1. PURPOSE AND CONTENTS

This section outlines the GBFH Regulation W Policy formalized by the GBFH Board of Directors of GBank Financial Holdings Inc. ("GBFH" or "Company"), parent of GBank ("Bank") on **April 29, 2025.**
Topics covered in this policy are:

2. GENERAL

On October 31, 2002, the Federal Reserve Board adopted a new Regulation W which implements sections 23A and 23B effective April 1, 2003. Regulation W and Sections 23A and 23B limit the risks to a bank holding company from transactions between the bank holding company and its affiliates and limit the ability of a bank holding company to transfer to its affiliates the subsidy arising from the bank holding company's access to the Federal safety net. The statue and rule accomplish these purposes by imposing quantitative and qualitative limits on the ability of a bank holding company to extend credit to, or engage in certain other transactions with, an affiliate.

The Gramm-Leach-Bliley Act (GLBA) increased the range of affiliations permitted to banking organizations. Given the enhanced role of sections 23A and 23B in risk management after GLBA, it is essential that examiners and other supervisory staff review intercompany transactions for compliance with the statutes and Regulation W.

Additional information regarding Regulation W can be obtained by accessing the FDIC website at:

https://www.fdic.gov/regulations/laws/rules/7500-1850.html

The Company's corporate officers are required to be aware of Federal Reserve Regulation W in dealing with the bank holding company's affiliated companies. These companies are as follows:

- GBank
- Bank Card Services LLC

3. COVERED TRANSACTION DEFINITION

Pursuant to the Company's adherence to Regulation W and FRB 23A and 23B, a covered transaction shall be defined as follows:

- A loan or extension of credit to an affiliate;
- A purchase of or investment in securities issued by an affiliate;
- Purchase of assets from the affiliate; including an asset subject to recourse or an agreement to repurchase, except such purchases of real and personal property as may be specifically exempted by the Board by order or regulation;
- The acceptance of securities issued by an affiliate as collateral security for extension of credit to any person; or
- Issuance of a guarantee, acceptance, or letter of credit, on behalf of an affiliate.

4. POLICY OF INTER-COMPANY CREDIT TRANSACTIONS

The Company's policy is to comply with the provisions of Sections 23A and 23B of the Federal Reserve Act.

Requirements

- A bank holding company may not enter into covered transactions with any single affiliate exceeding in excess of 10% of bank holding company's capital; and the aggregate of all covered transactions with all affiliates may not exceed 20% of the bank holding company's capital.
- A bank holding company may not purchase low-quality assets from an affiliate (unless a commitment to purchase the asset was made prior to its purchase by the affiliate or as otherwise allowed by regulation).
- All covered transactions must be on the same terms, conditions and credit standards prevailing in the marketplace or that would, in good faith, be made with an independent third party.
- The purchasing or participating affiliate is responsible for insuring that all covered transactions are approved by the normal credit process and are underwritten and documented in accordance with existing credit policies.

Covered Transactions

Covered transactions include the following types of transactions between affiliated banks, a bank and the parent company, or a bank holding company and the subsidiary of an affiliated bank:

- Any loan or extension of credit, including guarantees or letters of credit on behalf of an affiliate;
- Purchase of or an investment in or the pledging as collateral of any security generated by an affiliate.

5. INTERNAL AUDIT

Internal Audit will conduct tests to ensure that all parties comply with this policy and with the requirements of Section 23A and 23B.