

Apple Financial Holdings, Inc. IT Operating Model Standards

September 17, 2021

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STANDARDS NAME: IT Operating Model Standards

REVIEW AND TRACKING CHART

Effective Date:	September 17, 2021
Version Number:	1.0
Review Frequency:	Annual (Every 12 Months)
Designated Management Committee:	Technology Operations Planning Committee (TOPC)
Last Management Review Date:	September 17, 2021
Next Management Review Date:	September 2022
Overarching Policy or Policies:	IT Asset Management Policy
Standards Owner:	Anthony Scarola, IT GRC-CM

I. STANDARDS PURPOSE STATEMENT AND SCOPE

The IT Operating Model Standards (the “Standards”) apply to the implementation, management, monitoring, and compliance with IT Asset Management Policy at Apple Financial Holdings, Inc. (“AFH”), inclusive of Apple Bank for Savings and its subsidiaries (collectively, “ABS,” “Apple,” or the “Bank”) in accordance with applicable state and federal statutes, rules and regulations. **See Appendix A hereto for the full set of Standards.**

All AFH employees and third party resources engaged by the Bank must comply with the terms of these Standards to the degree applicable to them.

II. DEFINITIONS

- **Annual or Annually:** Every twelve (12) months.
- **Business Area Leader or Department Head:** The management level person who is responsible for the business unit that has developed a set of Standards.
- **Control Form:** The form to be submitted to the PPA (defined in this Section) in connection with revised Standards. The Control Form is available on AppleNet.
- **Immaterial Change:** A change that does not alter the substance of the Standards in any way, but rather is a change only to grammar, formatting, template, typos, and the like.
- **Legal Contact:** The attorney from the Legal Department assigned to the group responsible for these Standards. To the extent needed, the Standards Owner may consult with the Legal Contact in reviewing and updating these Standards.
- **Material Change:** A change that alters the substance of the Standards in any way or how it is applied, such as a change to a definition, phrase, vendor name, threshold, or anything beyond an Immaterial Change as defined above.
- **Policies and Procedures Administrator (PPA):** The PPA is a member of Risk Management. The PPA monitors the occurrence and timeliness of scheduled Standards reviews, obtains the updated versions of Standards, and ensures they are uploaded to AppleNet. The PPA will also provide guidance on the PPGP (defined in this Section) to Bank Personnel.
- **Policy, Standards, Procedures, and Manual Index:** An index, maintained by the PPA, which sets out the Policy, Standards, Procedures, or Manual name, Owner, regularly scheduled review dates, Regular Board Review Cycle (to the extent applicable), Designated Management Committee, and Designated Board Committee (to the extent applicable). The index is available on AppleNet.
- **Policy and Procedures Governance Policy (PPGP):** The PPGP establishes a standardized and consistent approach to the creation, review, approval and maintenance of Policies, Standards, Procedures, and Manuals across the Bank.

- **Standards Owner:** The person responsible for managing and tracking a set of Standards. This includes initiating the required Annual review of the relevant Standards and recommending updates to the Standards, to the extent needed. Standards Owners are responsible for providing the approved documents to the PPA (defined in this Section) for upload to AppleNet, as necessary. The Standards Owner will monitor these Standards. Any non-compliance with the Standards will be escalated to the Business Area Leader or Department Head for resolution. If the issue cannot be resolved by the Business Area Leader or Department Head the issue will be escalated to the Designated Management Committee for resolution.

III. REQUIRED ANNUAL REVIEW AND APPROVAL

Standards are required to be reviewed and approved at least Annually by the Designated Management Committee. The Standards Owner is responsible for initiating an Annual review of the Standards. The Standards Owner will track the review date for the Standards and begin the review process early enough to provide ample time for the appropriate review to occur in a timely manner.

Once updated Standards have been approved by the Designated Management Committee, the updated Standards shall go into effect and the Standards Owner shall be responsible for delivering the approved Standards document, together with a Control Form (in the case of revised Standards), to the PPA within seven days of the approval date so that it can be loaded in a timely manner to AppleNet or such other intranet site where Standards are stored and made available to Bank Personnel. The Next Management Review Date shall be adjusted accordingly.

IV. OFF-CYCLE REVIEW AND APPROVAL PROCESS

The Business Area Leader or Department Head that uses these Standards can approve Immaterial Changes and Material Changes that do not change the scope or purpose of the Standards, as necessary, between the required Annual review. Any such changes shall be reported to the Designated Management Committee at the next required Annual review.

V. EXCEPTIONS TO THE STANDARDS

Requests for exceptions to these Standards must be specific and may only be granted on specific items, rather than to entire sections. AFH staff must communicate their exception requests in writing to the Standards Owner, who will then present the request to the Business Area Leader or Department Head that uses the Standards for consideration.

VI. ROLES AND RESPONSIBILITIES

The key roles and responsibilities for these Standards are summarized below:

Bank Personnel: Bank Personnel are responsible for understanding and following relevant, Standards. Bank Personnel participate in the development or updates of Standards that exist within their business unit. When creating or updating Standards, Bank Personnel should follow

the PPGP and utilize the associated Standards template which is available on AppleNet.

Business Area Leader or Department Head: *See Section II – Definitions.*

Designated Management Committee: The Designated Management Committee is responsible for reviewing and approving changes to these Standards as set forth herein on an Annual basis.

PPA: *See Section II – Definitions.*

Senior Management: Members of management and business units are responsible for implementing these Standards, ensuring compliance and understanding of these Standards as well as developing processes for his/her unit, to the extent needed, that align with the requirements of these Standards.

Standards Owner: *See Section II – Definitions.*

Legal Contact: *See Section II – Definitions.*

Internal Audit: The Internal Audit team is responsible for the periodic audit of these Standards. Internal Audit will review the processes and any related gaps will be identified as findings to be monitored and remediated.

VII. RECORD RETENTION

Any records created as a result of these Standards should be held pursuant to the Bank's Record Retention and Disposal Policy. Should records created as a result of these Standards require a different retention period (either a shorter or longer time period), the Standards Owner must describe the rationale for a different retention period and share the rationale with the Business Area Leader or Department Head, who shall in turn document the deviation and supporting rationale in such a way that it can be presented to relevant parties upon request.

VIII. QUESTIONS AND CONTACT INFORMATION

Questions regarding compliance with these Standards may be addressed to the Standards Owner listed in the tracking chart on the first page.

IX. LIST OF REFERENCE DOCUMENTS

- IT Asset Management Policy

X. REVISION HISTORY

Version	Date	Description of Change	Author	Approver
1.0	September 2021	Converted Plan to Standards format and updated models.	A. Scarola	Technology Operations Planning Committee

N/A	August 2020	New document in Plan format.	A. Scarola	Technology Operations Planning Committee

XI. APPENDIX A – MODEL STANDARDS

1. IT Operating/Support Models

Model A

Description: Licensed Third-party Applications Customized and Supported by Apple Bank

In this model, the Bank acquires the licensed application from a 3rd party and manages most functions. Hosting can be performed within the internal data center or externally (Infrastructure-as-a-Service or IaaS). Examples include FIS Miser, MISER-BI (EDW 1.0), and future Disaster Recovery virtual networking and storage within an IaaS environment.

Model B

Description: Licensed Third-party Applications Customized and Supported by the Vendor

In this model, the Bank or hosting provider provides the environmental support, physical infrastructure, physical security, logical device management to include operating system patching, job scheduling and batch processing, depending on the data center location - internal, IaaS or Platform-as-a-Service (PaaS). In external Application Service Provider (ASP) and Software-as-a-Service (SaaS) hosting environments, the hosting provider supports these aspects. The application vendor supports the application to include change management, maintenance updates/patches and end-user support, while the Bank provides user access administration. In all cases, the Bank is the data custodian and is responsible for business continuity planning (BCP) and disaster recovery (DR) provisioning; however, these elements might be shared when hosted externally. Internal examples include BAM+ and WirePro, and Vendors Abrigo and Centurion. External IaaS/ASP examples include RingCentral, ServiceNow, Cisco VoIP, and future VMware VCDR to host DR Guest Applications. And, external ASP or SaaS examples include FIS IBS, FIS ImageCenter, Q2, McCracken, RemoteLender, Verafin, DMI Mortgage, Axiom; Google Workspace (G Suite); and future: IBM Blueworks Live, and FOS (printing / mailing / statements).

Model G

Description: Bank-developed Applications

In this model, the Bank develops the application, hosts and fully supports it. Note that hosting may be at a Bank-owned data center or IaaS (future). When hosted externally, the hosting provider is responsible for environmental and physical management aspects, as well as sharing in the responsibility of managing uptime and asset management. Examples include EDW 2.0 (future), AppleNet Intranet, Report Development, and IT scripting.

XII. APPENDIX B – MODELS AT A GLANCE

1. Responsibility Matrix – As Related to the Application

	A1	A2	B1	B2	B3	G1	G2
Description	Appl. Customized and Supported by Bank		Applications Customized and Supported by the Vendor			Bank-developed Applications	
Hosting Model	Internal Data Center	External (Cloud IaaS)	Internal Data Center	External (IaaS, PaaS)	External (ASP, SaaS)	Internal Data Center	External (Cloud IaaS) <i>Future</i>
Data Custodian	Bank						
App Uptime (SLA), DR Testing	Bank	Bank & Provider	Bank	Bank & Provider	Hosting Provider	Bank	Bank & Provider
Application Programming, Development	Developer					Bank	
Application Security	Bank		Application Developer & Provider			Bank	
Change Mgmt., Maintenance Updates/Patches, End-user Support			Application Vendor				
User Access Administration	Bank						
Data Interfaces to Other Systems	Bank			Bank or Provider	Hosting Provider	Bank	
Examples	FIS Miser, MISER-BI (EDW 1.0)	Future: Disaster Recovery (Virtual networking, storage)	BAM+, WirePro; and vendors Abrigo, Centurion	RingCentral, ServiceNow, Cisco VoIP, and future: VMware VCDR for DR Guest Apps	FIS IBS, FIS ImageCenter, Q2, McCracken, Remote Lender, Verafin, DMI Mortgage, Axiom; and Google Workspace; and future: IBM Blueworks, FOS	EDW 2.0 (future), AppleNet Intranet, Report Development, IT Scripting	

2. Responsibility Matrix – As Related to the Operation / Infrastructure

	A1	A2	B1	B2	B3	G1	G2
Description	Appl. Customized and Supported by Bank		Applications Customized and Supported by the Vendor			Bank-developed Applications	
Hosting Model	Internal Data Center	External (Cloud IaaS)	Internal Data Center	External (IaaS, PaaS)	External (ASP, SaaS)	Internal Data Center	External (Cloud IaaS) <i>Future</i>
Data Custodian	Bank						
Environmental Controls, Physical Infrastructure & Uptime, Physical Security	Bank	Hosting Provider	Bank	Hosting Provider		Bank	Hosting Provider
Logical Security, Logical Server Mgmt., OS Patching, Logical Network, Job Scheduling /Batch Processing	Bank			Bank or Provider (Depends on Application)	Hosting Provider	Bank	
Operational Support				Bank and Vendor			
Backup				Hosting Provider			
Business Continuity Planning & DR Provisioning	Bank	Bank and Hosting Provider	Bank	Bank and Hosting Provider			
Asset Management							
Examples	FIS Miser, MISER-BI (EDW 1.0)	Future: Disaster Recovery (Virtual networking, storage)	BAM+, WirePro; and vendors Abrigo, Centurion	RingCentral, ServiceNow, Cisco VoIP, and future: VMware VCDR for DR Guest Apps	FIS IBS, FIS ImageCenter, Q2, McCracken, Remote Lender, Verafin, DMI Mortgage, Axiom; and Google Workspace; and future: IBM Blueworks, FOS	EDW 2.0 (future), AppleNet Intranet, Report Development, IT Scripting	