

AGREEMENT BY AND BETWEEN

Loomis Federal Savings & Loan Association
Chicago, Illinois
and
The Comptroller of the Currency

Loomis Federal Savings & Loan Association, Chicago, 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 related to the Bank’s audit program, strategic planning, information security, business continuity planning, and third party risk management.

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 meaning of 12 C.F.R. § 5.51(c)(7)(ii). 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) This Agreement shall cause the Bank to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(7), unless otherwise informed in writing by the Comptroller. In addition, this Agreement shall cause the Bank not to be designated as an “eligible savings association” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

ARTICLE II

PROGRESS REPORTING

(1) The Board shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement.

(2) Within thirty (30) days from the end of each calendar quarter after the effective date of this Agreement, the Board shall submit a written progress report to the Assistant Deputy Comptroller setting forth in detail:

- (a) A description of the actions needed to achieve compliance with each Article of this Agreement;
- (b) Actions taken to comply with each Article of this Agreement; and
- (c) The results and status of those actions.

ARTICLE III

AUDIT OVERSIGHT

(1) Within ninety (90) days from the date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection a revised internal audit program that is consistent with the standards in the “Internal and External Audit” booklet of the *Comptroller’s Handbook*.

(2) The Board shall ensure that the audit program is independent. All audits conducted by outside parties shall be engaged by, reviewed, and approved by the Bank’s Audit Committee. All reports prepared by auditors shall be filed directly with the Audit Committee and not through any intervening party.

(3) As part of the audit program, the Board shall ensure management develops a comprehensive risk assessment of all auditable areas of the Bank to ensure the scope, coverage, and frequency of audits are risk-based according to the Bank’s product lines, services, and operations, including consumer compliance and information technology. Risk ratings shall be appropriately supported with consideration given to inherent risk and compensating internal controls. The Bank shall incorporate the risk assessment into its three-year audit schedule.

(4) The Board shall ensure that the Bank’s audit tracking system provides documented independent verification of corrective action taken by the Bank to remedy deficiencies brought to the Bank’s attention, and shall include:

- (a) all negative findings and recommendations from final audit and regulatory reports;
- (b) a risk/priority rating for each finding;
- (c) the person(s) responsible for corrective action;

- (d) expected completion dates that are reasonable and commensurate with the risk associated with the finding or recommendation, as well as actual completion dates;
- (e) a description of the steps taken to address each corrective action; and
- (f) the date audit verified the corrective action.
- (g) No less than quarterly, the Board or Audit Committee must review the Bank's audit tracking system to ensure that corrective actions are completed in a timely manner. The logs shall be submitted to the Assistant Deputy Comptroller as part of the quarterly Progress Reports required by Article II of this Agreement.

ARTICLE IV

STRATEGIC PLANNING

(1) Within one-hundred-twenty (120) days from the date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection a written, revised strategic plan covering at least the next three year period. The revised strategic plan shall establish objectives and projections for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, and capital and liquidity adequacy, together with strategies and timeframes to achieve those objectives and, at a minimum, include:

- (a) a statement of both short- and long-term strategic goals and objectives for the Bank;

- (b) detailed strategies designed to improve and sustain earnings based upon an assessment of the Bank's present and future operating environment;
- (c) an assessment of the Bank's present and future product lines (assets and liabilities) that will be utilized to accomplish the strategic goals and objectives established in Paragraph (1)(a) of this Article;
- (d) an evaluation of the Bank's staffing requirements, internal operations, information technology systems, and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives established in Paragraph (1)(a) of this Article;
- (e) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the Strategic Plan;
- (f) identified responsibilities, accountability, and timeframes for the strategic planning process, new products, growth goals, or proposed changes in the Bank's operating environment; and
- (g) systems to monitor the Bank's progress in meeting the Strategic Plan's goals, objectives, and timeframes.

(2) Immediately upon receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the revised Strategic Plan, the Board shall adopt, implement, and thereafter ensure adherence to the Strategic Plan.

(3) The Board shall monitor and review the Bank's actual results against the projections of the Strategic Plan on at least a quarterly basis, or more frequently if warranted under the

circumstances or directed in writing to do so by the Assistant Deputy Comptroller, and provide for appropriate and specific adjustments.

(4) The Board shall review and update the Strategic Plan at least annually, or more frequently if warranted under the circumstances or directed in writing to do so by the Assistant Deputy Comptroller, and provide for appropriate and specific adjustments.

(5) Any revisions to the Strategic Plan shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall adopt the revised Strategic Plan and thereafter ensure Bank adherence to the revised Strategic Plan.

ARTICLE V

INFORMATION SECURITY

(1) The Board shall ensure the Information Security Officer (“ISO”) is qualified and provide the name and detailed qualifications of the ISO to the Assistant Deputy Comptroller within thirty (30) days from the date of this Agreement.

(2) The Board shall ensure that the ISO has adequate resources and training to effectively implement and manage the Bank’s information security program in accordance with all relevant information security laws, regulations, and guidance, including but not limited to 12 C.F.R. Part 30, Appendix B, Safeguarding Customer Information.

(3) Within ninety (90) days from the date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection a revised comprehensive, written information security program to ensure the safety and

soundness of its operations and to support the Bank's efforts to comply with 12 C.F.R. Part 30, Appendix B, Safeguarding Customer Information. The information security program shall include administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of customer information, be consistent with the guidance in 12 C.F.R. Part 30, Appendix B and the security process described in the "Information Security" booklet of the *Federal Financial Institutions Examinations Council's IT Examination Handbook*, and address the corrective actions described in the Matters Requiring Attention section of the Bank's Report of Examination dated as of September 30, 2016, related to information technology.

(4) Within thirty (30) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the revised program required by paragraph (3) of this Article, the Board shall adopt, implement, and thereafter ensure adherence to the revised program.

ARTICLE VI

BUSINESS CONTINUITY PLANNING

(1) Within one-hundred-twenty (120) days from the date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection a revised formal enterprise-wide business continuity program, based on the Bank's specific structure, products, and services, that complies with the requirements set forth in the "Business Continuity Planning" booklet of the *Federal Financial Institutions Examinations Council's IT Examination Handbook* and 12 C.F.R. Part 30, Appendix B. At a minimum, the revised program must adequately address the corrective actions described in the Matters Requiring Attention section of the Report of Examination dated as of September 30, 2016 related to business continuity planning.

(2) Within thirty (30) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the program required by paragraph (1) of this Article, the Board shall promptly adopt, implement, and thereafter ensure Bank adherence to the revised program.

ARTICLE VII

THIRD PARTY RISK MANAGEMENT

(1) Within ninety (90) days from the date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection a revised third party management program that meets the standards outlined in Appendix B of 12 C.F.R. 30, the "Information Security," "Management," and "Outsourcing Technology Services" booklets of the *Federal Financial Institutions Examinations Council's IT Examination Handbooks*, and OCC Bulletin 2013-29, *Third-Party Relationships: Risk Management Guidance*. The Bank's program shall, at a minimum, include:

- (a) delegation of oversight responsibility for proper implementation of the Bank's vendor management program to appropriate management personnel;
- (b) ongoing Board review and monitoring of the program;
- (c) a third party risk rating methodology that includes
 - (i) categories and descriptions of different levels of risk;
 - (ii) identification of and definitions for risk assessment factors to be used in assigning a risk rating to third parties, as well as guidance on how to apply the factors to third party relationships;

- (d) a list of all third party service providers utilized by the Bank, including but not limited to any vendor with potential access to or impact on customer information or customer services;
- (e) policies and procedures which define vendor review frequency and develop a schedule therefrom, which ensure management reviews vendors according to the established schedule, and which ensures any exceptions to the vendor schedule be defined and tracked;
- (f) policies and procedures to ensure that management conducts and documents proper due diligence, including a risk assessment, prior to signing a contract with any third party; and
- (g) policies and procedures to ensure that management conducts and documents ongoing monitoring of existing third party relationships.

(2) Within thirty (30) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the revised program required by paragraph (1) of this Article, the Board shall adopt, implement, and thereafter ensure adherence to the revised program.

ARTICLE VIII

VIOLATIONS OF LAW

(1) The Board shall require and Bank management shall promptly take all necessary steps to correct each violation of law, rule, or regulation cited in the most recent Report of Examination or any subsequent ROE, or brought to the Bank's attention in writing by regulators, auditors, loan review, or other compliance efforts. The quarterly progress reports required by Article II of this Agreement shall include the date and manner in which each violation was

corrected during the reporting period, or describe the actions still required to correct the violation and the timeframe for doing so.

(2) Within ninety (90) days of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the most recent Report of Examination and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporates internal control systems and training of employees regarding laws, rules, and regulations applicable to their duties.

(3) Within sixty (60) days of receipt of any subsequent ROE or other written notification by another regulator, auditor, loan review, or other compliance review citing violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future similar violations and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporates internal control systems and training of employees regarding laws, rules, and regulations applicable to their duties.

ARTICLE IX

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) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to:

Assistant Deputy Comptroller
Chicago-Downers Grove Field Office
2001 Butterfield Rad, Suite 400
Downers Grove, IL 60515

(3) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him 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.

(4) 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.

(5) 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, through his authorized representative.

(6) Each citation in this Agreement to a law, regulation, or other regulatory guidance includes any subsequent law, regulation, or guidance that replaces, supersedes, amends, or revises the cited law, regulation, or guidance.

(7) 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) ensure that the Bank has the processes, personnel, and control systems in place to ensure implementation of and adherence to the Agreement;

- (b) 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;
- (c) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (d) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (e) require corrective action be taken in a timely manner of any non-compliance with such actions.

(8) 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/

6/16/2017

Nathan E. Perry
Assistant Deputy Comptroller
Chicago-Downers Grove Field Office

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/

6/16/2017

Louis Baker

Date

/s/

6/16/2017

James Kwiatt

Date

/s/

6/16/2017

Gregory Matecki

Date

/s/

6/16/2017

David Opas

Date

/s/

6/16/2017

Francine Opas

Date

/s/

6/16/2017

Dennis Pietranduono

Date