

GOVERNANCE DOCUMENT

L'OR Analytics

Artificial Intelligence Governance & Controls

L'OR Financial Analytical Systems

EFFECTIVE DATE

August 2026

Table of Contents

Purpose	3
Figure 1 — Governance Architecture & Overview	4
1. AI Use Within L'OR Analytics	5
2. Data Integrity, Deterministic Controls & Reproducibility	5
3. AI Output Validation & Quality Control	6
4. Human Oversight	6
5. Data Privacy, Security & Non-Persistence	6
6. Risk-Based AI Governance	7
7. Third-Party AI Services	7
8. Regulatory Framework	8
9. Change Management for AI Services	8
10. Ongoing Governance	8

Purpose

L'OR Analytics incorporates artificial intelligence within a controlled analytical and reporting environment designed for financial institutions. This document describes the governance principles, controls, validation processes, and oversight applied to AI functionality within L'OR Analytics.

FOUNDATIONAL PRINCIPLE

AI assists analysis — it does not replace authoritative regulatory data, deterministic calculations, established validation controls, or the professional judgment of the financial institution.

L'OR Analytics supports financial analysis and management reporting. It is not designed to make lending, underwriting, deposit, pricing, adverse-action, BSA/AML, or other customer-level eligibility decisions.

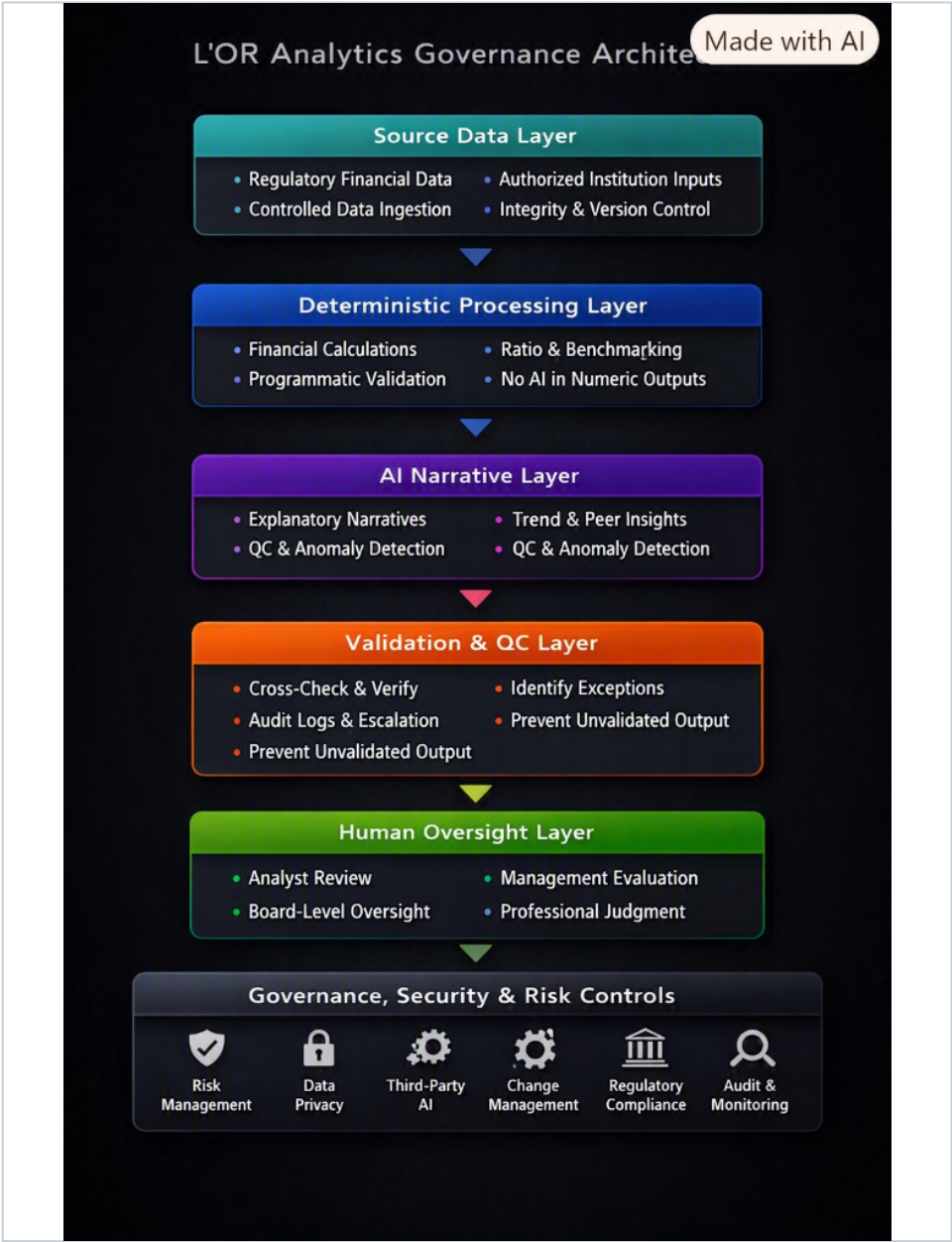


FIGURE 1 L'OR Analytics Governance Architecture.

Governance Overview

The L'OR Analytics control environment is organized in five operational layers — Source Data, Deterministic Processing, AI Narrative, Validation & QC, and Human Oversight — supported by six cross-cutting governance functions: Risk Management, Data Privacy, Third-Party AI, Change

1. AI Use Within L'OR Analytics

Artificial intelligence may be used to assist with:

- Generating explanatory financial narratives from structured financial data;
- Identifying noteworthy trends, variances, peer comparisons, and relationships;
- Reviewing completed report packages for potential inconsistencies;
- Supporting quality-control processes.

AI-generated content is treated as analytical output, not as authoritative financial data.

Source financial information and calculated metrics remain distinct from AI-generated narrative content.

AI processing is limited to publicly available regulatory financial information (e.g., Call Reports, NCUA 5300s, peer-group data) and institution-authorized analytical inputs.

Customer-level data is not used, transmitted, or processed by AI systems.

2. Data Integrity, Deterministic Controls & Reproducibility

L'OR Analytics uses deterministic processes wherever practical for calculations, data validation, report construction, and quality control.

Financial ratios, balances, reporting periods, and peer metrics are derived from identified source data and programmatic calculations.

AI is not used to generate numeric financial results.

Automated controls identify inconsistencies between source information, calculated results, and generated reports.

Outputs failing validation may be blocked from normal delivery workflows.

Deterministic processing ensures reproducibility: identical inputs produce identical calculated results across reporting cycles.

This separation between source data, deterministic processing, AI-assisted analysis, and validation is central to the L'OR Analytics control environment.

3. AI Output Validation & Quality Control

AI systems may produce incomplete, inaccurate, or unsupported statements.

L'OR Analytics therefore does not assume AI-generated content is correct merely because it was produced by an AI model.

Multiple layers of quality control are applied:

- Validation against underlying financial data;
- Deterministic consistency and reasonableness checks;
- Detection of conflicting statements or metrics;
- Automated report-package auditing;
- Secondary review of analytical content;
- Exception identification and logging;
- Prevention or escalation of outputs that fail validation.

Controls reduce the likelihood that unsupported AI-generated statements appear in completed analytical packages.

4. Human Oversight

L'OR Analytics is a decision-support and analytical reporting system.

Reports and narratives assist directors, management, analysts, and other qualified users in evaluating financial performance. They do not replace professional judgment or an institution's policies, internal controls, regulatory responsibilities, or governance processes.

Institutions retain responsibility for decisions made using information presented by L'OR Analytics.

5. Data Privacy, Security & Non-Persistence

AI functionality is designed with data minimization and privacy in mind:

- AI processing is limited to public regulatory financial data and authorized analytical inputs;
- Customer-level data is not used or transmitted;
- Confidential information is not provided to AI systems;

- Access controls protect credentials and system resources;
- Interactions with third-party AI services are controlled and monitored;
- AI-related artifacts are retained only as necessary for validation, audit, or operational purposes.

The use of AI does not reduce the security, confidentiality, or privacy controls applicable to the L'OR Analytics environment.

6. Risk-Based AI Governance

Controls are applied according to the nature and potential impact of the AI function.

AI used to describe established financial results presents a different risk profile from AI used for customer-level decisioning.

Governance and validation controls are proportionate to:

- the function performed,
- the information involved,
- and the consequences of erroneous output.

AI capabilities are reviewed as technology, models, regulatory expectations, and industry practices evolve.

7. Third-Party AI Services

Where third-party AI technology or services are incorporated, they are evaluated within L'OR's broader technology-risk and vendor-risk frameworks.

Considerations include:

- Purpose and scope of the service;
- Information transmitted (limited to public regulatory data);
- Security and privacy safeguards;
- Reliability and operational availability;
- Model or service changes;
- Contractual protections;
- Business continuity;
- Availability of alternative processes.

L'OR Financial Analytical Systems remains responsible for controls surrounding its integration and use of third-party AI services.

8. Regulatory Framework

L'OR Analytics monitors regulatory developments concerning artificial intelligence and third-party technology used by financial institutions.

Federal banking regulators apply risk-based principles to technology and third-party relationships.

Interagency guidance emphasizes that risk-management practices should reflect the nature, complexity, and risk of the relationship.

In April 2026, the OCC, Federal Reserve, and FDIC revised Model Risk Management guidance. The agencies recognized the rapidly evolving nature of generative and agentic AI and excluded those technologies from the scope of that particular guidance, while indicating that additional consideration of AI-related model risk is expected.

The NCUA has stated that it has not established AI-specific regulations for credit unions. Existing technology-neutral requirements continue to apply, including safety and soundness, compliance, internal controls, monitoring, and third-party due diligence.

L'OR Analytics incorporates these principles into its governance and control framework.

9. Change Management for AI Services

AI-enabled functionality is subject to structured change-management processes:

- Monitoring for model or service updates;
- Evaluation of changes for potential impact;
- Testing and validation before deployment;
- Documentation of changes;
- Escalation of identified risks.

This ensures continuity, stability, and controlled evolution of AI capabilities.

10. Ongoing Governance

Artificial intelligence technology and regulatory expectations continue to evolve rapidly.

L'OR Financial Analytical Systems periodically evaluates:

- AI-enabled functionality,
- associated controls,
- third-party services,
- validation processes,
- and relevant regulatory guidance.

Controls may be modified as necessary in response to changes in technology, identified risks, regulatory expectations, customer requirements, or L'OR Analytics functionality.

L'OR Financial Analytical Systems — Effective August 2026.