

AGREEMENT BY AND BETWEEN
Amory Federal Savings and Loan Association
Amory, Mississippi
and
The Office of the Comptroller of the Currency

AA-SO-2021-2

Amory Federal Savings and Loan Association, Amory, Mississippi (“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 board and management supervision, internal audit, interest rate risk, and profit planning;

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 thirty (30) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) members of which a majority shall be directors who are not employees or officers of the Bank or any of its subsidiaries or affiliates. The Board shall submit in writing to the Assistant Deputy Comptroller (ADC) the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of the membership, the Board shall submit in writing to the ADC within ten (10) days the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank's compliance with the provisions of this Agreement. The Compliance Committee shall meet at least monthly and maintain minutes of its meetings.

(2) Within sixty (60) days of the date of this Agreement, and thereafter within fifteen (15) days after the end of each month, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Agreement;
- (b) the specific corrective actions undertaken to comply with each Article of this Agreement; and
- (c) the results and status of the corrective actions.

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

ARTICLE III

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) Within ninety (90) days of date of this Agreement, and annually thereafter, or when requested in writing by the ADC, the Board shall review the capabilities of the Bank's management to perform present and anticipated duties and the Board shall determine whether management changes will be made, including the need for additions to or deletions from current management. The Board's review of the capabilities of the Bank management and discussion of any management changes shall be documented in detail in the Board's meeting minutes.

(2) If the Board determines that an officer will continue in his or her position, but that officer's depth of skills needs improvement, the Board shall within thirty (30) days of such determination, develop and implement a written program, with specific time frames, to improve the officer's supervision and management of the Bank. At a minimum, the written program shall include:

- (a) an education program designed to ensure that the officer has the skills and abilities necessary to supervise effectively;
- (b) objectives by which the officer's effectiveness will be measured; and
- (c) a performance appraisal program and projected timeline for evaluating performance according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

(3) Upon completion, a copy of the written improvement program shall be submitted to the ADC.

(4) Within ninety (90) days of the date of this Agreement, the Board shall develop and submit to the ADC for prior written determination of no supervisory objection, an

assessment of the Bank's staffing requirements in light of the Bank's present condition ("Staffing Assessment"). At a minimum, the Staffing Assessment will

- (a) identify the skills and expertise needed to execute and sustain a safe and sound system of internal controls and risk management for each area of the Bank and identify any gaps in those skills and/or expertise within the Bank's current management and staff;
- (b) develop a plan for how the Bank can address any gaps or deficiencies identified pursuant to Paragraph (4)(a) of this Article;

(5) Upon receiving prior written determination of no supervisory objection from the ADC, the Board shall promptly adopt, and the Bank shall implement and adhere to, the Staffing Assessment. Any revisions to the Staffing Assessment shall be submitted to the ADC for a prior written determination of no supervisory objection.

ARTICLE IV

BOARD AND MANAGEMENT OVERSIGHT

(1) Within ninety (90) days of the date of this Agreement, the Board shall ensure that it receives and reviews sufficient information from management (including scope, frequency, timing and content), regarding the operation of the Bank and the Bank's compliance with this Agreement, to enable the Board to provide oversight and fulfill their fiduciary duties, other responsibilities under law, and in accordance with safe and sound standards. Refer to (i) "The Directors Book: The Role of Directors for National Banks and Federal Savings Associations;" and (ii) the "Corporate and Risk Governance" booklet of the *Comptroller's Handbook* for related safe and sound principles.

(2) At least annually, the Board shall perform an assessment of the information that management provides to the Board to ensure that the Board receives adequate information from

management on the operations of the Bank to enable the Board to effectively supervise the Bank and fulfill their fiduciary duties.

(3) At the next Board meeting immediately following the date of this Agreement, the Board must review the OCC's Director's Toolkit: Detecting Red Flags in Board Reports (reprinted September 2013) and document the discussion in the board minutes.

ARTICLE V

INTERNAL AUDIT

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

- (a) developing an internal audit plan that provides adequate audit scope, coverage, and frequency for all areas of the Bank, with annual documented Board approval of the internal audit plan and Board notification of any material variance from the plan;
- (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 Board, which shall direct his or her activities, set compensation, and evaluate performance;
- (c) identifying whether management is taking appropriate and timely steps to address control deficiencies and audit report recommendations, that the progress of such steps is adequately validated, documented, and tracked,

and that such progress is reported to the Board on at least a monthly/quarterly basis; and

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

(2) 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.

(3) Within ninety (90) days following receipt of the ADC'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 Bank 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 ADC for review and prior written determination of no supervisory objection.

ARTICLE VI

INTEREST RATE RISK

(1) Within ninety (90) days of the date of this Agreement, the Board shall ensure that Bank management adheres to the Board-approved asset liability management policy, which includes documenting, monitoring, and updating key assumptions used in the Bank's interest rate risk model. Refer to the (i) "Interest Rate Risk" booklet of the *Comptroller's Handbook*; (ii) OCC Bulletin 2010-1, "Interagency Guidance on Interest Rate Risk Management;" and (iii) OCC

Bulletin 2012-5, “Interest Rate Risk Management: FAQs on 2010 Interagency Advisory on Interest Rate Risk Management” for related safe and sound principles. Management shall:

- (a) document support for Bank provided key model assumptions;
- (b) review, approve, and monitor key model assumptions development at least annually or whenever there is a change in key assumptions;
- (c) submit changes to key assumptions for Board review, approval, and documentation in Board meeting minutes and include the support for key model assumptions, including deposit repricing and loan pre-payment assumptions; and
- (d) present a well-defined measurable interest rate reduction plan to the Board if the interest rate risk exceeds the Board approved limits.

(2) Within ninety (90) days of the date of this Agreement, the Board shall adopt, implement, and thereafter ensure the Bank adheres to a written interest rate risk policy to reduce the Bank’s level of interest rate risk. The policy shall, at a minimum:

- (a) establish prudent limits on the amount of interest rate risk the Board is willing to accept in relation to earnings and capital; and
- (b) ensure the rationale for the Board approved interest rate risk limits is documented and supported.

(3) The Board shall ensure meeting minutes include details on the discussions concerning the key aspects of interest rate risk monitoring which should include, at a minimum:

- (a) the Bank's current exposures;
- (b) changes from the prior quarter and key drivers; and
- (c) the results of back-testing.

ARTICLE VII

PROFIT PLAN

(1) Within ninety (90) days of the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written two (2) year profit plan to improve and sustain the earnings of the Bank. This plan shall include, at a minimum, the following elements:

- (a) identification of the major areas by which the Board will seek to improve the Bank's operating performance in a safe and sound manner;
- (b) the development of strategic goals and objectives to be accomplished over the short and long term;
- (c) realistic and comprehensive budgets, including projected balance sheets and year-end income statements;
- (d) a description of the operating assumptions that form the basis for major projected income and expenses components in the budget;
- (e) a monthly budget review process to monitor both the Bank's income and expenses, and to compare actual figures with budgetary projections (i.e., a budget variance report);
- (f) actions planned to address the cause of significant variances between budgetary projections and actual figures; and
- (g) defined performance metrics to evaluate management's implementation of the plan.

(2) Within thirty (30) days of completion, the budgets and related documents required in Paragraph (1) shall be submitted to the ADC. The budget for each calendar year shall be submitted on or before December 31 of the preceding year.

(3) The Board shall forward comparisons of its balance sheet and profit and loss statement to the profit plan projections to the ADC on a quarterly basis.

ARTICLE VIII

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 IX

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. 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, or within any plan or program submitted pursuant to this Agreement, the Board or a Board-designee shall submit a written request to the ADC asking for relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the relevant provision(s) of the Agreement or plan or program submitted pursuant to this 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.

(3) 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.

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

(5) 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.

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

Assistant Deputy Comptroller
Office of the Comptroller of the Currency
Birmingham Field Office
3595 Grandview Parkway, Suite 655
Birmingham, Alabama 35243

(7) 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: 2021.03.22

Thomas Herslebs
Assistant Deputy Comptroller
Birmingham Field Office

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

Deceased	2021.02.08
_____ Kevin Adkins	_____ Date
/s/	Feb 15, 2021
_____ W. H. Bryan, II	_____ Date
/s/	2/15/2021
_____ Ira T. Crook, III	_____ Date
/s/	2-15-21
_____ John E. Haney	_____ Date
/s/	02/15/21
_____ W. William Kirkpatrick	_____ Date
/s/	2-15-21
_____ Douglas W. Patterson	_____ Date