

AGREEMENT BY AND BETWEEN
Central Federal Savings & Loan Association
Cicero, Illinois
and
The Comptroller of the Currency

Central Federal Savings & Loan Association, Cicero, Illinois (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors and other customers of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has found unsafe and unsound banking practices and violations of regulations relating to credit administration and internal controls at the Bank.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the definition of “Troubled condition” at 12 C.F.R. § 163.555. See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) Unless otherwise informed in writing by the Comptroller, all programs, reviews, or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller
Chicago Field Office – Downers Grove
2001 Butterfield Road, Suite 400
Downers Grove, Illinois 60515-1075

ARTICLE II

INTERNAL AUDIT

(1) Within one hundred twenty (120) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program covering all areas of the Bank, sufficient to:

- (a) detect irregularities and weak practices in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules and regulations;
- (c) assess and report the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;
- (d) evaluate the Bank's adherence to established policies and procedures, with particular emphasis directed to the Bank's adherence to its loan policies concerning underwriting standards and problem loan identification and classification; and
- (e) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

(2) As part of this audit program, the Board shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

(3) The Board shall ensure that the audit function is supported by an adequately staffed department or outside firm, with respect to both the experience level and number of the individuals employed.

(4) The Board shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program described above shall report directly to the Board, which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party, including any individual who is a director. The audit program shall be consistent with the guidance set forth in the “Interagency Policy Statement on the Internal Audit Function and Its Outsourcing” (OCC Bulletin 2003-12).

(5) All audit reports shall be in writing. The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(6) The audit staff shall have access to any records necessary for the proper conduct of its activities. The OCC shall have access to all reports and work papers of the audit staff and any other parties working on its behalf.

(7) Upon adoption by the Board, a copy of the internal audit program shall be promptly submitted to the Assistant Deputy Comptroller.

ARTICLE III

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses (“ALLL”) in accordance with U.S. generally accepted accounting principles (“GAAP”). The ALLL policies and procedures shall be consistent with the guidance set forth in

the Federal Financial Institutions Examination Council’s “Interagency Policy Statement on the Allowance for Loan and Lease Losses” (OCC Bulletin 2006-47) (“Interagency Statement”) and shall at a minimum include:

- (a) procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with GAAP (including FASB ASC 310-10, *Receivables - Overall - Subsequent Measurement – Impairment*);
- (b) procedures for segmenting the loan portfolio and estimating loss on groups of loans that are consistent with GAAP (including FASB ASC 450-20, *Loss Contingencies*). These procedures shall require the Bank to document its estimation of credit losses and its analysis of the nine qualitative factors set forth in the Interagency Statement;
- (c) procedures for validating the ALLL methodology; and
- (d) a process for summarizing and documenting, for the Board’s prior review and approval, the amount to be reported in the Consolidated Reports of Condition and Income (“Call Reports”) for the ALLL.

(2) Within sixty (60) days the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures to ensure that all official and regulatory reports filed by the Bank accurately reflect an adequate ALLL balance as of the date that such reports are submitted.

ARTICLE IV

OTHER REAL ESTATE OWNED

(1) Within forty-five (45) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a policy to ensure that Other Real Estate Owned (“OREO”) is managed in accordance with 12 C.F.R. Section 160.172 and the definition of “Equity Investments in Real Property” at 12 C.F.R. Section 167.1. The policy shall address:

- (a) responsibility and authority for OREO properties;
- (b) proper accounting procedures for OREO properties from transfer to the Bank and until and upon sale to a third party;
- (c) procedures to require timely appraisals pursuant to 12 C.F.R. § 160.172 and 12 C.F.R. Part 164;
- (d) written action plans for each parcel of OREO that at a minimum:
 - (i) contain an analysis of each OREO property which compares the cost to carry against the financial benefits of near term sale;
 - (ii) detail the marketing strategies for each parcel;
 - (iii) identify targeted time frames for disposing each parcel of OREO;
 - (iv) establish targeted write-downs at periodic intervals if marketing strategies are unsuccessful; and
- (e) reports to the Board on the status of OREO properties on at least a quarterly basis.

(2) Upon adoption, the Board shall submit a copy of the policy to the Assistant Deputy Comptroller. The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

ARTICLE V

INTERNAL LOAN REVIEW

(1) The Board shall within sixty (60) days employ or designate a sufficiently experienced and qualified person(s) or firm to ensure the timely identification of loans that are adversely rated or have high-risk borrowers whose operating performance departs significantly from planned cash flows, asset sales, collateral values, or other important targets (problem loans) to ensure problem loans are reviewed regularly for risk rating accuracy, accrual status, recognition of impairment through specific allocations, and charge-offs.

(2) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure an effective, on-going plan to review, at least quarterly, the Bank's loan portfolios to assure the timely identification and categorization of problem loans (internal loan review plan). The plan shall provide for a written report to be filed with the Board after each review and shall use a loan grading system consistent with the guidelines set forth in "Rating Credit Risk" and "Allowance for Loan and Lease Losses" booklets of the Comptroller's Handbook. Such reports shall include, at a minimum, conclusions regarding:

- (a) the overall quality of the loan portfolios;
- (b) the identification, type, rating, and amount of problem loans;
- (c) the identification and amount of delinquent loans;
- (d) credit and collateral documentation exceptions;
- (e) the identification and status of credit related violations of law, rule or regulation;

- (f) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (b) through (e) of this Article;
- (g) concentrations of credit;
- (h) loans and leases to executive officers and directors of the Bank (and their related interests); and
- (i) loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies.

(3) Upon adoption by the Board, a copy of the internal loan review plan shall be promptly submitted to the Assistant Deputy Comptroller.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

(5) The Board shall evaluate the internal loan and lease review report(s) and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report(s).

(6) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem loans, shall be preserved in the Bank.

ARTICLE VI

CREDIT RISK RATING AND NONACCRUAL RECOGNITION

(1) Within sixty (60) days, the Board shall develop and adopt a written program to ensure that the risk associated with the Bank's loans and other assets is properly reflected and accounted for on the Bank's books and records and the Bank does not improperly recognize income. At a minimum, the Bank's written program shall:

- (a) use a risk grading system that is consistent with and reconcilable to the “Uniform Agreement on the Classification of Assets and Appraisal of Securities Held By Banks and Thrifts” (OCC Bulletin 2004-25) and the “Uniform Retail Credit Classification and Account Management Policy” (OCC Bulletin 2000-20), where applicable;
 - (b) be consistent with the guidelines set forth in the “Rating Credit Risk” Booklet of the Comptroller’s Handbook, and revise as necessary to ensure compliance with any applicable successor regulation or guidance related to credit risk rating as specified by the Comptroller;
 - (c) incorporate a process to ensure risk ratings are assigned on a timely basis and are accurate based on receipt and analysis of current and satisfactory financial and collateral information;
 - (d) incorporate a process to ensure the Bank’s loans and other assets are timely placed on nonaccrual where appropriate in accordance with the Instructions for Consolidated Reports of Income and Condition (“Call Report Instructions”);
 - (e) require that appropriate analysis and documentation is maintained in the credit files to support the current and previous risk rating and accrual determination for each credit relationship; and
 - (f) incorporate management information systems that periodically provide feedback to the Board about the effectiveness of the program from senior management.
- (2) Upon adoption, a copy of the written program adopted pursuant to this Article

shall be promptly forwarded to the Assistant Deputy Comptroller. The Board shall implement and thereafter ensure adherence to the policies and procedures developed pursuant to this Article.

ARTICLE VII

CREDIT & COLLATERAL EXCEPTIONS

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to ensure the Bank obtains and analyzes updated credit, financial, and collateral information as necessary to monitor the Bank's credit risk, properly account for loans, and assign accurate risk-ratings in a timely manner. At a minimum, with respect to all loans, leases, or other extensions of credit not subject to the "Interagency Uniform Retail Credit Classification and Account Management Policy" (OCC Bulletin 2000-20), the program shall require the Bank to obtain and analyze current and satisfactory credit information, financial information, maintain proper collateral documentation, and, where necessary, substantiate the current value of collateral, on an ongoing basis as needed to effectuate the purposes of the program listed above. The Board shall provide a copy of the written program adopted pursuant to this Article to the Assistant Deputy Comptroller promptly upon adoption.

(2) If despite prudent efforts the Board and management are unable to obtain the credit information or collateral documentation required by Paragraph (1) of this Article, it shall not constitute a violation of this Article so long as the Bank's ongoing efforts to obtain the information are documented and recorded in the respective credit file.

ARTICLE VIII

INFORMATION TECHNOLOGY

(1) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure adherence to a comprehensive, written information security program to ensure the safety and soundness of its operations and to support the Bank's efforts to conform with the Interagency

Guidelines Establishing Information Security Standards set forth in 12 C.F.R. Part 170, Appendix B. The Bank's information security program shall include administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of customer information. The information security program shall be consistent with the security process described in the "Information Security" booklet of the FFIEC Information Technology Examination Handbook. At a minimum, the information security program shall include:

- (a) a corporate-wide assessment of the risks to its customer information or customer information systems and a written report evidencing such assessment. The assessment shall include:
 - (i) the identification of reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of customer information or customer information systems;
 - (ii) an assessment of the likelihood and potential damage of these threats, taking into consideration the sensitivity of customer information; and
 - (iii) an assessment of the sufficiency of policies, procedures, customer information systems, and other arrangements in place to control risks;
- (b) a process to monitor and control the identified risks, commensurate with the sensitivity of the information as well as the complexity and scope of bank activities; and
- (c) a test plan that provides for regular testing of key controls, systems and procedures of the Bank's information security program. The frequency

and nature of such tests shall be determined by the risk assessment. Such tests shall be conducted or reviewed by independent third parties or staff independent of those who develop or maintain the information security program.

(2) Within ninety (90) days, the Board shall develop and implement a formal enterprise-wide business continuity process that complies with the requirements set forth in the “Business Continuity Planning” booklet of the FFIEC Information Technology Examination Handbook. At a minimum, the business continuity process shall include:

- (a) a business impact analysis that includes:
 - (i) the identification of the potential impact of uncontrolled, non-specific events on the institution’s business processes and its customers; and
 - (ii) an estimation of the maximum allowable downtime and acceptable levels of data, operations, and financial losses.
- (b) a risk assessment process that includes:
 - (i) the prioritization of potential business disruptions based upon severity and likelihood of occurrence;
 - (ii) a gap analysis comparing the institution’s existing business resumption plans, if any, to what is necessary to achieve recovery time and point objectives; and
 - (iii) an analysis of threats based upon the impact on the institution, its customers, and the financial markets, not just the nature of the threat.

- (c) a risk management process that includes the development of a written, enterprise-wide business continuity plan (BCP); and
- (d) a risk monitoring process that includes:
 - (i) testing of the BCP on at least an annual basis;
 - (ii) independent audit and review of the BCP; and
 - (iii) updating the BCP based upon changes to personnel and the internal and external environments; and
 - (iv) a written report to be filed with the Board after each annual test of the BCP.

(3) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure adherence to a written program to oversee and manage risks associated with outsourcing technology services to third party servicers, including technology service providers and vendors. This third party management program shall be consistent with OCC Bulletin 2001-47, “Third Party Relationships,” and OCC Advisory Letter 2000-12, “Risk Management of Outsourcing Technology Services.”

ARTICLE IX

BANK SECRECY ACT COMPLIANCE FUNCTION

- (1) Within sixty (60) days, the Board shall revise, implement, and thereafter ensure Bank adherence with policies and procedures to correct weaknesses in the Bank’s Bank Secrecy Act and Anti-Money Laundering (“BSA/AML”) programs described in the June 30, 2011 Report of Examination.
- (2) Upon adoption, a copy of the Bank’s revised BSA/AML policies and procedures shall be promptly submitted to the Assistant Deputy Comptroller.

ARTICLE X

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/

Mark A. Zeihen
Assistant Deputy Comptroller
Chicago Field Office – Downers Grove

8/30/12

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/

Charles J. Bednar

August 27, 2012

Date

/s/

William C. Gerberich

August 27, 2012

Date

/s/

Joseph J. Kirasich

August 27, 2012

Date

/s/

Gary R. Nation

August 27, 2012

Date

/s/

Anne B. Svec

August 27, 2012

Date