

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

Written Agreement by and between

LINEAGE FINANCIAL NETWORK, INC.  
Franklin, Tennessee

and

FEDERAL RESERVE BANK OF  
ATLANTA  
Atlanta, Georgia

Docket No. 24-009-WA/RB-HC

WHEREAS, Lineage Financial Network, Inc., Franklin, Tennessee (“Lineage FN”), a registered bank holding company, owns and controls Lineage Bank, Franklin, Tennessee (“Bank”), a state-chartered nonmember bank regulated by the Federal Deposit Insurance Corporation (“FDIC”) and the Tennessee Department of Financial Institutions (“Department”);

WHEREAS, it is the common goal of Lineage FN and the Federal Reserve Bank of Atlanta (the “Reserve Bank”) to maintain the financial soundness of Lineage FN so that Lineage FN may serve as a source of strength to the Bank;

WHEREAS, Lineage FN and the Reserve Bank have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, the board of directors of Lineage FN have authorized the undersigned to enter into this Agreement on behalf of Lineage FN, and consent to compliance with each and every provision of this Agreement by Lineage FN.

NOW, THEREFORE, Lineage FN and the Reserve Bank agree as follows:

**Source of Strength**

1. The board of directors of Lineage FN shall take appropriate steps to fully utilize Lineage FN's financial and managerial resources, pursuant to section 38A of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1831o-1) and section 225.4(a) of Regulation Y of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank, including, but not limited to, taking steps to ensure that the Bank complies with any other supervisory action taken by the Bank's federal or state regulator.

**Qualified Directors**

2. Within 30 days of the effective date of this Agreement, the board of directors of Lineage FN shall submit a written plan to the Reserve Bank to ensure it operates in accordance with applicable laws and regulations. The plan shall include the following two items:

(a) measures to ensure that board of directors maintains an adequate number of directors with the appropriate committee structure needed to comply with applicable laws and regulations, its charter, and its by-laws; and

(b) an assessment of whether the board of directors have the necessary skills, training, experience, and qualifications to enable them to fulfill their responsibilities.

**Cash Flow Projections**

3. Within 60 days of the effective date of this Agreement, Lineage FN shall submit to the Reserve Bank a written statement of its planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for 2024. Lineage FN shall

submit to the Reserve Bank a Cash Flow Projection for each calendar year subsequent to 2024 at least one month prior to the beginning of that calendar year.

### **Affiliate Transactions**

4. (a) Lineage FN shall take all necessary actions to ensure that the Bank complies with sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) and Regulation W of the Board of Governors (12 C.F.R. Part 223) in all transactions between the Bank and its affiliates, including but not limited to, Lineage FN.

(b) Lineage FN shall not cause the Bank to violate any provision of sections 23A and 23B of the Federal Reserve Act or Regulation W of the Board of Governors.

### **Capital Conservation**

5. (a) Effective immediately, Lineage FN shall not, directly or indirectly, declare or pay dividends, engage in share repurchases, or make any other capital distribution in respect of common shares, preferred shares, or other capital instruments, including, without limitation, any interest payments due on subordinated debentures, without the prior written approval of the Reserve Bank and the Director of Supervision and Regulation of the Board of Governors. All requests for prior approval shall be received in writing at least 30 days prior to the earlier of the proposed declaration, payment, or distribution date, or required notice of deferral, and shall contain, at a minimum, current and projected information, as appropriate, on Lineage FN's capital, earnings, and cash flow; the Bank's asset quality, earnings, and allowance for loan and lease losses; and identification of the source(s) of funding for the proposed payment or distribution.

(b) Effective immediately, Lineage FN shall not, directly or indirectly, incur, increase, prepay, or guarantee any debt without the prior written approval of the Reserve Bank.

All requests for prior approval shall be received at least 30 days prior to the proposed transaction date and contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

### **Compliance with Laws and Regulations**

6. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, Lineage FN shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*).

(b) Lineage FN shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the FDIC's regulations (12 C.F.R. Part 359).

### **Progress Reports**

7. Within 45 days after the end of each calendar quarter following the date of this Agreement, Lineage FN shall submit to the Reserve Bank a written progress report detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

## **Communications**

8. All communications regarding this Agreement shall be sent to:

(a) Erien O. Terry  
Assistant Vice President  
Federal Reserve Bank of Atlanta  
1000 Peachtree Street, N.E.  
Atlanta, Georgia 30309

(b) Michael Dewey  
Director  
Lineage Financial Network  
Lineage Bank  
3259 Aspen Grove Drive  
Franklin, Tennessee 37067

## **Miscellaneous**

9. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to Lineage FN to comply with any provision of this Agreement.

10. The provisions of this Agreement shall be binding upon Lineage FN and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), in their capacities as such, and their successors and assigns.

11. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

12. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting Lineage FN, the Bank, any nonbank subsidiary of Lineage FN, or any of their current or former institution-affiliated parties and their successors and assigns.

13. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 4<sup>th</sup> day of December, 2024.

LINEAGE FINANCIAL NETWORK, INC.

FEDERAL RESERVE BANK  
OF ATLANTA

By: /s/ Michael Dewey  
Michael Dewey  
Director

By: /s/ Erien O. Terry  
Erien O. Terry  
Assistant Vice President