August 26, 2025

COMPREHENSIVE COMPLIANCE POLICY
TIMBERLAND BANK

It is the policy of Timberland Bank ("Bank") to adhere to all applicable federal and state laws and regulations and to undertake such measures as are necessary to ensure adherence by all departments and personnel.

The principal responsibility for compliance with applicable laws and regulations lies with the Board of Directors and with the manager of each department to which a particular law or regulation applies. In addition, the Bank shall have a Compliance Officer appointed by the Board of Directors, who shall be responsible for directing and monitoring the activities of the individual officers and departments and their compliance functions. Employees' adherence to Bank policies, procedures, applicable laws, and regulations is included in every job description and is considered in the employees' job performance evaluations; failure to comply could result in disciplinary action and/or dismissal.

To maintain legal compliance, the Bank must develop and maintain a sound Compliance Management System that is integrated into the overall framework for product design, delivery, and administration; in other words, the entire product and service lifecycle. Ultimately, compliance must be part of the day-to-day responsibilities of the Bank's management and staff; issues should be self-identified; and corrective action should be initiated by the Bank.

COMPLIANCE PROGRAM OBJECTIVES AND SCOPE

The compliance program of Timberland Bank has the following major objectives:

- To establish compliance with all applicable laws and regulations.
- To establish a self-assessment program that will provide a means independent of the audit function to:
    - Assess the effectiveness of policies, procedures and internal processes in assuring adherence to applicable laws and regulations;
    - Ensure that any violation of law, regulation, policy, or internal process is further evaluated for dimensions of consumer harm by root cause analysis, assessing severity, duration, and pervasiveness;
    - Identify opportunities to eliminate unnecessary procedures or forms or to otherwise facilitate the Bank's operations; and
- To provide for the education of Bank staff regarding what laws and regulations are applicable to each major department within the institution.

The achievement of these objectives will permit Timberland Bank to keep informed of changes in applicable laws and regulations, enhance awareness among the departments of compliance issues, and permit identification of potential compliance issues before they become problems.

A sound compliance program is essential to the efficient and successful operation of the Bank. It is the policy of the Bank to develop, implement and maintain a compliance program that includes the following components:

- Policies and procedures;

- Training systems designed to ensure training is effectively performed and documented;
- Monitoring and Self-Assessment commensurate with the level of risk;
- Reporting to Management and the Board of Directors, as appropriate; and
- Consumer complaint response.

The Banks's compliance program will be dictated by numerous considerations, including:

- The Institution's size, number of branches, and organizational structure;
- Business strategy;
- Types of products;
- Type and extent of third party relationships;
- Location of the Bank—its main office and branches; and
- Other influences, such as whether the Bank is involved in interstate or international banking.

The Bank recognizes that the formality of the compliance program is not as important as its effectiveness. Regardless of the degree of formality, it is the policy of the Bank to manage its compliance programs proactively to ensure continuing compliance. Compliance efforts require an ongoing commitment from all levels of management and must be a part of the Bank's daily business operations.

COMPLIANCE DEPARTMENT FUNCTIONS

The Compliance Department (led by the Compliance Officer) manages the overall compliance process. The Compliance Department's principal functions with respect to compliance are:

- Upon development of any new product or of marketing materials for any new or existing product, to review the product itself and all accompanying materials for compliance with applicable laws and regulations;
- Developing compliance policies and procedures;
- Training management and employees in consumer protection laws and regulations;
- Coordinating responses to consumer complaints;
- Analyze consumer complaints and processes for indicators of consumer harm and, when necessary, conduct testing to ensure appropriate correction action was taken;
- Reporting compliance activities and audit/review findings to the Board;
- Work in coordination with legal counsel and business units, to ensure that all documentation needed for compliance with law and regulation is developed and implemented;
- To advise managers and staff of changes in law and regulation that affect their departments;
- In coordination with legal counsel, to provide advice to staff on compliance-related issues on an as-needed basis;
- To update this policy to reflect new compliance requirements or amendments to existing compliance requirements;
- To report to the President and CEO any material compliance issues on an as-needed basis; and
- During any examination by a bank regulatory agency, to coordinate the examination and to assist in helping the examiners complete the examination.

The Compliance Officer shall have access to all departments and documentation that may be necessary to carry out his or her responsibilities and be able to effect corrective action.

The Compliance Officer will be provided with ongoing training, as well as sufficient time and adequate resources to effectively oversee compliance and to maintain a strong compliance posture. The Compliance Officer may utilize third-party service providers or consultants to assist with compliance related matters, with the proper authorization from Senior Management. Due diligence should be performed to ensure that the provider is qualified.

The Board of Directors has appointed Ian Carey as the Compliance Officer. He is responsible for overseeing the Bank's Compliance Management System and day-to-day operations of the Bank's Compliance Department.

COMPLIANCE COMMITTEE

The Compliance Committee will meet periodically (May and November) to discuss trends of compliance errors found, provide compliance training to key staff, and to develop strategies for improving compliance throughout the Bank. The Committee is comprised of the Compliance Officer and members of Senior Management.

TRAINING

Adequate training of staff on compliance-related issues is vital to the Bank's success. Proper training of personnel will help avoid many costly errors and violations of laws and regulations and allow bank operations to run efficiently.

Each department is responsible for employee training and follow up. Employees receive training via in-house and external training. In-house training is provided through departmental meetings, training memos, and special training sessions. Individuals generally receive written materials and are also informed as to where they can locate materials on the Bank's intranet or more detailed reference materials from external sources. External training is provided through compliance related seminars, classes, and workshops sponsored by banking associations as well as proprietary companies.

Records will be maintained regarding departmental meetings and internal training programs. The topic, date, and those in attendance will be noted and a copy of any handout materials distributed will be retained. External classes and seminars will be documented on seminar attendance forms.

The Bank uses an online training program through BAI. The system allows all employees to use the comprehensive regulatory compliance training and learning management solution and gives the Bank coverage in all major regulations that require training. An additional key feature is the system tracks and monitors employee test scores and overall learning performance. Detailed analysis of employee learning by business unit can be obtained at any time. The learning library is extensive and detailed, with lessons specific to job function. Modules include (but are not limited to): privacy regulations, Bank Secrecy Act (BSA), Customer Information Security, Office of Foreign Asset Control (OFAC), Fair Lending, Community Reinvestment Act, and the Home Mortgage Disclosure Act (HMDA).

COMPLIANCE TESTING PROCESS

Self-Assessments that cover each regulation, as detailed in the Self-Assessment schedule, will be completed periodically, as determined by risk, as detailed below:

- The Compliance Officer will generally distribute each required self-assessment checklist, on a risk-based basis, to each department supervisor that is scheduled to complete a compliance review.
- The results of the assessment will be reported to the Compliance Officer.
- After reviewing the results the Compliance Officer will communicate the final results to Senior Management and the Board of Directors, as appropriate.
- For higher risk areas or areas of concern, the Compliance Officer may complete the self-assessment or perform a full audit.

The operational checklists allow each department to perform an assessment of their degree of compliance with each regulation. The checklists are provided in a format that allows each department to perform this assessment from a management perspective by looking at the operations of the institution.

Timberland Bank's Internal Auditor will also perform tests on various compliance areas and will report to the Audit Committee of the Board of Directors. The Compliance Department will coordinate efforts with the Internal Auditor to avoid duplicate testing. Therefore, some of the self-assessment tests may be completed by the Internal Auditor. See the Bank's Internal Control & Audit Policy for specific information regarding the Bank's internal audit function.

In addition to self-testing procedures and the internal audit function, Timberland Bank has also instituted internal loan file review procedures. A risk-based sample of loan files is reviewed by the Quality Control Department for completeness and adherence to many different lending compliance requirements. Any detected errors or omissions are then corrected.

COMPLIANCE REPORTING

The results of the self-assessment tests and the steps taken to correct any identified deficiencies are to be documented, presented to the Audit Committee or Board of Directors and noted in the official meeting minutes.

In addition, any compliance matters involving actual or suspected criminal activity by an employee of the Bank or involving a possible loss shall be reported directly to the Audit Committee. If the loss exceeds $10,000 the Board of Directors will be notified at its next regular meeting.

COMPLIANCE AUDIT

A compliance audit assists management in ensuring ongoing compliance and identifying compliance risk conditions. It complements the Bank's internal monitoring system. The Compliance Officer shall determine the scope of an audit and the frequency with which audits are conducted. The scope and frequency of an audit should consider such factors as:

- Expertise and experience of various Bank personnel;
- Organization and staffing of the compliance function;

- Volume of transactions;
- Complexity of products offered;
- Number and type of consumer complaints received;
- Number and type of issues identified through self-assessment or previous audits;
- Number and type of branches;
- Acquisition or opening of additional branch(es);
- Size of the Bank;
- Organizational structure of the Bank;
- Outsourcing of functions to third party service providers, including a review of agreements signed or made between the Bank and vendors;
- Degree to which policies and procedures are defined and detailed in writing; and
- Magnitude/frequency of changes to any of the above.

The audit may be performed in-house or may be contracted to an outside firm or individual, such as a consultant or accountant. If such audits are outsourced, the Compliance Officer shall ensure that the auditor is well-versed in compliance and the audit program is based on current law and regulation, as well as sufficiently comprehensive in scope, including transaction testing. Regardless of whether audits are conducted by institution personnel or by a third party, the audit findings should be reported directly to the Audit Committee of the Board of Directors. A written compliance audit report should include:

- Scope of the audit (including departments, branches, product types and third party relationships reviewed);
- Deficiencies or modifications identified;
- Number of transactions sampled by category of product type; and
- Descriptions of, or suggestions for, corrective actions and time frames for correction.

The Board of Directors and Senior Management’s response to the audit report should be prompt. The Compliance Officer should receive a copy of all compliance audit reports and act to address noted deficiencies and required changes to ensure full compliance with consumer protection laws and regulations. Management should also establish follow-up procedures to verify, at a later date, that the corrective actions were lasting and effective.