

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

In the Matter of:)	
)	
USAA Federal Savings Bank)	AA-ENF-2024-96
Phoenix, Arizona)	
)	

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over USAA Federal Savings Bank, Phoenix, Arizona (“Bank”);

WHEREAS, the OCC issued, through the duly authorized representative of the Comptroller of the Currency (“Comptroller”), a Consent Order against the Bank dated January 7, 2019 (“2019 Consent Order”) for engaging in unsafe or unsound banking practices, including those relating to the Bank’s compliance management system, risk governance framework, and information technology (“IT”) program;

WHEREAS, the OCC issued, through the duly authorized representative of the Comptroller, a Consent Order against the Bank dated March 17, 2022 (“2022 BSA/AML Consent Order”) for deficiencies in the Bank’s Bank Secrecy Act/Anti-Money Laundering (“BSA/AML”) compliance program that resulted in violations of 12 C.F.R. § 21.21 (BSA/AML compliance program), 12 U.S.C. § 1818(s) (failure to correct a previously reported BSA problem), and 12 C.F.R. § 163.180(d) (suspicious activity reporting);

WHEREAS, the OCC has determined that the Bank is in noncompliance with Articles IV (Action Plan), V (Risk Management and Risk Governance Framework), VI (Compliance Risk Management Program), and VII (Information Technology) of the 2019 Consent Order, and in noncompliance with Article V (Suspicious Activity Identification, Evaluation, and Reporting) of

the 2022 BSA/AML Consent Order;

WHEREAS, the OCC has determined that new or continuing violations of law, rule, or regulation, and unsafe or unsound practices exist;

WHEREAS, the OCC intends to initiate cease and desist proceedings against the Bank pursuant to 12 U.S.C. § 1818(b), through the issuance of a Notice of Charges, for engaging in unsafe or unsound practices, including those relating to management, earnings, information technology, consumer compliance, and internal audit, as well as violations of 12 C.F.R. § 163.180(d), and noncompliance with 12 C.F.R. Part 30, Appendix D, *Heightened Standards*;

WHEREAS, the Bank has begun taking corrective actions and has committed to taking all necessary and appropriate steps to remedy the deficiencies identified in this Consent Order (“Order”);

WHEREAS, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, by and through its duly elected and acting Board, consents to the issuance of this Order, by the OCC through the duly authorized representative of the Comptroller, which terminates, replaces, and supersedes the 2019 Consent Order and the 2022 BSA/AML Order and incorporates the articles of the 2019 Consent Order and 2022 BSA/AML Order in noncompliance;

NOW, THEREFORE, the OCC, through the duly authorized representative of the Comptroller, directs that the 2019 Consent Order and 2022 BSA/AML Consent Order be, and hereby are, terminated. Additionally, pursuant to the authority vested in the OCC by Section 8(b) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the OCC hereby orders that:

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) and is therefore authorized to initiate and maintain this cease and desist action against the Bank pursuant to 12 U.S.C. § 1818(b).

ARTICLE II

COMPTROLLER’S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) The Bank is engaging and has engaged in unsafe or unsound practices, including those relating to management, earnings, information technology, consumer compliance, and internal audit;

(2) The Bank is violating and has violated 12 C.F.R. § 163.180(d);

(3) The Bank is in noncompliance with 12 C.F.R. Part 30, Appendix D, *Heightened Standards*; and

(4) The Bank is in noncompliance with Articles IV (Action Plan), V (Risk Management and Risk Governance Framework), VI (Compliance Risk Management Program), and VII (Information Technology) of the 2019 Consent Order and Article V (Suspicious Activity Identification, Evaluation, and Reporting) of the 2022 BSA/AML Consent Order.

ARTICLE III

COMPLIANCE COMMITTEE

(1) Within fifteen (15) days of the date of this Order, 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.

(2) The Board shall submit in writing to the Examiner-in-Charge 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 Examiner-in-Charge within ten (10) days the name of any new or resigning committee member.

(3) The Compliance Committee shall monitor and oversee the Bank's compliance with the provisions of this Order. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings.

(4) Within ninety (90 days) after the Bank receives a written determination of no supervisory objection to the Action Plan required under Article IV of this Order, and thereafter within thirty (30) days after the end of each quarter, the Bank shall prepare, and the Compliance Committee shall submit to the Board, a written progress report setting forth in detail:

- (a) the specific corrective actions undertaken to comply with each Article of this Order;
- (b) the results and status of the corrective actions; and
- (c) a description of the outstanding corrective actions needed to achieve compliance with each Article of this Order and the party or parties responsible for the completion of outstanding corrective actions.

(5) The Board shall forward a copy of the progress report, with any additional comments by the Board, to the Examiner-in-Charge within fifteen (15) days following the first Board meeting following the Board's receipt of such report.

ARTICLE IV

ACTION PLAN

(1) Within ninety (90) days of the date of this Order, the Bank shall submit to the Examiner-in-Charge for review and prior written determination of no supervisory objection an acceptable written action plan detailing the remedial actions necessary to achieve compliance with Articles V to XI of this Order ("Action Plan").

(2) The Action Plan shall include, at a minimum:

- (a) a description of the required corrective actions;
- (b) the specific Article and associated paragraph (and, if applicable, subparagraph) that each corrective action will address;
- (c) reasonable and well-supported timelines for completing the corrective actions. These timelines shall reflect appropriate consideration of the possible impact on timing caused by any interdependencies between corrective actions, and further, shall be inclusive of time needed for the Bank to validate completion and effectiveness of the corrective actions; and
- (d) the person(s) responsible for completing the corrective actions.

(3) Upon receipt of a written determination of no supervisory objection from the Examiner-in-Charge, the Board shall timely adopt the Action Plan and verify that Bank management timely implements the Action Plan. Bank management, subject to Board review

and ongoing monitoring, shall thereafter ensure adherence to the Action Plan, including the timelines set forth within the Action Plan.

(4) The Compliance Committee shall review the effectiveness of the Action Plan at least quarterly, and more frequently if necessary or if required by the Examiner-in-Charge in writing, and direct Bank management to amend the Action Plan as needed or directed by the Examiner-in-Charge in writing.

(5) In the event the Examiner-in-Charge requires changes to the Action Plan, the Bank shall incorporate the required changes into the Action Plan and submit the revised Action Plan to the Examiner-in-Charge for review and prior written determination of no supervisory objection.

(6) The Bank shall not take any action, including modifications to the Action Plan that has received a written determination of no supervisory objection from the Examiner-in-Charge, that will cause a significant deviation from, or material change to, the Action Plan.

(7) Where the Bank considers significant deviations from or material changes to the Action Plan appropriate, the Bank shall submit the proposed modifications to the Action Plan to the Examiner-in-Charge for prior written determination of no supervisory objection. Following receipt of a written determination of no supervisory objection, the Board shall timely adopt the revised Action Plan. Bank management, subject to Board review and ongoing monitoring, shall thereafter ensure adherence to the revised Action Plan, including the timelines set forth within the revised Action Plan. The Bank shall provide quarterly written notification of any other modifications to the Action Plan to the Examiner-in-Charge.

(8) Within one hundred twenty (120) days of receipt of a prior written determination of no supervisory objection to the Action Plan, the Bank's Internal Audit department shall

complete a review of the Bank’s progress towards implementing the Action Plan, including reviewing whether any changes have occurred that require no supervisory objection. The reviews shall be memorialized in writing and, within thirty (30) days of completion, Internal Audit shall provide its report to the Compliance Committee and the Examiner-in-Charge.

ARTICLE V

RISK GOVERNANCE FRAMEWORK

(1) Within the time periods specified in the Action Plan for which the Examiner-in-Charge has provided no supervisory objection, the Bank shall implement and adhere to a written Risk Governance Framework consistent with the safety and soundness guidelines set forth in 12 C.F.R. Part 30, Appendices A (Safety and Soundness Guidelines) and D (Heightened Standards) (“Risk Governance Framework”). Refer to the Corporate and Risk Governance (July 2019) booklet of the *Comptroller’s Handbook* and other applicable issuances.

- (2) The Risk Governance Framework shall include, at a minimum:
- (a) independent annual assessments of the Bank’s compliance with 12 C.F.R. Part 30, Appendices A and D that include the identification of specific corrective actions for front-line units, independent risk management, internal audit, and the Board and are promptly provided to the Board and the Examiner-in-Charge upon completion;
 - (b) independent validation of any corrective actions identified in the independent annual assessments required by subparagraph (a);
 - (c) well-defined risk management roles and responsibilities for front line units, independent risk management, and internal audit consistent with 12 C.F.R. Part 30, Appendix D, Section II, paragraph C;

- (d) effective Board oversight, appropriate Board and management committee structure, and clear assignments of Board and senior management roles and responsibilities;
- (e) policies and processes to hold management accountable for adhering to the risk governance framework, operating within established risk appetites, governing and resolving risk limit breaches, establishing and maintaining an effective internal controls system, effectively and timely addressing identified deficiencies, and complying with laws and regulations;
- (f) performance management and compensation programs for each line of defense, including incentive and performance criteria, bonus pools, long-term incentive plans, and special recognition programs that are consistent with each line of defense's respective roles and responsibilities, and which do not encourage inappropriate risk-taking behavior through compensation incentives;
- (g) at least annually, an independent written assessment to the Board of Directors of the Bank's use of the parent company's risk governance framework. At a minimum, the annual assessment must include:
 - i. a determination of whether the parent company's risk profile is substantially the same as the bank,
 - ii. a determination of the parent company's risk governance framework adherence to Heightened Standards,
 - iii. a determination of whether the Bank's use of the parent's risk governance framework allows decisions made by the parent

company's board of directors and management to jeopardize the Bank's safety and soundness, and

iv. action plans to resolve deficiencies identified in subparagraph (f)(iii);

(h) a risk and control self-assessment program that accurately reflects the Bank's condition and risk profile and requires each first-line unit to implement and adhere to a comprehensive risk control self-assessment framework that includes a description of the scope of operations, all significant risks associated with the operations, specific controls for each identified risk, and an assessment of the controls, risk management, and compliance with the Bank's risk appetite and associated limits or thresholds;

(i) the identification of the skills and expertise needed to implement and adhere to the Risk Governance Framework and of any gaps with current Board members, management, and staff, along with a program to develop, attract, and retain talent and maintain appropriate staffing levels to fulfill respective roles in the Bank's Risk Governance Framework;

(j) relevant and appropriate periodic training on the Bank's Risk Governance Framework for all Board members and all appropriate Bank personnel tailored to the individual's job-specific functions, duties, and responsibilities; and

(k) timely, risk-based, comprehensive audits of business units and independent risk management by Internal Audit to assess compliance with

the Risk Governance Framework, the findings of which shall promptly be reported to the Board and the Examiner-in-Charge.

(3) The Board shall review the effectiveness of the Risk Governance Framework at least annually, and more frequently if necessary or if required by the Examiner-in-Charge in writing, and direct management to amend the Risk Governance Framework as needed or directed by the Examiner-in-Charge.

ARTICLE VI

COMPLIANCE RISK MANAGEMENT

(1) Within the time periods specified in the Action Plan for which the Examiner-in-Charge has provided no supervisory objection, the Bank shall implement and adhere to a Compliance Risk Management Program that effectively identifies, measures, monitors, and controls consumer compliance risks commensurate with the Bank's risk profile and compliance risk appetite. Refer to the "Compliance Management Systems" booklet of the *Comptroller's Handbook* and other applicable issuances.

- (2) The Compliance Risk Management Program shall, at a minimum, include:
- (a) an effective compliance risk governance framework that establishes the roles, responsibility, and accountability for respective front-line units, independent risk management, and internal audit consistent with the Risk Governance Framework under Article V;
 - (b) establishment of and adherence to procedures and processes that result in compliance with Bank-wide corporate policies, laws, and regulations (including, but not limited to, state consumer protection laws, "Federal consumer financial law" as defined at 12 U.S.C. § 5481, and

Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45);

- (c) a program that establishes Bank-wide policies and processes to promote effective compliance change management;
- (d) a program to provide for effective third-party, affiliate, and shared services compliance risk management;
- (e) a comprehensive training program for front-line, independent risk management, and internal audit staff that addresses relevant state and federal laws and regulations and impending publicly-announced changes to relevant state and federal laws and regulations;
- (f) a program to identify, report, and escalate customer complaints. At a minimum, the complaints program shall include policies and procedures that:
 - i. address customer complaints, including social media and ethics complaints;
 - ii. identify and resolve the root causes of customer complaints across all products, services, and lines of business;
 - iii. identify and detect any under-capturing of customer complaints;
 - iv. identifies the root causes of under-capturing complaints and implements and adheres to processes to prevent recurrence of under-capture; and
 - v. requires escalation of root causes of customer complaints and any under-capturing of complaints for resolution;
- (g) an issues management program, which identifies, escalates, and resolves the root causes of consumer compliance issues in a timely manner and

results in timely remediation of customer harm, and that at a minimum:

- i. requires first-line management to identify the root causes of issues, resolve the root causes, including by developing actions plans, and provide periodic status updates to senior management and the Board on identified issues and their resolution;
- ii. includes and requires adherence to issues management service level objectives (SLOs) and key risk indicators (KRIs);
- iii. holds first-line management accountable for adhering to issues management SLOs and KRIs;
- iv. reviews the existing SLOs and KRIs to determine whether the metrics align with the Board's compliance risk appetite;
- v. implements and adheres to processes to require that all applicable risk owners are included in the action planning process; and
- vi. demonstrates that the issue resolution practices are sustainable by timely and consistently adhering to SLOs and KRIs.

(3) The Compliance Risk Management Program shall also include policies and procedures to identify and remediate customers adversely affected by the Bank (which, for purposes of the Compliance Risk Management Program, does not include emotional harm or distress). The remediation policies and procedures shall include, at a minimum:

- (a) a methodology for identifying adversely affected customers;
- (b) a process for quantifying the adverse impact on customers;
- (c) standards for development and review of remediation plans;
- (d) internal reporting processes and validation;

- (e) quarterly reporting of remediation plans and actions taken to the Board or a designated committee thereof and to the Examiner-in-Charge; and
- (f) prompt notification to the Examiner-in-Charge if any proposed remediation plan meets the criteria in paragraph (4) of this Article.

(4) The Examiner-in-Charge may require the Bank to submit, for a prior written determination of no supervisory objection by the Examiner-in-Charge, a remediation plan whenever the anticipated amount of the remediation to be paid, refunded, or remitted in total to the affected population exceeds \$1,000,000, the number of customers or customer accounts likely to require remediation exceeds 10,000, or the customer harm to be remediated poses or has resulted in significant reputation risk to the Bank or creates other supervisory concern. Within one hundred and eighty (180) days from the determination of no supervisory objection to a remediation plan by the Examiner-in-Charge, the Bank shall complete the remediation and independent risk management or internal audit shall prepare and submit a report validating that remediation is complete.

(5) The Board shall review the effectiveness of the Compliance Risk Management Program at least annually, and more frequently if necessary or if required by the Examiner-in-Charge in writing, and direct management to amend the Compliance Risk Management Program as needed or directed by the Examiner-in-Charge.

ARTICLE VII

INFORMATION TECHNOLOGY

(1) Within the time periods specified in the Action Plan for which the Examiner-in-Charge has provided no supervisory objection, the Bank shall implement and adhere to an Information Technology Risk Management Program that effectively identifies, measures,

monitors, and controls information technology risks commensurate with the Bank's risk profile and compliance and operational risk appetite. Refer to the *FFIEC Information Technology Examination Handbooks* and other applicable issuances.

(2) The Information Technology Risk Management Program shall include at a minimum:

- (a) an effective IT risk governance framework that establishes the roles, responsibilities, and accountability of front-line units, independent risk management, and internal audit as described in 12 C.F.R. Part 30, Appendix D;
- (b) a program to develop, attract, and retain talent and maintain appropriate staffing levels to fulfill respective roles in the Bank's IT program;
- (c) a detailed independent assessment to determine the extent the Bank's information technology systems have contributed to or are a root cause of operational and compliance deficiencies and action plans to resolve IT-related root causes of operational and compliance deficiencies;
- (d) an effective information technology architecture;
- (e) an information security program that complies with the requirements set forth in 12 C.F.R. Part 30, Appendix B;
- (f) controls to ensure adherence to policies, procedures, and processes;
- (g) IT risk appetite metrics and limits;
- (h) IT risk reporting and information systems;
- (i) procedures for reporting and escalating significant IT risks and concerns and remediation activities to senior management and the Board; and

- (j) a comprehensive training program for front-line, independent risk management, and audit personnel.

(3) Additionally, the Bank shall prepare and submit to the OCC, for written determination of no supervisory objection by the Examiner-in-Charge, an IT strategic plan that integrates and prioritizes the Bank’s Information Technology Risk Management Program within the enterprise IT strategy, demonstrates appropriate IT and financial resources are devoted to executing the Information Technology Risk Management Program, and establishes appropriate priorities and clearly defined responsibilities (“IT Strategic Plan”). In the event the Examiner-in-Charge directs the Bank to revise the IT Strategic Plan, the Bank shall promptly make the necessary and appropriate revisions and submit the revised IT Strategic Plan to the Examiner-in-Charge for review and written determination of no supervisory objection. Upon receipt of a determination of no supervisory objection from the Examiner-in-Charge, the Board shall adopt the IT Strategic Plan and ensure management has timely implemented, and thereafter adheres to, the IT Strategic Plan. Prior to making any material changes to the IT Strategic Plan, the Bank shall submit a revised plan to the Examiner-in-Charge for review and prior written determination of no supervisory objection.

ARTICLE VIII

FRAUD RISK MANAGEMENT

(1) Within the time periods specified in the Action Plan for which the Examiner-in-Charge has provided no supervisory objection, the Bank shall implement and adhere to a Fraud Risk Management Program that effectively identifies, measures, monitors, and controls the risks of internal and external fraud commensurate with the Bank’s risk profile and compliance and operational risk appetite. Refer to OCC Bulletin 2019-37, *Operational Risk: Fraud Risk*

Management Principles (July 24, 2019) and other applicable issuances.

(2) The Fraud Risk Management Program shall address both internal and external fraud and include, at a minimum:

- (a) an effective fraud risk management framework that establishes the roles, responsibilities, and accountability of front-line units, independent risk management, and internal audit consistent with 12 C.F.R. Part 30, Appendix D;
- (b) policies, processes, personnel, and control systems to ensure the Bank effectively identifies, measures, monitors, and controls fraud risk within a defined fraud risk appetite;
- (c) complete end-to-end product-level risk assessments to gauge how different products contribute to fraud risk;
- (d) assessments of the effectiveness of the Bank's internal controls to prevent and detect fraud and adhere to SLOs;
- (e) holding first-line management accountable for identifying sources of fraud risk, assessing the control environment, and resolving control deficiencies that prevent effective mitigation of fraud risk;
- (f) policies, procedures, and processes to ensure fraud-related suspicious activity is timely identified and evaluated, and fraud-related suspicious activity reports ("SARs") are filed timely, completely, and accurately, with a sufficient description of the suspicious activity and the basis for filing (or of the key facts and circumstances supporting each decision not to file a SAR);

- (g) regular comprehensive risk-based audits of the Bank’s controls to prevent and detect fraud that identify and report any violations of laws or regulations, deviations from Bank policies and procedures, controls issues, corrective actions, and the root causes of any significant weaknesses; and
- (h) regular reporting to the Board on the Bank’s fraud risk assessment, fraud risk, fraud audits, fraud SARs, including fraud SAR backlogs, and fraud losses, including as compared to the Board’s fraud risk appetite.

(3) The Board shall review the effectiveness of the Fraud Risk Management Program at least annually, and more frequently if necessary or if required by the Examiner-in-Charge in writing, and direct management to amend the Fraud Risk Management Program as needed or directed by the Examiner-in-Charge.

ARTICLE IX

THIRD-PARTY, AFFILIATE, AND SHARED SERVICES RISK MANAGEMENT

(1) Within the time periods specified in the Action Plan for which the Examiner-in-Charge has provided no supervisory objection, the Bank shall implement and adhere to a risk management program that effectively identifies, measures, monitors, and controls third-party, affiliate, and shared services risks commensurate with the Bank’s risk profile and compliance and operational risk appetite. The third-party, affiliate, and shared services risk management program shall include, at a minimum:

- (a) appropriate initial and ongoing oversight of third parties, including affiliates and shared services, that includes comprehensive due diligence, independent risk assessment, independent control testing, and independent auditing. Refer to OCC Bulletin 2023-17, “Third-Party Relationship:

Interagency Guidance of Risk Management” (June 6, 2023), the “Related Organizations” booklet of the Comptroller’s Handbook, and other applicable issuances; and

- (b) independent annual assessments of affiliate relationships and shared services that include, at a minimum:
 - i. identification and analysis of the impact of each affiliate relationship on the Bank’s risk profile; and
 - ii. verification that all contracts and agreements between the Bank and any affiliate are in compliance with 12 U.S.C. §§ 371c and 371c-1, and 12 C.F.R. Part 223 (Regulation W).

(2) No later than April 30 of each calendar year, the Board shall review and approve a capital plan for the Bank. The Board shall ensure that the capital plan includes sufficient capital support from its holding company or companies, as needed, to comply with the Bank’s internal risk-based capital limits, and that the Bank thereafter adheres to the Board-approved capital plan. Within ten (10) days of the Board’s annual approval of the Bank’s capital plan, Bank management shall provide a copy of the plan to the Examiner-in-Charge for a written determination of no supervisory objection.

ARTICLE X

NEW OR EXPANDED PRODUCTS, SERVICES, OR MEMBERSHIP CRITERIA

(1) The Bank shall not add any new product or service or expand its membership criteria without evaluating and documenting the compliance and operational risks posed by adding the new product or service or expanding its membership criteria, ensuring the Bank has adequate controls to mitigate such risks, and providing 90 days prior written notification to the Examiner-in-Charge.

(2) The Bank shall not add any new product or service with medium or high compliance or operational risk or expand its membership criteria without providing a written request to and receiving a prior written determination of no supervisory objection from the Examiner-in-Charge.

(3) The Deputy Comptroller, in their discretion, may waive the requirements of Paragraph (2) of this Article in whole or in part.

ARTICLE XI

COMPENSATION MATTERS

(1) Effective April 1, 2025, the Bank shall not make any incentive-based compensation payment to any covered individual except as provided in this Article.

(2) For purposes of this Article, “incentive-based compensation” shall include any variable compensation that serves as an incentive or reward for performance, except for compensation paid in accordance with a Long-Term Bonus Plan.

(3) Within ninety (90) days of the date of this Order and annually thereafter, the Bank shall submit to the Examiner-in-Charge, for prior written determination of no supervisory objection by the Examiner-in-Charge, an annual plan detailing a proposed payment review process to ensure that any incentive-based compensation payments to any covered individual reflect any adverse risk outcomes. The process shall:

- (a) include a list of covered individuals, as proposed by the Bank or designated in writing by the Examiner-in-Charge;
- (b) define “adverse risk outcomes” based on the factors the Bank will consider in determining the amount of incentive-based compensation payment to a covered individual, and related internal review and approval

processes;

- (c) require, for each incentive-based compensation payment to a covered individual, a written certification to the Examiner-in-Charge that the payment review process was followed and that the incentive-based compensation payment will reflect any adverse risk outcomes. The Bank shall provide such certification to the Examiner-in-Charge at least thirty (30) days prior to making the incentive-based compensation payment to the covered individual; and
- (d) ensure no covered individual receives any incentive-based compensation payment in connection with their work at the Bank except as provided in this Article.

(4) Once the Bank receives prior written determination of no supervisory objection from the Examiner-in-Charge to the payment review process, the Bank shall adopt, implement, and thereafter adhere to the payment review process.

(5) The Bank shall ensure that any agreement, arrangement, or plan established after the effective date of this Order that provides for an incentive-based compensation payment to a covered individual is consistent with safe and sound incentive compensation practices, provides that incentive-based compensation payments to any covered individual reflect any adverse risk outcomes, and conditions the payment on the Bank's adherence to the provisions of this Article.

ARTICLE XII

GENERAL BOARD RESPONSIBILITIES

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Order, 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 Order.

(2) In each instance in which this Order 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 Bank by this Order;
- (b) ensure the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Order;
- (c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Order;
- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Order;
- (e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Order; and
- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

ARTICLE XIII

WAIVERS

- (1) The Bank, by executing and consenting to this Order, waives:
 - (a) any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818;
 - (b) any and all procedural rights available in connection with the issuance of this Order;
 - (c) any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 and 12 C.F.R. Part 19;
 - (d) any and all rights to seek any type of administrative or judicial review of this Order;
 - (e) any and all claims for fees, costs, or expenses against the OCC, or any of its officers, employees, or agents related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412;
 - (f) any and all rights to assert these proceedings, the consent to and/or the issuance of this Order, as the basis for a claim of double jeopardy in any pending or future proceedings brought by the United States Department of Justice or any other governmental entity; and
 - (g) any and all rights to challenge or contest the validity of this Order.

ARTICLE XIV

CLOSING

(1) This Order is a settlement of the cease and desist proceedings against the Bank contemplated by the OCC, based on the unsafe or unsound practices and violations described in the Comptroller's Findings set forth in Article II of this Order. The OCC releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the OCC based on the practices and violations described in Article II of this Order, to the extent known to the OCC as of the effective date of this Order. The OCC expressly reserves its right to assess civil money penalties or take other enforcement actions if the OCC determines that the Bank has continued, or failed to correct, the practices and violations described in Article II of this Order or that the Bank otherwise is violating or has violated this Order. These actions could include additional requirements and restrictions.

(2) Nothing in this Order shall prevent the OCC from:

- (a) instituting enforcement actions other than a cease and desist order against the Bank based on the Comptroller's Findings set forth in Article II of this Order;
- (b) instituting enforcement actions against the Bank based on any other findings, including if the OCC determines that the Bank has continued, or failed to correct, the practices and violations described in Article II of this Order or that the Bank otherwise is violating or has violated this Order;
- (c) instituting enforcement actions against institution-affiliated parties (as defined by 12 U.S.C. § 1813(u)) based on the Comptroller's Findings set forth in Article II of this Order, or any other findings; or

(d) utilizing the Comptroller’s Findings set forth in Article II of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

(3) Nothing in this Order is a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

(4) This Order is:

- (a) a “cease-and-desist order issued upon consent” within the meaning of 12 U.S.C. § 1818(b);
- (b) a “cease-and-desist order which has become final” within the meaning of 12 U.S.C. § 1818(e);
- (c) an “order issued with the consent of the depository institution” within the meaning of 12 U.S.C. § 1818(h)(2);
- (d) an “effective and outstanding . . . order” within the meaning of 12 U.S.C. § 1818(i)(1); and
- (e) a “final order” within the meaning of 12 U.S.C. § 1818(i)(2) and (u).

(5) This Order 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 Order shall mean calendar days and the computation of any period of time imposed by this Order shall not include the date of the act or event that commences the period of time.

(6) The provisions of this Order shall remain effective 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 Order, the Board or a Board-designee shall submit a written request to the Examiner-in-Charge asking for the desired relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the circumstances that warrant the desired relief or prevent the Bank from complying with the relevant provision(s) of the Order, 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.

(7) The Bank will not be deemed to be in compliance with this Order until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Order; 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 for the Bank to demonstrate the sustained effectiveness of the corrective actions.

(8) This Order is not a contract binding on the United States, the United States Treasury Department, the OCC, or any officer, employee, or agent of the OCC and neither the Bank nor the OCC intends this Order to be a contract.

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

(10) 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 consent to the issuance of this Order.

(11) All reports, plans, or programs submitted to the OCC pursuant to this Order shall be submitted electronically to the attention of the Examiner-in-Charge.

(12) The terms of this Order, 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 her signature on behalf of the Comptroller.

//s// Digitally Signed, Dated: 2024.12.18

Monica A. Freas
Deputy Comptroller
Large Bank Supervision

Date

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

//s// Digitally Signed

12/10/2024

Brad L. Conner

Date

//s// Digitally Signed

12/10/2024

David C. Darnell

Date

//s// Digitally Signed

12/12/2024

Karen E. Dyson

Date

//s// Digitally Signed

12/11/2024

Rhett A. Hernandez

Date

//s// Digitally Signed

12/9/2024

Karin Hirtler-Garvey

Date

//s// Digitally Signed

12/12/2024

Malcolm D. Griggs

Date

//s// Digitally Signed

12/10/2024

Michael Moran

Date

//s// Digitally Signed

12/10/2024

Wendy J. Murdock

Date

//s// Digitally Signed

12/12/2024

G. Patrick Phillips

Date

//s// Digitally Signed

12/10/2024

Robert Qutub

Date