

AGREEMENT BY AND BETWEEN  
Slovenian S&LA of Franklin-Conemaugh  
Conemaugh, Pennsylvania  
and  
The Office of the Comptroller of the Currency

AA-CE-2024-65

Slovenian S&LA of Franklin-Conemaugh, Conemaugh, Pennsylvania (“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, succession planning, balance sheet management, internal audit, and Bank Secrecy Act/Anti-Money Laundering (“BSA/AML”) internal controls, audit, and training; and violations of law, rule, or regulation, including violations of 12 C.F.R. § 21.21 and 31 C.F.R. § 1020.210(a)(2)(v).

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 Federal savings association within the meaning of 12 U.S.C. § 1813(q)(1)(C), and is chartered and examined by the OCC. *See* 12 U.S.C. §§ 1461 *et seq.*, 5412(b)(2)(B).

(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 ten (10) days 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 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 Assistant Deputy Comptroller 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) By August 30, 2024, 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 Assistant Deputy Comptroller within ten (10) days of the first Board meeting following the Board's receipt of such report.

### **ARTICLE III**

#### **STRATEGIC PLAN AND SUCCESSION PLAN**

(1) Within sixty (60) days of the date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable revised written strategic plan for 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, growth, balance sheet mix, balance sheet management strategies, liability structure, capital and liquidity adequacy, liquidity stress testing, 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 short- and long-term strategic goals, objectives, and initiatives to be accomplished, including, but not limited to, key financial indicators, risk tolerances, and realistic strategies to improve the overall condition of the Bank;
- (b) appropriate policies and procedures for identifying, measuring, monitoring, and controlling liquidity risk exposures;
- (c) a risk profile that evaluates credit, interest rate, liquidity, price, operational, compliance, strategic, and reputation risks in relationship to capital;
- (d) an evaluation of the Bank's internal operations, staffing requirements,

- 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 (1)(a) of this Article;
- (e) an action plan designed to ensure management and the Board have sufficient knowledge and expertise to manage the balance sheet, oversee strategic initiatives, control funding costs, and otherwise accomplish the strategic goals and objectives developed under paragraph (1)(a) of this Article;
  - (f) specific assigned accountability for the development, execution, and oversight of liquidity risk management, including oversight by both the Board and senior management;
  - (g) a management employment and succession plan designed to promote adequate staffing and continuity of capable management, and shall include, at a minimum:
    - (i) documentation of the qualifications and responsibilities required for each key position at the bank;
    - (ii) temporary and permanent plans for fulfilling all key positions at the bank; and
    - (iii) details of any cross-training initiatives to prepare staff to fill potential vacancies in the short- or long-term;
  - (h) a realistic and comprehensive budget that corresponds to the Strategic Plan's goals and objectives;
  - (i) an action plan to improve and sustain the Bank's earnings and accomplish

identified strategic goals and objectives;

- (j) specific plans for the maintenance of adequate capital;
- (k) an action plan to reduce liquidity and interest rate risks through appropriate balance sheet management strategies. This action plan must include appropriate funding strategies that provide limits to manage and control liquidity risk, commensurate with the Bank's complexity and business activities;
- (l) an action plan to 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;
- (m) an action plan to develop and implement an appropriate Contingency Funding Plan;
- (n) the detailed identification of sources of liquidity to meet projected shortfalls from existing sources under both expected and adverse conditions; and
- (o) 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.

(2) Within thirty (30) days following the Board's receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the revised Strategic Plan or

to any subsequent update or amendment to the Strategic Plan, the Board shall adopt and 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 document the review of management information systems, action plan progress, and meeting discussion within the Board minutes. The Board shall amend the Strategic Plan as needed or directed by the OCC. Any update or amendment to the Strategic Plan must be submitted to the Assistant Deputy Comptroller 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 Assistant Deputy Comptroller's review, has received a written determination of no supervisory objection from the Assistant Deputy Comptroller, and has been adopted by the Board, the Bank shall not 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 Assistant Deputy Comptroller'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 Assistant Deputy Comptroller and has been adopted by the Board) without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(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 Assistant Deputy Comptroller at least forty-five (45) 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, 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 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 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

Assistant Deputy Comptroller 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 IV**

##### **INTERNAL AUDIT**

(1) Within sixty (60) days of the date of this Agreement, the Bank shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable, independent, comprehensive, written internal audit program that adequately assesses controls and operations to allow the Board and management to understand the sufficiency of the Bank's internal controls system ("Internal Audit Program").

(2) Management shall ensure the Internal Audit Program complies with the standards for internal audit systems set forth in Section II.B of the Interagency Guidelines Establishing Standards for Safety and Soundness, Appendix A to 12 C.F.R. Part 30. Refer to the "Internal and External Audits" booklet of the *Comptroller's Handbook* for related safe and sound principles. The Internal Audit Program shall incorporate standards of safety and soundness that are commensurate with the Bank's size, complexity, scope of activities, and risk profile and shall, at a minimum:

- (a) provide an objective, independent review and evaluation of the Bank's activities, internal controls, and management information systems;
- (b) require the development of a risk assessment that captures all of the Bank's auditable areas and utilizes a well-supported methodology to develop a risk-based schedule of internal audits, with annual documented Audit Committee approval of the risk assessment;
- (c) require the development of an internal audit plan that is risk-based and



provides adequate audit scope, coverage, and frequency for all areas of the Bank, with annual documented Audit Committee approval of the internal audit plan and Audit Committee notification of any material variance from the plan;

- (d) address the use of third parties to complete any internal audit activities, including documented Audit Committee approval of selection and termination of third-parties; refer to OCC Bulletin 2023-17, “Third-Party Relationships: Interagency Guidance on Risk Management,” for related safe and sound principles;
- (e) evaluate the reliability, adequacy, and effectiveness of the Bank’s internal controls system, whether operated by the Bank or a third-party, and identify the root cause of identified deficiencies;
- (f) evaluate whether the Bank’s internal controls system results in prompt and accurate recording of transactions and proper safeguarding of assets;
- (g) determine whether the Bank complies with laws and regulations and adheres to its established policies, procedures, and processes;
- (h) require all internal audits to be supported through adequate transaction testing, which includes documenting the transaction testing methodology, sample size, the accounts and names selected for testing, the documents reviewed as part of the testing, and the results of transaction testing;
- (i) require management to take appropriate and timely steps to address control deficiencies and audit report recommendations and report its validated progress to the Audit Committee on at least a monthly basis and

require the Audit Committee to make a documented determination of whether the actions taken by management are satisfactory;

- (j) require all internal audit reports to be in writing and distributed directly, not through any intervening party, to the Audit Committee in a timely manner after audit completion;
- (k) require audit work papers and documentation that provide a meaningful audit trail and validation for audit findings, conclusions, and recommendations; and
- (l) require the development of an audit finding log that allows management to track findings through remediation and validation, to assess the quality and sustainability of management's corrective actions.

(3) The Board shall provide effective oversight of the Internal Audit Program, including:

- (a) verifying that management has adequately staffed the internal audit function, using internal resources and/or third parties, with respect to both the number of auditors required and their knowledge, skills, and experience;
- (b) verifying the internal audit function is independent and objective. The person responsible for implementing the Internal Audit Program shall functionally report directly to the Audit Committee, which shall direct his or her activities, set compensation, and evaluate performance;
- (c) verifying management's actions to address material weaknesses in a timely manner and, where appropriate, directing management to take

additional action; and

- (d) verifying management satisfies all statutory, regulatory, and supervisory requirements.

(4) The internal audit staff shall have access to any records necessary for the proper conduct of its activities. The OCC shall have access to all reports and work papers of the internal audit staff and any third parties providing internal audit services.

(5) Within thirty (30) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Internal Audit Program or to any subsequent amendment to the Internal Audit Program, the Board shall adopt and management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Internal Audit Program. The Board shall review the effectiveness of the Internal Audit Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Internal Audit Program as needed or directed by the OCC. Any amendment to the Internal Audit Program must be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

## **ARTICLE V**

### **CUSTOMER DUE DILIGENCE AND RISK IDENTIFICATION**

(1) Within ninety (90) days of the date of this Agreement, the Bank shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable written customer due diligence program to ensure appropriate collection and analysis of customer information when opening new accounts, when renewing or modifying existing accounts for customers, and when the Bank obtains event-driven information indicating that it would be prudent to obtain updated information in order to understand the nature of its

customer relationships and generate and maintain an accurate customer risk profile (“CDD Program”). The CDD Program shall also ensure the Bank operates in accordance with applicable law and regulations and be consistent with the Bank’s money laundering, terrorist financing, and other illicit financial activity risk assessment. Refer to the *FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual: “Customer Due Diligence”* (Rev. May 2018).

- (2) The Bank’s CDD Program shall include, at a minimum:
  - (a) clear definitions of low-, moderate-, and high-risk customers;
  - (b) a methodology for assigning defined risk levels to the customer base that considers the customer’s entire relationship and appropriate factors such as type of customer; purpose of the account; geographic location; and the expected account activity by type of service used, including the volume, velocity, and frequency by dollar amount and number;
  - (c) risk-based requirements to collect, maintain, and update all information necessary to establish an accurate customer risk profile and facilitate ongoing monitoring to identify and report suspicious activity. Information collected must be sufficient to understand the nature and purpose of the account and expected transactional activity;
  - (d) procedures that contain a clear statement of management’s and staff’s responsibilities, including procedures, authority, and responsibility for reviewing and approving changes to a customer’s risk profile, as applicable;
  - (e) procedures to define the analysis and documentation standards for

CDD reviews for high-risk customers. CDD reviews for high-risk customers must be documented thoroughly and include sufficient narrative to understand the documentation and activity reviewed, and must include an overall conclusion;

- (f) procedures to ensure staff responsible for gathering CDD information have sufficient authority, training, and skills to perform their assigned responsibilities;
- (g) procedures for identifying and timely remediating instances where required CDD information is missing or incomplete;
- (h) procedures to maintain an accurate and complete list of high-risk customers that identifies current customers and accounts exhibiting high-risk characteristics for money laundering, terrorist financing, or other illicit activity; and
- (i) procedures for ongoing monitoring and periodic reviews of customers, which shall include, at a minimum:
  - (i) risk-based criteria establishing how often to conduct periodic reviews of low-, medium-, and high-risk customers with the purpose of updating customer information and assessing material changes to customer risk profiles;
  - (ii) risk-based criteria establishing when reviews of customers are warranted and processes for changing customer risk profiles when warranted;
  - (iii) documented evidence of transactional analysis, including

- comparing expected, historical, and current activity, the source and use of funds, trends, and activity patterns; and
- (iv) documented critical analysis of all significant information in the file, including the identification of significant disparities, investigation of high-risk indicators and potentially suspicious activity, and well-supported conclusions; and
  - (j) procedures to ensure that customer risk ratings are appropriately incorporated into the Bank's money laundering, terrorist financing and other illicit financial activity risk assessment.

(3) Within thirty (30) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Bank's CDD Program or to any subsequent amendment to the Bank's CDD Program, the Board shall adopt and management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Bank's CDD Program. The Board shall review the effectiveness of the Bank's CDD Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Bank's CDD Program as needed or directed by the OCC. Any amendment to the Bank's CDD Program must be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

## **ARTICLE VI**

### **BSA/AML INDEPENDENT TESTING**

(1) Within sixty (60) days of the date of this Agreement, the Bank shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable written BSA/AML independent testing program ("BSA/AML Audit

Program”) to test the Bank’s compliance with the BSA, relative to its risk profile, and the overall adequacy of the Bank’s BSA/AML compliance program. Refer to the *FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual: “BSA/AML Independent Testing”* (Rev. March 2020).

(2) The BSA/AML Audit Program shall address and determine, at a minimum, whether:

- (a) the Bank’s money laundering, terrorist financing, and other illicit financial activity risk assessment adequately captures its risk profile;
- (b) the scope and depth of the audit adequately assesses the Bank’s CDD, customer risk rating methodology, and overall BSA/AML compliance program;
- (c) the policies, procedures, and processes for BSA/AML compliance are appropriate for the Bank’s risk profile;
- (d) the Bank adheres to its policies, procedures, and processes for BSA/AML compliance;
- (e) the Bank’s policies and procedures are reasonably designed to achieve compliance with the BSA and its implementing regulations;
- (f) the Bank’s overall process for identifying and reporting suspicious activity is adequate to comply with regulatory requirements;
- (g) the Bank’s information technology sources, systems, and processes used to support the BSA/AML compliance program are adequate;
- (h) the Bank has independent, knowledgeable, and qualified personnel to adequately audit the BSA/AML compliance program;

- (i) BSA/AML training is provided for appropriate personnel, tailored to specific functions and positions, and includes supporting documentation; and
- (j) management took appropriate and timely action to address any deficiencies previously noted by audit staff.

(3) Within thirty (30) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Bank's BSA/AML Audit Program or to any subsequent amendment to the Bank's BSA/AML Audit Program, the Board shall adopt and management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Bank's BSA/AML Audit Program. The Board shall review the effectiveness of the Bank's BSA/AML Audit Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Bank's BSA/AML Audit Program as needed or directed by the OCC. Any amendment to the Bank's BSA/AML Audit Program must be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

(4) Management shall require prompt reporting of all deficiencies in BSA/AML processes and controls identified through the BSA/AML Audit Program to the Bank's Audit Committee, and to senior management. The reports shall indicate the severity of the deficiencies, the risks, and the required corrective actions. The Audit Committee shall ensure that management takes prompt action to remedy deficiencies cited in audit reports and that the BSA/AML Audit Program reviews and validates corrective action promptly.



## **ARTICLE VII**

### **BSA/AML TRAINING**

(1) Within ninety (90) days of the date of this Agreement, the Bank shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable written BSA/AML training program (“BSA Training Program”). Refer to the *FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual: “BSA/AML Training”* (Rev. March 2020).

(2) The BSA/AML Training Program shall include, at a minimum:

- (a) relevant and appropriate periodic training for all Board members and all Bank personnel, including operational personnel, with BSA/AML responsibility, which shall be based on the individual’s job-specific duties and responsibilities, and which shall specifically address:
  - (i) the Bank’s BSA/AML policies and procedures, including those pertaining to CDD regulatory requirements;
  - (ii) regulatory requirements and guidance, including those pertaining to CDD, and the Bank’s money laundering, terrorist financing, and other illicit financial activity risk profile, and any changes thereto;
  - (iii) high-risk customers;
  - (iv) suspicious activity monitoring and reporting; and
  - (v) high-risk activities;
- (b) appropriate training for other personnel outside the Bank’s BSA/AML compliance function based on the individual’s job-specific duties and responsibilities;

- (c) strategies for mandatory attendance, the frequency of training, procedures, timing for updating the training program and materials, the method for delivering training, and procedures to ensure employee training completion is tracked and documented; and
- (d) confirming that third parties performing BSA/AML compliance functions receive sufficient and ongoing training to perform their tasks effectively.

(3) Within thirty (30) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the BSA/AML Training Program or to any subsequent amendment to the program, the Board shall adopt and management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the BSA/AML Training Program. The Board shall review the effectiveness of the BSA/AML Training Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the program as needed or directed by the OCC. Any amendment to the BSA/AML Training Program must be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

## **ARTICLE VIII**

### **BSA/AML OFFICER AND STAFFING**

(1) Within ninety (90) days of the date of this Agreement, the Board shall ensure that the Bank maintains, at all times, a qualified BSA Officer vested with sufficient independence, authority, training, and resources to fulfill the duties and responsibilities of the position and ensure compliance with the requirements of the Bank Secrecy Act and its implementing regulations. The BSA Officer shall provide timely and accurate periodic reporting to the Board

and senior management about the status of the Bank's BSA/AML program, including compliance with the BSA and this Agreement, including the BSA/AML Action Plan.

(2) In the event that the Bank's BSA Officer position is vacated, the Board shall promptly appoint a new BSA Officer. Prior to appointing a new BSA Officer, the Board shall submit to the Assistant Deputy Comptroller the following information for a prior written determination of no supervisory objection to appoint the individual as BSA Officer:

- (a) the information sought in the "Changes in Directors and Senior Executive Officers" and "Background Investigations" booklets of the Comptroller's Licensing Manual, together with a legible fingerprint card for the proposed BSA Officer;
- (b) a written statement of the Board's reasons for selecting the proposed BSA Officer; and
- (c) a written description of the proposed BSA Officer's duties and responsibilities.

(3) A prior written determination of no supervisory objection to the proposed individual shall not constitute an approval or endorsement of the proposed individual. In addition, the requirement to submit information and the prior written no supervisory objection provisions of this paragraph are based on the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the Assistant Deputy Comptroller to complete the review and act on any such information within ninety (90) days.

(4) The Board shall ensure that the Bank has sufficient staff with appropriate skills and expertise needed to support the BSA Officer and the Bank's BSA/AML program and that such staff is vested with sufficient authority to fulfill their respective duties and responsibilities.

(5) Within ninety (90) days of the date of this Agreement, and no less than annually thereafter, the Board shall review the adequacy of the Bank's BSA Officer and supporting staff and shall document its determinations in writing. The review shall evaluate and consider the effectiveness of the following:

- (a) the leadership, knowledge, training, and skills of the BSA Officer and staff;
- (b) the oversight and governance structures for BSA staff, including whether the Board and management have the necessary knowledge to effectively oversee the Bank's compliance with the BSA; and
- (c) the staffing levels for the BSA/AML compliance function, consistent with the Bank's money laundering, terrorist financing, and other illicit financial activity risk assessment, including anticipated risks from new or expanded lines of business, products, and services, and the effectiveness of the Bank's BSA/AML program.

Upon completion, this review must be submitted to the Assistant Deputy Comptroller.

(6) Within sixty (60) days after completing the assessment under paragraph (5) of this Article, the Board shall ensure that the Bank implements any changes that are needed in the Bank's BSA Officer and supporting staff, including their responsibilities, authority, structure, independence, competencies, or capabilities. In particular, the Board shall ensure that the BSA Officer and supporting staff have sufficient training, authority, resources, and skill to perform their assigned responsibilities. The Board shall further ensure that it and management have the necessary knowledge to effectively oversee the Bank's compliance with the BSA and that

management information systems are effective. The Board shall also ensure that there are clear lines of authority and responsibility for the Bank's BSA/AML compliance function and staff.

## **ARTICLE IX**

### **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 management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Agreement;
- (d) hold 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 management 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 X**

### **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 savings association” for purposes of 12 C.F.R. § 5.3, 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 and 5.51(c)(7)(ii).

## **ARTICLE XI**

### **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 Assistant Deputy Comptroller 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 via email to the Assistant Deputy Comptroller.

(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: 2024.07.26

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Le Vell P. Hall  
Assistant Deputy Comptroller  
Cleveland/ Pittsburgh/ Detroit Offices

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Slovenian S&LA of Franklin-Conemaugh, Conemaugh, Pennsylvania have hereunto set their signatures on behalf of the Bank.

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/s/  
Deborah J. Castiglione

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7-25-24  
Date

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/s/  
Robert G. Datsko

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7-25-24  
Date

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/s/  
Anthony J. Kamnikar

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7-25-24  
Date

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/s/  
Scott Malisko

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7/25/2024  
Date

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/s/  
Thomas V. Naglic

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7/25/24  
Date

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/s/  
William S. Tomaskovich

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7/25/24  
Date

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/s/  
Louis P. Vuckovich

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7/25/24  
Date