

AGREEMENT BY AND BETWEEN  
The Idabel National Bank  
Idabel, Oklahoma  
and  
The Office of the Comptroller of the Currency

AA-SO-2022-55

The Idabel National Bank, Idabel, Oklahoma (“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 board and management oversight of the Bank, liquidity risk management, credit administration and underwriting, concentrations of credit, supervisory loan-to-value limits, audits, and violations of law, rule, or regulation, including those relating to legal lending limits.

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 USC 1813(c)(2).

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

(3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 USC 1813(q).

## ARTICLE II

### COMPLIANCE COMMITTEE

(1) By December 15, 2022, 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 all of its meetings.

(2) By January 31, 2023, and thereafter within thirty (30) days after the end of each quarter, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

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

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

### **ARTICLE III**

#### **ACTION PLAN**

(1) By December 31, 2022, the Bank shall submit to the ADC 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 IV through XIV of this Agreement (Action Plan). The Action Plan, at a minimum, shall specify:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Agreement;
- (b) reasonable and well-supported timelines for completion of the corrective actions required by this Agreement; and;
- (c) the person(s) responsible for completion of the corrective actions required by this Agreement.

(2) The timelines contained in the Action Plan shall be consistent with any deadlines set forth in this Agreement, including any modifications to the Agreement made pursuant to Article Closing XIV, Paragraph (3).

(3) In the event the ADC 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 ADC for review and prior written determination of no supervisory objection.

(4) Upon receipt of a written determination of no supervisory objection from the ADC, the Board shall timely adopt the Action Plan and verify that Bank management has timely implemented all corrective actions required by this Agreement. 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.

(5) The Bank shall not take any action that will cause a significant deviation from, or material change to, the Action Plan. Where the Bank considers modifications to the Action Plan appropriate, the Bank shall submit a revised Action Plan containing the proposed modifications to the ADC for prior written determination of no supervisory objection. Upon receipt of a written determination of no supervisory objection from the ADC, the Board shall timely adopt the revised Action Plan and verify that Bank management has timely implemented all corrective actions required by this Agreement. 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.

(6) By January 31, 2023, and thereafter within thirty (30) days after the end of each quarter, the Bank shall prepare, and shall submit to the Board, a written Action Plan progress report setting forth in detail:

- (a) the specific corrective actions undertaken to comply with each Article of this Agreement;
- (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 Agreement and the party or parties responsible for the completion of outstanding corrective actions.

(7) The Board shall forward a copy of the report, with any additional comments by the Board, to the appropriate OCC official within ten (10) days of the first Board meeting following the Board's receipt of such report.

## ARTICLE IV

### STRATEGIC PLAN

(1) By December 31, 2022, the Board shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable, revised, and 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, earnings performance, asset growth, balance sheet mix, off-balance sheet activities, liability structure, and capital and liquidity adequacy, together with strategies to achieve those objectives, and shall, at a minimum, include:

- (a) the strategic goals and objectives to be accomplished, including key financial indicators and risk tolerances;
- (b) an assessment of the Bank's strengths, weaknesses, opportunities, and threats that impact its strategic goals and objectives;
- (c) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems, policies, and procedures;
- (d) a management employment and succession plan designed to promote adequate staffing and continuity of capable management;
- (e) a realistic and comprehensive budget that corresponds to the Strategic Plan's goals and objectives;
- (f) an action plan to improve and/or sustain the Bank's earnings and accomplish identified strategic goals and objectives;
- (g) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the Strategic Plan;

- (h) a detailed description and assessment of major capital expenditures required to achieve the goals and objectives of the Strategic Plan;
- (i) an identification and prioritization of initiatives and opportunities, including timeframes that comply with the requirements of this Agreement;
- (j) a description of the Bank's target market(s) and competitive factors in its identified target market(s), and a description of controls systems to mitigate risks in the Bank's target market(s);
- (k) an identification and assessment of the present and planned product lines (assets and liabilities) and the identification of appropriate risk management systems to identify, measure, monitor, and control risks within the product lines;
- (l) assigned roles, responsibilities, and accountability for the strategic planning; including adequate executive management and staffing and sufficient training for assigned roles and responsibilities; and
- (m) a description of systems and metrics designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives, including measures and controls to ensure the Bank operates within its internal policy limits and including remediation plan processes and requirements when approaching or exceeding internal policy limits; remediation plans must identify responsible management, plans to operate within policy limits, timelines to return to operation within policy limits, and projections that support each timeline.

(2) If the Strategic Plan under paragraph (1) of this Article includes a proposed sale or merger of the Bank, including a transaction pursuant to 12 USC 215a-3 the Strategic Plan shall, at a minimum, address the steps that shall be taken and the associated timeline to effect the implementation of that alternative.

(3) Within thirty (30) days following receipt of the ADC's written determination of no supervisory objection to the Strategic Plan or to any subsequent 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.

(4) The Board shall review the effectiveness of the Strategic Plan at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Strategic Plan as needed or directed by the OCC. Any amendment to the Strategic Plan must be submitted to the ADC for review and prior written determination of no supervisory objection.

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

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

(7) Any request by the Bank for prior written determination of no supervisory objection to a significant deviation described in paragraphs (4) or (5) of this Article shall be submitted in writing to the ADC 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.

(8) 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 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, 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.

(9) At least monthly, a written evaluation of the Bank's performance against the Strategic Plan shall be prepared by Bank management and submitted to the Board. Within fifteen (15) days after submission of the evaluation, the Board shall review the evaluation and determine the corrective actions the Board will require Bank management to take to address any identified shortcomings. The Board's review of the evaluation and discussion of any required corrective actions to address any identified shortcomings shall be documented in the Board's meeting minutes. Upon completion of the Board's review, the Board shall submit to the ADC a copy of



the evaluation as well as a detailed description of the corrective actions the Board will require the Bank to take to address any identified shortcomings.

## **ARTICLE V**

### **CAPITAL PLAN**

(1) By December 31, 2022, the Board shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable, revised, and written capital plan for the Bank (Capital Plan), which is consistent with the Strategic Plan required by Article IV and covering at least a three-year period. The capital planning process shall be consistent with safe and sound practices and ensure the integrity, objectivity, and consistency of the process through adequate governance. Refer to the “Capital and Dividends” booklet of the Comptroller’s Handbook. The Bank’s Capital Plan shall, at a minimum:

- (a) include specific plans for the maintenance of adequate capital;
- (b) identify and evaluate all material risks, with specific attention to liquidity and credit risk;
- (c) determine the Bank’s capital needs in relation to material risks and strategic direction as outlined in Strategic Plan in Article IV;
- (d) identify and establish a strategy to maintain capital and strengthen capital if necessary and establish a contingency or back-up capital plan commensurate with the Bank’s overall risk and complexity;
- (e) include detailed quarterly financial projections, including dividend payments, which shall be consistent with the Strategic Plan required by Article IV; and

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

(2) If the Bank's Capital Plan outlines a sale or merger of the Bank, including a transaction pursuant to 12 USC 215a-3, the Capital Plan shall, at a minimum, address the steps and the associated timeline to ensure that within fifteen (15) days following receipt of the ADC's prior written determination of no supervisory objection to the Capital Plan, a definitive agreement for the sale or merger is executed.

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

- (a) when the Bank is in compliance with its Board-approved Capital Plan and would remain in compliance with such Capital Plan immediately following the declaration or payment of any dividend or capital distribution;
- (b) when the dividend or capital distribution would comply with 12 USC 56, 60 and 1831o(d)(1) and 12 CFR 3.11(a)(4); and
- (c) following the ADC's prior written determination of no supervisory objection to the dividend or capital distribution.

(4) Within fifteen (15) days following receipt of the ADC's prior written determination of no supervisory objection to the Bank's Capital Plan or to any subsequent amendment to the Capital Plan, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Capital Plan.

(5) The Board shall review the effectiveness of the Capital Plan at least annually, no later than January 31 each year, and more frequently if necessary or if required by the OCC in writing, and amend the Capital Plan as needed or directed by the OCC. Any amendment to the Capital Plan must be submitted to the ADC for review and prior written determination of no supervisory objection.

(6) At least monthly, the Board shall review financial reports and earnings analyses that evaluate the Bank's performance against the goals and objectives established in the Capital Plan, as well as the Bank's written explanation of significant differences between the actual and projected balance sheet, income statement, and expense accounts, including a description of any extraordinary and/or nonrecurring items. This review shall include a description of the actions the Board and management will take to address any deficiencies. At least quarterly, management shall prepare, and the Board shall review, a written evaluation of the Bank's performance against the Capital Plan, which shall include a description of the actions the Board and management will take to address any deficiencies. The Board's monthly reviews and quarterly written evaluations shall be documented in the Board meeting minutes. The Board shall forward a copy of these monthly reviews, quarterly written evaluations, and Board meeting minutes to the ADC within thirty (30) days of completion of its monthly reviews and quarterly written evaluations, respectively.

## **ARTICLE VI**

### **LIQUIDITY RISK MANAGEMENT**

(1) By October 31, 2022, the Board shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable written Liquidity Risk Management Program (Liquidity Program) for the Bank, covering at least a two-year period.

This 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, and a formal, well-developed contingency funding plan as primary tools for measuring and managing liquidity risk. Refer to the "Liquidity" booklet of the Comptroller's Handbook. In addition to the general requirements set forth above, the Liquidity Program shall include, at a minimum:

- (a) development and implementation of Board-approved action plans to improve the liquidity and funding strategy in the short-term and long-term, as well as identify and secure adequate primary and secondary liquidity sources, commensurate with the Bank's risk profile, including remediation plan processes and requirements when approaching or exceeding internal policy limits; remediation plans must identify responsible management, plans to operate within policy limits, timelines to return to operation within policy limits, and projections that support each timeline;
- (b) identify appropriate strategies, reporting (including but not limited to a sources and uses report reflecting a timeframe of at least one year) and management information systems, policies, procedures, and limits to manage liquidity risk, commensurate with the Bank's complexity and business activities,
- (c) establish, at a minimum, a liquid-assets to total-assets ratio of at least 15 percent or more to sustain the Bank's current operations and funding obligations and to withstand anticipated or extraordinary demand against its funding base;

- (d) 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;
- (e) ensure that sufficient funds or access to funds exist to meet those needs under both expected and adverse conditions;
- (f) assess the risks related to potential brokered deposit restrictions, deposit runoff, or rollover risk;
- (g) detail action plans to identify and obtain sources of liquidity to meet projected shortfalls from existing sources under both expected and adverse conditions;
- (h) a Contingency Funding Plan that incorporates, at a minimum:
  - (i) a quantitative projection and evaluation of expected funding needs and funding capacity based on realistic assessments of the behaviors of funding providers during bank-specific and external stress events in temporary, intermediate, and long-term disruptions of various severity (a/k/a scenarios), including a less-than-well-capitalized scenario; each scenario must identify measurable criteria that define when a particular stage is reached;
  - (ii) a definition of a liquidity crisis for the Bank;
  - (iii) detailed terms, triggers, and limitations on contingent funding sources;
  - (iv) an identification of early warning liquidity triggers that are

tailored to the Bank, evaluation of the progression of any liquidity event, and a determination if disruptions are temporary, intermediate, or long-term;

(v) management processes, reporting, and internal, as well as external, communication throughout any stress event that, at a minimum, includes an outline of management's responsibilities under potential and actual liquidity events, including identification of a crisis management team, communication and reporting responsibilities, escalation practices, and necessary actions to offset and control the crisis scenario; and

(vi) liquidity stress testing that includes a range of scenarios identified in the Contingency Funding Plan, at a minimum, including regulatory restrictions in a less-than-well-capitalized scenario; liquidity stress testing must incorporate adequate bank specific segmentation and realistic analysis of stress cash flows and erosion of funding sources and reflect a timeframe of at least one year.

(2) Within fifteen (15) days following receipt of the ADC's prior written determination of no supervisory objection to the Liquidity Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and adhere to the Liquidity Program and any amendments or revisions thereto.

(3) Within fifteen (15) days of the beginning of each calendar month, Bank management shall prepare, and the Board shall review, a summary report of progress and projections regarding liquidity. At a minimum, a report identifying current liquidity requirements and sources for the month and projecting liquidity requirements and sources for the upcoming twelve-month period (Periodic Liquidity Report or similar) to enable the Board to recognize longer-term liquidity needs. Copies of each Periodic Liquidity Report, and any Board comments, shall be forwarded to ADC within thirty (30) days of the beginning of each calendar month.

(4) The Board shall review and update the Liquidity Program, including after expiration of the two-year period referenced in paragraph (1) of this Article, at least annually, no later than January 31 of each year, and more frequently if necessary or if required by the ADC in writing. The Bank shall submit the revised Liquidity Program to ADC for prior written determination of no supervisory objection. At the next Board meeting following receipt of the ADC's written determination of no supervisory objection, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and adhere to the revised Liquidity Program and any amendments or revisions thereto.

## **ARTICLE VII**

### **CONCENTRATIONS OF CREDIT**

(1) By December 31, 2022, the Bank shall submit to the ADC for review and prior written determination of no supervisory objection, an acceptable written Concentration Risk Management Program (Concentration Program). Refer to the "Concentrations of Credit" booklet of the Comptroller's Handbook (October 2020) and OCC Bulletin 2006-46, "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices." For purposes of this Article, a concentration of credit is as defined in the "Concentrations of Credit" booklet of the

Comptroller's Handbook. The Concentration Program shall include, at a minimum:

- (a) identification of the Bank's concentrations of credit including, but not limited to, the Bank's concentration in loans secured by commercial real estate, construction and development (C&D), one geographic area, loan types that are 25 percent or more of Tier 1 capital plus the ALLL, other C&D (as defined by call report instructions), construction of short-term rental properties, raw land, land development, other non-farm nonresidential, and 1-4 family residences;
- (b) written analyses of concentrations of credit identified under subparagraph (a) of this Article that identify and assess inherent credit, liquidity, interest rate, and strategic risks and considers the impact of concentration levels on overall growth plans, financial targets, portfolio stress tests, and capital plan objectives;
- (c) the establishment of Board-approved, safe and sound, formal limits and sub-limits for all concentrations of credit based on a percentage of Tier 1 capital plus the allowance for loan and lease losses (ALLL) (or subsequently adopted allowance for credit losses), stratified by loan type, geography of the borrower and/or collateral, and other meaningful measures; annual re-evaluations and Board approval of concentration limits and sub-limits by the Board; and detailed analysis and written support of any proposed or actual changes to the limits and sub-limits with analyses of the credit or interest rate risk from any change;



- (d) development and implementation of appropriate strategies, reporting and management information systems, policies, procedures, market analysis, credit underwriting, and credit review to manage concentrations risk that is commensurate with the Bank's complexity and business activities;
- (e) a monthly assessment of concentration risk that is provided to the Board;
- (f) development and implementation of action plans, approved by the Board, to reduce concentrations of credit to conform to the established limits set in subparagraph (c) of this Article, including target reductions by month, and remediation plan processes and requirements when approaching or exceeding internal policy limits; remediation plans must identify responsible management, plans to operate within policy limits, timelines to return to operation within policy limits, and projections that support each timeline
- (g) management information systems that ensure monthly and accurate reporting of concentrations of credit to the Board, including concentration reports that stratify the loan portfolio by type, geography, and other meaningful measures, including, but not limited to, outstanding balance totals and total committed amounts for each loan segment, and procedures for monitoring concentration reports monthly based on Board-approved limits; and
- (h) portfolio-level stress tests to quantify the impact of changes to portfolio-specific characteristics and market conditions on earnings and capital, consistent with the size, complexity, and risk profile of the commercial

real estate, construction and development, and loans in one geographic area.

(2) Within fifteen (15) days following receipt of the ADC's prior written determination of no supervisory objection to the Concentration Program, or to any subsequent amendment to the Concentration Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Concentration Program. The Board shall review the effectiveness of the Concentration Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Concentration Program as needed or directed by the OCC. Any amendment to the Concentration Program must be submitted to the ADC for review and prior written determination of no supervisory objection.

## **ARTICLE VIII**

### **CREDIT UNDERWRITING AND ADMINISTRATION**

(1) By January 31, 2023, the Bank shall submit to the ADC for review and prior written determination of no supervisory objection, an acceptable written credit underwriting and administration program (Credit Underwriting and Administration Program) designed to ensure the Bank obtains and analyzes credit and collateral information sufficient to identify, monitor, and report the Bank's credit risk, properly account for loans, and assign accurate risk ratings in a timely manner. The Credit Underwriting and Administration Program shall be consistent with safe and sound banking practices. The Credit Underwriting and Administration Program shall, at a minimum, include:

- (a) policies that address acceptable loan types, terms, covenants, controls, and collateral requirements and exceptions;

- (b) a description of the types of credit information required from borrowers and guarantors prior to making a loan decision, including annual audited financial statements, interim financial statements, personal financial statements, and tax returns with supporting schedules;
- (c) procedures that require any extensions of credit to be granted, by renewal or otherwise, only after obtaining the required credit information and adequately analyzing and documenting borrower and guarantor cash flow, debt service, contingent liabilities, global liquidity condition, and sensitivity analysis in support of the credit decision;
- (d) management information systems to identify and track all exceptions and efforts to mitigate or cure exceptions, including but not limited to financial exceptions, collateral exceptions, policy exceptions, and underwriting exceptions.
- (e) a monthly report to the Board of the number of loans with exceptions, the type of exceptions, and the aggregate dollar value of loans with exceptions;
- (f) the establishment of Board-approved, safe and sound, formal limits for aggregate exceptions based on the dollar value of loans and exceptions by type based on the dollar value of loans;
- (g) policies and procedures to consider each loan officer's exceptions in conducting periodic performance reviews and the making of compensation decisions;

- (h) policies and procedures regarding compliance with the legal lending limit in 12 CFR Part 32 and the appraisal requirements in 12 CFR Part 34, Subpart C;
- (i) identification of the roles and responsibilities of credit underwriting and administration management and staff; designation of a qualified individual to a Credit Administration Officer/Manager position; and implement and maintain appropriate authority, reporting lines, and accountability over the credit administration process;
- (j) a review of the experience level of credit underwriting and administration management staff at least annually, and more frequently if necessary or if required by the OCC in writing to ensure management and staff have the requisite knowledge to perform their credit administration duties and actions to hire additional staff as needed;
- (k) train management, loan officers, and credit staff basics of credit administration for loans, the role and authority of the Bank's Credit Administration Officer/Manager, and any topic where knowledge gaps exist;
- (l) internal, risk-based reviews of commercial lending relationships to support or revise current risk ratings on at least an annual basis;
- (m) underwriting and ongoing requirements for loan participations purchased. Refer to OCC Bulletin 2020-81, "Credit Risk: Risk Management of Loan Purchase Activities"; and

- (n) procedures specifically addressing safe and sound controls over disbursements of unfunded loans to ensure disbursements are in keeping with loan covenants, are being made with reasonable assurance of completion of work, delivery of material, receipt of applicable releases, and other such controls deemed necessary to protect the interest of the bank.

(2) By January 31, 2023, the Bank shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable written supervisory loan-to-value program (SLTV Program) designed to ensure the Bank identifies, measures, monitors, and controls the Bank's credit risk. The SLTV Program shall be consistent with safe and sound banking practices. Refer to the 12 CFR 34, appendix A to subpart D, "Interagency Guidelines for Real Estate Lending." The SLTV Program shall, at a minimum, include:

- (a) a review of the real estate portfolio to identify any loan in excess of SLTV limits at origination that remain in excess of the SLTV limits;
- (b) the establishment of Board-approved safe and sound, formal loan-to-value limits for real estate loans whereby those loan-to-value limits do not exceed SLTV limits: annual re-evaluations and Board approval of loan-to-value limits whereby those loan-to-value limits do not exceed SLTV limits, and detailed analysis and written support of any proposed or actual changes to the loan-to-value limits with analyses of the credit risk that will result from the change;
- (c) development and implementation of an action plan, approved by the Board, to address loans with loan-to-value ratios that exceeded SLTV

limits at origination and remain in excess of the SLTV limits to conform to the limits set in subparagraph (2)(b) of this Article, including target reductions by month and strategies and procedures when loan-to-value limits or SLTVs approach or exceed Board-approved limits;

- (d) development and implementation of heightened risk management practices for loans in excess of SLTV consistent with the safe and sound principles set forth in 12 CFR 34, appendix A to subpart D, “Interagency Guidelines for Real Estate Lending” for loans in excess of SLTV;
- (e) policy addressing SLTV identification, monitoring, responsibilities, limits, reporting, and risk management;
- (f) training for credit approval committee members, loan officers, and credit staff on SLTV and internal policy and processes; and
- (g) reporting to the Board of loans and aggregate totals of non-1-4 family loans and total loans in excess of SLTV and percentage of total risk-based capital on at least a monthly basis.

(3) Effective as of the date of this Agreement, the Bank may only grant, extend, renew, alter, or restructure any loan or other extension of credit after:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the expected source of repayment in writing;
- (c) structuring repayment terms to correspond with the expected source of repayment;
- (d) obtaining and documenting current and satisfactory credit information, including performing and documenting analysis of credit information and

- a detailed cash flow analysis of all expected repayment sources;
- (e) determining and documenting whether the loan complies with the Bank's loan policy, and if it does not comply, providing identification of the exception and sufficient justification to support waiving the policy exception;
- (f) determining and documenting the customer's ability to repay the credit on the proposed repayment terms;
- (g) providing an accurate risk assessment grade and proper accrual status for each credit; and
- (h) documenting, with adequate supporting material, the value of collateral, and properly perfecting the Bank's lien on it where applicable.

(4) Within fifteen (15) days following receipt of the ADC's prior written determination of no supervisory objection to the Credit Underwriting and Administration Program or to any subsequent amendment to the Credit Underwriting and Administration Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Credit Underwriting and Administration Program. The Board shall review the effectiveness of the Credit Underwriting and Administration Program at least annually, and more frequently if necessary, or if required by the OCC in writing, and amend the Credit Underwriting and Administration Program as needed or directed by the OCC. Any amendment to the Credit Underwriting and Administration Program must be submitted to the ADC for review and prior written determination of no supervisory objection.

(5) Within fifteen (15) days following receipt of the ADC's prior written

determination of no supervisory objection to the SLTV Program or to any subsequent amendment to the SLTV Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the SLTV Program. The Board shall review the effectiveness of the SLTV Program at least annually, and more frequently if necessary, or if required by the OCC in writing, and amend the SLTV Program as needed or directed by the OCC. Any amendment to the SLTV Program must be submitted to the ADC for review and prior written determination of no supervisory objection.

## **ARTICLE IX**

### **AUDIT GOVERNANCE**

(1) By October 31, 2022, the Bank shall develop, and the Board shall adopt a comprehensive, written audit program that adequately assesses controls and operations to allow the Board and management to develop an effective and sufficient audit process (Audit Governance Program). Upon adoption, Bank management, subject to Board review and ongoing monitoring, shall immediately implement and adhere to the Audit Governance Program and any amendments or revisions thereto. The Audit Governance Program shall, at a minimum, include:

- (a) development and implementation of an adequate audit remediation process that include, at a minimum, standards to hold the Board, management, and applicable personnel accountable for correcting audit findings, calling for timely resolution of audit findings, effective and sustainable remediation actions, providing for escalation process for repeat findings, self-assessment processes to verify that remediation actions taken to address



findings have corrected the finding in an effective and sustainable manner, and defined roles and responsibilities of the process;

- (b) a policy that addresses the audit risk assessment and scheduling process, audit findings remediation processes, including escalation when applicable, identifies roles and responsibilities for audit governance, addresses accountability standards as they relate to the audit function, and establishing reporting requirements to the Board regarding audit tracking reports, verification of remediation, and audit reports;
- (c) identification of roles and responsibilities for and audit tracking, audit reporting, the audit remediation process, and reporting audit remediation to the Board, sufficient to ensure the Audit Governance Program developed pursuant to this Article is effectively implemented, including the designation of a qualified, independent individual with proper authority to oversee the Audit Governance Program; and
- (d) training of all applicable Bank employees on Audit Governance Program policy, processes, expectations, and roles and responsibilities.

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

Governance Program, and any subsequent amendments thereto, to the ADC within fifteen (15) days of adoption.

## **ARTICLE X**

### **LOAN REVIEW GOVERNANCE**

(1) By October 31, 2022, the Board shall establish an effective, independent, on-going, and risk-based loan review system to review the Bank's loan and lease portfolios to assure the timely identification and categorization of problem loans (Loan Review Governance Program). The Loan Review Governance Program shall provide for a written report to be filed with the Board after each review, shall identify the scope and coverage of planned and actual loan reviews, and shall use a loan and lease grading system. Refer to the "Rating Credit Risk" and "Allowance for Loan and Lease Losses" booklets of the Comptroller's Handbook. The Loan Review Governance Program shall include, at a minimum:

- (a) a determination of adequate scope and coverage commensurate with the Bank's credit risk profile;
- (b) development and implementation of a process for the Board to review all loan review reports from third parties and verify that that loan review engagement letters are fulfilled as contracted;
- (c) implementation of policies that address the Loan Review Governance Program that include, at a minimum, engagement, scope, coverage, reporting, and roles and responsibilities;
- (d) identification of the roles and responsibilities of and designation of a qualified individual provided proper authority to oversee the loan review function to, at a minimum, hold loan review firms accountable, verify

adequacy of scope and coverage, and present loan review findings to the Board; and

- (e) inclusion of all relevant portfolios in loan review (or audit) scope for credit quality and operations and ensuring all relevant portfolios are added to the audit risk assessment to determine frequency of review.

(2) Upon adoption of the Loan Review Governance Program, Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Loan Review Governance Program and any amendments thereto. The Board shall review the effectiveness of the Loan Review Governance Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Loan Review Governance Program as needed or directed by the OCC. The Board shall forward a copy of the Board-approved Loan Review Governance Program, and any subsequent amendments thereto, to the ADC within 15 days of adoption.

## **ARTICLE XI**

### **PROBLEM LOAN MANAGEMENT**

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

(2) By October 31, 2022, the Board shall adopt a written program designed to identify, measure, monitor, and control the Bank's problem loans (the Problem Loan Program).

The Problem Loan Program shall include or address, at a minimum, the following matters:

- (a) policies that address problem loan management that include, at a minimum, responsibilities and accountability for identifying, measuring,

monitoring, and controlling problem loans, risk rating definitions, nonaccrual definition, problem asset report (PAR) requirements and reporting, and collateral valuation requirements;

- (b) aggregate reporting of classified assets and special mention asset levels by risk rating as a percentage of Tier 1 capital plus the ALLL with trend analyses to the Board or a designated committee thereof every quarter; and
- (c) training for credit approval committee members, loan officers, and credit staff on problem loan management and the Bank's Problem Asset Program, policy, and processes.

(3) By October 31, 2022, the Board shall develop written procedures with assigned responsibility for the quarterly submission and review of reports of all problem assets totaling one hundred thousand dollars (\$100,000) or above (PAR). Each PAR shall require, at a minimum, analysis and documentation of the following:

- (a) current expected sources of repayment;
- (b) detailed collateral information, including, as applicable, the current value of supporting collateral, the condition of the collateral, and the Bank's lien position;
- (c) concessions made to the terms of the credit, if any, and how doing so will improve the problem credit;
- (d) trigger dates for borrower actions or for loan officer reassessment of strategy and enactment of collection plans;
- (e) the root causes of the credit weakness;
- (f) current and satisfactory credit information;

- (g) a determination of whether the loan is impaired and the impairment amount, consistent with generally accepted accounting principles (GAAP);
- (h) analysis and reasoning to support the current risk rating along with specific action plans and triggers for risk rating changes; and
- (i) 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.

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

(5) Effective as of the date of this Agreement, the Bank may not extend credit, directly or indirectly, including overdrafts, renewals, extensions of the payment or principal due date, or capitalization of accrued interest, but excluding advances on previously approved lines of credit, to a borrower whose loans or other extensions of credit are considered problem assets by the OCC examiners, external loan review, or the Bank, and whose aggregate loans or other extensions of credit, exceed one hundred thousand dollars (\$100,000) unless each of the following conditions are met:

- (a) a majority of the full Board approves the credit extension;
- (b) the Board explains in writing how the credit extension is necessary to promote the best interests of the Bank;
- (c) the Board explains in writing how the credit extension will not compromise the Board's formal plan to collect or strengthen the problem asset; and
- (d) the Board's written determinations required by this Article are maintained in the borrower's credit file.

## **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) Pursuant to 12 CFR 5.51(c)(7)(ii), the Bank is in “troubled condition” and is not an “eligible bank” for purposes of 12 CFR 5.3 or 12 CFR 24.2(e), unless otherwise informed in writing by the OCC.

(2) This Agreement supersedes all prior OCC communications issued pursuant to 12 CFR 5.3 and 5.51(c)(7)(ii).

### **ARTICLE XIV**

#### **CLOSING**

(1) This Agreement is intended to be, and shall be construed to be, a “written agreement” within the meaning of 12 USC 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 USC 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

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

(3) The provisions of this Agreement shall remain effective and enforceable except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Agreement, the Board or a Board-designee shall submit a written request to the ADC asking for the desired relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that warrant the desired relief or prevent the Bank from complying with the relevant provision(s) of the Agreement and shall be accompanied by relevant supporting documentation. The OCC's decision concerning a request submitted



pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

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

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

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

(7) All reports, plans, or programs submitted to the OCC pursuant to this Agreement shall be forwarded, by overnight mail or via email, to the ADC, with a copy to National Bank Examiner, Kylie Bedene.

(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//

12/16/2022

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Scott Williams  
Assistant Deputy Comptroller  
Tulsa Field Office

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Date

