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

AA-WE-2023-39

Jackson Federal Savings and Loan Association, Jackson, Minnesota ("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 inadequate strategic planning, dereliction of the obligation to maintain adequate levels of liquidity and satisfactory liquidity management practices, and a lack of appropriate succession 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

BOARD OVERSIGHT

(1) By January 29, 2024, and thereafter within thirty (30) days after the end of each quarter, the Board shall submit to the Assistant Deputy Comptroller 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.

ARTICLE III

STRATEGIC AND CAPITAL PLAN

(1) By January 29, 2024, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection acceptable revised written strategic ("Strategic Plan") and capital ("Capital Plan") plans for the Bank, covering at least a three-year period. The Strategic Plan shall establish objectives for the Bank's overall risk profile, earnings performance, management and monitoring of interest rate risk, and liquidity adequacy and funds management, 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, risk tolerances, and realistic strategies to improve the overall condition of the Bank, as well as financial indicators, operating conditions, and triggers that would prompt consideration of selling, merging, or liquidating the Bank;

(b) a risk profile that evaluates credit, interest rate, liquidity, price, operational, compliance, strategic, and reputation risks in relationship to capital;

(c) an assessment of the Bank's strengths, weaknesses, opportunities, and threats that impact its strategic goals and objectives;

(d) a realistic and comprehensive annual budget that corresponds to the Strategic Plan's goals and objectives;

(e) a financial forecast to include projections for significant balance sheet and income statement accounts over the period covered by the Strategic Plan;

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

(a) a risk assessment process designed to identify the primary risks to the Bank's capital; and

(b) an enhanced capital stress testing protocol designed to, at a minimum, project the impacts to the Bank's capital from continued net losses.

(3) 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 and Capital Plan, or to any subsequent update or amendment to the Strategic Plan and 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 Strategic Plan and Capital Plan. The Board shall review the effectiveness of the Strategic Plan and Capital Plan at least

annually, and more frequently if necessary or if required by the OCC in writing, and shall amend the Strategic Plan and Capital Plan as needed or directed by the OCC. Any update or amendment to the Strategic Plan and Capital Plan must be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

(4) Until the Strategic Plan and Capital 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.

(5) The Bank may not initiate any action that significantly deviates from a Strategic or Capital 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.

(6) 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 sixty (60) 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.

(7) 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.

ARTICLE IV

LIQUIDITY RISK MANAGEMENT

(1) By January 29, 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. 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 including establishing additional funding sources, a cushion of highly liquid assets, and a 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, at a minimum:

(a) identify, establish, and test additional contingent funding lines;

(b) identify appropriate triggers and limits to manage liquidity risk, commensurate with the Bank's complexity and business activities;

(c) assess the risks related to deposit runoff or rollovers;

(d) detail action plans to identify and obtain sources of liquidity to meet projected shortfalls from existing sources under both expected and adverse conditions; and

(e) include a Contingency Funding Plan that incorporates, at a minimum, a quantitative projection and evaluation of expected funding needs and funding capacity based on realistic assessments of funding providers during stress events; a definition of a liquidity crisis for the Bank; definition and prioritization of contingent liquidity sources; and periodic stress testing, at least annually, and more frequently if necessary or if required by the OCC in writing.

(2) 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, shall immediately implement and adhere to the Liquidity Program and any amendments or revisions thereto.

(3) The Board shall review and update the Liquidity Program, at least annually, and more frequently if necessary or if required by the Assistant Deputy Comptroller in writing. The Board 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 shall immediately implement and adhere to the revised Liquidity Program and any amendments or revisions thereto.

ARTICLE V

BOARD SUPERVISION AND MANAGEMENT

(1) By January 29, 2024, the Board shall ensure that the Bank has effective and qualified management in place to carry out the Board's policies, take the necessary steps to implement corporate governance and decision making processes to address previously identified deficiencies and to timely address deficiencies described in future supervisory or regulatory communications, and take the necessary steps to ensure compliance with applicable laws, rules, and regulations and compliance with this Agreement. For purposes of this Agreement, "deficiencies" includes unsafe or unsound policies, procedures, practices, and controls, as well as violations of laws, regulations, final agency orders, conditions imposed in writing, or written agreements.

(2) By January 29, 2024, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection a revised Board Supervision and Management Program for the Bank that addresses the requirements of this Article. The Board Supervision and Management Program shall include, and the Board, at a minimum, shall ensure, the following:

(a) the Bank maintains policies and procedures designed to ensure that the Board provides proper oversight of the affairs of the Bank and Bank management, including defining procedures to ensure completion of key risk management functions and internal control systems. This must include, but is not limited to, procedures addressing liquidity risk management, IRR, capital planning, retail and commercial loan administration, regulatory reporting requirements, strategic planning, IT, and the compliance and BSA/AML programs;

(b) that at least one additional, independent director 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 is added to the Bank's Board;

(c) the Bank conducts an evaluation of its 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 Article IV; and

(d) the Bank performs a staffing analysis and creates a management employment and succession plan designed to promote adequate staffing and continuity of capable management that:

   (i) includes both short- and long-term succession strategies for key management and Board members;

   (ii) establishes each employee's current responsibilities and identifies individuals capable of performing key risk management functions on an interim or backup basis; and

   (iii) in the event that the staffing analysis results in a conclusion that current staff is incapable of performing one or more key management functions at the Bank, a plan for how those functions will be performed until a suitable permanent replacement is identified and onboarded.

(3) Within thirty (30) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Board Supervision and Management Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and adhere to the Board Supervision and Management Program and any amendments or revisions thereto.

(4) The Board shall review and update the Board Supervision and Management Program, at least annually, and more frequently if necessary or if required by the Assistant Deputy Comptroller in writing. The Board shall submit the revised Board Supervision and Management 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 shall immediately implement and adhere to the revised Board Supervision and Management Program and any amendments or revisions thereto.

ARTICLE VI

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 VII

OTHER PROVISIONS

(1) As a result of this Agreement, pursuant to 12 C.F.R. § 5.51(c)(7)(ii), the Bank is in "troubled condition," and is not an "eligible savings association" for purposes of 12 C.F.R. § 5.3, unless otherwise informed in writing by the OCC.

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

ARTICLE VIII

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 overnight mail or via email, to the following:

Christine K. Berglin; Ann Wilken

(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 her signature on behalf of the Comptroller.

/s/ 12-19-23

Christine K. Berglin
Assistant Deputy Comptroller
Sioux Falls Office

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

/s/	12/19/2023
Todd P. Asa	Date
/s/	12-19-23
Clayton R. Lewis	Date
/s/	12-19-2023
Rocky L. Sieler	Date
/s/	12/19/2023
Julie A. Williams	Date