

FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.  
and  
STATE OF ALABAMA  
STATE BANKING DEPARTMENT  
MONTGOMERY, ALABAMA

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In the Matter of	)	CONSENT ORDER
	)	
SOUTHPOINT BANK	)	FDIC-25-0134b
BIRMINGHAM, ALABAMA	)	
	)	
(INSURED STATE NONMEMBER BANK)	)	

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The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for SouthPoint Bank, Birmingham, Alabama (“Bank”), under Section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q). The Alabama State Banking Department (“ASBD”) is the primary regulator over the Bank pursuant to Alabama Banking Code § 5-2A-1.

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER” (“CONSENT AGREEMENT”), dated November 3rd, 2025, that is accepted by the FDIC and the ASBD, hereinafter referred to collectively as the “Supervisory Authorities.”

With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices and/or violations of law or regulation relating to weaknesses in management, asset quality, capital, earnings, and liquidity/funding, to the issuance of this CONSENT ORDER (“ORDER”) by the Supervisory Authorities.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Code of Alabama Section 5-2A-12 have been satisfied, the Supervisory Authorities hereby order that:

**BOARD OF DIRECTORS AND MANAGEMENT**

1. The Board must increase its supervision and direction of Bank management, assuming full responsibility for the approval of sound policies, procedures, and objectives and for the supervision of all of the Bank's activities. This participation shall include regular meetings, either in person or via teleconference, to be held no less frequently than monthly at which the regular business of the Bank shall be reviewed and compliance with this ORDER shall be specifically and comprehensively discussed. Board meeting minutes shall fully document these meetings.

(a) Within forty-five (45) days from the effective date of this ORDER, the Board shall establish a Board committee ("Directors' Committee"), consisting of at least three members, to oversee the Bank's compliance with this ORDER. The majority of the members of the Directors' Committee shall be Directors not employed in any capacity by the Bank other than as a Director. The Directors' Committee shall formulate and review monthly reports detailing the Bank's actions with respect to compliance with this ORDER. The Directors' Committee shall present a report detailing the Bank's adherence to this ORDER at each regularly scheduled Board meeting. Such report shall be recorded in the appropriate minutes of the Board meeting and shall be retained in the Bank's records. Establishment of the Directors' Committee does not diminish the responsibility of the entire Board to ensure compliance with the provisions of this Order.

2. Within forty-five (45) days from the effective date of this ORDER, the Bank shall retain a qualified bank consultant to develop a written analysis and assessment of the Bank's senior

executive officers (SEO), as that term is defined under 12 C.F.R. 303.101(b), and Board ("Management and Board Report"). The Management and Board Report shall include a determination regarding the capability of the current SEO and Board to return the Bank to satisfactory condition and performance by addressing the key issues explained in the March 10, 2025, Report of Examination from the Supervisory Authorities. With regard to any issues that they note, the bank consultant shall provide recommendations to address same.

(a) Within thirty (30) days from the effective date of this ORDER, the Bank shall provide the Supervisory Authorities with a copy of the proposed bank consultant engagement letter or contract for review before it is executed.

(b) The engagement letter or contract, at a minimum, shall include:

(i) a description of the work to be performed under the engagement letter or contract, the estimated fees for each significant element of the engagement, and the estimated aggregate fee;

(ii) the responsibilities of the firm or individual;

(iii) identification of the specific procedures to be used when carrying out the work to be performed;

(iv) the qualifications of the employee(s) who will perform the work;

(v) the timeframe for completion of the work;

(vi) any restrictions on the use of the reported findings;

(vii) a provision for unrestricted access by the Supervisory Authorities to work papers; and

(viii) a certification that neither the bank consultant nor any other individual involved in the work to be performed is affiliated in any manner with the Bank.

(c) In addition to including a determination regarding the capabilities of the current SEO and Board, the Management and Board Report shall provide assessments of the following:

- (i) the sufficiency of the breadth and depth of the SEO;
- (ii) the adequacy of separation of duties within the SEO;
- (iii) the degree of prioritization of risk management in the Bank's corporate culture; and
- (iv) the balance between asset and revenue production and asset quality factors in the incentive compensation plans for executive officers and loan officers.

(d) The Management and Board Report shall be completed and submitted to the Board and Supervisory Authorities simultaneously within ninety (90) days from the effective date of this ORDER.

(e) Within forty-five (45) days from receipt of the Management and Board Report, the Bank shall formulate a written plan ("Management and Board Plan") that incorporates the findings of the Management and Board Report and establishes a plan of action in response to each recommendation contained in the Management and Board Report and a timeframe for completing each action.

(f) The Management and Board Plan shall be submitted to the Supervisory Authorities for review and comment. Progress in implementing the plan shall be reviewed at each Board meeting and reported to the Supervisory Authorities in the required quarterly Progress Reports.

3. Within sixty (60) days from the effective date of this ORDER, the Bank shall engage a qualified outside party, subject to approval from the Supervisory Authorities, to provide ethics training to all Bank Directors, officers, and employees. The first training session(s) shall be provided within ninety (90) days from the effective date of this ORDER and, subsequently,

conducted annually thereafter. The training must focus on avoiding conflicts of interest and include 12 U.S.C. § 375(a) and 12 U.S.C. § 375(b) implementing Regulation O and Sections 5-6A-20 through 5-6A-26 of The Code of Alabama as topics.

(a) Within thirty (30) days from the effective date of this ORDER, the Bank shall provide the Supervisory Authorities with a copy of the proposed engagement letter or contract for review before it is executed.

(b) The engagement letter or contract, at a minimum, shall include:

(i) a description of the work to be performed under the engagement letter or contract, the estimated fees for each significant element of the engagement, and the estimated aggregate fee;

(ii) the responsibilities of the firm or individual;

(iii) identification of the specific procedures to be used when carrying out the work to be performed;

(iv) the qualifications of the employee(s) who will perform the work;

(v) the timeframe for completion of the work;

(vi) any restrictions on the use of the training materials and records;

(vii) a provision for unrestricted access by the Supervisory Authorities to the training materials and records; and

(viii) a certification that neither the bank consultant nor any other individual involved in the work to be performed is affiliated in any manner with the Bank.

4. During the life of this ORDER, the Bank shall notify the Supervisory Authorities, in writing, of the resignation or termination of any of the Bank's Directors or executive officers. Prior to the addition of any individual to the Board or the employment of any individual as an executive officer, the Bank shall comply with the requirements of Section 32 of the Federal

Deposit Insurance Act, 12 U.S.C. § 1831i, 12 C.F.R. §§ 303.100-303.104. The Bank shall also obtain the written approval of the ASBD prior to the addition of any individual to the Board or the employment of any individual as an executive officer. If the Regional Director issues a notice of disapproval pursuant to 12 U.S.C. § 1831i or the ASBD issues a letter of disapproval with respect to the proposed individual, then such individual may not be added to the Board or employed by the Bank.

### **CREDIT RISK MANAGEMENT AND ASSET QUALITY**

5. Within ninety (90) days from the effective date of this ORDER, the Bank must improve credit risk management in the following ways:

(a) Conduct internally required annual reviews on all credit relationships in excess of one million dollars (\$1,000,000) and regrade all reviewed loans as necessary;

(b) Ensure that all required financial information is received and analyzed prior to the origination or renewal of any credit;

(c) Update borrower and guarantor financial information and collateral valuations to comply with the Bank's established standards;

(d) Provide reporting on the aggregate, outstanding Loan Policy exceptions to both any applicable loan committee(s) and the Board on at least a monthly basis;

(e) Reduce the Loan Policy provision allowing two extensions in lieu of loan renewals to one extension, understanding that this practice could obscure credit quality deterioration; and

(f) Conduct stress testing during the underwriting process for credit relationships in excess of one million dollars (\$1,000,000). At a minimum, stress testing should stress a borrower's ability to repay by:

(i) Increasing interest rates;

- (ii) Increasing operating expenses; and
- (iii) Decreasing operating income.

6. Within sixty (60) days from the effective date of this Order, the Bank shall improve its internal controls and internal audit procedures regarding credit risk management in the following ways:

(a) Ensure the credit risk management practices detailed in Provision 5(a) – 5(f) are included in every external loan review scope, with any findings provided to both any applicable committee(s) and the Board as soon as feasible, but no later than 30 days after the conclusion of the loan review;

(b) Ensure that all external loan review findings are provided to both any applicable committee(s) and the Board as soon as feasible, but no later than 30 days after the conclusion of the loan review;

(c) Ensure that the Loan Policy's approval procedures are followed for any origination, renewal, extension, or additional advance regarding all credit relationships both in excess of one million dollars (\$1,000,000) threshold and beneath it; and

(d) Monitor that loan disbursements are utilized for their intended/stated purpose(s).

7. Within ninety (90) days from the effective date of this ORDER, the Bank shall engage a qualified outside party, subject to approval from the Supervisory Authorities, to review the credit portfolios of any credit officer that departed the Bank in the twelve (12) months preceding the effective date of this ORDER. These reviews shall encompass all Bank debt of any borrower the departed credit officer either originated, serviced, or approved. Reviews should assess the accuracy and timeliness of credit grades by the credit officer; sufficiency of credit and collateral documentation; adherence to loan covenants; and compliance with internal loan policies and

procedures, and applicable regulatory laws and regulations. Review findings shall be shared with the Bank and the Supervisory Authorities simultaneously.

(a) Within thirty (30) days from the effective date of this ORDER, the Bank shall provide the Supervisory Authorities with a copy of the proposed engagement letter or contract for review, comment, and non-objection before it is executed.

(b) The engagement letter or contract, at a minimum, shall include:

(i) a description of the work to be performed under the engagement letter or contract, the estimated fees for each significant element of the engagement, and the estimated aggregate fee;

(ii) the responsibilities of the firm or individual;

(iii) identification of the specific procedures to be used when carrying out the work to be performed;

(iv) the qualifications of the employee(s) who will perform the work;  
the timeframe for completion of the work;

(v) any restrictions on the use of the reported findings;

(vi) a provision for unrestricted access by the Supervisory Authorities to work papers; and

(vii) a certification that neither the bank consultant nor any other individual involved in the work to be performed is affiliated in any manner with the Bank.

8. Within sixty days (60 days) from the effective date of this Order, the Bank shall review and revise the Allowance for Credit Losses (ACL) methodology in the following ways:

(a) Ensure that loans are appropriately reviewed and graded to adequately and timely identify any potential loan loss;

(b) Ensure that loan losses are appropriately and timely recognized;

(c) Review and revise the category allocation factors employed in its Allowance for Credit Losses (ACL) methodology to ensure that the loan losses booked at year-end 2024 are incorporated into the ACL factors; and

(d) Ensure the ACL factors are updated on an ongoing basis as additional loan losses are incurred.

9. Within sixty (60) days from the effective date of this ORDER, and within 30 days from the receipt of any future regulatory examination, the Bank shall formulate a written plan to reduce the Bank's risk exposure in each asset in excess of \$500,000 classified "Doubtful" or "Substandard" in the Report of Examination. For purposes of this paragraph, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by Supervisory Authorities. In developing the plan mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified loan or lease, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position.

(a) In addition, the written plan mandated by this paragraph shall also include any and all steps necessary to reduce the Bank's risk exposure to adversely classified assets, including the following:

(i) A schedule for reducing the outstanding dollar amount of each adversely classified asset, including timeframes for achieving the reduced dollar amounts (at a minimum, the schedule for each adversely classified asset must show its expected dollar balance on a quarterly basis for the following twelve-month (12-month) period);

(ii) Specific action plans intended to reduce the Bank's risk exposure in each classified asset;

(iii) A schedule showing, on a quarterly basis, the expected consolidated balance of all adversely classified assets, and the ratio of the consolidated balance to the Bank's projected Tier 1 Capital plus the ACL for the following twelve-month (12-month) period;

(iv) A provision for the Bank's submission of monthly written progress reports to its Board; and

(v) A provision mandating Board review of the progress reports, with a notation of the review recorded in the Board minutes.

(b) The plan mandated by this paragraph shall further require a reduction in the Bank's aggregate balances of assets classified "Substandard" and "Doubtful" in accordance with the following schedule.

(i) To forty-five percent (45%) of Tier 1 Capital plus the ACL by June 30, 2026, and

(ii) To twenty-five percent (25%) of Tier 1 Capital plus the ACL by December 31, 2026.

(c) For purposes of the plan, the reduction of adversely classified assets shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the Bank's ACL and may be accomplished by:

(i) Charge-off;

(ii) Collection;

(iii) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC or the ASBD; and/or

(iv) Increase in the Bank's Tier 1 Capital.

10. Within sixty (60) days from the effective date of this Order, the Bank shall submit the written reduction plan to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities, and after due consideration of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of the meeting of the Board. Thereafter, the Bank shall implement and fully comply with the plan. Such plans shall be monitored, and progress reports thereon shall be submitted to the Supervisory Authorities at quarterly intervals concurrently with the other reporting requirements set forth in this Order.

11. As of the effective date of this ORDER, borrowers shall be treated in the following manner:

(a) the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit from the Bank that has been charged off or adversely classified, in whole or in part, "Loss" or "Doubtful" and is uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing (after collection in cash of interest due from the borrower) any credit already extended to any borrower.

(b) Additionally, as of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit from the Bank that has been adversely classified, in whole or part, "Substandard" and is uncollected.

(c) Paragraph 11(b) shall not apply if the Bank's failure to extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to the extending of any additional credit pursuant to this paragraph, either in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by a majority of the Board or a designated committee thereof, who shall certify in writing as follows:

(i) Why the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank;

(ii) That the Bank's position would be improved thereby;

(iii) How the Bank's position would be improved; and

(iv) That the extension of such credit does not violate Section 5-5A-22 of the Alabama Banking Code and adheres to State of Alabama Banking Board Regulation No. 14.

(d) The signed certification shall be made a part of the minutes of the Board or its designated committee and a copy of the signed certification shall be retained in the borrower's credit file.

12. Within thirty (30) days of the effective date of this ORDER, the Bank shall, to the extent that it has not previously done so, eliminate from its books, by charge-off or collection, all assets or portions of assets adversely classified Loss and one-half (50%) of the assets classified Doubtful by the Supervisory Authorities, an external loan reviewer, or internally. Elimination or reduction of these assets through proceeds of loans made by the Bank shall not be considered "collection" for the purposes of this paragraph. While this ORDER is in effect, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss and one-half (50%) of the assets classified Doubtful as determined at any future examination conducted by the Supervisory Authorities.

13. Within sixty (60) days of the effective date of this Order, the Bank shall develop a plan to reduce concentration levels to fall within Board-approved policy limits. A copy of this plan shall be provided to the Supervisory Authorities, and the Board shall revise the plan to reduce any segment of the portfolio that the Supervisory Authorities deem to be an undue concentration in relation to the Bank's Tier 1 Capital and ACL. The plan and its implementation shall be in a form and manner acceptable to the Supervisory Authorities.

### CAPITAL

14. The Bank shall increase its Tier 1 Leverage Capital Ratio (Leverage Ratio), as that ratio is defined in Part 324 of the FDIC Rules and Regulations, 12 C.F.R. Part 324, as follows:

(a) To a minimum of eight percent (8%) by March 31, 2026, and

(b) To a minimum of nine percent (9%) by December 31, 2026, and the Leverage

Ratio shall be maintained at or above that level unless the Bank is advised otherwise by the Supervisory Authorities.

15. The Bank shall increase its Total Capital Ratio, as that ratio is defined in Part 324 of the FDIC Rules and Regulations, 12 C.F.R. Part 324, to twelve percent (12%) by December 31, 2026, and the Total Capital Ratio shall be maintained at or above that level unless the Bank is advised otherwise by the Supervisory Authorities.

16. Within ninety (90) days from the effective date of this ORDER, the Bank shall submit to the Supervisory Authorities a written Capital Augmentation Plan (CAP). This CAP shall comprehensively detail the steps that the Bank will take to achieve and maintain the capital requirements set forth in this ORDER. The CAP shall be revised in any manner directed by the Supervisory Authorities.

(a) The Bank shall immediately implement the CAP upon the CAP receiving approval from Supervisory Authorities.

(b) The CAP shall be created in conjunction with the Strategic Plan and Profitability Plan addressed below, and the plans shall be synchronized with regard to strategies, goals, and projections.

(c) The CAP shall include a contingency plan to sell or merge the Bank in the event the Bank becomes Undercapitalized, as that term is defined in 12 C.F.R. Part 324, which the Bank shall implement upon written notice from the Supervisory Authorities.

(d) Any increase in Tier 1 Capital necessary to meet the requirements of this ORDER may be accomplished by the following:

(i) Sale of common stock;

(ii) Sale of noncumulative perpetual preferred stock;

(iii) Direct contribution of cash by the Board, shareholders, and/or parent holding company;

(iv) Any combination of the above means; or

(v) Any other means acceptable to the Supervisory Authorities.

(e) No increase in Tier 1 Capital that is necessary to meet the requirements of this ORDER may be accomplished through a deduction from the Bank's ACL, unless the deduction conforms with Generally Accepted Accounting Principles (GAAP) and has the prior written approval of the Supervisory Authorities.

(f) If all or part of any necessary increase in Tier 1 Capital required by this ORDER is accomplished by the sale of new securities, the Board shall take all necessary steps to implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully

describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with applicable state and federal securities laws. Prior to the implementation of the plan and, in any event, not less than fifteen (15) days prior to the dissemination of such materials, the plan and any materials proposed to be used in the sale of the securities shall be submitted to the Alabama State Banking Department, 401 Adams Avenue, Suite 680, Montgomery, Alabama 36130-1201 and the FDIC, Division of Risk Management Supervision, Accounting Policy Section, 550 17<sup>th</sup> Street, N.W., Room MB-5073, Washington, D.C. 20429, for review. Any changes requested to be made in the plan or materials by the ASBD or the FDIC shall be made prior to the dissemination of the plan and materials. If the increase in Tier 1 Capital is provided by the sale of noncumulative perpetual preferred stock, then all terms and conditions of the issue, including, but not limited to, those terms and conditions relative to interest rate and convertibility factor, shall be presented to the Supervisory Authorities for prior approval.

(g) In complying with the provisions of the Capital section of this ORDER, the Bank shall provide written notice of any planned or existing development, or other changes that are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities, to any subscriber and/or purchaser of the Bank's securities. The written notice required by this paragraph shall be furnished within ten (10) days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials.

## **LIQUIDITY AND WHOLESALE FUNDING**

17. During the life of this ORDER, the Bank's Liquidity Ratio shall be maintained in excess of ten percent (10%). The Liquidity Ratio shall be calculated as follows: total liquid assets (sum of cash and due from accounts, Federal funds sold, securities purchased under agreements to resell, and unpledged available-for-sale securities) divided by total assets.

18. By June 30, 2027, aggregate wholesale funding (including, but not limited to, brokered deposits, Federal funds purchased, repurchase agreements, FHLB borrowings, Federal Reserve Discount Window borrowings, and internet / listing service deposits) as a percentage of total assets shall be reduced to no greater than ten percent (10%). Within sixty (60) days, the Bank shall develop and provide to the Supervisory Authorities a written plan, including interim goals, for reaching this wholesale funding limit. Once this limit has been reached, compliance therewith shall be maintained for the life of this ORDER.

19. During the life of this Order, the Bank shall not accept, renew, or rollover any brokered deposit, as defined in 12 C.F.R. Part 337.6(a)(2), unless it is in compliance with the requirements of 12 C.F.R. Part 337.6(b), which governs the solicitation and acceptance of brokered deposits by insured depository institutions. The Bank shall comply with the restriction on the effective yields on deposits as described in 12 C.F.R. Part 337.6.

20. Within ninety (90) days, the Bank's Contingency Funding Plan and associated stress testing shall be enhanced in the following ways:

(a) Mandate more frequent early-warning indicator monitoring and senior management and Board reporting, up to and including daily monitoring and reporting, that is commensurate with liquidity/funding stress situations, and

(b) Incorporate increasing collateral requirements for secured borrowings during liquidity/funding stress situations.

21. During the Life of this ORDER, the Bank shall obtain the written permission of the Supervisory Authorities, before initiating asset growth that would exceed ten percent (10%) for any twelve-month (12-month) period.

### **STRATEGIC PLAN**

22. Within ninety (90) days from the effective date of this ORDER, the Bank shall prepare and submit to the Supervisory Authorities an acceptable written Strategic Plan covering the overall operation of the Bank. At a minimum, the plan shall establish objectives for the Bank's earnings performance, growth, balance sheet mix, liability structure, capital adequacy, and reduction of nonperforming and underperforming assets, together with strategies for achieving those objectives. The plan shall also identify capital, funding, managerial, and other resources needed to accomplish its objectives. Such plan shall specifically provide for the following:

- (i) Goals for the composition of the loan portfolio by loan type, including strategies to diversify the type and improve the quality of loans held;
- (ii) Goals for the composition of the deposit base, including strategies to reduce reliance on volatile and costly deposits; and
- (iii) Plans for effective risk management and collection practices.

(a) The Board shall approve the Strategic Plan, which approval shall be recorded in the Board meeting minutes for the meeting at which the business/strategic plan was approved.

### **EARNINGS**

23. Within ninety (90) days from the effective date of this ORDER, the Bank shall prepare and submit to the Supervisory Authorities a comprehensive, detailed Profitability Plan. This plan shall establish measures and specific strategies to prudently improve the earnings

performance of the Bank, with particular attention to maintenance of a sufficiently funded ACL and controlling funding costs, while maintaining sufficient liquidity. The Profitability Plan shall initially encompass fiscal year 2026 and fiscal year 2027. While this ORDER remains in effect, by December 31 of each year following development of the plan, senior management shall update the plan for the following two-year (2-year) period, including the established strategies and goals. This shall result in a rolling two-year (2-year) plan, which shall be subject to Board review and ratification. The strategies, goals, and projections stated in the Profitability Plan shall be synchronized with the Capital Augmentation Plan and Strategic Plan addressed above. The Bank shall make any revisions to the Profitability Plan directed by the Supervisory Authorities. Actual operating results in relation to established strategies and goals shall be reviewed at each Board meeting and provided to the Supervisory Authorities in the required quarterly Progress Reports.

24. Within ninety (90) days from the effective date of this ORDER, the Bank shall prepare and submit to the Supervisory Authorities a comprehensive budget, including monthly balance sheet and income statement projections for fiscal year 2026 and fiscal year 2027. The budget shall be synchronized with the Profitability Plan. The budget forecast shall be updated for the following two-year (2-year) period by December 31 of each year during which this ORDER is in effect. This shall result in a rolling two-year (2-year) budget forecast, which shall be subject to Board review and ratification. The Board shall compare actual performance to budgeted performance on a monthly basis and shall provide this data and explanations for any material variances to the Supervisory Authorities in the required quarterly Progress Reports.

#### **RESTRICTIONS ON CERTAIN PAYMENTS**

25. While this ORDER is in effect, the Bank shall not declare or pay any dividends or discretionary bonus payments to executive officers resulting in a reduction of capital, without the

prior written approval of the Supervisory Authorities. The terms “discretionary bonus payment” and “executive officer” are defined in 12 C.F.R. § 324.2. All requests for prior approval shall be received at least thirty (30) days prior to the proposed dividend or discretionary bonus payment declaration date (or at least five (5) days with respect to any request filed within the first thirty (30) days from the date of this ORDER) and shall contain, but not be limited to, an analysis of the impact such dividend or discretionary bonus payment would have on the Bank’s capital and earnings.

### **FORENSIC AUDITS/ANALYSES**

26. During the life of this ORDER, the Bank shall engage a qualified outside party, subject to the approval of the Supervisory Authorities, to conduct a forensic audit/analysis of any individual, activity, incident, or matter, as directed by the ASBD or the FDIC. The results any such audit/analysis shall be shared with the Bank and the Supervisory Authorities simultaneously.

(a) Within thirty (30) days from being directed to commission a forensic audit/analysis by the ASBD or FDIC, the Bank shall provide the Supervisory Authorities with a copy of the proposed engagement letter or contract for review before it is executed.

(b) The engagement letter or contract, at a minimum, shall include:

(i) a description of the work to be performed under the engagement letter or contract, the estimated fees for each significant element of the engagement, and the estimated aggregate fee;

(ii) the responsibilities of the firm or individual;

(iii) identification of the specific procedures to be used when carrying out the work to be performed;

(iv) the qualifications of the employee(s) who will perform the work;

- (v) the timeframe for completion of the work;
- (vi) any restrictions on the use of the reported findings;
- (vii) a provision for unrestricted access by the Supervisory Authorities to work papers; and
- (viii) a certification that neither the bank consultant nor any other individual involved in the work to be performed is affiliated in any manner with the Bank.

### **PROGRESS REPORTS**

27. Within thirty (30) days from the end of the first quarter following the effective date of this ORDER, and within thirty (30) days from the end of each quarter thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Supervisory Authorities have released the Bank in writing from making further reports. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the appropriate Board meeting minutes.

### **SHAREHOLDER DISCLOSURE**

28. Within thirty (30) days from the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its parent holding company, SouthPoint Bancshares, Inc, Birmingham, Alabama. The description shall fully describe this ORDER in all material respects.

### **OTHER ACTIONS**

29. This ORDER shall not bar, estop, or otherwise prevent the FDIC, the ASBD, or any other federal or state agency or department from taking any action against the Bank, the Bank's current

or former institution-affiliated parties, and/or any of their respective directors, officers, employees, and agents, including, but not limited to, the imposition of civil money penalties.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof. The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the Supervisory Authorities.

Issued Pursuant to Delegated Authority

Dated this 4<sup>th</sup> day of November, 2025.

By:

/s/ \_\_\_\_\_

Deputy Regional Director  
Division of Risk Management Supervision  
Atlanta Region  
Federal Deposit Insurance Corporation

The ASBD, having duly approved the foregoing ORDER, and the Bank, through its Board, agree that the issuance of said ORDER by the FDIC shall be binding as between the Bank and the ASBD to the same degree and to the same legal effect that such ORDER would be binding if the ASBD had issued a separate ORDER that included and incorporated all of the provisions of the foregoing ORDER, pursuant to the provisions of Section 5-2A-12, Code of Alabama.

Dated this 4<sup>th</sup> day of November, 2025.

By:

/s/  
\_\_\_\_\_  
Mike Hill  
Superintendent of Banks  
Alabama State Banking Department