AGREEMENT BY AND BETWEEN
Touchmark National Bank
Alpharetta, Georgia
and
The Office of the Comptroller of the Currency

AA-SO-2024-25

Touchmark National Bank, Alpharetta, Georgia ("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 practice(s), including those relating to the strategic plan, board and management oversight, liquidity risk management, interest risk management, credit risk management, audit, and information technology;

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) By April 30, 2024, 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 May 31, 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

(1) By May 31, 2024, 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-year period ("Strategic Plan"). The Strategic Plan shall establish objectives for the Bank's overall risk profile, growth, balance sheet mix, off-balance sheet activities, liability structure, liquidity adequacy, interest rate risk exposure, product and service 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) a mission statement that forms the framework for the establishment of strategic goals and objectives;

(b) the strategic goals and objectives to be accomplished, including key financial indicators, risk tolerances, and realistic strategies to improve the overall condition of the Bank;

(c) a detailed assessment of the actions necessary to achieve the Bank's strategic objectives and goals, including time frames that comply with the requirements of this Formal Agreement, as well as processes to measure and monitor progress in meeting all strategic objectives and goals;

(d) an appraisal of the risks to the Bank, including, but not limited to, credit, interest rate, liquidity, price, operational, reputation, and compliance, which incorporates an assessment of the impact of the Bank's strategies on its ability to comply with the requirements of the Community

Reinvestment Act;

(e) 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)(b) of this Article;

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

(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) a description of the Bank's target market(s), competitive factors in its identified target market(s), and controls systems to mitigate risks in the Bank's target market(s);

(i) development of an effective risk management system that will be utilized to identify, measure, monitor, and control risks of all new planned product lines (assets and liabilities), services, and delivery channels, to include satisfactory due diligence, policies, procedures, controls, change management, and performance monitoring;

(j) a well-delineated strategy to exit any product, service, or delivery channel that does not comport with the Bank's strategic objectives and goals and/or operation of the Bank in a safe and sound manner;

(k) an evaluation of credit and funding concentrations, and the establishment of limits commensurate with the Bank's strategic goals and objectives and risk profile;

(l) revised risk management practices to govern the Bank's guaranteed loan program, inclusive of required due diligence, controls, and risk management guidelines for this activity; acceptable purchase criteria; third party risk analysis; pre and post purchase analysis, and establishment of purchase limits in aggregate, as a percentage of the Bank's capital, and by industry;

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

(n) a description of systems and metrics designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives.

(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 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-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. 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 Formal 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 thirty (30) 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 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 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

BOARD OVERSIGHT AND CORPORATE GOVERNANCE

(1) By June 30, 2024, the Bank shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable written program to provide the overall direction, oversight, and corporate governance of the Bank ("Board Oversight and Corporate Governance Program").

(2) The Board Oversight and Corporate Governance Program shall, at a minimum, include:

(a) periodic Board review, support for, and approval of the Bank's risk appetite and risk limits which incorporate the Bank's current financial condition, stress testing results, sensitivity analysis, and qualitative factors;

(b) Board-established strategic goals and objectives supported by analysis and projections with requirements for periodic review and revision as needed or directed in writing by the Assistant Deputy Comptroller;

(c) procedures to monitor management's implementation of Board-established goals and objectives;

(d) an effective corporate governance structure for the Bank to ensure that the responsibilities of the Board and senior management are appropriately assigned and documented, that includes detailed written descriptions of:

(i) the Bank's corporate governance and decision-making processes;

(ii) the Bank's overall committee structure, as well as individual committee composition and purpose;

(iii) the Bank's organization chart that clearly reflects areas of responsibility and lines of authority for all officers;

(iv) each officer's role and responsibilities in the management of the Bank's day-to-day affairs; and

(v) the Board's roles and responsibilities when established risk limits are exceeded, including adequate documentation of Board decisions and triggers for timely resolution or remediation;

(e) a process to periodically evaluate the Bank's CEO and senior management to determine whether their knowledge and expertise are appropriate for the Bank's strategy, complexity, and risk profile;

(f) proper lines of authority, reporting responsibilities, and delegation of duties for all officers;

(g) procedures to ensure the Bank complies with the requirements of 12 C.F.R. § 5.51 for changes in directors and senior executive officers, if applicable, as well as the restrictions in 12 C.F.R. Part 359 for golden parachute payments, if applicable, and indemnification payments;

(h) procedures to ensure the Board receives and reviews sufficient Bank information from management (including scope, frequency and content) on the operation of the Bank, including, but not limited to budget assumptions and significant variations between budget and actual performance, to enable it to provide proper oversight and fulfill its fiduciary duties and other responsibilities under the law;

(i) procedures to ensure the Board monitors the Bank's operations and performance;

(j) procedures to ensure the Board holds management accountable for accurate and complete reporting to the Board and for taking and retention of appropriate Board and committee meeting minutes;

(k) procedures to ensure the Bank maintains adequate internal controls and assigned accountability to monitor and hold management accountable for adherence to Bank policies and procedures;

(l) a plan to ensure that additional, independent directors with sufficient knowledge, expertise, and autonomy to hold management accountable for addressing and correcting the previously identified deficiencies and to timely address deficiencies described in future supervisory or regulatory communications are added to the Bank's Board;

(m) requirements for each individual board member to provide active and full participation in the oversight of the affairs of the Bank and avoid giving significant deference to any senior executive officer or Board member; and

(n) procedures for the Board to periodically evaluate the size, composition, expertise, and independence of the Board, as well as individual Board member participation and contributions, with additions or other changes to the Board, as appropriate.

Refer to the "Corporate and Risk Governance" booklet of the *Comptroller's Handbook* for guidance.

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

ARTICLE V

<u>LIQUIDITY RISK MANAGEMENT</u>

(1) By May 31, 2024, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable revised, 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) requirements for identification and retention of Asset-Liability Committee members with sufficient knowledge and independence to manage and monitor the Bank's liquidity;

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

(i) assignment of accountability and processes for monitoring and managing intraday liquidity;

(ii) 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;

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

(iv) development of liquidity risk tolerances and limits that are appropriate for the Bank's size, complexity, and risk profile;

(d) 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 time frames 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) documented strategies to increase the Bank’s level of non-maturity deposits, as well as reduce the Bank’s cost of funds;

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

(e) 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;

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

(3) By June 30, 2024, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable revised Contingency Funding Plan that incorporates, at a minimum:

(a) the identification of plausible stress events relating to external events or circumstances, including systemic or market events and Bank specific scenarios, such as the loss of contingent funding sources that could lead to a Bank liquidity crisis;

(b) determinations of how each identified stress event will affect the Bank's ability to obtain funding needs under different levels of severity;

(c) a quantitative projection and evaluation of expected funding needs and funding capacity based on realistic assessments of the behaviors of funding providers during stress events;

(d) action plans for each stress event, to include roles and responsibilities of the Board and management, frequency and types of reporting to monitor liquidity, steps to raise additional primary sources of liquidity, the use, monitoring of, and prioritization of contingency funding sources, as well as the timing and ability to unpledged and sell assets; and

(e) quarterly modeling of the plausible stress events based on the Bank's current balance sheet and available funding alternatives.

(4) Within thirty (30) days following receipt of the Assistant Deputy Comptroller'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, immediately implement and adhere to the Liquidity Program and any amendments or revisions thereto.

(5) Within thirty (30) days of the beginning of each calendar quarter, Bank management shall prepare, subject to Board review and approval, a report identifying current liquidity requirements and sources for the quarter and projecting liquidity requirements and sources for the upcoming quarter ("Periodic Liquidity Report") to enable the Board and Asset-Liability Committee to recognize longer-term liquidity needs. Copies of each Periodic Liquidity Report, and any Board comments, shall be forwarded to Assistant Deputy Comptroller within thirty (30) days of the beginning of each calendar quarter.

(6) The Board shall review the 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 Assistant Deputy Comptroller in writing. The Bank shall submit the revised Liquidity Program to the Assistant Deputy Comptroller for prior written determination of no supervisory objection. At the next Board meeting following receipt of the Assistant Deputy Comptroller'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

BOARD AND MANAGEMENT SUPERVISION STUDY

(1) By July 31, 2024, the Board shall employ an independent outside management consultant ("Consultant").

(2) By August 30, 2024, the Board shall ensure the Consultant has completed a study of the supervision being provided to the Bank, the Bank's management and Board structure, its staffing requirements, and the impact of supervision, structure, and staffing on the Bank's present

condition and presented the findings and recommendations of the Consultant shall be set forth in a written report to the Board. At a minimum, the report shall be based on interviews with the Board of Directors, officers, and representatives of the Comptroller and shall contain:

(a) the identification of present and future requirements of the Board of Directors, officers, and staff of each area of the Bank, including the role of the Bank's president and chief executive officer;

(b) detailed written job descriptions for all members of the Board of Directors and executive officers;

(c) an evaluation of the knowledge, skills, and abilities of each member of the Board of Directors and each officer; an evaluation of the independence and credible challenge skills of the Board of Directors and officers, individually and collectively; an evaluation of the effect of full-time, part-time and term positions;

(d) a determination of whether each of these individuals possesses the experience and other qualifications required to support the Bank's risk strategy and risk profile and to perform present and anticipated duties of his/her position;

(e) objectives by which the effectiveness of the Board of Directors and officers will be measured;

(f) a training program to address identified weaknesses in the skills and abilities of the Board of Directors, officers, and staff;

(g) an evaluation of current lines of authority, reporting responsibilities, and delegation of duties for the Board of Directors and all officers, including identification of any overlapping duties or responsibilities;

(h) a recommended organization chart that clearly reflects areas of responsibility and lines of authority for the Board of Directors and all officers, including the Bank's president and chief executive officer;

(i) an assessment of whether the Board of Directors is receiving adequate information on the operation of the Bank to enable each member to fulfill his/her fiduciary responsibilities and other responsibilities under law;

(j) recommendations to expand the scope, frequency and sufficiency of information provided to the Board of Directors by management;

(k) an evaluation of the extent of responsibility of the Board of Directors and officer, individually and collectively, for present weaknesses in the Bank's condition; and

(l) recommendations to correct or eliminate any other deficiencies in the supervision or organizational structure of the Bank.

(3) By September 25, 2024, the Board shall develop, implement, and thereafter ensure Bank adherence to a written plan, with specific time frames, that will correct any deficiencies or weaknesses identified in the study.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

(5) Copies of the Board's written plan and the Consultant's study shall be forwarded to the Assistant Deputy Comptroller. The Assistant Deputy Comptroller shall retain the right to determine the adequacy of the report and its compliance with the terms of this Order. In the event

the written plan, or any portion thereof, is not implemented, the Board shall immediately advise the Assistant Deputy Comptroller, in writing, of specific reasons for deviating from the plan.

ARTICLE VII

INTEREST RATE RISK MANAGEMENT

(1) By May 31, 2024, the Board shall adopt a revised, written Interest Rate Risk Program ("IRR Program"). Refer to the "Interest Rate Risk," booklet of the *Comptroller's Handbook;* OCC Bulletin 2010-1, "Interagency Advisory on Interest Rate Risk Management," (Jan. 2010); OCC Bulletin 2012-5, "Interest Rate Risk Management: FAQs on 2010 Interagency Advisory on Interest Rate Risk Management," (Jan. 2012); and "Model Risk Management," booklet of the *Comptroller's Handbook*.

(2) The IRR Program shall include risk management systems to identify, measure, monitor, and control interest rate risk ("IRR"), to include at a minimum:

- (a) revisions to formal policies, procedures, and governance commensurate with the Bank's complexity and business activities, to include:
  - (i) the establishment of IRR appetite, and risk management objectives, commensurate with the Bank's size, complexity, and risk profile for all interest rate environments, with specific approved and prohibited strategies for managing IRR;
  - (ii) standards for measuring and monitoring IRR;
  - (iii) the frequency of IRR measurement;
  - (iv) determinations of how the Bank will measure the *quality* of IRR management; and

(v) procedures to monitor, escalate, and address any breaches of established IRR limits;

(b) accurate and timely risk identification which identify and quantify the major sources and types of IRR;

(c) a strategy to reduce the level of balance sheet sensitivity to changing interest rates that is consistent with the Bank's Strategic Plan and Asset Liability Management policy;

(d) requirements for identification and retention of Asset-Liability Committee members with sufficient knowledge and independence to manage and monitor the Bank's IRR;

(e) IRR measurement systems that are not dependent on just one measurement system for estimating the Bank's IRR exposure that, at a minimum, estimates the Bank's short-term and long-term IRR exposure;

(f) the establishment of risk monitoring processes to provide sufficient information on which to base sound IRR management decisions from both an earnings and economic perspective with recognition and consideration of all risks (repricing, basis, yield-curve, and options), to include:

(i) limits on IRR exposures that considers the Bank's risk appetite, complexity of operations, earnings performance, liquidity position, and capital adequacy; and

(ii) IRR reporting standards and procedures that specify the frequency and types of reports senior management and the Board will use to monitor the Bank's IRR that address:

(a) the level and trends of aggregate Bank IRR exposure;

(b) whether management's strategies are within the Bank's established risk appetite and policy;

(c) the sensitivity of any key assumptions;

(d) whether the Bank holds sufficient capital for its level of IRR; and

(e) whether management's major interest rate strategies balance risk with reward, including at a minimum, an evaluation of a potential adverse rate movement against the potential rewards of a favorable rate movement;

(g) procedures that require the Board to review and discuss, on at least an annual basis, the model test results required by this Article; and

(h) an annual review of the Bank's adherence to the IRR Program.

(3) By June 30, 2024, the Board shall ensure that management developments bank-specific assumptions for interest rate risk model simulations, and at a minimum this includes:

(a) adequate and documented support for the reasonableness of assumptions used in the Bank's IRR model;

(b) periodic review and adjustment, when there are material changes to the Bank's balance sheet and otherwise, as needed, of the assumptions and inputs used in the Bank's IRR model, that includes sensitivity analysis and model stress testing, with appropriate documentation and governance that requires approval for changes.

(4) By July 31, 2024, the Board shall an independent validation of the Bank's IRR model and annually thereafter; including procedures to test the Bank's IRR model to compare, reconcile, and report actual performance to simulated results;

(5) Upon adoption of the IRR Program, Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the IRR Program and any amendments thereto. The Board shall review the effectiveness of the IRR Program at least annually and more frequently if necessary or if required by the OCC in writing, and amend the IRR Program as needed or directed by the OCC.

ARTICLE VIII

ONGOING CREDIT MONITORING

(1) By May 31, 2024, the Board shall adopt and ensure Bank adherence to a written program providing for a comprehensive review of the loan portfolio to identify all credit exposures with delinquent annual reviews. The program shall require a monthly report to the Board that details progress with meeting program requirements. At a minimum, the program must include:

(a) documentation and tracking of all credit exposures with delinquent annual reviews;

(b) a detailed plan, with appropriate timelines, to reduce the backlog of delinquent annual reviews and ensure that future annual reviews are completed in a timely manner;

(c) an assessment of staffing requirements to maintain timely, ongoing monitoring of all credit relationships in accordance with the Bank's loan policy guidelines, and the deployment of sufficient staffing resources consistent with that assessment; and

(d) the development of prudent loan policy guidelines pertaining to any extension of annual review requirements.

(2) The Board shall evaluate the report(s) and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report(s).

(3) A copy of all reports submitted to the Board, as well as documentation of the action taken by the Bank pursuant to the requirements of this Article shall be preserved in the books and records of the Bank.

ARTICLE IX

PROBLEM LOAN MANAGEMENT

(1) Effective as of the date of this Agreement, the Board shall take immediate and continuing action to protect its interest in those classified or special mention assets identified by OCC examiners, external loan review, or the Bank (hereafter, the "problem assets").

(2) By June 30, 2024, the Board shall develop written procedures with assigned responsibility for the quarterly submission and review of reports of all problem assets ("PAR"). Each PAR shall require, at a minimum, analysis and documentation of the following:

(a) current expected sources of repayment;

(b) historical payment history and current payment status;

(c) detailed collateral information, including, as applicable, the current value of supporting collateral, the condition of the collateral, and the Bank's lien position;

(d) status of property tax payments and business registrations;

(e) up to date information regarding communication between the borrower and the SBA and/or USDA, if applicable;

(f) workout strategies or concessions made to the terms of the credit, if any, and how doing so will improve the problem credit;

(g) trigger dates for borrower actions or for loan officer reassessment of strategy and enactment of collection plans;

(h) the root causes of the credit weakness;

(i) current and satisfactory credit information;

(j) a determination of whether the loan is impaired and the impairment amount, consistent with generally accepted accounting principles ("GAAP");

(k) a breakdown of any credit exposures subject to split classifications;

(l) analysis and reasoning to support the current risk rating along with specific action plans and trigger dates for risk rating changes; and

(m) a review, at least quarterly, by the Board or a designated committee thereof to:

  (i) measure progress and reevaluate the suitability of the action plans; and

  (ii) document the effectiveness of the responsible officer's efforts to eliminate the weakness in each problem asset relationship.

(3) A copy of each PAR prepared pursuant to Paragraph (2) of this Article, along with any Board comments regarding the effectiveness of the effort to eliminate the weaknesses in each problem asset, shall be submitted to the Assistant Deputy Comptroller within forty-five (45)

days of each calendar quarter end.

ARTICLE X

INTERNAL AUDIT RISK ASSESSMENT

(1) By June 30, 2024, the Bank shall revise the audit risk assessment and the Board shall adopt an acceptable, comprehensive, written audit risk assessment that supports the assigned levels of inherent risk, mitigating controls, and overall residual risk for each area of the Bank. The risk assessment must adequately assess controls and operations to allow for appropriate scoping of the Bank's audit activities and includes appropriate detail to support final risk assessments assigned by the Board or a designated committee thereof ("Audit Risk Assessment").

(2) Management shall ensure the Audit Risk Assessment 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 Audit Risk Assessment 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, include:

(a) comprehensive support for the inherent risk level of each business line or area associated mitigating controls, and a detailed explanation of how the use of internal controls impacts residual risk ratings;

(b) well-documented support for risk levels included in the risk assessment that are sufficient to drive the audit scope for each business line or area; and

(c) establishment of a process for updating the Audit Risk Assessment in the event that that the Bank's risk profile changes significantly.

(3) Upon adoption of the Audit Risk Assessment Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Audit Risk Assessment and any amendments thereto. The Board shall review the Audit Risk Assessment at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Audit Risk Assessment as needed or directed by the OCC. The Board shall forward a copy of the adopted Audit Risk Assessment, and any subsequent amendments thereto, to the Assistant Deputy Comptroller within 30 days of adoption.

ARTICLE XI

INFORMATION TECHNOLOGY CONTROLS & SECURITY

(1) By June 30, 2024, the Bank shall adopt an acceptable revised, written Information Security Program that includes administrative, technical, and physical safeguards to ensure the security and confidentiality of customer information; protect against any anticipated threats or hazards to the security or integrity of such information; protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer; ensure the proper disposal of customer information; and insure the overall safety and soundness of the Bank.

(2) The Information Security Program shall comply with 12 C.F.R. Part 30, Appendix B, and shall, at a minimum, address the following:

(a) the Board's approval, or the approval of an appropriate Board committee, of the Information Security Program;

(b) a risk assessment that identifies reasonably foreseeable threats that could result in unauthorized disclosure, misuse, alteration or destruction of customer information or customer information systems; that assesses the likelihood and potential damage of these threats; that assesses the sufficiency of policies, procedures, customer information systems, and other arrangements in place to control risks; that contains robust documentation and analysis to support acceptance of identified vulnerabilities; that establishes processes and procedures to escalate vulnerability and penetration test risk acceptances to the Board or a designated committee thereof; and, that aligns with the Bank's enterprise-wide risk management program;

(c) measures to control and remediate identified risks and vulnerabilities, commensurate with the sensitivity of the information and the complexity and scope of the Bank's activities;

(d) periodic reporting to the Bank's IT Steering Committee and Board, or a designated committee thereof on the level and status of any outstanding vulnerabilities and penetration test findings;

(e) regular testing, including internal vulnerability assessments, of key controls, systems, and procedures and independent testing or reviews of testing, on a quarterly basis;

(f) review and approval by the Board, or a designated committee thereof, of the scope of all future penetration testing and vulnerability assessments, including any proposed limitations or adjustments to scope, which must be clearly communicated in writing and provided to the Board or a designated committee thereof;

(g) a process to monitor, evaluate and adjust, as appropriate, the program in response to changes in technology, the sensitivity of customer information, internal or external threats, changing business arrangements, changing outsourcing arrangements, and changing systems; and

(3) Upon adoption of the revised Information Security Program, Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Information Security Program and any amendments thereto. The Board shall review the effectiveness of the Information Security Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Information Security Program as needed or directed by the OCC. The Board shall forward a copy of the adopted Information Security Program and any subsequent amendments thereto to the Associate Deputy Comptroller within 30 days of adoption.

ARTICLE XII

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 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 XIII

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. § 24.4(e), unless otherwise informed in writing by the OCC.

ARTICLE XIII

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, by email, to the following:

Assistant Deputy Comptroller *with a copy to:* Assistant Deputy Comptroller Analyst

(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: 2024.04.17

Jason Sisack
Assistant Deputy Comptroller
Atlanta Office

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

/s/ Sudhirkumar Patel	4-24-2024 Date
/s/ Mukund Raja	4/24/2024 Date
/s/ Dinesh Raju	04/24/2024 Date
/s/ Byron Richardson	4/24/2024 Date
/s/ Deep Shah	4/24/24 Date
/s/ Mahendra Shah	4/24/24 Date
/s/ J.J. Shah	4-24-24 Date
/s/ Meena J. Shah	4-24-24 Date