plans detailing how the Bank will comply with restrictions or requirements set forth in this Agreement that will have an impact on the Bank's capital.

(3) The Bank may declare or pay a dividend or make a capital distribution only:

(a) when the Bank is in compliance with its Board-approved Capital Plan and would remain in compliance with such Capital Plan immediately following the declaration or payment of any dividend or capital distribution;

(b) when the Bank is in adherence with its dividend policy and has considered whether capital distributions are consistent with earnings performance, strategic plans, and the risk profile;

(c) when the dividend or capital distribution would comply with 12 U.S.C. §§ 56, 60 and 1831o(d)(1) and 12 C.F.R. § 3.11(a)(4); and

(d) following the ADC's prior written determination of no supervisory objection to the dividend or capital distribution.

(4) Within thirty (30) days following receipt of the ADC's written determination of no supervisory objection to the Bank's Capital Plan or to any subsequent amendment to the Capital Plan, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Capital Plan. The Board shall review the effectiveness of the Capital Plan at least annually, no later than January 31 of each year, and more frequently if necessary or if required by the OCC in writing, and amend the Capital Plan as needed or directed by the OCC. Board minutes must capture risk discussions addressing internal risk limit breaches at least quarterly. Board meeting minutes must reflect review and discussion of the capital position relative to the risk profile and document efforts to bring capital levels into compliance with risk limits. Any amendment to the Capital Plan must be submitted to the ADC for review and prior written determination of no supervisory objection.

(5) At least quarterly, the Board shall review financial reports and earnings analyses that evaluate the Bank's performance against the goals and objectives established in the Capital Plan, as well as the Bank's written explanation of significant differences between the actual and projected balance sheet, income statement, and expense accounts, including a description of any extraordinary and/or nonrecurring items. This review shall include a description of the actions the Board and management will take to address any deficiencies.

ARTICLE IV

STRATEGIC PLAN

(1) Within sixty (60) days of the date of this Agreement, the Board shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable written strategic plan to improve the financial condition of the Bank, covering at least a three (3) year period ("Strategic Plan"). The Strategic Plan shall establish objectives for the Bank's overall risk profile, earnings performance, operating expenses, growth, balance sheet mix, off-balance sheet activities, liability structure, capital and liquidity adequacy, staffing and expertise needs, and product line development, and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives, and shall, at a minimum, include:

(a) the strategic goals and objectives to be accomplished, including key financial indicators, risk tolerances, asset-liability management decisions, and realistic strategies to improve the overall condition of the Bank;

(b) a risk profile that evaluates credit, interest rate, liquidity, price, operational, compliance, strategic, and reputation risks in relation to capital;

(c) an assessment of the Bank's strengths, weaknesses, opportunities and threats that impact its strategic goals and objectives, and shall specifically include an analysis to improve and sustain earnings performance;

(d) an evaluation of the Bank's internal operations, staffing roles and requirements, reporting systems, board and management information systems, policies, and procedures for their adequacy and contribution to the accomplishment of the strategic goals and objectives developed under paragraph (l)(a) of this Article;

(e) a realistic and comprehensive budget that corresponds to the Strategic Plan's goals and objectives, and is consistent with the Bank's Capital Plan;

(f) an action plan, which at a minimum shall include detailed initiatives and estimated timelines for actions to improve and sustain the Bank's earnings and accomplish identified strategic goals and objectives. The action plan, at a minimum, shall address the Bank's revenue and operating expenses;

(g) a financial forecast to include projections for significant balance sheet and income statement accounts and desired financial ratios over the period covered by the Strategic Plan;

(h) specific plans for the maintenance of adequate capital that may in no event be less than the requirements for Article III;

(i) a detailed description and assessment of major capital expenditures required to achieve the goals and objectives of the Strategic Plan;

(j) an identification and prioritization of initiatives and opportunities, including timeframes that comply with the requirements of this Agreement;

(k) assigned roles, responsibilities, and accountability for the strategic planning process; and

(l) a description of systems and metrics designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives, including reporting any material budget variances to the Board at least monthly.

(2) Within thirty (30) days following the Board's receipt of the ADC's written determination of no supervisory objection to the Strategic Plan or to any subsequent update or amendment to the Strategic Plan, the Board shall adopt and Bank management, subject to Board

review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Strategic Plan. The Board shall review the effectiveness of the Strategic Plan and update the Strategic Plan to cover the next three (3) year period at least annually, and more frequently if necessary or if required by the OCC in writing. The Board shall amend the Strategic Plan as needed or directed by the OCC after consultation with the OCC regarding the proposed amendments. Any update or amendment to the Strategic Plan must be submitted to the ADC for review and prior written determination of no supervisory objection.

(3) Until the Strategic Plan required under this Article has been submitted by the Bank for the ADC's review, has received a written determination of no supervisory objection from the ADC, and has been adopted by the Board, the Bank shall not take any action to significantly deviate from the products, services, asset composition and size, funding sources, structure, operations, policies, procedures, and markets of the Bank that existed immediately before the effective date of this Agreement without first obtaining the ADC's prior written determination of no supervisory objection to such significant deviation.

(4) The Bank may not initiate any action that significantly deviates from a Strategic Plan (that has received written determination of no supervisory objection from the ADC and has been adopted by the Board) without a prior written determination of no supervisory objection from the ADC.

(5) Any request by the Bank for prior written determination of no supervisory objection to a significant deviation described in paragraphs (3) or (4) of this Article shall be submitted in writing to the ADC at least sixty (60) days in advance of the proposed significant deviation. Such written request by the Bank shall include an assessment of the effects of such proposed change on the Bank's condition and risk profile, including a profitability analysis and

an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the proposed change.

(6) For the purposes of this Article, changes that may constitute a significant deviation include, but are not limited to, a change in the Bank's markets, marketing strategies, products and services, marketing partners, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing relative to market prices, accounting processes and practices, asset composition and size, or funding strategy, any of which, alone or in the aggregate, may have a material effect on the Bank's operations or financial performance; or any other changes in personnel, operations, or external factors that may have a material effect on the Bank's operations or financial performance.

(7) Within thirty (30) days after the end of each quarter, a written evaluation of the Bank's performance against the Strategic Plan shall be prepared by Bank management and submitted to the Board. Within thirty (30) days after submission of the evaluation, the Board shall review the evaluation and determine the corrective actions the Board will require Bank management to take to address any identified shortcomings. The Board's review of the evaluation and discussion of any required corrective actions to address any identified shortcomings shall be documented in the Board's meeting minutes. Upon completion of the Board's review, the Board shall submit to the ADC a copy of the evaluation as well as a detailed description of the corrective actions the Board will require the Bank to take to address any identified shortcomings.

ARTICLE V

LIQUIDITY RISK MANAGEMENT

(1) Within sixty (60) days of the date of this Agreement, the Board shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable written Liquidity Risk Management Program ("Liquidity Program") for the Bank. The Liquidity Program shall provide for the identification, measurement, monitoring, and control of the Bank's liquidity risk exposure, and shall emphasize the importance of cash flow projections, diversified funding sources, a cushion of highly liquid assets, robust liquidity stress testing scenario analyses, and a formal, well-developed contingency funding plan as primary tools for measuring and managing liquidity risk. Refer to the "Interagency Policy Statement on Funding and Liquidity Risk Management," dated March 22, 2010 (OCC Bulletin 2010-13); the "Addendum to the Interagency Policy Statement on Funding and Liquidity Risk Management: Importance of Contingency Funding Plans," dated July 28, 2023, and the "Liquidity" booklet of the Comptroller's Handbook, for guidance.

(2) In addition to the general requirements set forth above, the Bank's Liquidity Program shall, at a minimum:

(a) provide specific assigned accountability for development, execution and oversight of liquidity risk management, including oversight by both the Board and senior management;

(b) include appropriate policies and procedures for identifying, measuring, monitoring, and controlling liquidity risk exposures, that includes at a minimum:

(i) procedures to ensure that sufficient funds or access to funds exist to meet such cash flow needs under both expected and adverse conditions, including an adequate cushion to meet any unanticipated cash flow needs; and

(ii) procedures and reporting to assess the risks related to deposit runoff, rollovers, wholesale, and alternative funding sources; and

(iii) procedures to monitor, escalate, and address any breaches of established liquidity limits;

(c) identify appropriate funding strategies and provide limits to manage and control liquidity risk that are commensurate with the Bank's complexity and business activities that considers internal and external factors that could affect the Bank's liquidity, that include at a minimum:

(i) limits or triggers placed on projected net cash flow positions over specified timeframes under both expected and adverse business conditions that are based on realistic assumptions supported by sound historical economic data;

(ii) limits or triggers on funding mismatches and guidelines for minimum and maximum average maturity of the Bank's assets and liabilities (by category);

(iii) minimum levels of highly liquid assets;

(iv) minimum levels of committed and collateralized contingent funding sources to meet funding needs in both expected and adverse conditions, which are periodically tested to verify availability and operational capabilities;

(v) limits or triggers on the structure of short-term and long-term funding of the Bank's asset base, under both normal and stressed conditions;

(vi) limitations on funding concentrations and other strategies to ensure diversification of funding sources; and

(vii) limitations on contingent liabilities in aggregate and by individual category;

(d) provide adequate risk measurement and monitoring systems, including processes and reporting to assess, on an ongoing basis, the Bank's current and projected funding needs, including the development of cash flow projections under both expected and adverse conditions, and considering the changes in depositor behavior, interest rates and capital levels;

(e) detailed identification of sources of liquidity to meet projected shortfalls from existing sources under both expected and adverse conditions; and

(f) include a Contingency Funding Plan that incorporates, at a minimum: an accurate quantitative projection and evaluation of expected funding needs and funding capacity based on realistic assessments of the behaviors of funding sources during stress events; re-assessment of the inclusion of unpledged held-to-maturity securities in the primary liquidity funding ratio; a definition of a liquidity crisis for the Bank; risk limits for contingency funding sources; an identification of early warning liquidity triggers; comprehensive and tiered action plans as part of management's liquidity cash flow analysis to address identified liquidity stresses and material risk drivers; and provisions for management processes, monthly reporting, and internal as well as external communication throughout the stress event.

(3) Within thirty (30) days following receipt of the ADC's written determination of no supervisory objection to the Liquidity Program, the Board shall adopt and Bank management,

subject to Board review and ongoing monitoring, shall immediately implement and adhere to the Liquidity Program and any amendments or revisions thereto.

(4) The Board shall review liquidity reports at least quarterly, and the overall effectiveness of the Liquidity Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Liquidity Program as needed or directed by the ADC in writing. Board meeting minutes must capture sufficient ongoing oversight of liquidity reporting, strategies, adherence to risk limits, and action plans to improve the liquidity position. The Bank shall submit the revised Liquidity Program to the ADC for prior written determination of no supervisory objection. At the next Board meeting following receipt of the ADC's written determination of no supervisory objection, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and adhere to the revised Liquidity Program and any amendments or revisions thereto.

ARTICLE VI

GENERAL BOARD RESPONSIBILITIES

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Agreement, and shall verify that the Bank adheres to the corrective actions and they are effective in addressing the Bank's deficiencies that resulted in this Agreement.

(2) In each instance in which this Agreement imposes responsibilities upon the Board, it is intended to mean that the Board shall:

(a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Agreement;

(b) ensure that the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Agreement;

(c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Agreement;

(d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Agreement;

(e) require appropriate, adequate, and timely reporting to the Board by Bank management with documented discussion in Board minutes of corrective actions directed by the Board to be taken under the terms of this Agreement; and

(f) address any noncompliance with corrective actions in a timely and appropriate manner.

ARTICLE VII

OTHER PROVISIONS

(1) As a result of this Agreement, pursuant to 12 C.F.R. § 5.51(c)(7)(ii), the Bank is in "troubled condition," and is not an "eligible bank" for purposes of 12 C.F.R. § 5.3 or 12 C.F.R. § 24.2(e), unless otherwise informed in writing by the OCC.

(2) This Agreement supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3, 5.51(c)(7)(ii), and 24.2(e)(4).

ARTICLE VIII

CLOSING

(1) This Agreement is intended to be, and shall be construed to be, a "written agreement" within the meaning of 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer, employee, or agent of the OCC. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

(2) This Agreement is effective upon its issuance by the OCC, through the Comptroller's duly authorized representative. Except as otherwise expressly provided herein, all references to "days" in this Agreement shall mean calendar days and the computation of any period of time imposed by this Agreement shall not include the date of the act or event that commences the period of time.

(3) The provisions of this Agreement shall remain effective and enforceable except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of

this Agreement, the Board or a Board-designee shall submit a written request to the ADC asking for the desired relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that warrant the desired relief or prevent the Bank from complying with the relevant provision(s) of the Agreement, and shall be accompanied by relevant supporting documentation. The OCC's decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

(4) The Bank will not be deemed to be in compliance with this Agreement until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Agreement; the corrective actions are effective in addressing the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of the corrective actions requires sufficient passage of time to demonstrate the sustained effectiveness of the corrective actions.

(5) Each citation, issuance, or guidance referenced in this Agreement includes any subsequent citation, issuance, or guidance that replaces, supersedes, amends, or revises the referenced cited citation, issuance, or guidance.

(6) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to enter into this Agreement.

(7) All reports, plans, or programs submitted to the OCC pursuant to this Agreement shall be forwarded, by email, to the following:

Assistant Deputy Comptroller, Central Ohio − Indiana Office

(8) The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his duly authorized representative, has hereunto set his signature on behalf of the Comptroller.

//s// Digitally Signed, Dated: 2024.09.25

J. Douglas Barr
Assistant Deputy Comptroller
Central Ohio – Indiana Office

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of The First National Bank of Waverly have hereunto set their signatures on behalf of the Bank.

/s/	9-24-24
Thomas Brewster	Date
/s/	9/24/24
Anthony Dixon	Date
/s/	9-24-24
Alan C. Fish	Date
/s/	9-24-24
Robert E. Foster	Date
/s/	9/24/24
Elizabeth F. Lewis	Date
/s/	9/24/24
Lindsay Schrader	Date
/s/	9/24/2024
Derek Wiseman	Date