AGREEMENT BY AND BETWEEN
United Trust Bank
Palos Heights, Illinois
and
The Office of the Comptroller of the Currency

AA-EC-2019-89

United Trust Bank, Palos Heights, Illinois (Bank) and the Office of the Comptroller of the Currency (OCC) wish to assure the safety and soundness of the Bank and its compliance with laws and regulations.

The Comptroller of the Currency (Comptroller) has found unsafe or unsound practices, including those relating to earnings, liquidity risk management, credit administration, information technology, and consumer compliance.

Therefore, the OCC, through the duly authorized representative of the Comptroller, and the Bank, through its duly elected and acting Board of Directors (Board), hereby agree that the Bank shall operate at all times in compliance with the articles of this Formal Agreement (Agreement).

ARTICLE I

JURISDICTION

(1) The Bank is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a "Federal savings association" within the meaning of 12 U.S.C. § 1813(q)(1)(C), and is chartered and examined by the OCC. *See* 12 U.S.C. §§ 1461 *et seq.*, 5412(b)(2)(B).

(3) The OCC is the "appropriate Federal banking agency" as that term is defined in 12 U.S.C. § 1813(q).

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within ten (10) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) members of which a majority shall be directors who are not employees, officers, or controlling shareholders of the Bank or any of its subsidiaries or affiliates (as the term "affiliate" is defined in 12 U.S.C. 371c(b)(1) and 12 C.F.R. § 223.2, as modified by 12 C.F.R. § 223.72), or a family member of any such person. The Board shall submit in writing the names of the members of the Compliance Committee to the Director for Special Supervision (Director) within ten (10) days of their appointment. In the event of a change in membership, the Board shall submit in writing the name of any new or resigning committee member to the Director within ten (10) days. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings. The Compliance Committee shall be responsible for monitoring and coordinating the Bank's compliance with the provisions of this Agreement.

(2) By January 31, 2020, and within thirty (30) days after the end of each quarter, or within such other period as the Director requires in writing, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

(a) a description of the corrective actions needed to achieve compliance with each Article of this Agreement;

(b) specific corrective actions undertaken to comply with each Article of this Agreement; and

(c) the results and status of those corrective actions.

(3) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Director within ten (10) days of receiving the report.

ARTICLE III

STRATEGIC PLAN

(1) Within one-hundred and twenty (120) days of the date of this Agreement, the Board shall prepare and forward to the Director, pursuant to paragraph (3) of this Article, a revised written Strategic Plan for the Bank, covering at least a three-year period. The Strategic Plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital and liquidity adequacy, product line development and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives, and shall, at a minimum, include:

(a) a mission statement that forms the framework for the establishment of strategic goals and objectives;

(b) the strategic goals and objectives to be accomplished, including key financial indicators and risk tolerances;

(c) an assessment of the Bank's strengths, weaknesses, opportunities and threats that impact its strategic goals and objectives;

(d) a risk profile that evaluates credit, interest rate, liquidity, price, operational, compliance, strategic and reputation risks in relationship to capital, earnings, and the Bank's current and projected financial condition and ability to withstand periods of stress;

(e) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems, policies, and procedures for their adequacy and contribution to the accomplishment of the strategic goals and objectives developed under paragraph (1)(b) of this Article;

(f) a management employment and succession plan designed to promote adequate staffing and continuity of capable management;

(g) a realistic and comprehensive annual budget that corresponds to the Strategic Plan's goals and objectives;

(h) an action plan to improve and sustain the Bank's earnings and accomplish identified strategic goals and objectives;

(i) 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;

(j) a detailed description and assessment of major capital expenditures required to achieve the goals and objectives of the Strategic Plan;

(k) an identification and prioritization of initiatives and opportunities, including timeframes that comply with the requirements of this Agreement

(l) a description of the Bank's target market(s) and competitive factors in its identified target market(s), and a description of controls systems to mitigate risks in the Bank's target market(s);

(m) an identification and assessment of the present and planned product lines and services on or off-balance sheet and the identification of appropriate risk management systems to identify, measure, monitor, and control risks within the product lines and services;

(n) concentration limits commensurate with the Bank's strategic goals and objectives and risk profile;

(o) assigned roles, responsibilities, and accountability for the strategic planning process; and

(p) a description of systems and metrics designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives.

(2) If the Strategic Plan under paragraph (1) of this Article includes a proposed sale or merger of the Bank, the Strategic Plan shall, at a minimum, address the steps that shall be taken and the associated timeline to effect the implementation of that alternative.

(3) Prior to adoption by the Board, a copy of the Strategic Plan, and any subsequent amendments, revisions, or updates, shall be submitted to the Director for review and prior written determination of no supervisory objection. At the next Board meeting following receipt of the Director's written determination of no supervisory objection, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Strategic Plan and any amendments or revisions thereto.

(4) Until the Strategic Plan required under this Article has been submitted by the Bank for the Director's review, has received a written determination of no supervisory objection from the Director and has been adopted by the Board, the Bank shall not significantly deviate from the products, services, asset composition and size, funding sources, structure, operations, policies, procedures, and markets of the Bank that existed immediately before the effective date of this Agreement without first obtaining the Director's prior written determination of no supervisory objection to such significant deviation.

(5) The Bank may not initiate any action that significantly deviates from a Strategic Plan (that has received written determination of no supervisory objection from the Director and has been adopted by the Board) without a prior written determination of no supervisory objection

from the Director.

(6) Any request by the Bank for prior written determination of no supervisory objection to a significant deviation described in paragraphs (4) or (5) of this Article shall be submitted in writing to the Director at least thirty (30) days in advance of the proposed significant deviation. Such written request by the Bank shall include an assessment of the effects of such proposed change on the Bank's condition and risk profile, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the proposed change.

(7) For the purposes of this Article, changes that may constitute a significant deviation include, but are not limited to, a change in the Bank's marketing strategies, products and services, marketing partners, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing, accounting processes and practices, or funding strategy, any of which, alone or in aggregate, may have a material effect on the Bank's operations or financial performance; or any other changes in personnel, operations, or external factors that may have a material impact on the Bank's operations or financial performance.

(8) At least monthly, the Board shall review financial reports and earnings analyses to evaluate the Bank's performance against goals and objectives established in the Strategic Plan, as well as the Bank's written explanation of significant differences between the actual and projected balance sheet, income statement, and expense accounts. This review shall include a description of the actions the Board will require the Bank to take to address any deficiencies.

(9) At least quarterly, a written evaluation of the Bank's performance against the

Strategic Plan shall be prepared by Bank management and submitted to the Board. Within ten (10) days after submission of the evaluation, the Board shall review the evaluation and determine the corrective actions the Board will require Bank management to take to address any identified shortcomings. The Board's review of the evaluation and discussion of any required corrective actions to address any identified shortcomings shall be documented in the Board's meeting minutes. The Board shall submit a copy of the written evaluation to the Director within ten (10) days of completion of its quarterly written review, as well as a detailed description of the corrective actions the Board will require the Bank to take to address any identified shortcomings.

(10) The Board shall review and update the Strategic Plan, including after expiration of the three-year period referenced in paragraph one (1) of this Article, at least annually (no later than January 31st each year) and more frequently if necessary or if required by the Director in writing.

ARTICLE IV

CAPITAL PLAN

(1) Within one-hundred and twenty (120) days of the date of this Agreement, the Board shall develop and implement an effective internal capital planning process to assess the Bank's capital adequacy in relation to its overall risks. The capital planning process shall be consistent with safe and sound practices and ensure the integrity, objectivity, and consistency of the process through adequate governance. Refer to the "Capital and Dividends" booklet of the *Comptroller's Handbook*. The Board shall document the initial capital planning process and thereafter review and document the capital planning process at least annually or more frequently if requested by the Director in writing.

(2) Within one-hundred and twenty (120) days of the date of this Agreement, the

Board shall submit to the Director for review and prior written determination of no supervisory objection, a revised written Capital Plan (Capital Plan) for the Bank consistent with the Strategic Plan required by Article III, covering at least a three-year period. The Capital Plan shall at a minimum:

(a) identify and evaluate all material risks;

(b) determine the Bank's capital needs in relation to material risks and strategic direction;

(c) include quarterly detailed financial projections of the sources and timing of additional capital to meet the Bank's current and future needs;

(d) identify the primary sources from which the Bank will strengthen its capital structure to meet the Bank's needs; and

(e) identify and establish a strategy to strengthen capital if necessary and establish a contingency plan that identifies alternative capital sources should the primary sources identified under paragraph (2)(d) of this Article be unavailable.

(3) The Bank may declare or pay a dividend or other capital distribution only:

(a) when the Bank is in compliance with its approved Capital Plan and regulatory requirements, and would remain in compliance with its approved Capital Plan and regulatory capital requirements immediately following the declaration or payment of any dividend or capital distribution; and

(b) if the Bank is in compliance with 12 C.F.R. § 5.55, including submission of any filing and receipt of any approval by the OCC, as required therein;

and

(c) following the prior written determination of no supervisory objection by the Director.

(4) Immediately upon receipt of the Director's written determination of no supervisory objection to the Capital Plan, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Capital Plan and any amendments or revisions thereto.

(5) At least monthly, the Board shall review financial reports and earnings analyses that evaluate the Bank's performance against the goals and objectives established in the Capital Plan, as well as the Bank's written explanation of significant differences between the actual and projected balance sheet, income statement, and expense accounts, including descriptions of extraordinary and/or nonrecurring items. This review shall include a description of the actions the Board will require the Bank to take to address any deficiencies.

(6) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Capital Plan, which shall include a description of the actions the Board will require the Bank to take to address any deficiencies. The Board's monthly reviews and preparation of the quarterly written evaluations shall be documented in the Board meeting minutes. The Board shall retain a copy of these monthly reviews and Board meeting minutes and shall forward a copy of these quarterly written evaluations and Board meeting minutes to the Director within ten (10) days of completion of its quarterly written evaluations.

ARTICLE V

LIQUIDITY RISK MANAGEMENT

(1) Within ninety (90) days of the date of this Agreement, the Board or designated committee thereof, shall develop, adopt, and ensure adherence to a comprehensive liquidity risk management program (Liquidity Policy), which includes assessing, on an ongoing basis, the Bank's current and projected funding needs and ensuring that sufficient funds or access to funds exist to meet those needs and is appropriate in light of the Bank's risk profile, Strategic Plan, and Capital Plan, and is consistent with the "Liquidity" booklet of the *Comptroller's Handbook*.

(2) Within sixty (60) days of the date of this Agreement, the Board shall review, revise, and thereafter ensure adherence to a safe and sound Contingency Funding Plan (CFP) that is reasonable and effective in ensuring that the Bank will continue to operate with adequate liquidity in the event of extraordinary demands against its funding base. Refer to the "Liquidity" booklet of the *Comptroller's Handbook* for guidance. The CFP shall include at a minimum:

(a) a description of specific stress scenarios, quantified projected effects of the stress scenarios on cash flows, and specific action plans in each scenario;

(b) management's best estimate of balance sheet changes that may result from each of the stress scenarios and corresponding action plans;

(c) specific terms or events that trigger enactment of the plan;

(d) necessary management information systems and reporting criteria;

(e) management responsibilities and specific actions for enacting the plan;

(f) prioritization of all sources of funding for the various scenarios including asset, liability, and off-balance sheet funding; and

(g) testing all liquidity sources at least annually.

(3) At least annually, the Board shall revise the Bank's Liquidity Policy to ensure it is consistent with the Strategic Plan and Capital Plan.

ARTICLE VI

CREDIT ADMINISTRATION

(1) Within ninety (90) days of the date of this Agreement, the Board shall revise and thereafter ensure the Bank's implementation and adherence to a written credit administration program designed to improve the Bank's loan portfolio management and ensure the Bank obtains and analyzes credit and collateral information sufficient to identify, monitor, and report the Bank's credit risk, properly account for loans, and assign accurate risk ratings in a timely manner.

(2) The credit administration program shall be consistent with safe and sound banking practices and include but not be limited to, the following minimum requirements:

(a) qualified analytical and support personnel to perform accurate and reliable credit analysis based on satisfactory financial information;

(b) resources and expertise to implement sustained credit underwriting practices that ensure loan terms and structures are appropriate for the nature of the credit;

(c) procedures to address weak retail loan underwriting practices and ensure conformance with internal policy loan underwriting parameters and approval requirements;

(d) procedures to ensure satisfactory and perfected collateral documentation;

(e) procedures to ensure updated appraisals and collateral valuations are obtained when necessary to support the Bank's collateral position;

(f) procedures to ensure conformance with loan approval requirements;

(g) procedures to ensure annual credit review, including timely receipt and review (both initially and on an ongoing basis) of borrower financial statements (including operating statements for business and collateral properties) documentation;

(h) procedures to reliably identify, monitor, and track all exceptions and efforts to mitigate or cure exceptions, including but not limited to financial exceptions, collateral exceptions, policy exceptions, loan documentation and underwriting exceptions, and to verify that exceptions are approved and mitigated. The number of exceptions and aggregate dollar value of all exceptions shall be reported to the Board on a quarterly basis. The Board shall establish aggregate exception level limits. The Bank shall consider each loan officer's exceptions in conducting periodic performance reviews and compensation decisions;

(i) specific assignment of responsibility and accountability over the credit administration process to ensure the program developed pursuant to this Article is effectively implemented;

(j) a review of the experience level of lending staff by the Board and management to ensure employees have the requisite knowledge to perform their duties, and must implement a plan to hire additional staff and/or provide training where staffing or knowledge gaps exist;

(k) a comprehensive internal credit risk rating program to ensure risk ratings assigned by responsible loan officers and independent loan review are timely, accurate, and consistent with the regulatory classifications of credit criteria. The program shall be consistent with safe and sound banking practices.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the credit administration program and policy developed pursuant to this Article.

ARTICLE VII

INFORMATION TECHNOLOGY

(l) Within ninety (90) days of the date of this Agreement, the Board and management shall develop, and management shall implement and adhere to a comprehensive, written information technology (IT) risk assessment and IT governance strategy to strengthen the Bank's IT systems, to ensure the safety and soundness of its operations, and to correct deficient practices identified in any supervisory or regulatory communications, and audit reports.

(2) The IT risk assessment methodology must focus on the identification of risks for the overall IT infrastructure and information systems used by the Bank, either in-house or outsourced, to ensure it is effective, and has qualified personnel and appropriate controls in place.

(3) The IT governance strategy must at a minimum consider:

(a) the Bank's IT infrastructure and systems, including an assessment of the sufficiency of policies, procedures, customer information systems, and internal controls to mitigate risks;

(b) a process to monitor and control identified risks, commensurate with the sensitivity of the information and complexity of Bank activities;

(c) current and future information processing requirements;

(d) establishing a formal IT planning process that aligns IT with the Bank's strategic growth plans;

(e) developing, maintaining, and annually reviewing a comprehensive inventory of Bank devices and software licenses to ensure the capacity and resiliency of the IT architecture to support current operations and planned business initiatives;

(f) the cost of in-house or third-party processing options;

(g) availability of new and enhanced technologies;

(h) review, revision, and Board approval of all IT policies annually, which policies shall include controls for ensuring information security and processing reliability, assignment of responsibilities, and training; and

(i) establishing a comprehensive IT audit plan that:

i. includes, but is not limited to, the business continuity program, the information security program, third party risk management, compliance with all Bank policies and procedures, regulations, and industry standards for all of the Bank's operations; and

ii. provides for an annual audit at minimum.

ARTICLE VIII

CONSUMER COMPLIANCE PROGRAM

(1) Within ninety (90) days of this Agreement, the Board shall adopt, implement, and thereafter ensure adherence to a written consumer compliance program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules, and regulations. This program shall include at a minimum:

(a) a written description of the duties and responsibilities of the individual individual(s) responsible for the oversight and management of the compliance management program;

(b) adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;

(c) the preparation of a policies and procedures manual covering all consumer protection laws, rules, and regulations for use by appropriate Bank personnel in the performance of their duties and responsibilities and specifically tailored to your deposit and lending practices;

(d) timely updates of the written policies and procedures manual to ensure it remains current;

(e) a formalized risk assessment process and annual audit plan to use in determining the frequency and scope of ongoing compliance monitoring and audit;

(f) an independent audit program to adequately test for compliance with consumer protection laws, rules and regulations;

(g) procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel;

(h) the education and training of all appropriate Bank personnel in the requirements of all applicable federal and state consumer protection laws, rules and regulations;

(i) procedures for the dissemination of changes in laws, rules, regulations and OCC policy changes to affected Bank personnel; and

(j) periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.

ARTICLE IX

GENERAL BOARD RESPONSIBILITIES

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Agreement and shall verify that the Bank adheres to the corrective actions and they are effective in addressing the Bank's deficiencies that resulted in this Agreement.

(2) In each instance in which this Agreement imposes responsibilities upon the Board, it is intended to mean that the Board shall:

(a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Agreement;

(b) ensure that the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Agreement;

(c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Agreement;

(d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Agreement;

(e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Agreement; and

(f) address any noncompliance with corrective actions in a timely and appropriate manner.

ARTICLE X

CLOSING

(1) This Agreement is intended to be, and shall be construed to be, a "written agreement" within the meaning of 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer, employee, or agent of the OCC. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818, and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any

officer, employee, or agent of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

(2) This Agreement is effective upon its issuance by the OCC, through the Comptroller's duly authorized representative. Except as otherwise expressly provided herein, all references to "days" in this Agreement shall mean calendar days and the computation of any period of time imposed by this Agreement shall not include the date of the act or event that commences the period of time. The provisions of this Agreement shall remain effective and enforceable except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative.

(3) If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Agreement, or within any plan or program submitted pursuant to this Agreement, the Board or a Board-designee shall submit a written request to the Director asking for relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the relevant provision(s) of the Agreement or plan or program submitted pursuant to this Agreement, and shall be accompanied by relevant supporting documentation. The OCC's decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

(4) The Bank will not be deemed to be in compliance with this Agreement until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Agreement; the corrective actions are effective in addressing the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of the

corrective actions requires sufficient passage of time to demonstrate the sustained effectiveness of the corrective actions.

(5) Each citation, guidance, or issuance referenced in this Agreement includes any subsequent citation, guidance, or issuance that replaces, supersedes, amends, or revises the referenced cited citation, guidance, or issuance.

(6) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to enter into this Agreement.

(7) All reports, plans, or programs submitted to the OCC pursuant to this Agreement shall be forwarded via email to the OCC.

(8) 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 as his duly authorized representative, has hereunto set her signature on behalf of the Comptroller.

/s/	12/18/2019
Julie A. Thieman Director for Special Supervision	Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of United Trust Bank, Palos Heights, Illinois have hereunto set their signatures on behalf of the Bank.

/s/	12/18/2019
Charles K. Wagner, Jr.	Date
/s/	12-18-2019
George Habeeb	Date
/s/	12-18-2019
Neil Haleem	Date
/s/	12/18/2019
James Hallberg	Date
/s/	12/18/2019
Alan Hambourger	Date
/s/	12/18/2019
John Hyland	Date
/s/	12-18-2019
Daniel J. McLaughlin	Date