

AGREEMENT BY AND BETWEEN
North Side Federal Savings and Loan Association of Chicago
Chicago, Illinois
and
The Office of the Comptroller of the Currency

AA-CE-2023-22

North Side Federal Savings and Loan Association of Chicago, Chicago, 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 practice(s), including those relating to Board and management oversight, earnings, IT management, sensitivity to market risk, and consumer compliance, and violation of law, rule, or regulation, including those relating to the Truth in Lending Act and the Flood Disaster Protection Act;

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 following:

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 thirty (30) 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 or officers of the Bank or any of its subsidiaries or affiliates. The Board shall submit in writing to the Assistant Deputy Comptroller (“ADC”) the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of the membership, the Board shall submit in writing to the ADC within ten (10) days the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank’s compliance with the provisions of this Agreement. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings.

(2) By January 30, 2024, and thereafter within thirty (30) days after the end of each quarter, 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) the specific corrective actions undertaken to comply with each Article of this Agreement; and
- (c) the results and status of the corrective actions.

(3) Upon receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Assistant Deputy Comptroller (“ADC”) within ten (10) days of the first Board meeting following the Board’s receipt of such report.

ARTICLE III

CAPITAL AND STRATEGIC PLAN

(1) Bank management, subject to Board review and ongoing monitoring, shall continue to implement and ensure adherence to the Bank's written Capital and Strategic Plan.

(2) The Bank may not initiate any action that significantly deviates from the Bank's Capital and Strategic Plan, or a future written Capital and Strategic Plan adopted in compliance with paragraph (6) of this Article, without a prior written determination of no supervisory objection from the ADC for the proposed significant deviation.

(3) Any request by the Bank for a prior written determination of no supervisory objection to a significant deviation described in this Article shall be submitted in writing to the ADC at least thirty (30) days in advance of the proposed significant deviation. Such request shall include an assessment of the effects of the proposed change on the Bank's condition and risk profile, including a profitability analysis and an evaluation 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.

(4) 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, services, marketing partners, underwriting practices or standards, credit administration, account management, collection strategies or operations, fee structure or pricing, accounting processes or practices, or funding strategy, any of which, alone or in the 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 effect on the Bank's operations or financial performance.

(5) At least quarterly, Bank management shall prepare and submit to the Board a written evaluation of the Bank's performance against the Bank's written Capital and Strategic Plan, or a future, written Capital and Strategic Plan that has received a written determination of no supervisory objection from the ADC. The evaluation shall include financial reports and earnings analyses that evaluate the Bank's performance against the goals and objectives established in the written Capital and Strategic Plan, as well as management's written explanation of significant differences between the actual and projected balance sheet, off balance sheet items, income statement, and expense accounts, including descriptions of extraordinary and/or nonrecurring items. 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. At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Bank's Capital and Strategic Plan, or a future, written Capital and Strategic Plan that has received a written determination of no supervisory objection from the ADC, 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's meeting minutes. The Board shall retain a copy of these quarterly reviews and Board meeting minutes and shall forward a copy of these quarterly written evaluations and Board meeting minutes to the ADC within ten (10) days of completion of its quarterly written evaluations.

(6) If the Bank fails to implement or adhere to a Capital and Strategic Plan to which the ADC has taken no supervisory objection, then in the sole discretion of the ADC, the Bank shall, upon written direction of the ADC, within thirty (30) days develop and submit to the ADC for review and prior written determination of no supervisory objection, a Disposition Plan that

shall detail the Board's proposal to sell or merge the Bank, or implement a voluntary liquidation plan in accordance with 12 C.F.R. § 5.48.

(7) In the event that the Disposition Plan submitted by the Bank's Board outlines a sale or merger of the Bank, the Disposition Plan shall, at a minimum, address the steps that will be taken and the associated timeline to ensure that a definitive agreement for the sale or merger is executed not later than sixty (60) days after receipt of the ADC's written determination of no supervisory objection to the Disposition Plan.

(8) If the Disposition Plan outlines a voluntary liquidation of the Bank, the Disposition Plan shall detail the actions and steps necessary to accomplish the liquidation in conformance with 12 C.F.R. § 5.48, and the dates by which each step of the liquidation shall be completed, including the date by which the Bank will terminate its charter. In the event of liquidation, the Bank shall hold a member vote, pursuant to 12 C.F.R. § 5.48, and commence liquidation within sixty (60) days of receiving the ADC's written determination of no supervisory objection to the Disposition Plan.

(9) The Board shall review and update the written Capital and Strategic Plan no later than January 31st every year and more frequently if necessary or if required by the ADC in writing. As part of this annual review, the Board shall ensure that the Bank has executive officers willing and able to perform present and anticipated duties, factoring in each executive officer's performance, experience, and qualifications as compared to their position description, duties and responsibilities, with particular emphasis on their actual and proposed responsibilities to execute the Capital and Strategic Plan, implement the IT Control Program required by Article IV of this Agreement, implement the Internal Audit Program required by Article V of this Agreement, implement the Consumer Compliance Program required by Article VI of this Agreement, and

implement the Third-Party Risk Management Program required by Article VII of this Agreement. Any updates, amendments, or revisions shall be submitted to the ADC for prior written determination of no supervisory objection. At the next Board meeting following receipt of the ADC's written determination of no supervisory objection, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the revised written Capital and Strategic Plan and any amendments or revisions thereto.

(10) The Bank's 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 appropriate, or if required by the ADC in writing.

ARTICLE IV

INFORMATION TECHNOLOGY CONTROLS & SECURITY

(1) Within ninety (90) days of the date of this Agreement, the Bank shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable, written program to effectively assess and manage the Bank's information technology ("IT") activities ("IT Control Program"). Refer to Federal Financial Institutions Examination Council, IT Handbook, for related safe and sound principles. Although the Bank may outsource some or all of its IT functions, outsourcing does not change the Board's responsibility to ensure effective IT controls.

(2) The IT Control Program shall be commensurate with the level of risk and

complexity of the Bank's IT activities and shall, at a minimum, address the following:

- (a) an effective IT risk governance program that establishes the roles, responsibilities, and accountability of the Board of Directors and management; refer to the "Management" booklet of the FFIEC IT Examination Handbook;
- (b) appropriate system security controls including documenting an inventory of information system assets including hardware, software, information and connections; classify the information system assets based on risk; implement user access and authentication controls based on the principle of least privilege, including proper segregation of duties; implement an incident identification and assessment process; and, implement an incident response program; refer to the "Information Security" booklet of the FFIEC IT Examination Handbook and OCC Bulletin 2005-13 "Response Programs for Unauthorized Access to Customer Information and Customer Notice – Final Guidance;"
- (c) a written, Board-approved, enterprise-wide business continuity management and resiliency process that includes a business impact analysis that assesses and prioritizes potential threat and disruption scenarios, including cyber events, based upon their impact on operations and probability of occurrence; periodic enterprise-wide tests; independent assessment of the tests; and, updating the plan regularly as needed; refer to the "Business Continuity Planning" and "Information Security" booklets of the FFIEC IT Examination Handbook; and
- (d) an IT assurance and testing program that is risk-based, written, and well-documented; identifies and addresses the areas of greatest IT and information security risk exposure; promotes sound IT and information security controls;

evaluates the adequacy of planning, oversight, operating processes, internal controls, and compliance efforts; includes self-assessments, independent penetration tests, vulnerability assessments and audits in the assurance testing program; and promptly detects, reports, and tracks significant risks and deficiencies and corrective actions; refer to the “Audit” and “Information Security” booklets of the FFIEC IT Examination Handbook.

(3) Upon receipt of the ADC’s written determination of no supervisory objection to the IT Control Program or to any subsequent amendment to the IT Control Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter adhere to the IT Control Program. The Board shall review the effectiveness of the IT Control Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the IT Control Program as needed or as directed by the OCC. Any amendment to the IT Control Program must be submitted to ADC for review and prior written determination of no supervisory objection.

(4) Bank management, subject to Board review and ongoing monitoring, shall continue to implement and ensure adherence to the Bank’s written Information Security Program.

(5) Upon receipt of the ADC’s written determination of no supervisory objection to any subsequent amendment to the Information Security Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter adhere to the Information Security Program.

(6) The Board shall review the effectiveness of the Information Security Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Information Security Program as needed or as directed by the OCC. Any amendment to the

Information Security Program must be submitted to the ADC for review and prior written determination of no supervisory objection.

ARTICLE V

INTERNAL AUDIT

(1) Within ninety (90) days of the date of this Agreement, the Bank shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable, comprehensive, written independent internal audit program that adequately assesses controls and operations to allow the Board and management to understand the sufficiency of the Bank's internal controls system ("Internal Audit Program").

(2) Management shall ensure the Internal Audit Program complies with the standards for internal audit systems set forth in Section II.B of the Interagency Guidelines Establishing Standards for Safety and Soundness, Appendix A to 12 C.F.R. Part 30. Refer to the "Internal and External Audits" booklet of the Comptroller's Handbook for related safe and sound principles. The Internal Audit Program shall incorporate standards of safety and soundness that are commensurate with the Bank's size, complexity, scope of activities, and risk profile and shall, at a minimum:

- (a) Provide an objective, independent review and evaluation of bank activities, internal controls, and management information systems;
- (b) require the development of an annual risk assessment of the Bank's auditable areas, with annual documented Board approval of the risk assessment;
- (c) require the development of an internal audit plan that is risk-based and provides adequate audit scope, coverage, and frequency for all areas of the Bank, with annual

- documented Board approval of the internal audit plan and Board notification of any material variances from the plan;
- (d) address the use of third-parties to complete any internal audit activities, including documented Board approval of selection and termination of third-parties; refer to OCC Bulletin 2023-17, “Third-Party Relationships: Interagency Guidance on Risk Management,” for related safe and sound principles;
 - (e) evaluate the reliability, adequacy, and effectiveness of the Bank’s internal control system, whether owned by the Bank or a third party;
 - (f) evaluate whether the Bank’s internal controls system results in prompt and accurate recording of transactions and proper safeguarding of assets;
 - (g) determine whether the Bank complies with laws and regulations and adheres to its established policies, procedures, and processes;
 - (h) require all internal audits to be supported through adequate transaction testing, which includes documenting the transaction testing methodology, sample size, the accounts and names selected for testing, the documents reviewed as part of the testing, and the results of transaction testing;
 - (i) require management to take appropriate and timely steps to address control deficiencies and audit report recommendations and report its validated progress to the Board on at least a quarterly basis and require the Board to make a documented determination of whether the actions taken by management are satisfactory;
 - (j) require all internal audit reports to be in writing and distributed directly, not through any intervening party, to the Board in a timely manner after audit completion; and

- (k) require audit work papers and documentation that provides a meaningful audit trail and validation for audit findings, conclusions, and recommendations.
- (3) The Board shall provide effective oversight of the Internal Audit Program, including:
 - (a) verifying that management has adequately staffed the internal audit function, using internal resources and/or third parties, with respect to both the number of auditors required and their knowledge, skills, and experience;
 - (b) verifying the internal audit function is independent and objective. The person responsible for implementing the Internal Audit Program shall functionally report directly to the Board, which shall direct his or her activities, set compensation, and evaluate performance;
 - (c) verifying management's actions to address material weaknesses in a timely manner and, where appropriate, directing management to take additional action; and
 - (d) verifying management satisfies all statutory, regulatory, and supervisory requirements.
- (4) The internal 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 internal audit staff and any third parties providing internal audit services.
- (5) Upon receipt of the ADC's written determination of no supervisory objection to the Internal Audit Program or to any subsequent amendment to the Internal Audit Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Internal Audit Program. The Board shall review the effectiveness of the Internal Audit Program at least annually, and more frequently

if necessary or if required by the OCC in writing, and amend the Internal Audit Program as needed or directed by the OCC. Any amendment to the Internal Audit Program must be submitted to the ADC for review and prior written determination of no supervisory objection.

ARTICLE VI

CONSUMER COMPLIANCE PROGRAM

(1) Within one-hundred-fifty (150) days of the date of this Agreement, the Bank shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable written Consumer Compliance Program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules, and regulations.

(2) The Consumer Compliance Program shall include, at a minimum:

- (a) a written description of the duties and responsibilities of the individual(s) responsible for the oversight and management of the Consumer Compliance 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.

(3) Within 30 days following receipt of the ADC's written determination of no supervisory objection to the Consumer Compliance Program or to any subsequent amendment to the Consumer Compliance Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Consumer Compliance Program. The Board shall review the effectiveness of the Consumer Compliance Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Consumer Compliance Program as needed or directed by the OCC. Any amendment to the Consumer Compliance Program must be submitted to the ADC for review and prior written determination of no supervisory objection.

ARTICLE VII

THIRD-PARTY RISK MANAGEMENT

(1) Within one-hundred-fifty (150) days of the date of this Agreement, the Bank shall submit to the ADC for review and prior written determination of no supervisory objection an acceptable written program to effectively assess and manage the risks posed by third-party relationships (“Third-Party Risk Management Program”). Refer to OCC Bulletin 2013-29, “Third-Party Relationships” for related safe and sound principles. The Third-Party Risk Management Program shall be commensurate with the level of risk and complexity of the Bank’s third-party relationships and shall, at a minimum, address the following:

- (a) plans that outline the Bank’s strategy for third-party relationships, identify the inherent risks of the activities performed by the third parties, and detail how the Bank selects, assesses, and oversees third parties;
- (b) proper due diligence in selecting third parties;
- (c) written contracts that outline the rights and responsibilities of all parties including data confidentiality and information security practices and expectations [for vendors with access to customer information];
- (d) ongoing monitoring of third-party activities and performance;
- (e) contingency plans for terminating third-party relationships in an effective manner;
- (f) clear roles and responsibilities for overseeing and managing third-party relationships and risk management;
- (g) documentation and reporting that facilitates Board and management oversight, accountability, monitoring, and risk management associated with third-party relationships; and

(h) independent reviews that allow Bank management to assess whether the Bank's risk management process aligns with its strategy and effectively manages risks associated with third-party relationships.

(2) Within 30 days following receipt of the ADC's written determination of no supervisory objection to the Third-Party Risk Management Program or any subsequent amendment to the Third-Party Risk Management Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Third-Party Risk Management Program. The Board shall review the effectiveness of the Third-Party Risk Management Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Third-Party Risk Management Program as needed or directed by the OCC. Any amendment to the Third-Party Risk Management Program must be submitted to the ADC for review and prior written determination of no supervisory objection.

ARTICLE VIII

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 IX

OTHER PROVISIONS

- (1) As a result of this Agreement, pursuant to 12 C.F.R. § 5.51(c)(7)(ii), the Bank is in “troubled condition,” and is not an “eligible savings association” for purposes of 12 C.F.R. § 5.3, unless otherwise informed in writing by the OCC.
- (2) This Agreement supersedes all prior OCC communications issued pursuant to

12 C.F.R. §§ 5.3, 5.51(c)(7)(ii).

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(b)(1), 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.

(3) 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. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Agreement, the Board or a Board-designee shall submit a written request to the ADC asking for the desired relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that warrant the desired relief or prevent the Bank from complying with the relevant provision(s) of the 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, issuance, or guidance referenced in this Agreement includes any subsequent citation, issuance, or guidance that replaces, supersedes, amends, or revises the referenced cited citation, issuance, or guidance.

(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 ADC.

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 his signature on behalf of the Comptroller.

/s/

Allyn R. Adams, Jr.
Assistant Deputy Comptroller

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of North Side Federal Savings and Loan Association of Chicago have hereunto set their signatures on behalf of the Bank.

/s/

John Bennett

11-16-2023
Date

/s/

George Cios

11/16/23
Date

/s/

Robert Harrer

11/16/2023
Date

/s/

Walter Hartfelder

11-16-2023
Date

/s/

Erich Hartfelder

/s/

Erica Yuen

11/16/2023

Date

11.16.2023

Date