

Hunter Jesse N  
 Form 4  
 December 20, 2017

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Hunter Jesse N

2. Issuer Name and Ticker or Trading Symbol  
 CENTENE CORP [CNC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
 12/19/2017

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)

7700 FORSYTH BOULEVARD

EVP & Chief Strategy Officer

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

ST. LOUIS, MO 63105

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	12/19/2017		S	(A) or (D) V Amount 10,000 (1)	\$ 98.73	237,104 (2)	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Pr Deri Secur (Inst
Common Stock Option (right to buy)	\$ 8.42			Code V (A) (D)		Date Exercisable: 04/28/2013 Expiration Date: 04/28/2018	Common Stock	Amount or Number of Shares: 8,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Hunter Jesse N 7700 FORSYTH BOULEVARD ST. LOUIS, MO 63105			EVP & Chief Strategy Officer	

## Signatures

/s/ Keith H. Williamson (executed by attorney-in-fact) 12/20/2017

\_\_Signature of Reporting Person
Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This sale is pursuant to a 10b5-1 Trading Plan that was established on October 31, 2017. The weighted average price for this transaction is reported within the form. Full information regarding the number of shares at each price is available upon request.
- (2) Ownership includes 78,001 shares of restricted stock units subject to vesting requirements.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

Net income	4,084	4,084
Unrealized (loss) on securities available-for-sale arising during the period, net of tax of \$(919)	(1,815)	(1,815)
Less: Reclassifications adjustment for gains included in net income, net of tax of \$52	131	131
		(1,684)

Comprehensive income					
	2,400				
Purchase of 178,865 shares of treasury stock	(4,817)	(4,817)			
Stock issued in acquisition (59,638 shares)	697	960	1,657		
Issuance of restricted stock	(35)	35			
Forfeit of restricted stock	19	(19)			
Amortization of restricted stock awards	209	209			
APIC					
Stock Options	348	348			
Balance, December 31, 2005	\$42	\$30,460	\$47,403	\$(1,657)	\$(33,145)
					\$43,103

See Accompanying Notes to Consolidated Financial Statements.

F-60

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS, as restated for SFAS 123R**  
**Years Ended December 31, 2005, 2004 and 2003**

	2005	2004	2003
	(In thousands)		
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 4,084	\$ 4,626	\$ 1,035
Adjustments to reconcile net income to net cash from operating activities:			
Provision for loan losses	651	1,200	4,122
Depreciation	2,054	1,722	1,293
Amortization of investments, net	195	103	179
Amortization of intangibles	276	229	147
Amortization of restricted stock	209	225	
Deferred income taxes	1,278	1,191	367
Origination of loans held for sale	(28,751)	(31,008)	(56,224)
Proceeds from sales of loans held for sale	26,444	51,651	57,623
Net gain on sales of loans held for sale	(603)	(886)	(1,271)
Net gain on sales of securities	(183)	(85)	(8)
Stock options expense	348	356	512
Net (gain) loss on sales of real estate held for sale	23	(104)	(253)
Gain on sale of branch			(478)
Increase in cash surrender value of life insurance contracts	(355)	(358)	(403)
Federal Home Loan Bank stock dividend	(209)	(213)	(229)
Changes in:			
Accrued interest receivable	(569)	86	559
Other assets and liabilities, net	1,056	1,584	(2,760)
Net cash provided by operating activities	5,948	30,319	4,211
<b>Cash Flow from Investing Activities</b>			
Purchases of available for sale securities	(21,332)	(88,785)	(37,784)
Proceeds from sales of available for sale securities	13,698	5,943	96
Proceeds from maturities of available for sale securities	11,207	52,148	47,226
Proceeds from maturities of held-to-maturity securities		242	201
Proceeds from maturities of certificates of deposit	99	199	
Proceeds from sales of real estate held for sale	2,581	648	678
Proceeds from sales of office properties and equipment	15		
Cash paid for branch sale			(12,315)
Cash acquired, net of cash (paid) for acquisitions	(228)	38	2,984
Net (increase) decrease in loans	1,296	(10,205)	19,547
Purchases of office properties and equipment, net	(3,953)	(2,607)	(6,767)
Net cash from investing activities	3,383	(42,379)	13,866
<b>Cash Flows from Financing Activities</b>			
Net increase (decrease) in deposit accounts	(15,618)	(19,004)	1,355

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Proceeds from long-term borrowings	44,360	14,000	104
Repayments of long-term borrowings	(41,110)	(21,475)	(12,400)
Change in short-term borrowings	12,826	12,740	798
Proceeds from exercise of stock options		189	202
Dividends paid		(195)	(649)
Purchase of treasury stock	(4,817)	(6,514)	(9,308)
Net cash from financing activities	4,359	(20,259)	(19,898)
Increase (decrease) in cash and cash equivalents	4,972	(32,319)	(1,821)
Cash and cash equivalents:			
Beginning of year	13,286	45,605	47,426
End of year	\$ 18,258	\$ 13,286	\$ 45,605
Supplemental Disclosures of Cash Flow Information Cash paid during the year for:			
Interest	\$ 11,616	\$ 10,651	\$ 12,017
Income taxes	\$ 1,108	\$ 1,478	\$ 1,104
Supplemental Disclosures of Noncash Investing Activities:			
Real estate acquired through foreclosure	\$ 1,156	\$ 3,254	\$ 428

F-61

**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS, as restated for SFAS 123R (Continued)**

	2005	2004	2003
(In thousands)			
<b>Sale of Hoopeston Branch:</b>			
Assets disposed:			
Loans	\$	\$	\$ (6,370)
Accrued interest receivable			(24)
Premises and equipment			(165)
Other assets			(197)
Liabilities assumed by buyer:			
Demand deposits			2,162
Certificates of deposit			17,243
Other liabilities			144
Gain on sale of branch			(478)
Cash paid	\$	\$	\$ 12,315
<b>Acquisitions:</b>			
Cash paid	\$ 1,658	\$ 4,400	\$
Stock issued	1,657		13,471
Cost incurred	744	123	601
Total cost	\$ 4,059	\$ 4,523	\$ 14,072
<b>Assets acquired:</b>			
Cash and cash equivalents	\$ 2,174	\$ 4,561	\$ 2,984
Certificates of deposit		298	
Investments	6,561	8,616	15,355
Nonmarketable equity securities	639	85	329
Loans	12,608	7,342	72,068
Loans held for sale	5,047		
Accrued interest receivable	109	104	339
Office properties and equipment	2,428	269	1,426
Other assets, including deferred taxes	(189)	72	
Real estate held for sale	155		
Goodwill	1,916	1,013	8,367
Intangible assets	424	774	358
<b>Liabilities assumed:</b>			
Deposits	(27,757)	(18,524)	(80,588)
Borrowings			(6,194)
Other liabilities	(56)	(87)	(372)
Net assets acquired	\$ 4,059	\$ 4,523	\$ 14,072
Cash acquired, net of cash (paid)	\$ (228)	\$ 38	\$ 2,984

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See Accompanying Notes to Consolidated Financial Statements.

F-62

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

***Nature of Operations***

Through Centrue Bank (the Bank), Centrue Financial Corporation (the Company), provides a full range of banking services to individual and corporate customers through its twenty locations throughout Illinois. The Bank is subject to competition from other financial institutions and nonfinancial institutions providing financial products. Additionally, the Company and the Bank are subject to the regulations of certain regulatory agencies and undergo periodic examinations by those regulatory agencies.

***Basis of Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, the Bank and the Bank's wholly-owned subsidiary, Centrue Service Corporation. Significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America and conform to predominate practice within the banking industry.

***Industry Segment Information***

The primary source of income for the Company is interest from the origination of consumer, commercial and real estate mortgage loans along with interest on the investment in securities portfolio. The Company accepts deposits from customers in the normal course of business and within their primary market areas. The Company operates primarily in the banking industry which accounts for more than 99% of its revenues, operating income and assets, with the remaining operations coming from activities of the Centrue Financial Corporation and Centrue Service Corporation. The Company uses the management approach for reporting information about segments in the annual and interim financial statements. The management approach is based on the way the chief operating decision-maker organizes segments within a Company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure and any other manner in which management disaggregates a company. Based on the management approach model, the Company has determined that its business is comprised of a single operating segment.

***Use of Estimates***

In preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions which significantly affect the amounts reported in the consolidated financial statements. Significant estimates which are particularly susceptible to change in a short period of time include the determination of the allowance for loan losses and valuation of mortgage servicing rights, goodwill, deferred tax assets and real estate held for sale. Actual results could differ from those estimates.

***Comprehensive Income***

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

***Cash and Cash Equivalents***

For reporting cash flows, cash and cash equivalents represent highly liquid investments with maturities of 90 days or less at the time of purchase and includes cash on hand, due from bank accounts (including cash items in process of clearing), money market funds and federal funds sold. Cash flows from loans, deposits and short-term borrowings are reported net.

***Securities***

Securities classified as available-for-sale are those securities that the Company intends to hold for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available-for-sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Company's assets and liabilities, liquidity needs, regulatory capital considerations and other similar factors. Securities available-for-sale are carried at fair value. The difference between fair value and cost, adjusted for amortization of premium and accretion of discounts, results in an unrealized gain or loss. Unrealized gains or losses are reported as accumulated other comprehensive income (loss), net of the related deferred tax effect. Gains or losses on the sale of securities are determined on the basis of the specific security sold and are included in earnings. Premiums and discounts are recognized in interest income using the interest method over their contractual lives.

Declines in the fair value of available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

***Loans***

Loans originated or purchased are identified as either held for sale or portfolio at origination or purchase. Loans held for portfolio are originated or purchased with the intent to hold them to maturity for the purpose of earning interest income. Since the Bank has the ability to hold such loans as intended, they are recorded at cost. Interest is credited to income as earned using the simple interest method applied to the daily balances of the principal outstanding.

The accrual of interest income on loans is discontinued at the time the loan is 90 days past due or earlier when, in the opinion of management, there is reasonable doubt as to the borrower's ability to meet payments of interest or principal when they become due. Interest income on these loans is recognized to the extent interest payments are received and the principal is considered fully collectible.

Loan origination fees and certain direct origination costs are being amortized as an adjustment of the yield over the contractual life of the related loan, adjusted for prepayments, using the interest method.

***Loans Held for Sale***

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by aggregate outstanding commitments from investors or current investor yield requirements. Net unrealized losses are recognized through a valuation allowance by charges to income.

Mortgage loans held for sale are generally sold with the mortgage servicing rights retained by the Company. The carrying value of mortgage loans sold is reduced by the cost allocated to the associated mortgage servicing rights. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold.

**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

***Allowance for Loan Losses***

The allowance for loan losses ( allowance ) is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes that the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated values of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. In addition, various regulatory agencies periodically review the allowance. These agencies may require the Bank to make additions to the allowance based on their judgments of collectibility based on information available to them at the time of their examination.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent. Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures.

***Real Estate Held for Sale***

Real estate acquired through foreclosure or deed in lieu of foreclosure represents specific assets to which the Company has acquired legal title in satisfaction of indebtedness. Such real estate is recorded at the lower of property's fair value at the date of foreclosure or cost. Initial valuation adjustments, if any, are charged against the allowance for loan losses. Property is evaluated regularly to ensure the recorded amount is supported by its current fair value. Subsequent declines in estimated fair value are charged to expense when incurred. Revenues and expenses related to holding and operating these properties are included in operations.

***Office Properties and Equipment***

Office properties and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Estimated lives are 15 to 39 years for buildings and leasehold improvements and 3 to 15 years for furniture and equipment.

***Non-Marketable Equity Securities***

The Bank, as a member of the Federal Home Loan Bank of Chicago (the FHLB ), is required to maintain an investment in capital stock of the FHLB in an amount equal to 1% of its outstanding home loans.

**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

No ready market exists for the FHLB stock, and it has no quoted market value. For disclosure purposes, such stock is assumed to have a market value which is equal to cost.

***Intangible Assets***

Intangible assets consist of core deposit intangibles from business acquisitions. This amount is amortized into other expense on a straight-line basis over periods of 10 to 15 years. On a periodic basis, the Company reviews the intangible assets for events or circumstances that may indicate a change in recoverability of the underlying basis.

***Goodwill***

Goodwill resulted from the acquisition of Coal City National Bank in 1998, Aviston Financial Corporation in 2003, Parish Bank & Trust Company in 2004 and Illinois Community Bancorp in 2005. The Coal City amount was originally amortized into expense on a straight-line basis assuming a life of twenty years. The Company performed an annual impairment assessment on all goodwill as of September 30th.

***Loan Servicing***

The cost of mortgage-servicing rights acquired is amortized in proportion to, and over the period of, estimated net servicing revenues. Impairment of mortgage-servicing rights is assessed based on the fair value of those rights. Fair values are estimated using discounted cash flows based on a current market interest rate. For purposes of measuring impairment, the rights are stratified based on the year of origination and original life and compared to current market interest rates, prepayment speeds and other relevant factors. The amount of impairment recognized is the amount by which the capitalized mortgage servicing rights for a stratum exceeds their fair value.

***Income Taxes***

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Deferred tax assets are also recognized for operating loss and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to an amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

***Earnings Per Share***

Basic earnings per share are computed by dividing net income for the year by the average number of shares outstanding. Shares of unearned restricted stock are not considered outstanding in this calculation.

Diluted earnings per share are determined by dividing net income for the year by the average number of shares of common stock and dilutive potential common shares outstanding. Dilutive potential common shares assume exercise of stock options and use of proceeds to purchase treasury stock at the average market price for the period.

**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following reflects earnings per share calculations for basic and diluted methods:

	December 31,		
	2005	2004	2003
Net income available to common shareholders	\$ 4,084,000	\$ 4,626,000	\$ 1,035,000
Basic average shares outstanding	2,345,971	2,490,789	2,098,386
Diluted potential common shares:			
Stock option equivalents	9,413	11,847	2,891
Diluted average shares outstanding	2,355,384	2,502,636	2,101,277
Basic earnings per share	\$ 1.74	\$ 1.86	\$ 0.49
Diluted earnings per share	\$ 1.73	\$ 1.85	\$ 0.49

***Stock-Based Employee Compensation***

The Company has two stock-based employee compensation plans which are more fully described in Note 14. The Company accounts for its equity awards in accordance with Statement of Financial Accounting Standards No. 123R,

Share-based payment (SFAS 123R). SFAS 123R requires public companies to recognize compensation expense related to stock-based equity awards in their income statement. Effective January 1, 2006, the Company adopted Financial Accounting Standards Board Statement No. 123 (revised 2004), Share-Based Payment SFAS 123R which amends SFAS 123, Accounting for Stock-Based Compensation, and supersedes APB Opinion No. 25, Accounting for Stock Issued Employees. The Company adopted SFAS 123R using the modified retrospective method. The modified retrospective method requires that compensation cost be recognized beginning with the effective date based on the requirements of SFAS 123R for all share-based payments granted after the effective date and based on the requirements of SFAS 123 for all awards granted to employees prior to the effective date of SFAS 123R. The modified retrospective method also allows companies to adjust prior year financials based on the amounts previously reported under the SFAS 123 pro forma disclosures for all prior periods for which SFAS 123 was effective.

***Reclassification***

Certain amounts in the 2004 and 2003 consolidated financial statements have been reclassified to conform to the 2005 presentation. Such reclassifications have no effect on previously reported net income or stockholders' equity.

**Note 2. Business Acquisitions**

On April 8, 2005, the Company acquired for 50% cash and 50% common stock of the Company, all of the outstanding shares of Illinois Community Bancorp, Inc ( ICBI ) for a total cost of \$4.1 million, including related expenses of \$744,000. The acquisition was accounted for using the purchase method of accounting. As such, the results of operations of the acquired entity are excluded from the consolidated financial statements of income for the periods prior to the acquisition date. The purchase price has been allocated based on the fair values at the date of acquisition. This allocation resulted in intangible assets of \$424,000 and goodwill of \$1.9 million. The intangible assets are being amortized over ten years. At closing, ICBI had assets of \$29.9 million, including \$17.7 million of loans, deposits of \$27.8 million and stockholders' equity of \$1.3 million. This acquisition was not considered material to the Company as a whole and therefore, proforma information is not included.

On March 5, 2004, the Company acquired for cash all of the outstanding shares of Parish Bank and Trust Company ( Parish Bank ) for a total cost of \$4.5 million, including related expenses of \$123,000. The



**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

acquisition was accounted for using the purchase method of accounting. As such, the results of operations of the acquired entity are excluded from the consolidated financial statements of income for the periods prior to the acquisition date. The purchase price has been allocated based on the fair values at the date of acquisition. This allocation resulted in intangible assets of \$774,000 and goodwill of \$1.0 million. The intangible assets are being amortized over ten years. At closing, Parish Bank had assets of \$21.5 million, including \$7.3 million of loans, deposits of \$18.5 million and stockholders' equity of \$2.9 million. This acquisition was not considered material to the Company as a whole and therefore, proforma information is not included.

On October 9, 2003, the Company acquired for stock all of the outstanding shares of Aviston Financial Corporation ( Aviston Financial ) for a total cost of \$14.1 million. The acquisition has been accounted for using the purchase method of accounting. As such, the results of operations of the acquired entity are excluded from the consolidated financial statements of income for the periods prior to the acquisition date. The purchase price has been allocated based on the fair values at the date of acquisition. This allocation resulted in intangible assets of \$358,000 and goodwill of \$8.4 million. The intangible assets are being amortized over ten years. At closing, Aviston Financial had assets of \$96.5 million, deposits of \$80.6 million and stockholders' equity of \$9.3 million.

**Note 3. Goodwill and Intangible Assets**

Intangible assets are as follows:

<b>As of December 31, 2005</b>		
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>
<b>(In thousands)</b>		
<b>Amortized intangible assets:</b>		
Core deposit intangible	\$ 3,414	\$ 1,492
<b>Aggregate amortization expense:</b>		
For the year ended December 31, 2005	\$ 276	
<b>Estimated amortization expense:</b>		
For the year ended:		
2006	\$ 278	
2007	\$ 278	
2008	\$ 278	
2009	\$ 278	
2010	\$ 278	
Thereafter	\$ 532	

The changes in the carrying amount of goodwill is as follows:

	<b>Year Ended December 31,</b>	
	<b>2005</b>	<b>2004</b>
Balance, at beginning of year	\$ 12,446	\$ 11,433
Goodwill acquired	1,916	1,013

Balance, at end of year	\$ 14,362	\$ 12,446
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F-68

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 4. Investment Securities**

Amortized costs and fair values of investment securities available for sale are summarized as follows:

	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
<b>(In thousands)</b>				
<b>December 31, 2005</b>				
U.S. government and agency securities	\$ 77,924	\$ 1	\$ 1,562	\$ 76,363
Municipal bonds	23,492	5	756	22,741
Mortgage-backed securities	19,211	111	267	19,055
Corporate bonds	2,060		111	1,949
Mutual funds and equity securities	779	29		808
Other securities	4,250	24		4,274
<b>Total</b>	<b>\$ 127,716</b>	<b>\$ 170</b>	<b>\$ 2,696</b>	<b>\$ 125,190</b>
<b>December 31, 2004</b>				
U.S. government and agency securities	\$ 70,944	\$ 263	\$ 58	\$ 71,149
Municipal bonds	23,582	47	278	23,351
Mortgage-backed securities	23,396	291	157	23,530
Corporate bonds	2,076		76	2,000
Mutual funds	400		15	385
Other securities	4,320	28		4,348
<b>Total</b>	<b>\$ 124,718</b>	<b>\$ 629</b>	<b>\$ 584</b>	<b>\$ 124,763</b>

The amortized cost and fair value of securities classified as available-for-sale at December 31, 2005, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to prepay mortgage backed securities without prepayment penalties, and certain securities require principal repayments prior to maturity. Therefore, these securities and mutual fund shares are not included in the maturity categories in the following maturity summary.

	<b>Amortized Cost</b>	<b>Fair Value</b>
<b>(In thousands)</b>		
Due within 1 year	\$ 3,579	\$ 3,547
Due after 1 year through 5 years	83,498	81,713
Due after 5 through 10 years	16,399	15,793
Due after 10 years	4,250	4,274
Mortgage-backed securities	19,211	19,055
Mutual fund shares and equity securities	779	808

Total	\$	127,716	\$	125,190
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Investment securities available-for-sale with a carrying value of approximately \$77.8 million and \$70.5 million at December 31, 2005 and 2004, respectively, were pledged to secure public deposit accounts and for other purposes as required or permitted by law.

F-69

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Unrealized losses and fair value, aggregated by investment category and length of time that individual securities available-for-sale have been in a continuous unrealized loss position, as of December 31, 2005 and 2004 (in thousands), are summarized as follows:

	<b>December 31, 2005</b>					
	<b>Less Than 12 Months</b>		<b>12 Months or More</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>
	<b>(In thousands)</b>					
U.S. government and agency securities	\$ 49,408	\$ 957	\$ 26,704	\$ 605	\$ 76,112	\$ 1,562
Municipal bonds	4,643	75	17,081	681	21,724	756
Mortgage-backed securities	4,478	44	5,983	223	10,461	267
Corporate bonds			1,949	111	1,949	111
	<b>\$ 58,529</b>	<b>\$ 1,076</b>	<b>\$ 51,717</b>	<b>\$ 1,620</b>	<b>\$ 110,246</b>	<b>\$ 2,696</b>

	<b>December 31, 2004</b>					
	<b>Less Than 12 Months</b>		<b>12 Months or More</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>
	<b>(In thousands)</b>					
U.S. government and agency securities	\$ 30,342	\$ 58	\$	\$	\$ 30,342	\$ 58
Municipal bonds	17,259	277	528	1	17,787	278
Mortgage-backed securities	5,312	104	4,343	53	9,655	157
Corporate bonds	1,999	76			1,999	76
Mutual funds			385	15	385	15
	<b>\$ 54,912</b>	<b>\$ 515</b>	<b>\$ 5,256</b>	<b>\$ 69</b>	<b>\$ 60,168</b>	<b>\$ 584</b>

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

The unrealized losses on the Company's investment securities were caused by interest rate increases. The contractual cash flows of the municipal bonds, federal agency and federal agency mortgage backed securities are guaranteed by state agencies or an agency of the U.S. government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost of the Company's investment. The Company's corporate bonds are all rated A1 or better by Moody's. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2005.

F-70

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Realized gains and losses were as follows:

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands)</b>		
Realized gains	\$ 198	\$ 90	\$ 8
Realized losses	(15)	(5)	
Net gain	\$ 183	\$ 85	\$ 8

The tax expense applicable to these net realized gains and losses amounted to \$52,000, \$32,000, and \$3,000, respectively.

**Note 5. Loans**

Loans consisted of the following:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Real estate mortgage loans:		
One-to-four family	\$ 162,430	\$ 175,224
Multifamily	8,274	15,655
Commercial	131,365	101,516
Construction and development	34,274	28,731
	336,343	321,126
Commercial loans	57,864	61,090
Consumer loans:		
Home equity loans	30,138	28,188
All other consumer loans	8,853	14,303
	38,991	42,491
Gross loans	433,198	424,707
Less:		
Deferred loan fees, net	244	269
Allowance for loan losses	4,486	5,475
	\$ 428,468	\$ 418,963

The Company's opinion as to the ultimate collectibility of these loans is subject to estimates regarding the future cash flows from operations and the value of property, real and personal, pledged as collateral. These estimates are affected by changing economic conditions and the economic prospects of the borrowers.

F-71

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Changes in the allowance for loan losses were as follows:

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands)</b>		
Balance at beginning of year	\$ 5,475	\$ 7,471	\$ 6,524
Provision for loan losses	651	1,200	4,122
Purchased allowance	255	156	2,435
Charge-offs	(2,717)	(3,647)	(6,242)
Recoveries	822	295	632
 Balance at end of year	 \$ 4,486	 \$ 5,475	 \$ 7,471

Information about impaired loans and non-accrual loans as of and for the years ended December 31, 2005, 2004 and 2003 is as follows:

	<b>December 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands)</b>		
Impaired loans with a valuation allowance	\$ 3,894	\$ 4,934	\$ 4,545
Impaired loans without a valuation allowance	1,096	906	
 Total impaired loans	 \$ 4,990	 \$ 5,840	 \$ 4,545
 Related valuation allowance	 \$ 851	 \$ 1,348	 \$ 2,524
Non-accrual loans, excluding impaired loans	\$ 1,676	\$ 1,176	\$ 1,438
Loans past due ninety days or more and still accruing interest	\$	\$ 222	\$ 2,232
Average monthly balance of impaired loans (based on month-end balances)	\$ 4,574	\$ 6,512	\$ 5,097
Interest income recognized on impaired loans	\$	\$	\$ 199
Interest income recognized on a cash basis on impaired loans	\$	\$	\$ 199

**Note 6. Loan Servicing**

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of these loans at December 31 are summarized as follows:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Mortgage loan portfolios serviced for:		
Freddie Mac	\$ 148,293	\$ 136,433

Fannie Mae	933	1,383
	\$ 149,226	\$ 137,816

Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in deposits, were approximately \$1.1 million at December 31, 2005 and 2004.

F-72

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

A summary of the changes in the balance of mortgage servicing rights in 2005 and 2004 is as follows:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Balance, beginning	\$ 1,056	\$ 822
Servicing assets recognized during the year	305	372
Amortization of servicing assets	(263)	(138)
Balance, ending	\$ 1,098	\$ 1,056

The aggregate changes in the valuation allowances for mortgage servicing rights in 2005 and 2004 were as follows:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Balance, beginning	\$ 156	\$ 206
Additions		
Reductions		(50)
Balance, ending	\$ 156	\$ 156

**Note 7. Office Properties and Equipment**

Office properties and equipment consisted of:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Land	\$ 6,159	\$ 6,110
Buildings and improvements	19,181	12,445
Construction in progress		2,179
Furniture and equipment	5,779	9,561
	31,119	30,295
Less: Accumulated depreciation and amortization	8,540	12,028
	\$ 22,579	\$ 18,267

Depreciation and amortization expense amounted to \$2.1 million, \$1.7 million and \$1.3 million for the years ended December 31, 2005, 2004 and 2003, respectively.

F-73

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 8. Lease Commitments and Total Rental Expense**

The Company has leased four branch locations under various noncancellable agreements which expire between September 30, 2008, and July 31, 2010, and require various minimum annual rentals. One of the leases also requires the payment of the property taxes, normal maintenance and insurance on the property. The total minimum rental commitment at December 31, 2005, is due as follows:

**During the Year Ending December 31:**

2006	\$ 147
2007	153
2008	128
2009	43
Thereafter	23
	<b>\$ 494</b>

**Note 9. Deposits**

The composition of deposits is as follows:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Demand deposits noninterest bearing	\$ 67,982	\$ 53,919
Savings	88,134	87,990
NOW	41,081	48,495
Money market	55,788	46,886
Time deposits, \$100,000 or more	73,017	61,274
Other time deposits	181,914	197,213
Interest bearing deposits	439,934	441,858
Total deposits	\$ 507,916	\$ 495,777

As of December 31, 2005, time deposits had scheduled maturity dates as follows:

	<b>Amount</b>	
	<b>(In thousands)</b>	
<b>Year of Maturity</b>		
2006	\$	167,991
2007		61,937
2008		14,172

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2009	5,101
2010	5,730
	\$ 254,931

F-74

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 10. Short-Term Borrowings**

Short-term borrowings consisted of:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Federal funds purchased	\$	\$ 3,500
Securities sold under repurchase agreements	16,314	8,563
Federal Home Loan Bank line of credit	10,700	
Line of credit		2,125
<b>Total short-term borrowings</b>	<b>\$ 27,014</b>	<b>\$ 14,188</b>

Securities sold under agreements to repurchase, which are classified as secured borrowings, mature daily. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The securities underlying the agreements to repurchase are under the control of the Bank.

The Company has an unsecured line of credit for \$20 million from a third party lender. At December 31, 2005 the entire line was available.

**Note 11. Long Term Borrowings**

Long-term borrowings consisted of:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Reverse repurchase agreements	\$	\$ 9,200
Other borrowings	1,157	1,318
Junior subordinated debt owed to unconsolidated trusts	20,000	20,000
Federal Home Loan Bank advances	37,566	24,955
<b>Total long-term borrowings</b>	<b>\$ 58,723</b>	<b>\$ 55,473</b>

At December 31, 2005 and 2004, other borrowings of \$1.2 million and \$1.3 million, respectively, consisted of a note payable to an individual. The note payable bears an imputed rate of interest of 5.25% and matures in 2012 with semi-annual payments of \$100,000, including interest.

The weighted average maturity date of Federal Home Loan Bank advances was approximately 22 months and 25 months and the weighted average interest rates were approximately 4.34% and 4.16% at December 31, 2005 and 2004, respectively.

At December 31, 2005 and 2004, one-to-four family real estate mortgage loans of approximately \$181.0 million and \$181.8 million, respectively, were pledged to secure advances from the Federal Home Loan Bank of Chicago.

The Company issued \$10.0 million each in April 2002 and April 2004 in cumulative trust preferred securities through newly formed special-purpose trusts, Kankakee Capital Trust I (Trust I) and Centruue Statutory Trust II (Trust II). The proceeds of the offerings were invested by the trusts in junior subordinated deferrable interest debentures of Trust I and Trust II. Trust I and Trust II are wholly-owned unconsolidated subsidiaries of the Company, and their sole assets are the junior subordinated deferrable interest debentures. Distributions are cumulative and are payable quarterly at a variable rate of 3.70% and 2.65% over the LIBOR rate, respectively, (at a rate of 8.15% and 7.15% at December 31, 2005) per annum of the stated liquidation

F-75

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

amount of \$1,000 per preferred security. Interest expense on the trust preferred securities was \$1.4 million, \$851,000 and \$558,000 for the years ended December 31, 2005, 2004 and 2003, respectively. The obligations of the trusts are fully and unconditionally guaranteed, on a subordinated basis, by the Company. The trust preferred securities for Trust I are mandatorily redeemable upon the maturity of the debentures on April 7, 2032, or to the extent of any earlier redemption of any debentures by the Company, and are callable beginning April 7, 2007. The trust preferred securities for Trust II are mandatorily redeemable upon the maturity of the debentures on April 22, 2034, or to the extent of any earlier redemption of any debentures by the Company, and are callable beginning April 22, 2009. Holders of the capital securities have no voting rights, are unsecured, and rank junior in priority of payment to all of the Company's indebtedness and senior to the Company's capital stock. For regulatory purposes, the trust preferred securities qualify as Tier I capital subject to certain provisions.

We established statutory trusts for the sole purpose of issuing trust preferred securities and related trust common securities. These trust preferred capital securities are included in our consolidated Tier 1 Capital and Total Capital at December 31, 2005. In December 2003, the Financial Accounting Standards Board issued a revised version of Interpretation No. 46 that required the deconsolidation of these statutory trusts by most public companies no later than March 31, 2004. We adopted the revised version of Interpretation No. 46 as of December 31, 2003. In March 2005, the Board of Governors of the Federal Reserve System issued a final rule allowing bank holding companies to continue to include qualifying trust preferred capital securities in their Tier 1 Capital for regulatory capital purposes, subject to a 25% limitation to all core (Tier I) capital elements, net of goodwill less any associated deferred tax liability. The final rule provides a five-year transition period, ending March 31, 2009, for application of the aforementioned quantitative limitation. As of December 31, 2005, 100% of the trust preferred securities described in Note 13 of our audited consolidated financial statements qualified as Tier I capital under the final rule adopted in March 2005.

Future payments at December 31, 2005, for all long-term borrowings were as follows:

		<b>Amount</b>
<b>Year Ended</b>		<b>(In thousands)</b>
2006	\$	9,341
2007		31,449
2008		5,156
2009		10,165
2010		174
Thereafter		2,438
Total	\$	58,723

Junior subordinated debt owed to unconsolidated trusts are included in the period of their modified duration, rather than the period in which they are due. Subordinated debt of \$10 million mature in both 2032 and 2034 but are callable in 2007 and 2009.

**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 12. Income Taxes**

Income taxes consisted of:

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands)</b>		
Current	\$ 208	\$ 632	\$ (261)
Deferred	1,278	1,191	367
	<b>\$ 1,486</b>	<b>\$ 1,823</b>	<b>\$ 106</b>

The Company's income tax expense differed from the maximum statutory federal rate of 35% as follows:

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands)</b>		
Expected income taxes	\$ 1,950	\$ 2,257	\$ 400
Income tax effect of:			
State income tax, net of federal benefit	112		
Income taxed at lower rate	(56)	(65)	(11)
Increase in cash surrender value of life insurance	(124)	(125)	(137)
Tax exempt interest, net	(284)	(237)	(80)
Reduction in valuation allowance for deferred taxes		(169)	
Other	(112)	162	(66)
	<b>\$ 1,486</b>	<b>\$ 1,823</b>	<b>\$ 106</b>

Significant components of the deferred tax liabilities and assets, included in other assets, were as follows:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Deferred tax assets:		
Allowance for loan losses	\$ 1,930	\$ 2,075
State net operating loss carryforwards	390	245
Federal net operating loss carryforwards	963	691
Accrued benefits	144	204
Unrealized losses on securities available for sale	852	

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Other	92	197
Total deferred tax assets	4,371	3,412
Less: Valuation allowance for deferred tax assets	1,207	
Total deferred tax assets, net of valuation allowance	3,164	3,412

F-77

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	December 31,	
	2005	2004
	(In thousands)	
Deferred tax liabilities:		
Unrealized gain on securities available-for-sale		(13)
Deferred loan fees	(313)	(344)
FHLB stock divided	(531)	(386)
Office properties and equipment	(759)	(467)
Mortgage servicing rights	(366)	(350)
Intangible assets	(975)	(501)
Basis in acquired assets	(420)	(193)
<b>Total deferred tax liabilities</b>	<b>(3,364)</b>	<b>(2,254)</b>
 Net deferred tax assets (liabilities)	 \$ (200)	 \$ 1,158

Retained earnings at December 31, 2005 and 2004 included approximately \$9.0 million of the tax bad debt reserve which accumulated prior to 1988, for which no deferred income tax liability has been recognized. This amount represents an allocation of income to bad debt deductions for tax purposes only. Reduction of amounts so allocated for purposes other than tax bad debt losses or adjustments arising from carryback of net operating losses would create income for tax purposes only, which would be subject to the then-current corporate income tax rate. The unrecorded deferred income tax liability on the above amounts was approximately \$3.1 million as of December 31, 2005 and 2004.

As of December 31, 2005, the Company had Illinois net operating loss carryforwards of approximately \$8.1 million for income tax purposes. The difference between book and tax net operating income results from interest income from certain investments which is exempt from income tax for state income tax purposes. The net operating loss carryforwards expire through 2015.

At December 31, 2005, the Company also had Federal net operating loss carryforwards of approximately \$2.8 million for income tax purposes which expire through 2024.

Due to limitations inherent in the tax laws regarding utilization of net operating losses and uncertainty as to the Company's ability to utilize the net operating losses before they expire, the Company has established valuation allowances of \$963,000 and \$229,000 against the federal and state net operating losses, respectively.

**Note 13. Stockholders Equity and Regulatory Capital**

The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company and the Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

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Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of Tier 1 capital (as defined by the regulations) to average assets (as defined) and Total and Tier I capital (as defined) to risk-weighted

F-78

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

assets (as defined). Management believes, as of December 31, 2005, that the Company and the Bank meet all capital adequacy requirements to which it is subject.

As of December 31, 2005, the most recent notification from the Bank's primary regulators, categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the table below. There are no conditions or events since that notification that management believes have changed the Bank's category.

	Actual		For Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Provisions	
			Amount	Ratio	Amount	Ratio
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)						
As of December 31, 2005						
Tier 1 Capital to Average Assets						
Centrue Financial	\$ 43,261	6.93%	\$ 24,967	4.00%	N/A	
Centrue Bank	43,773	7.08%	24,733	4.00%	\$ 30,917	5.00%
Tier I Capital to Risk Weighted Assets						
Centrue Financial	43,261	10.25%	16,796	4.00%	N/A	
Centrue Bank	43,773	10.49%	16,696	4.00%	25,044	6.00%
Total Capital to Risk Weighted Assets						
Centrue Financial	52,882	12.53%	33,593	8.00%	N/A	
Centrue Bank	48,259	11.56%	33,391	8.00%	41,739	10.00%
As of December 31, 2004						
Tier 1 Capital to Average Assets						
Centrue Financial	\$ 43,344	7.32%	\$ 23,674	4.00%	N/A	
Centrue Bank	45,656	7.81%	23,382	4.00%	\$ 29,227	5.00%
Tier I Capital to Risk Weighted Assets						
Centrue Financial	43,344	11.01%	15,742	4.00%	N/A	
Centrue Bank	45,656	11.32%	16,136	4.00%	24,204	6.00%
Total Capital to Risk Weighted Assets						
Centrue Financial	53,889	13.69%	31,483	8.00%	N/A	
Centrue Bank	50,703	12.57%	32,272	8.00%	40,340	10.00%

A liquidation account in the amount of \$17.7 million was established for the benefit of eligible deposit account holders who continue to maintain their deposit accounts in the Bank after the December 30, 1992 conversion from a mutual savings and loan association to a stock savings bank. In the unlikely event of a complete liquidation of the Bank, each eligible deposit account holder would be entitled to receive a liquidation distribution from the liquidation account, in the proportionate amount of the then-current adjusted balance for deposit accounts held, before any distribution may be made with respect to the Bank's capital stock. The Bank may not declare or pay a cash dividend to the Company on, or repurchase any of, its capital stock if the effect thereof would cause the net worth of the Bank to be reduced below the amount required for the liquidation account. Due to various natural events, such as death, relocation and general attrition of accounts, the balance in the liquidation account has been reduced to \$861,000 as of

December 31, 2005.

Federal and state banking regulations place certain restrictions on dividends paid by the Bank to the Company. At December 31, 2005, the Bank's retained earnings available for payment of dividends was

F-79

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

\$481,000. In addition, dividends paid by the Bank to the Company would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements.

**Note 14. Officer, Director and Employee Plans****401(k) Savings Plan**

The Bank sponsors a qualified, tax-exempt deferred contribution plan qualifying under section 401(k) of the Internal Revenue Code (the 401(k) Plan). Virtually all employees are eligible to participate after meeting certain age and service requirements. Eligible employees are permitted to contribute 1% to 50% of their compensation to the 401(k) Plan. The Company also has the option to contribute discretionary profit sharing contributions. Expense related to the 401(k) Plan, including plan administration, amounted to approximately \$159,000, \$108,000 and \$309,000, for the years ended December 31, 2005, 2004 and 2003, respectively.

The Company formerly had an Employee Stock Ownership (the ESOP) plan which during 2004, was merged into the Company's 401(k) Plan. All participant balances were considered 100% vested upon the merger. During 2003, the Company made a direct cash contribution totaling \$120,000, to the ESOP. Costs related to the merger of the ESOP into the 401(k) during 2004 amounted to approximately \$17,000.

**Stock Option Plan**

Effective January 1, 2006, the Company adopted SFAS 123R using the modified retrospective method to account for share-based payments to employees and the Company's Board of Directors. In accordance with the modified retrospective method, the Company has adjusted previously reported results to reflect the effect of expensing stock options granted during those periods.

The following table summarizes the impact of modified retrospective application on the previously reported results for the period shown:

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
Income before income taxes, as originally reported	\$ 5,918	\$ 6,805	\$ 1,653
Stock-based compensation expense under fair value method	(348)	(356)	(512)
Income before income taxes, restated	5,570	6,449	1,141
Net income, as originally reported	\$ 4,380	\$ 4,889	\$ 1,363
Stock-based compensation expense under fair value	(296)	(263)	(328)
Net income, restated	4,084	4,626	1,035
Net income per share (basic), as originally reported	1.87	1.96	.65
Net income per share (basic), as originally reported	1.74	1.86	.49
Net income per share (diluted), as originally reported	1.86	1.95	.65
Net income per share (diluted), as originally reported	1.73	1.85	.49

The primary type of share-based payment utilized by the Company is stock options. Stock options are awards which allow the employee to purchase shares of the Company's stock at a fixed price. Stock options are granted at an exercise price equal to the Company's stock price at the date of grant. Stock options issued by the Company generally have a contractual term of seven to ten years and vest over five years for non-director options and immediately at the time of issuance for director options. Certain option and share awards provide for accelerated vesting if there is a

change in control (as defined by the Plan).

F-80

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Activity in the stock option plan was as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
<b>Fixed Options</b>				
Outstanding at January 1, 2005	147,300	\$ 24.720		
Granted	78,000	27.234		
Exercised				
Forfeited	(1,500)	26.967		
Outstanding at December 31, 2005	223,800	25.405	7.5	\$ 1,717,264
Options exercisable at December 31, 2005	103,800	24.048	5.9	\$ 716,201

The fair value of the stock options granted in 2005, 2004 and 2003 has been estimated using the Black-Scholes option-pricing model with the following weighted average assumptions. The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions. In addition, such models require the use of subjective assumptions, including expected stock price volatility. In management's opinion, such valuation models may not necessarily provide the best single measure of option value.

	2005	2004	2003
Number of options granted	78,000	65,500	107,000
Risk-free interest rate	4.02%-4.38%	4.04%-4.45%	3.41%-4.27%
Expected life, in years	5	10	5-10
Expected volatility	16%-17%	22%-23%	22%-25%
Expected dividend yield	0.00%	0.00%-1.25%	1.14%-1.29%
Estimated weighted average fair value per option	\$6.80	\$11.71	\$9.70

A summary of the Company's nonvested option shares as of December 31, 2005, and changes during the year period ended December 31, 2005, is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2005	81,500	\$ 24.72
Granted	78,000	27.23
Vested	(38,000)	26.77
Forfeited	(1,500)	26.97
Nonvested at December 31, 2005	120,000	\$ 26.58

As of December 31, 2005 there was \$450,000 of unrecognized compensation cost related to nonvested option-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 4 years.

***Stockholders Rights Plan***

On May 14, 1999, the Company's Board of Directors adopted a Stockholders Rights Plan. The Plan provided for the distribution of one Right on June 15, 1999, for each share of the Company's outstanding

F-81

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**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

common stock as of May 24, 1999. The Rights have no immediate economic value to stockholders because they cannot be exercised unless and until a person, group or entity acquires 15% or more of the Company's common stock or announces a tender offer. The Plan also permits the Company's Board of Directors to redeem each Right for one cent under various circumstances.

In general, the Rights Plan provides that if a person, group or entity acquires a 15% or larger stake in the Company or announces a tender offer, and the Company's Board chooses not to redeem the Rights, all holders of Rights, other than the 15% stockholder or the tender offeror, will be able to purchase a certain amount of the Company's common stock for half of its market price.

**Restricted Stock Awards**

During 2005 and 2004, the Company issued restricted stock awards to certain employees and directors. The shares vest from one to five-year periods. As the shares vest, they will be charged to compensation expense at the market price at date of grant.

	Number of Shares		
	2005	2004	2003
Under restriction, beginning of year	19,750	27,800	
Granted	2,200	2,400	27,800
Restrictions released	(6,450)	(5,400)	
Forfeited and reissuable	(750)	(5,050)	
Under restriction, end of year	14,750	19,750	27,800

Compensation expense is recognized for financial statement purposes over the period of performance. Compensation expense of \$209,000 and \$225,000 was recognized for the year ended December 31, 2005 and 2004. No compensation expense was recognized for the year ended December 31, 2003.

**Directors' Deferred Compensation Plan**

The Company has a deferred compensation plan for nonemployee directors of the Company in which a participating director may defer directors' fees in the form of phantom stock units. For directors electing to participate in the plan, a deferred compensation account, included in other liabilities on the consolidated balance sheet, is credited with phantom stock units. Phantom stock units shall also be increased by any dividends or stock splits declared by the Company. At December 31, 2005 and 2004, the liability for deferred compensation was \$268,000 and \$101,000 which represented approximately 10,149 and 3,585 phantom stock units, respectively.

**Note 15. Commitments and Contingencies**

In the normal course of business, there are outstanding various contingent liabilities such as claims and legal actions, which are not reflected in the consolidated financial statements. In the opinion of management, the ultimate resolution of these matters is not expected to have a material effect on the financial position or on the results of operations of the Company and its subsidiary.

**Note 16. Financial Instruments**

The Bank is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit, and financial guarantees. Those instruments involve, to varying degrees, elements of

**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

credit and interest rate risk. The contract or notional amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Bank's exposure to credit loss, in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit, is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Financial instruments whose contract amounts represent credit risk follows:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
Commitments to originate new loans	\$ 3,787	\$ 10,694
Commitments to extend credit	56,873	48,121
Standby letters of credit	4,508	2,750

Such commitments are recorded in the financial statements when they are funded or related fees are incurred or received. These commitments are principally at variable interest rates.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Standby letters of credit written are conditional commitments issued by the bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Bank would be required to fund the commitment. The maximum potential amount of future payments the Bank could be required to make is represented by the contractual amount shown in the summary above. If the commitment is funded, the Bank would be entitled to seek recovery from the customer. At December 31, 2005 and 2004, no amounts have been recorded as liabilities for the Bank's potential obligations under these guarantees.

The Company and the Bank do not engage in the use of interest rate swaps, futures, forwards, or option contracts.

Table of Contents

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 17. Fair Value of Financial Instruments**

The following table reflects a comparison of carrying amounts and the fair values of the financial instruments:

	<b>December 31,</b>			
	<b>2005</b>		<b>2004</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>(In thousands)</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 18,258	\$ 18,258	\$ 13,286	\$ 13,286
Certificates of deposit	50	50	149	149
Investment securities	125,190	125,190	124,763	124,763
Loans, gross	432,954	427,330	424,438	428,198
Loans held for sale	8,373	8,373	416	416
Nonmarketable equity securities	5,059	5,059	4,211	4,211
Accrued interest receivable	3,248	3,248	2,570	2,570
<b>Liabilities:</b>				
Deposits	\$ 507,916	\$ 508,465	\$ 495,777	\$ 497,657
Short-term borrowings	27,014	27,014	14,188	14,188
Long-term borrowings	58,723	58,522	55,473	55,725
Accrued interest payable	2,035	2,035	568	568

The fair values utilized in the table were derived using the information described below for the group of instruments listed. It should be noted that the fair values disclosed in this table do not represent market values of all assets and liabilities of the Company and, thus, should not be interpreted to represent a market or liquidation value for the Company.

The following methods and assumptions were used by the Company in estimating the fair value disclosures for financial instruments:

*Cash and cash equivalents and certificates of deposit:* The carrying amounts reported in the balance sheet for cash and short-term instruments approximate those assets' fair values.

*Investment securities:* Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The carrying amounts of accrued interest approximate their fair values.

*Nonmarketable equity securities:* Those securities are carried at cost, as fair values are not readily determinable.

*Loans:* For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for fixed-rate loans are estimated using discounted cash flow analyses using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. The carrying amounts of accrued interest approximate their fair value.

*Loans held for sale:* Fair values are based on quoted market price.

*Off-balance-sheet instruments:* Fair values for the Bank's off-balance-sheet instruments (guarantees and loan commitments) are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The fair value for such commitments is nominal.



**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Deposits:* The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the balance sheet date. The carrying amounts for variable-rate, fixed-term money market accounts approximate their fair values at the balance sheet date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits. The carrying amounts of advance payments by borrowers for taxes and insurance approximate their fair value.

*Short-term borrowings:* The carrying amounts of federal funds purchased, securities sold under repurchase agreements, and other short-term borrowings maturing within ninety days approximate their fair values.

*Long-term borrowings:* Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate fair value of existing debt. The Trust Preferred Debentures are privately held; therefore the carrying amount approximates fair value.

*Accrued interest payable:* The carrying amounts of accrued interest payable approximate their fair value.

**Note 18. Sale of Branch**

On February 14, 2003, the Company sold its Hoopston bank branch at a premium resulting in a gain of \$478,000. The branch had approximately \$6.4 million in loans and \$19.4 million in deposits.

**Note 19. Condensed Parent Company Only Financial Statements**

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(In thousands)</b>	
<b>Statements of financial condition</b>		
Assets:		
Cash and cash equivalents	\$ 1,514	\$ 370
Certificate of deposit	50	50
Investment securities available-for-sale	4,787	6,450
Equity in net assets of Centrue Bank	58,463	59,916
Investment in Capital Trusts	620	620
Other assets	1,118	1,233
	<b>\$ 66,552</b>	<b>\$ 68,639</b>
Liabilities and stockholders equity:		
Long-term borrowings	\$ 21,157	\$ 23,443
Other liabilities	2,292	1,890
Common stock	42	42
Additional paid-in capital	30,460	29,222
Retained income	47,403	43,319
Accumulated other comprehensive income (loss)	(1,657)	27
Treasury stock	(33,145)	(29,304)
	<b>\$ 66,552</b>	<b>\$ 68,639</b>



Table of Contents

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	<b>Years Ended December 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands)</b>		
<b>Statements of income</b>			
Operating income:			
Equity in net income of subsidiary	\$ 5,791	\$ 5,867	\$ 2,309
Interest income	249	198	41
Net gain (loss) on sale of securities	(15)	(5)	8
Operating income	6,025	6,060	2,358
Operating expense:			
Interest expense	1,480	1,057	611
Other expenses	1,411	1,095	1,495
Operating expense	2,891	2,152	2,106
Income before income tax benefit	3,134	3,908	252
Income tax benefit	950	718	783
Net income	\$ 4,084	\$ 4,626	\$ 1,035

F-86

**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	<b>Years Ended December 31,</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands)</b>		
<b>Statements of cash flows</b>			
Operating activities:			
Net income	\$ 4,084	\$ 4,626	\$ 1,035
Adjustments to reconcile net income to net cash provided by operating activities:			
(Gain) loss on sale of securities	15	5	(8)
Distributions in excess of (less than) net income of subsidiary	4,566	(3,271)	(415)
Compensation expense for restricted stock	209	225	
Stock option expense	348	356	512
Other	527	270	(956)
Net cash provided by operating activities	9,749	2,211	168
Investing activities:			
Available-for-sale investment securities:			
Proceeds from sale of securities	1,984	1,996	96
Purchases	(315)	(8,996)	(14)
Maturities of securities		1,000	
Acquisitions	(3,171)		20
Net cash provided by (used in) investing activities	(1,502)	(6,000)	102
Financing activities:			
Purchase of treasury stock	(4,817)	(6,514)	(9,308)
Dividends paid		(195)	(649)
Proceeds from issuance of junior subordinated debentures		10,000	
Proceeds from borrowings		2,603	933
Payments on borrowings	(2,286)	(2,000)	(100)
Proceeds from exercise of stock options		189	202
Net cash provided by (used in) financing activities	(7,103)	4,083	(8,922)
Increase (decrease) in cash and cash equivalents	1,144	294	(8,652)
Cash and cash equivalents:			
Beginning of period	370	76	8,728
End of period	\$ 1,514	\$ 370	\$ 76

**Table of Contents**

**CENTRUE FINANCIAL CORPORATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 20. Quarterly Results of Operations (Unaudited)**

	<b>Year Ended December 31, 2005</b>			
	<b>Three Months Ended</b>			
	<b>December 31</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>
	<b>(In thousands, except per share data)</b>			
Interest income	\$ 8,430	\$ 8,270	\$ 7,987	\$ 7,409
Interest expense	3,716	3,533	3,090	2,724
Net interest income	4,714	4,737	4,897	4,685
Provision for loan losses	75	75	251	250
Net interest income after provision for loan losses	4,639	4,662	4,646	4,435
Other income	1,935	2,018	1,707	1,565
Other expense	5,217	5,039	5,457	4,324
Income before income taxes	1,357	1,641	896	1,676
Income taxes	342	480	176	488
Net income	\$ 1,015	\$ 1,161	\$ 720	\$ 1,188
Basic earnings per share	\$ 0.45	\$ 0.49	\$ 0.30	\$ 0.50
Diluted earnings per share	\$ 0.44	\$ 0.49	\$ 0.30	\$ 0.50

	<b>Year Ended December 31, 2004</b>			
	<b>Three Months Ended</b>			
	<b>December 31</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>
	<b>(In thousands, except per share data)</b>			
Interest income	\$ 7,402	\$ 7,358	\$ 7,273	\$ 7,365
Interest expense	2,653	2,602	2,603	2,792
Net interest income	4,749	4,756	4,670	4,573
Provision for loan losses	300	300	300	300
Net interest income after provision for loan losses	4,449	4,456	4,370	4,273
Other income	1,666	1,589	1,503	1,249

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Other expense	3,984	4,374	4,375	4,373
Income before income taxes	2,131	1,671	1,498	1,149
Income taxes	502	477	501	343
Net income	\$ 1,629	\$ 1,194	\$ 997	\$ 806
Basic earnings per share	\$ 0.67	\$ 0.49	\$ 0.39	\$ 0.31
Diluted earnings per share	\$ 0.67	\$ 0.48	\$ 0.39	\$ 0.31

F-88

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**Table of Contents**

**AGREEMENT AND PLAN OF MERGER**

**THIS AGREEMENT AND PLAN OF MERGER** (together with all exhibits and schedules, this **Agreement** ) is entered into as of June 30, 2006, between **UNIONBANCORP, INC.**, a Delaware corporation ( **Union** ), and **CENTRUE FINANCIAL CORPORATION**, a Delaware corporation ( **Centrue** ).

**RECITALS**

**A.** The parties to this Agreement desire to effect a reorganization through the merger (the **Merger** ) of Centrue with and into Union, with Union being the surviving corporation (the **Surviving Corporation** ).

**B.** Pursuant to the terms of this Agreement, each outstanding share of the common stock of Centrue, \$0.01 par value per share ( **Centrue Common Stock** ), shall be converted at the effective time of the Merger into the right to receive shares of common stock of Union, \$1.00 par value per share ( **Union Common Stock** ), as provided in this Agreement.

**C.** The parties desire to make certain representations, warranties and agreements in connection with the Merger and also agree to certain prescribed conditions to the Merger.

**AGREEMENTS**

In consideration of the foregoing premises and the following mutual promises, covenants and agreements, the parties hereby agree as follows:

**ARTICLE 1**

**DEFINITIONS**

Section 1.1 *Definitions.* In addition to those terms defined throughout this Agreement, the following terms, when used herein, shall have the following meanings.

(a) *Acquisition Transaction* means with respect to Centrue or Union, any of the following: (i) a merger or consolidation, or any similar transaction (other than the Merger) of any company with either Centrue or Union, respectively, or any significant subsidiary, as defined in Rule 1.2 of Regulation S-X of the SEC (a **Significant Subsidiary** ), of Centrue or Union; (ii) a purchase, lease or other acquisition of all or substantially all the assets of either Centrue or Union or any Significant Subsidiary of such Person; (iii) a purchase or other acquisition of beneficial ownership by any person or group (as such terms are defined in Section 13(d)(3) of the Exchange Act) (including by way of merger, consolidation, share exchange or otherwise) that would cause such person or group to become the beneficial owner of securities representing 10% or more of the voting power of either Centrue or Union or any Significant Subsidiary of either; (iv) a tender or exchange offer to acquire securities representing 10% or more of the voting power of Centrue or Union; (v) a public proxy or consent solicitation made to stockholders of Centrue or Union seeking proxies in opposition to any proposal relating to any aspect of the Contemplated Transactions that has been recommended by the board of directors of Centrue or Union; (vi) the filing of an application or notice with any Regulatory Authority (which application has been accepted for processing) seeking approval to engage in one or more of the transactions referenced in clauses (i) through (iv) above; or (vii) the making of a *bona fide* proposal to Centrue or Union or their respective stockholders, by public announcement or written communication, that is or becomes the subject of public disclosure, to engage in one or more of the transactions referenced in clauses (i) through (v) above.

(b) *Affiliate* means with respect to:

(i) a particular individual: (A) each other member of such individual's Family; (B) any Person that is directly or indirectly controlled by such individual or one or more members of such individual's Family; (C) any Person in which such individual or members of such individual's Family hold (individually or in the aggregate) a Material Interest; and (D) any Person with respect to which such individual or one or

A-1

**Table of Contents**

more members of such individual's Family serves as a director, officer, partner, executor or trustee (or in a similar capacity); and

(ii) a specified Person other than an individual: (A) any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person; (B) any Person that holds a Material Interest in such specified Person; (C) each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity); (D) any Person in which such specified Person holds a Material Interest; (E) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity); and (F) any Affiliate of any individual described in clause (B) or (C) of this subsection (ii).

(c) *Bank Merger* means the merger of Centru Bank with and into and under the charter of UnionBank.

(d) *Best Efforts* means the efforts that a prudent Person desirous of achieving a result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible, *provided, however*, that an obligation to use Best Efforts under this Agreement does not require the Person subject to that obligation to take actions that would result in a materially adverse change in the benefits to such Person of this Agreement and the Contemplated Transactions.

(e) *Business Day* means any day on which the trading of stock occurs on the Nasdaq National Market.

(f) *Call Reports* means the quarterly reports of income and condition required to be filed with the Federal Deposit Insurance Corporation.

(g) *Centru Bank* means Centru Bank, an Illinois chartered commercial bank with its main office located in Kankakee, Illinois, and a wholly-owned subsidiary of Centru.

(h) *Centru Deferred Compensation Plan* means the Kankakee Bancorp, Inc. Non-Employee Directors' Deferred Compensation Plan, effective as of January 1, 2003.

(i) *Centru Restricted Stock* means each of the 12,400 shares of restricted Centru Common Stock granted to a Person by Centru under the Centru Stock Incentive Plan prior to the date of this Agreement that is outstanding on the date hereof.

(j) *Centru Rights Agreement* means the Rights Agreement dated as of May 11, 1999, between Centru and LaSalle Bank National Association, as Rights Agent.

(k) *Centru SEC Reports* means the annual, quarterly and other reports, schedules, forms, statements and other documents (including exhibits and all other information incorporated therein) filed by Centru with the SEC.

(l) *Centru Stock Incentive Plan* means the Centru Financial Corporation 2003 Stock Incentive Plan.

(m) *Centru Stock Option* means each of the 204,800 stock options granted to a Person by Centru, under the Centru Stock Incentive Plan or otherwise, prior to the date of this Agreement that is outstanding on the date hereof.

(n) *Centru Subsidiary* means any Subsidiary of Centru.

(o) *Code* means the Internal Revenue Code of 1986, as amended.

(p) *Contemplated Transactions* means all of the transactions contemplated by this Agreement, including: (i) the Merger; (ii) the Bank Merger; (iii) the performance by Union and Centru of their respective covenants and obligations under this Agreement; and (iv) Union's issuance of shares of Union Common Stock pursuant to the Registration Statement in exchange for shares of Centru Common Stock.

(q) *Contract* means any agreement, contract, obligation, promise or understanding (whether written or oral and whether express or implied) that is legally binding: (i) under which a Person has or has the right to acquire any rights; (ii) under which such Person has or has the right to become subject to any obligation or

**Table of Contents**

liability; or (iii) by which such Person or any of the assets owned or used by such Person is or has the right to become bound.

(r) *CRA* means the Community Reinvestment Act, as amended.

(s) *Department* means the Illinois Department of Financial and Professional Regulation.

(t) *DGCL* means the Delaware General Corporation Law, as amended.

(u) *ERISA* means the Employee Retirement Income Security Act of 1974, as amended.

(v) *Exchange Act* means the Securities Exchange Act of 1934, as amended.

(w) *Family* means with respect to an individual: (i) the individual; (ii) the individual's spouse and any former spouse; (iii) any other natural person who is related to the individual or the individual's spouse within the second degree; and (iv) any other individual who resides with such individual.

(x) *FDIC* means the Federal Deposit Insurance Corporation.

(y) *Federal Reserve* means the Board of Governors of the Federal Reserve System.

(z) *GAAP* means generally accepted accounting principles in the United States, consistently applied.

(aa) *Knowledge* with respect to:

(i) an individual means that such person will be deemed to have *Knowledge* of a particular fact or other matter if: (A) such individual is actually aware of such fact or other matter; or (B) a prudent individual could be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or other matter; and

(ii) a Person (other than an individual) means that such Person will be deemed to have *Knowledge* of a particular fact or other matter if any individual who is serving as a director, officer, manager, partner, executor or trustee of such Person (or in any similar capacity) has *Knowledge* of such fact or other matter.

(bb) *Legal Requirement* means any federal, state, local, municipal, foreign, international, multinational or other Order, constitution, law, ordinance, regulation, rule, policy statement, directive, statute or treaty.

(cc) *Material Adverse Effect* with respect to a Person (other than an individual) means, a material adverse effect (whether or not required to be accrued or disclosed under Statement of Financial Accounting Standards No. 5): (i) on the condition (financial or otherwise), properties, assets, liabilities, businesses or results of operations of such Person; or (ii) on the ability of such Person to perform its obligations under this Agreement on a timely basis; but not including (x) any such effect resulting from or attributable to any action or omission by such Person or any Subsidiary of such Person taken with the prior written consent of the other party hereto or in contemplation of the Contemplated Transactions or (y) the effect of any change in any Legal Requirement, any general economic event or any change in interest rates affecting financial institutions generally.

(dd) *Material Interest* means the direct or indirect beneficial ownership (as currently defined in Rule 13d-3 under the Exchange Act) of voting securities or other voting interests representing at least 10% of the outstanding voting power of a Person or equity securities or other equity interests representing at least 10% of the outstanding equity securities or equity interests in a Person.

(ee) *Order* means any award, decision, injunction, judgment, order, ruling, extraordinary supervisory letter, policy statement, memorandum of understanding, resolution, agreement, directive, subpoena or verdict entered, issued, made, rendered or required by any court, administrative or other governmental agency, including any Regulatory Authority, or by any arbitrator.

**Table of Contents**

(ff) *Ordinary Course of Business* means any action taken by a Person only if such action:

(i) is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person;

(ii) is not required to be authorized by the board of directors of such Person (or by any Person or group of Persons exercising similar authority), other than loan approvals for customers of a financial institution; and

(iii) is similar in nature and magnitude to actions customarily taken, without any authorization by the board of directors (or by any Person or group of Persons exercising similar authority), other than loan approvals for customers of a financial institution, in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as such Person.

(gg) *Person* means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Regulatory Authority.

(hh) *Proceeding* means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any judicial or governmental authority, including a Regulatory Authority, or arbitrator.

(ii) *Regulatory Authority* means any federal, state or local governmental body, agency, court or authority that, under applicable Legal Requirements: (i) has supervisory, judicial, administrative, police, enforcement, taxing or other power or authority over Centrue, Union, or any of their respective Subsidiaries; (ii) is required to approve, or give its consent to the Contemplated Transactions; or (iii) with which a filing must be made in connection therewith, including, in any case, the Federal Reserve, the FDIC and the Department.

(jj) *Representative* means with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.

(kk) *SEC* means the Securities and Exchange Commission.

(ll) *Securities Act* means the Securities Act of 1933, as amended.

(mm) *Subsidiary* means with respect to any Person (the **Owner**), any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by the Owner or one or more of its Subsidiaries.

(nn) *Tax* means any tax (including any income tax, capital gains tax, value-added tax, sales tax, property tax, gift tax or estate tax), levy, assessment, tariff, duty (including any customs duty), deficiency or other fee, and any related charge or amount (including any fine, penalty, interest or addition to tax), imposed, assessed or collected by or under the authority of any Regulatory Authority or payable pursuant to any tax-sharing agreement or any other Contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency or fee.

(oo) *Tax Return* means any return (including any information return), report, statement, schedule, notice, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Regulatory Authority in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax.

**Table of Contents**

(pp) *Threatened* means a claim, Proceeding, dispute, action or other matter for which any demand or statement has been made (orally or in writing) or any notice has been given (orally or in writing), or if any other event has occurred or any other circumstances exist, that would lead a prudent Person with knowledge of such event or circumstances to conclude that such a claim, Proceeding, dispute, action or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future.

(qq) *UnionBank* means UnionBank, an Illinois chartered commercial bank with its main office located in Streator, Illinois, and a wholly-owned subsidiary of Union.

(rr) *Union Rights Agreement* means the Rights Agreement dated as of August 5, 1996, between Union and Harris Trust and Savings Bank, as Rights Agent.

(ss) *Union SEC Reports* means the annual, quarterly and other reports, schedules, forms, statements and other documents (including exhibits and all other information incorporated therein) filed by Union with the SEC.

(tt) *Union Stock Option* means each of the 288,175 stock options granted to a Person by Union, under the Union Stock Option Plans or otherwise, prior to the date of this Agreement that is outstanding on the date hereof.

(uu) *Union Stock Option Plans* means the UnionBancorp, Inc. 1993 Stock Option Plan, the UnionBancorp 1999 Non-Qualified Stock Option Plan and the UnionBancorp, Inc. 2003 Stock Option Plan.

(vv) *Union Subsidiary* means any Subsidiary of Union.

Section 1.2 *Principles of Construction.*

(a) In this Agreement, unless otherwise stated or the context otherwise requires, the following uses apply:

(i) actions permitted under this Agreement may be taken at any time and from time to time in the actor's sole discretion; (ii) references to a statute shall refer to the statute and any successor statute, and to all regulations promulgated under or implementing the statute or its successor, as in effect at the relevant time; (iii) in computing periods from a specified date to a later specified date, the words **from** and **commencing on** (and the like) mean **from and including**, and the words **to**, **until** and **ending on** (and the like) mean **to, but excluding**; (iv) references to a governmental or quasi-governmental agency, authority or instrumentality shall also refer to a regulatory body that succeeds to the functions of the agency, authority or instrumentality; (v) indications of time of day mean Ottawa, Illinois time; (vi) **including** means **including, but not limited to**; (vii) all references to sections, schedules and exhibits are to sections, schedules and exhibits in or to this Agreement unless otherwise specified; (viii) all words used in this Agreement will be construed to be of such gender or number as the circumstances and context require; (ix) the captions and headings of articles, sections, schedules and exhibits appearing in or attached to this Agreement have been inserted solely for convenience of reference and shall not be considered a part of this Agreement nor shall any of them affect the meaning or interpretation of this Agreement or any of its provisions; and (x) any reference to a document or set of documents in this Agreement, and the rights and obligations of the parties under any such documents, shall mean such document or documents as amended from time to time, and any and all modifications, extensions, renewals, substitutions or replacements thereof.

(b) The schedules of each of Centrue and Union referred to in this Agreement (the **Centrue Schedules** and the **Union Schedules**, respectively, and collectively the **Schedules**) shall consist of the agreements and other documentation described and referred to in this Agreement with respect to such party, which Schedules were delivered by each of Centrue and Union to the other before the date of this Agreement. Any item or matter disclosed on any Schedule shall be deemed to be disclosed for all purposes on all other Schedules, to the extent that it should have been disclosed on such other Schedule, to the extent that sufficient details are set forth so that the purpose for which disclosure is made is reasonably clear. In the event of any inconsistency between the statements in the body of this Agreement and those in the Schedules (other than an exception expressly set forth as such in the Schedules), the statements in the body of this Agreement will control.

(c) All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

**Table of Contents**

(d) With regard to each and every term and condition of this Agreement and any and all agreements and instruments subject to the terms hereof, the parties hereto understand and agree that the same have or has been mutually negotiated, prepared and drafted, and that if at any time the parties hereto desire or are required to interpret or construe any such term or condition or any agreement or instrument subject hereto, no consideration shall be given to the issue of which party hereto actually prepared, drafted or requested any term or condition of this Agreement or any agreement or instrument subject hereto.

ARTICLE 2  
THE MERGER

Section 2.1 *The Merger*. Provided that this Agreement shall not prior thereto have been terminated in accordance with its express terms, upon the terms and subject to the conditions of this Agreement and in accordance with the applicable provisions of the DGCL, at the Effective Time (as defined below), Centruie shall be merged with and into Union pursuant to the provisions of, and with the effects provided in, the DGCL, the separate corporate existence of Centruie shall cease and Union will be the Surviving Corporation. As a result of the Merger, each share of Centruie Common Stock issued and outstanding immediately prior to the Effective Time will be converted into the right to receive shares of Union Common Stock as provided in **Section 3.2**.

Section 2.2 *Effective Time: Closing*.

(a) Provided that this Agreement shall not prior thereto have been terminated in accordance with its express terms, the closing of the Merger (the **Closing**) shall occur through the mail or at a place that is mutually acceptable to Union and Centruie, at 10:00 a.m. on the date that is ten Business Days after the latest to occur of the receipt of all required approvals or consents of the Regulatory Authorities for the Contemplated Transactions, the expiration of all statutory waiting periods relating to such regulatory approvals and the receipt of the approvals of the stockholders of Union and Centruie, or at such other time and place as Centruie and Union may agree in writing (the **Closing Date**). Subject to the provisions of **Article 11**, failure to consummate the Merger on the date and time and at the place determined pursuant to this Section will not result in the termination of this Agreement and will not relieve any party of any obligation under this Agreement.

(b) The parties hereto agree to file on the Closing Date an appropriate certificate of merger, as contemplated by Section 252 of the DGCL, with the Secretary of State of the State of Delaware. The Merger shall be effective upon the close of business on the day the certificate of merger has been duly filed with and accepted by the Secretary of State of the State of Delaware (the **Effective Time**).

Section 2.3 *Effects of Merger*. At the Effective Time, the effect of the Merger shall be as provided in Sections 251, 252, 259, 260 and 261 of the DGCL. Without limiting the generality of the foregoing, at the Effective Time, all the property, rights, privileges, powers and franchises of Union and Centruie shall be vested in the Surviving Corporation, and all debts, liabilities and duties of Union and Centruie shall become the debts, liabilities and duties of the Surviving Corporation.

Section 2.4 *Name*. The name of the Surviving Corporation shall be Centruie Financial Corporation.

Section 2.5 *Amended and Restated Certificate of Incorporation*. Union and Centruie agree to cause to be filed on the Closing Date with the Secretary of State of the State of Delaware an amendment and restatement of the certificate of incorporation of Union, as amended to date, substantially in the form attached as Exhibit A, and such amended and restated certificate of incorporation shall from and after the Effective Time represent the certificate of incorporation of the Surviving Corporation until further amended as provided by law.

Section 2.6 *Bylaws*. The bylaws of Union, in the form attached as Exhibit B, shall from and after the Effective Time be the bylaws of the Surviving Corporation until further amended as provided by law.

**Table of Contents**

Section 2.7 *Directors and Officers*. From and after the Effective Time, the directors and executive officers of the Surviving Corporation shall be as set forth in Exhibit C, with three (3) members in each of Class I and Class II, and four (4) members of Class III, of the Surviving Corporation's board of directors. From and after the Effective Time, the chairmen of each of the committees of the board of directors of the Surviving Corporation shall be as set forth in Exhibit C, and each of the committees of the board of the directors of the Surviving Corporation shall include two persons designated by Centru e and two persons designated by Union, each of whom shall be reasonably acceptable to the other. Such directors and executive officers shall serve until their successors shall have been elected or appointed and shall have qualified in accordance with the DGCL and the certificate of incorporation and bylaws of the Surviving Corporation.

Section 2.8 *Union's Deliveries at Closing*. At the Closing, Union shall deliver or cause to be delivered the following items to or on behalf of Union:

(a) evidence of the delivery by Union or its agents to the Exchange Agent (as defined below) of: (i) certificates representing the number of shares of Union Common Stock to be issued in exchange for the shares of Centru e Common Stock pursuant to the terms of this Agreement; and (ii) an aggregate amount of cash equal to the total fractional shares of Union Common Stock that former holders of Centru e Common Stock would be entitled to receive;

(b) a good standing certificate for Union issued by the Secretary of State of each of the States of Delaware and Illinois, and dated in each case not more than ten Business Days prior to the Closing Date;

(c) a copy of the certificate of incorporation of Union certified not more than ten Business Days prior to the Closing Date by the Secretary of State of the State of Delaware;

(d) a certificate of the Secretary or any Assistant Secretary of Union dated the Closing Date certifying a copy of the bylaws of Union;

(e) copies of resolutions of the board of directors and stockholders of Union authorizing and approving this Agreement and the consummation of the Contemplated Transactions certified as of the Closing Date by the Secretary or any Assistant Secretary of Union;

(f) a good standing certificate for UnionBank issued by the Department and dated not more than ten Business Days prior to the Closing Date;

(g) a copy of the charter of UnionBank certified by the Department and dated not more than ten Business Days prior to the Closing Date;

(h) a certificate of the Secretary of UnionBank dated the Closing Date certifying a copy of the bylaws of UnionBank and stating that there have been no further amendments to the charter of UnionBank delivered pursuant to the immediately preceding paragraph of this Section;

(i) a certificate executed by Union dated the Closing Date stating that: (i) all of the representations and warranties of Union set forth in this Agreement, when read without regard to any qualification as to materiality or Material Adverse Effect contained therein, are true and correct with the same force and effect as if all of such representations and warranties were made at the Closing Date (*provided, however*, that to the extent such representations and warranties expressly relate to an earlier date, such representations and warranties shall be true and correct on and as of such earlier date), except for any untrue or incorrect representations or warranties that individually or in the aggregate do not have a Material Adverse Effect on Union on a consolidated basis or on Centru e's or its stockholders' rights or interests under this Agreement; and (ii) all of the covenants and obligations

to be performed or complied with by Union under the terms of this Agreement on or prior to the Closing Date, when read without regard to any qualification as to materiality or Material Adverse Effect contained therein, have been performed or complied with by Union, except where any non-performance or noncompliance would not have a Material Adverse Effect on Union on a consolidated basis or on Centru e s or its stockholders' rights or interests under this Agreement; and

(j) a copy of the tax opinion described in **Section 10.10**.

A-7

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**Table of Contents**

All of such items shall be reasonably satisfactory in form and substance to Centru e and its counsel.

Section 2.9 Centru e s Deliveries at Closing. At the Closing, Centru e shall deliver the following items to Union:

- (a) a good standing certificate for Centru e issued by the Secretary of State of each of the States of Delaware and Illinois, and dated in each case not more than ten Business Days prior to the Closing Date;
  - (b) a copy of the certificate of incorporation of Centru e certified not more than ten Business Days prior to the Closing Date by the Secretary of State of the State of Delaware;
  - (c) a certificate of the Secretary or any Assistant Secretary of Centru e dated the Closing Date certifying a copy of the bylaws of Centru e;
  - (d) copies of resolutions of the board of directors and stockholders of Centru e authorizing and approving this Agreement and the consummation of the Contemplated Transactions certified as of the Closing Date by the Secretary or any Assistant Secretary of Centru e;
  - (e) a good standing certificate for Centru e Bank issued by the Department and dated not more than ten Business Days prior to the Closing Date;
  - (f) a copy of the charter of Centru e Bank certified by the Department and dated not more than ten Business Days prior to the Closing Date;
  - (g) a certificate of the Secretary of Centru e Bank dated the Closing Date certifying a copy of the bylaws of Centru e Bank and stating that there have been no further amendments to the charter of Centru e Bank delivered pursuant to the immediately preceding paragraph of this Section;
  - (h) a certificate executed by Centru e dated the Closing Date stating that: (i) all of the representations and warranties of Centru e set forth in this Agreement, when read without regard to any qualification as to materiality or material Adverse Effect contained therein, are true and correct with the same force and effect as if all of such representations and warranties were made at the Closing Date (*provided, however*, that to the extent such representations and warranties expressly relate to an earlier date, such representations and warranties shall be true and correct on and as of such earlier date), except for any untrue or incorrect representations or warranties that individually or in the aggregate do not have a Material Adverse Effect on Centru e on a consolidated basis or on Union s or its stockholders rights or interests under this Agreement; and (ii) all of the covenants and obligations to be performed or complied with by Centru e under the terms of this Agreement on or prior to the Closing Date, when read without regard to any qualification as to materiality or Material Adverse Effect contained therein, have been performed or complied with by Centru e, except where any non-performance or noncompliance would not have a Material Adverse Effect on Centru e on a consolidated basis or on Union s or its stockholders rights or interests under this Agreement; and
  - (i) a list of all holders of Centru e Common Stock as of the Closing Date and a list of all Persons as of the Closing Date who, to the Knowledge of Centru e, have the right at any time to acquire shares of Centru e Common Stock, certified in each case by the Secretary or any Assistant Secretary of Centru e;
  - (j) a copy of the tax opinion described in **Section 10.10**; and
  - (k) such other documents as Union may reasonably request.
- All of such items shall be reasonably satisfactory in form and substance to Union and its counsel.

Section 2.10 *Bank Merger*. The parties understand that it is the present intention of Union at or after the Effective Time to effect the Bank Merger. Union and Centruce agree to cooperate and to take such steps as may be necessary to obtain all requisite regulatory, corporate and other approvals to effect the Bank Merger, subject to the consummation of, and to be effective concurrently with, the Merger or as soon as practicable

A-8

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**Table of Contents**

thereafter. The resulting bank shall be Union, provided, however, that the name of the Resulting Bank will be Centrue Bank. In furtherance of such agreement, each of Centrue and Union agrees:

(a) respectively, to cause the board of directors of each of Centrue Bank and UnionBank to approve the Bank Merger and to submit the same to its respective sole stockholder for approval;

(b) respectively, to vote the shares of stock of Centrue Bank and UnionBank owned by them in favor of the Bank Merger; and

(c) to take, or cause to be taken, all steps necessary to consummate the Bank Merger at the Effective Time or as soon thereafter as is reasonably practicable.

The Bank Merger shall be accomplished pursuant to a merger agreement containing such terms and conditions as are ordinary and customary for affiliated bank merger transactions of such type. Notwithstanding anything contained herein to the contrary: (x) the Bank Merger will be effective no earlier than the Effective Time; and (y) none of Union's or Centrue's actions in connection with the Bank Merger will unreasonably interfere with any of the operations of Centrue, Centrue Bank, Union or UnionBank prior to the Effective Time.

Section 2.11 *Absence of Control*. Subject to any specific provisions of this Agreement, it is the intent of the parties to this Agreement that neither Union nor Centrue by reason of this Agreement shall be deemed (until consummation of the Contemplated Transactions) to control, directly or indirectly, the other party or any of its respective Subsidiaries and shall not exercise, or be deemed to exercise, directly or indirectly, a controlling influence over the management or policies of such other party or any of its respective Subsidiaries.

ARTICLE 3

CONVERSION OF SECURITIES IN THE MERGER

Section 3.1 *Manner of Merger*.

(a) By virtue of the Merger and without any action on the part of Union, each share of Union Common Stock issued and outstanding immediately prior to the Effective Time shall be unaffected by the Merger and shall thereafter represent one share of stock of the Surviving Corporation. By virtue of the Merger and without any action on the part of Union, each share of Series A Convertible Preferred Stock, no par value (the **Series A Stock**), and each share of Series B Preferred Stock, no par value (the **Series B Stock**), of Union issued and outstanding immediately prior to the Effective Time shall be unaffected by the Merger and shall thereafter represent one share of Series A Stock or Series B Stock, respectively, of the Surviving Corporation.

(b) Subject to the provisions of this Article, by virtue of the Merger and without any action on the part of Union or Centrue, or the holder of any Centrue Common Stock, each share of Centrue Common Stock issued and outstanding immediately prior to the Effective Time, including each share of Centrue Common Stock that is to be paid out at the Effective Time under the Centrue Deferred Compensation Plan, shall become and automatically be converted into 1.2 shares of Union Common Stock (the **Exchange Ratio**), and shall thereafter represent the right to receive and be exchangeable for such number of shares, rounded to the nearest thousandth of a share of Union Common Stock (the **Exchange Shares**); *provided, however*, that all shares of Centrue Common Stock held by Centrue as treasury stock shall not be converted into shares of Union Common Stock, but instead shall be canceled as a result of the Merger.

(c) After the Effective Time, no holder of Centrue Common Stock that is issued and outstanding immediately prior to the Effective Time will have any rights in respect of such Centrue Common Stock except to receive shares of Union Common Stock for the shares of Centrue Common Stock converted as provided in this Section, plus an amount in cash, as provided below, for any fractional share of Union Common Stock that such holder would have been entitled to receive.

(d) If, subject to **Section 7.15**, Union declares a stock dividend, stock split or other general distribution of Union Common Stock to holders of Union Common Stock and the ex-dividend or ex-distribution date for such stock dividend, stock split or distribution occurs at any time after the date of this Agreement and prior to

**Table of Contents**

the Closing, then the Exchange Ratio shall be adjusted by multiplying it by a fraction: (i) the numerator of which shall be the total number of shares of Union Common Stock outstanding immediately after such dividend, split or distribution; and (ii) the denominator of which shall be the total number of shares of Union Common Stock outstanding immediately prior to such dividend, split, or distribution. Notwithstanding the foregoing, and subject to **Section 7.15**, no adjustment shall be made to the Exchange Ratio: (A) in the event of the issuance of additional shares of Union Common Stock pursuant to the grant or sale of shares to, or for the account of, employees of Union pursuant to the Union Stock Option Plans, or Union's qualified and non-qualified retirement and dividend reinvestment plans; or (B) in the event of the issuance of additional shares of Union Common Stock or other securities pursuant to a public offering, private placement or an acquisition of one or more banks, corporations or business assets for consideration which the board of directors, or a duly authorized committee of the board of directors, of Union in its reasonable business judgment determines to be fair and reasonable.

(e) If, subject to **Section 6.12**, Centruce declares a stock dividend, stock split or other general distribution of Centruce Common Stock to holders of Centruce Common Stock and the ex-dividend or ex-distribution date for such stock dividend, stock split or distribution occurs at any time after the date of this Agreement and prior to the Closing, then the Exchange Ratio shall be adjusted by multiplying it by a fraction: (i) the numerator of which shall be the total number of shares of Centruce Common Stock outstanding immediately prior to such dividend, split or distribution; and (ii) the denominator of which shall be the total number of shares of Centruce Common Stock outstanding immediately after such dividend, split, or distribution. Notwithstanding the foregoing, and subject to **Section 6.12**, no adjustment shall be made to the Exchange Ratio: (A) in the event of the issuance of additional shares of Centruce Common Stock pursuant to the grant or sale of shares to, or for the account of, employees of Centruce pursuant to the Centruce Stock Incentive Plan, or Centruce's qualified and non-qualified retirement and dividend reinvestment plans; or (B) in the event of the issuance of additional shares of Centruce Common Stock or other securities pursuant to a public offering, private placement or an acquisition of one or more banks, corporations or business assets for consideration which the board of directors, or a duly authorized committee of the board of directors, of Centruce in its reasonable business judgment determines to be fair and reasonable.

Section 3.2 *Steps of Transaction.*

(a) The parties shall mutually select a Person to serve as exchange agent (the **Exchange Agent**) for the parties to effect the surrender of certificates representing outstanding shares of Centruce Common Stock (the **Certificates**) in exchange for Union Common Stock and/or cash in redemption of fractional shares. The Exchange Agent shall serve under the terms of an exchange agent agreement reasonably acceptable to both parties. No later than five Business Days after the Effective Time, the Exchange Agent shall mail or cause to be mailed to each then current holder of record of a Certificate or Certificates a form of transmittal letter (the **Letter of Transmittal**) providing instructions for the transmittal of the Certificates and shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates (or a lost certificate affidavit and a bond in a form reasonably acceptable to the Surviving Corporation).

(b) The Surviving Corporation shall cause the Exchange Agent to deliver promptly to each holder of Centruce Common Stock who submits a properly completed Letter of Transmittal accompanied by the Certificates covered by such Letter of Transmittal: (i) certificates representing the number of whole shares of Union Common Stock into which the shares of Centruce Common Stock previously represented by the Certificates so surrendered were converted; plus (ii) an amount in cash, as provided below, for any fractional share of Union Common Stock that such holder would have been entitled to receive.

(c) Within sixty days after the Effective Time, the Surviving Corporation shall cause the Exchange Agent to send to each holder of record of Centruce Common Stock immediately prior to the Effective Time who has not previously submitted his or her Certificates, an additional Letter of Transmittal for use in surrendering Certificates to the Exchange Agent and instructions for use in effecting such surrender in exchange for shares of Union Common Stock and cash for any fractional shares.

**Table of Contents**

(d) No dividends or other distributions declared after the Effective Time with respect to Union Common Stock and payable in respect of shares of Centru Common Stock held by any former stockholder of record of Centru shall be paid to a former stockholder of Centru who holds any unsurrendered Certificate with respect to Centru Common Stock until the stockholder shall surrender the Certificate. Until so surrendered and exchanged, each outstanding Certificate shall for all purposes, including the exercise of voting rights, but not including the payment of dividends or other distributions, if any, in respect of shares of Centru Common Stock held by former holders of record of shares of Centru Common Stock, represent the shares of Union Common Stock into and for which such shares have been so converted; *provided, however*, that upon surrender of a Certificate, there shall be paid to the record holder or holders of the Certificate, the amount, without interest thereon, of such dividends and other distributions, if any, which previously have become payable with respect to the number of whole shares of Union Common Stock represented by such Certificate.

(e) No fractional shares of Union Common Stock shall be issued upon the surrender for exchange of Certificates; no dividend or distribution of Union shall relate to any fractional share interest; and such fractional share interests will not entitle the owner thereof to vote or to any rights of a stockholder of Union. Instead, each holder of shares of Centru Common Stock having a fractional interest in shares of Union Common Stock arising upon the conversion of such shares of Centru Common Stock shall, at the time of surrender of the Certificates, be paid by the Surviving Corporation an amount in cash, without interest, determined by multiplying such fractional share of Union Common Stock by the average of the closing sale prices of Union Common Stock for the five trading days immediately following the Closing Date.

(f) All shares of Union Common Stock, and any required cash payments for fractional shares, into and for which shares of Centru Common Stock shall have been converted and exchanged pursuant to this Agreement, shall be deemed to have been issued in full satisfaction of all rights pertaining to such converted and exchanged shares of Centru Common Stock.

(g) At the Effective Time, Centru shall deliver to the Exchange Agent a certified copy of a list of its stockholders, after which there shall be no further registration or transfers on the stock transfer books of Centru of the shares of Centru Common Stock, all of which were outstanding immediately prior to the Effective Time. If after the Effective Time Certificates representing shares of Centru Common Stock are presented to the Exchange Agent or Union, they shall be canceled and converted into shares of Union Common Stock as provided in this Agreement.

(h) If a certificate representing shares of Union Common Stock is to be issued in a name other than that in which the Certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the Certificate so surrendered shall be properly endorsed, accompanied by all documents required to evidence and effect such transfer and otherwise in proper form for transfer and that the Person requesting such exchange shall pay to Union any transfer or other Taxes required by reason of the issuance of a certificate representing shares of Union Common Stock in any name other than that of the registered holder of the Certificate surrendered, or otherwise required, or shall establish to the satisfaction of Union that such Tax has been paid or is not payable.

Section 3.3 *Tax Free Reorganization*. The parties to this Agreement intend for the Merger to qualify as a nontaxable reorganization within the meaning of Section 368(a)(1)(A) and related sections of the Code and agree to cooperate and to take such actions as may be reasonably necessary to ensure such result and no party shall file any Tax Return or take any action or position inconsistent therewith, except as required pursuant to any Legal Requirement.

Section 3.4 *Options: Restricted Stock*.

(a) Prior to the Effective Time, Centru shall take all action necessary (including causing the board of directors or any committee thereof to take such actions as are allowed by the Centru Stock Incentive Plan) to provide that each Centru Stock Option that is outstanding immediately prior to the Effective Time, other than any Centru Stock Options that are granted as provided in the Daiber Employment Agreement or in Exhibit G, shall vest upon the Effective Time and become free of all restrictions. At and after the Effective Time, each Centru Stock Option that is outstanding and unexercised immediately prior thereto shall cease to



**Table of Contents**

represent a right to acquire shares of Centru Common Stock and shall be converted automatically into an option to acquire shares of Union Common Stock (the **Centru Converted Stock Options** ) in an amount and at an exercise price determined as provided below and otherwise subject to the terms of the agreements evidencing the grants of such options:

(i) the number of shares of Union Common Stock to be subject to each Centru Converted Stock Option shall be equal to the product of the number of shares of Centru Common Stock subject to the original option and the Exchange Ratio, *provided* that any fractional shares of Union Common Stock shall be rounded up to the next highest whole share; and

(ii) the exercise price per share of Union Common Stock under the Centru Converted Stock Option shall be equal to the exercise price per share of Centru Common Stock under the original option divided by the Exchange Ratio, *provided* that such exercise price shall be rounded to the nearest whole cent;

(b) The adjustment provided in this Section with respect to any options that are incentive stock options (as defined in Section 422 of the Code), shall be and is intended to be effected in a manner which is consistent with Section 424(a) of the Code. The duration and other terms of the Centru Converted Stock Options shall be the same as the original option except that all references to Centru shall be deemed to be references to the Surviving Corporation.

(c) Prior to the Effective Time, Centru shall take all action necessary (including causing the board of directors or any committee thereof to take such actions as are allowed by the Centru Stock Incentive Plan) to provide that each share of Centru Restricted Stock that is outstanding immediately prior to the Effective Time shall vest upon the Effective Time and become free of all restrictions. At the Effective Time, each share of Centru Restricted Stock issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive the Exchange Shares as provided in and in accordance with the terms set forth in **Section 3.1**.

(d) Prior to the Effective Time, Union shall take all action necessary (including causing the board of directors or any committee thereof to take such actions as are allowed by the Union Stock Option Plans) to provide that each Union Stock Option that is outstanding immediately prior to the Effective Time, other than any Union Stock Options that are granted as provided in the Yeoman Employment Agreement, the Stevenson Employment Agreement or in Exhibit G, shall vest upon the Effective Time and become free of all restrictions. At and after the Effective Time, each Union Stock Option that is outstanding and unexercised immediately prior thereto shall otherwise be unaffected by the Merger and shall thereafter continue to represent a right to acquire shares of Union Common Stock subject to the terms of the agreements evidencing the grants of such options.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF CENTRUE

Centru hereby represents and warrants to Union as follows:

Section 4.1 Centru Organization. Centru: (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is also in good standing in each other jurisdiction in which the nature of the business conducted or the properties or assets owned or leased by it makes such qualification necessary; (b) is registered with the Federal Reserve as a bank holding company under the federal Bank Holding Company Act of 1956, as amended (the **BHCA** ); and (c) has full power and authority, corporate and otherwise, to operate as a bank holding company and to own, operate and lease its properties as presently owned, operated and leased, and to carry on its business as it is now being conducted. The copies of the certificate of incorporation and bylaws of Centru and all amendments thereto set forth in the Centru SEC Reports are complete and correct. Centru has no Subsidiaries other than Centru Bank, except as set forth in the Centru SEC Reports.

A-12

**Table of Contents**

Section 4.2 *Centrue Subsidiary Organization*. Centrue Bank is an Illinois commercial bank duly organized, validly existing and in good standing under the laws of the State of Illinois. Each other Centrue Subsidiary is duly organized, validly existing and in good standing in its state or jurisdiction of organization. Each Centrue Subsidiary has full power and authority, corporate and otherwise, to own, operate and lease its properties as presently owned, operated and leased, and to carry on its business as it is now being conducted, and is duly qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted or the properties or assets owned or leased by it makes such qualification necessary. The copies of the charter (or similar organizational documents) and bylaws of each Centrue Subsidiary and all amendments thereto set forth on Schedule 4.2 are complete and correct.

Section 4.3 *Authorization: Enforceability*.

(a) Centrue has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Centrue, and the consummation by it of its obligations under this Agreement, have been authorized by all necessary corporate action, subject to stockholder approval, and this Agreement constitutes a legal, valid and binding obligation of Centrue enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' right generally and subject to general principles of equity.

(b) Except for ordinary corporate requirements, no business combination, moratorium, control share or other state anti-takeover statute or regulation or any provisions contained in the certificate of incorporation or bylaws of Centrue or any Centrue Subsidiary: (i) prohibits or restricts Centrue's ability to perform its obligations under this Agreement, or its ability to consummate the Contemplated Transactions; (ii) would have the effect of invalidating or voiding this Agreement, or any provision hereof; or (iii) would subject Centrue to any material impediment or condition in connection with the exercise of any of its rights under this Agreement. The board of directors of Centrue has unanimously approved the execution of, and performance by Centrue of its obligations under, this Agreement.

(c) Centrue has taken all action that may be necessary (including amending the Centrue Rights Agreement, a complete and correct copy of which amendment has been delivered to Union) so that: (i) neither the execution and delivery of this Agreement or any agreements delivered in connection with this Agreement, nor any amendments thereto approved by the board of directors of Centrue prior to the termination of this Agreement, nor the consummation of the transactions contemplated hereby or thereby, including the Merger, shall cause: (A) Union to become an Acquiring Person (as defined in the Centrue Rights Agreement); (B) the occurrence of a Distribution Date (as defined in the Centrue Rights Agreement); (C) the occurrence of a Flip-In Event (as defined in the Centrue Rights Agreement); or (D) the occurrence of a Stock Acquisition Date (as defined in the Centrue Rights Agreement); and (ii) the rights issuable under the Centrue Rights Plan shall expire upon the Effective Time.

Section 4.4 *No Conflict*. Except as set forth on Schedule 4.4, neither the execution nor delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time): (a) contravene, conflict with or result in a violation of any provision of the certificate of incorporation or charter (or similar organizational documents) or bylaws, each as in effect on the date hereof, or any currently effective resolution adopted by the board of directors or stockholders of, Centrue or any Centrue Subsidiary; (b) contravene, conflict with or result in a violation of, or give any Regulatory Authority or other Person the valid and enforceable right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which Centrue or any Centrue Subsidiary, or any of their respective assets that are owned or used by them, may be subject, except for any contravention, conflict or violation that is permissible by virtue of obtaining the regulatory approvals necessitated by the Contemplated Transactions, including any such approvals under the Federal Deposit Insurance Act, as amended (the **FDI Act**), the BHCA, the Securities Act, the Exchange Act, the DGCL, the laws of the State of Illinois (the **Illinois Statutes**), including the Illinois Banking Act (the **Illinois Banking Act**), and the listing rules of the Nasdaq National Market (the **Nasdaq Rules**); (c) contravene, conflict with or result in a violation or breach of any provision of, or give

**Table of Contents**

any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify any material Contract to which Centruie or any Centruie Subsidiary is a party or by which any of their respective assets is bound; or (d) result in the creation of any material lien, charge or encumbrance upon or with respect to any of the assets owned or used by Centruie or any Centruie Subsidiary. Except for the approvals referred to in **Section 8.1** and the requisite approval of its stockholders, neither Centruie nor any Centruie Subsidiary is or will be required to give any notice to or obtain any consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

**Section 4.5** *Centruie Capitalization.*

(a) The authorized capital stock of Centruie currently consists exclusively of: (a) 7,000,000 shares of Centruie Common Stock, of which, on the date of this Agreement: (i) 2,232,189 shares are duly issued and outstanding, fully paid and non-assessable; (ii) 1,966,361 shares are held in the treasury of Centruie; (iii) 12,400 shares have been issued as restricted stock pursuant to the Centruie Option Plan; and (iv) 204,800 shares have been reserved for issuance in respect of Centruie Stock Options; and (b) 500,000 shares of preferred stock, \$0.01 par value per share, none of which are issued and outstanding.

(b) None of the shares of Centruie Common Stock were issued in violation of any federal or state securities laws or any other Legal Requirement. To the Knowledge of Centruie and except as disclosed in this Agreement or on the Centruie Schedules, none of the shares of authorized capital stock of Centruie are, nor on the Closing Date will they be, subject to any claim of right inconsistent with this Agreement. Except as contemplated in this Agreement or as set forth on Schedule 4.5, there are, as of the date of this Agreement, no outstanding subscriptions, contracts, conversion privileges, options, warrants, calls or other rights obligating Centruie or any Centruie Subsidiary to issue, sell or otherwise dispose of, or to purchase, redeem or otherwise acquire, any shares of capital stock of Centruie or any Centruie Subsidiary, and Centruie is not a party to any Contract relating to the issuance, sale or transfer of any equity securities or other securities of Centruie. Since December 31, 2003, except as disclosed in or permitted by this Agreement or as provided on Schedule 4.5, no shares of Centruie capital stock have been purchased, redeemed or otherwise acquired, directly or indirectly, by Centruie or any Centruie Subsidiary and no dividends or other distributions payable in any equity securities of Centruie or any Centruie Subsidiary have been declared, set aside, made or paid to the stockholders of Centruie.

**Section 4.6** *Centruie Subsidiary Capitalization.* The authorized capital stock of Centruie Bank consists, and immediately prior to the Effective Time, will consist exclusively of 3,000 shares of capital stock, \$100.00 par value per share (the **Centruie Bank Shares** ), all of which shares are, and immediately prior to the Closing will be, duly authorized, validly issued and outstanding, fully paid and nonassessable. Except as set forth on Schedule 4.6, Centruie is, and will be on the Closing Date, the record and beneficial owner of 100% of the Centruie Bank Shares and all of the issued and outstanding shares of capital stock of each other Centruie Subsidiary, free and clear of any lien or encumbrance whatsoever. Except as set forth on Schedule 4.6, the Centruie Bank Shares are, and will be on the Closing Date, freely transferable and are, and will be on the Closing Date, subject to no claim of right inconsistent with this Agreement. There are no unexpired or pending preemptive rights with respect to any shares of capital stock of any Centruie Subsidiary, except for such rights held exclusively by Centruie. There are no outstanding securities of any Centruie Subsidiary that are convertible into or exchangeable for any shares of such Centruie Subsidiary's capital stock, except for such rights held exclusively by Centruie, and no Centruie Subsidiary is a party to any Contract relating to the issuance, sale or transfer of any equity securities or other securities of such Centruie Subsidiary. Neither Centruie nor any Centruie Subsidiary owns or has any Contract to acquire any equity securities or other securities of any Person or any direct or indirect equity or ownership interest in any other business, except for the capital stock of Centruie Bank and as set forth on Schedule 4.6.

**Section 4.7** *Financial Statements and Reports.* True, correct and complete copies of the following financial statements and reports are included on Schedule 4.7:

(a) audited Consolidated Balance Sheets for Centruie as of December 31, 2003, 2004 and 2005, and the related Consolidated Statements of Income and Comprehensive Income, Consolidated Statements of



**Table of Contents**

Cash Flows and Consolidated Statements of Stockholders Equity of Centru e for the years ended December 31, 2003, 2004 and 2005;

(b) unaudited Consolidated Balance Sheet for Centru e as of March 31, 2006, and the related unaudited Consolidated Statement of Income and Comprehensive Income and Consolidated Statement of Cash Flows for the three months ended March 31, 2006; and

(c) Call Reports for Centru e Bank as of the close of business on December 31, 2003, 2004 and 2005, and on March 31, 2006.

The financial statements described in clause (a) have been prepared in conformity with GAAP and comply in all material respects with all applicable Legal Requirements. The reports described in clauses (b) and (c) above have been prepared on a basis consistent with past accounting practices and as required by applicable Legal Requirements and fairly present the consolidated financial condition and results of operations at the dates and for the periods presented. Taken together, the financial statements and reports described in clauses (a), (b) and (c) above (collectively, the

**Centru e Financial Statements** ) are complete and correct in all respects and fairly and accurately present the respective financial position, assets, liabilities and results of operations of Centru e and the Centru e Subsidiaries at the respective dates of and for the periods referred to in the Centru e Financial Statements, subject to normal year-end non-material audit adjustments in the case of unaudited Centru e Financial Statements. The Centru e Financial Statements do not include any material assets or omit to state any material liabilities, absolute or contingent, or other facts, which inclusion or omission would render the Centru e Financial Statements misleading in any material respect as of the respective dates and for the periods referred to in the respective Centru e Financial Statements.

Section 4.8 Books and Records. The books of account, minute books, stock record books and other records of Centru e and each Centru e Subsidiary are complete and correct in all material respects and have been maintained in accordance with Centru e s business practices and all applicable Legal Requirements, including the maintenance of any adequate system of internal controls required by the Legal Requirements. The minute books of Centru e and each Centru e Subsidiary contain accurate and complete records in all material respects of all meetings held of, and corporate action taken by, its respective stockholders, boards of directors and committees of the boards of directors. At the Closing, all of those books and records will be in the possession of Centru e and the Centru e Subsidiaries. Centru e has provided Union with full and complete access to unredacted copies of all finally approved minutes of the meetings of Centru e s board of directors held in 2005 and 2006.

Section 4.9 Title to Properties. Centru e and each Centru e Subsidiary has good and marketable title to all assets and properties, whether real or personal, tangible or intangible, that it purports to own, subject to no valid liens, mortgages, security interests, encumbrances or charges of any kind except: (a) as noted in the most recent Centru e Financial Statement or on Schedule 4.9; (b) statutory liens for Taxes not yet delinquent or being contested in good faith by appropriate Proceedings and for which appropriate reserves have been established and reflected on the Centru e Financial Statements; (c) pledges or liens required to be granted in connection with the acceptance of government deposits, granted in connection with repurchase or reverse repurchase agreements, pursuant to borrowings from Federal Home Loan Banks or otherwise incurred in the Ordinary Course of Business; and (d) minor defects and irregularities in title and encumbrances that do not materially impair the use thereof for the purposes for which they are held. Except as set forth on Schedule 4.9, Centru e and each Centru e Subsidiary as lessee has the right under valid and existing leases to occupy, use, possess and control any and all of the respective property leased by it. Except where any failure would not be expected to have a Material Adverse Effect on Centru e on a consolidated basis, all buildings and structures owned by Centru e and each Centru e Subsidiary lie wholly within the boundaries of the real property owned or validly leased by it, and do not encroach upon the property of, or otherwise conflict with the property rights of, any other Person

Section 4.10 Condition and Sufficiency of Assets. The buildings, structures and equipment of Centru e and each Centru e Subsidiary are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, structures or equipment is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in



**Table of Contents**

the aggregate in nature or in cost. Except where any failure would not reasonably be expected to have a Material Adverse Effect on Centruie on a consolidated basis, the real property, buildings, structures and equipment owned or leased by Centruie and each Centruie Subsidiary are in compliance with the Americans with Disabilities Act of 1990, as amended, and the regulations promulgated thereunder, and all other building and development codes and other restrictions, including subdivision regulations, building and construction regulations, drainage codes, health, fire and safety laws and regulations, utility tariffs and regulations, conservation laws and zoning laws and ordinances. The assets and properties, whether real or personal, tangible or intangible, that Centruie or any Centruie Subsidiary purport to own or lease are sufficient for the continued conduct of the business of Centruie and each Centruie Subsidiary after the Closing in substantially the same manner as conducted prior to the Closing.

Section 4.11 Loans; Loan Loss Reserve. All loans and loan commitments extended by Centruie Bank and any extensions, renewals or continuations of such loans and loan commitments (the **Centruie Loans** ) were made materially in accordance with the lending policies of Centruie Bank in the Ordinary Course of Business. The Centruie Loans are evidenced by appropriate and sufficient documentation and constitute valid and binding obligations to Centruie Bank enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and subject to general principles of equity. All such Centruie Loans are, and at the Closing will be, free and clear of any encumbrance or other charge, except for pledges or liens required to be granted pursuant to borrowings from Federal Home Loan Banks, and Centruie Bank has complied, and at the Closing will have complied with all Legal Requirements relating to such Centruie Loans, except where any such failure to comply would not reasonably be expected to have a Material Adverse Effect on Centruie on a consolidated basis. The allowance for loan and lease losses of Centruie Bank is and will be on the Closing Date adequate in all material respects to provide for possible or specific losses, net of recoveries relating to loans previously charged off, and contains and will contain an additional amount of unallocated reserves for unanticipated future losses at an adequate level. To the Knowledge of Centruie: (a) none of the Centruie Loans is subject to any material offset or claim of offset; and (b) the aggregate loan balances in excess of Centruie's consolidated allowance for loan and lease losses are, based on past loan loss experience, collectible in accordance with their terms and all uncollectible loans have been charged off.

Section 4.12 Undisclosed Liabilities; Adverse Changes. Except as set forth on Schedule 4.12, neither Centruie nor any Centruie Subsidiary has any material liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise), except for liabilities or obligations reflected or reserved against in the Centruie Financial Statements and current liabilities incurred in the Ordinary Course of Business since the respective dates thereof. Since the date of the latest Centruie Financial Statement, there has not been any change in the business, operations, properties, prospects, assets or condition of Centruie or any Centruie Subsidiary, and, to Centruie's Knowledge, no event has occurred or circumstance exists, that has had or would reasonably be expected to have a Material Adverse Effect on Centruie on a consolidated basis.

Section 4.13 Taxes. Centruie and each Centruie Subsidiary has duly filed all material Tax Returns required to be filed by it, and each such Tax Return is complete and accurate in all material respects. Centruie and each Centruie Subsidiary has paid, or made adequate provision for the payment of, all Taxes (whether or not reflected in Tax Returns as filed or to be filed) due and payable by Centruie or any Centruie Subsidiary, or claimed to be due and payable by any Regulatory Authority, and is not delinquent in the payment of any Tax, except such Taxes as are being contested in good faith and as to which adequate reserves have been provided. There is no claim or assessment pending or, to the Knowledge of Centruie, Threatened against Centruie or any Centruie Subsidiary for any Taxes owed by any of them. Except as set forth on Schedule 4.13, no audit, examination or investigation related to Taxes paid or payable by Centruie or any Centruie Subsidiary is presently being conducted or, to the Knowledge of Centruie, Threatened by any Regulatory Authority. Centruie has delivered to Union true, correct and complete copies of all Tax Returns previously filed with respect to the last three fiscal years by Centruie and each Centruie Subsidiary and any Tax examination reports and statements of deficiencies assessed or agreed to for any of Centruie or any Centruie Subsidiary for any such time period.



**Table of Contents**

Section 4.14 *Compliance with ERISA.* Except as set forth on Schedule 4.14, all employee benefit plans (as defined in Section 3(3) of ERISA) established or maintained by Centruie or any Centruie Subsidiary or to which Centruie or any Centruie Subsidiary contributes, are in compliance with all applicable requirements of ERISA, and are in compliance with all applicable requirements (including qualification and non-discrimination requirements in effect as of the Closing) of the Code for obtaining the Tax benefits the Code thereupon permits with respect to such employee benefit plans. No such employee benefit plan has any amount of unfunded benefit liabilities (as defined in Section 4001(a)(18) of ERISA) for which Centruie or any Centruie Subsidiary would be liable to any Person under Title IV of ERISA if any such employee benefit plan were terminated as of the Closing. Such employee benefit plans are funded in accordance with Section 412 of the Code (if applicable). There would be no obligations of Centruie or any Centruie Subsidiary under Title IV of ERISA relating to any such employee benefit plan that is a multi-employer plan if any such plan were terminated or if Centruie or such Centruie Subsidiary withdrew from any such plan as of the Closing. All contributions and premium payments due prior to the date hereof have been made, and all contributions and premium payments due prior to Closing will be made, by Centruie or any Centruie Subsidiary, as applicable, on a timely basis.

Section 4.15 *Compliance with Legal Requirements.* Centruie and each Centruie Subsidiary holds all licenses, certificates, permits, franchises and rights from all appropriate Regulatory Authorities necessary for the conduct of its respective business. Except as set forth on Schedule 4.15, each of Centruie and each Centruie Subsidiary is, and at all times since January 1, 2003, has been, in compliance with each Legal Requirement that is or was applicable to it or to the conduct or operation of its respective businesses or the ownership or use of any of its respective assets, except where the failure to comply would not reasonably be expected to have a Material Adverse Effect on Centruie on a consolidated basis. No event has occurred or circumstance exists that (with or without notice or lapse of time): (a) may constitute or result in a violation by Centruie or any Centruie Subsidiary of, or a failure on the part of Centruie or any Centruie Subsidiary to comply with, any Legal Requirement; or (b) may give rise to any obligation on the part of Centruie or any Centruie Subsidiary to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in connection with a failure to comply with any Legal Requirement; except, in either case, where the failure to comply or the violation would not reasonably be expected to have a Material Adverse Effect on Centruie on a consolidated basis. Except as set forth on Schedule 4.15, neither Centruie nor any Centruie Subsidiary has received, at any time since January 1, 2003, any notice or other communication (whether oral or written) from any Regulatory Authority or any other Person regarding: (x) any actual, alleged, possible, or potential violation of, or failure to comply with, any Legal Requirement; or (y) any actual, alleged, possible, or potential obligation on the part of Centruie or any Centruie Subsidiary to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in connection with a failure to comply with any Legal Requirement, except where any such violation, failure or obligation would not reasonably be expected to have a Material Adverse Effect on Centruie on a consolidated basis.

Section 4.16 *Legal Proceedings: Orders.*

(a) Schedule 4.16 is a true and correct list of all Proceedings and Orders pending, entered into or, to the Knowledge of Centruie, Threatened against or affecting Centruie or any Centruie Subsidiary or any of their respective assets or businesses, or the Contemplated Transactions, since January 1, 2003, that has not been fully satisfied or terminated and that would reasonably be expected to have a Material Adverse Effect on Centruie on a consolidated basis, and there is no fact to Centruie's Knowledge that would provide a basis for any such Proceeding or Order. To the Knowledge of Centruie, no officer, director, agent or employee of Centruie or any Centruie Subsidiary is subject to any Order that prohibits such officer, director, agent or employee from engaging in or continuing any conduct, activity or practice relating to the businesses of Centruie or any Centruie Subsidiary as currently conducted.

(b) Neither Centruie nor any Centruie Subsidiary: (i) is subject to any cease and desist or other Order or enforcement action issued by, or (ii) is a party to any written agreement, consent agreement or memorandum of understanding with, or (iii) is a party to any commitment letter or similar undertaking to, or (iv) is subject to any order or directive by, or (v) is subject to any supervisory letter from, or (vi) has been ordered to pay any civil money penalty, which has not been paid, by, or (vii) has adopted any policies, procedures or board



**Table of Contents**

resolutions at the request of any Regulatory Authority that currently (w) restricts in any material respect the conduct of its business, or (x) that in any material manner relates to its capital adequacy, or (y) restricts its ability to pay dividends, or (z) limits in any material manner its credit or risk management policies, its management or its business; nor has Centruze or any Centruze Subsidiary been advised by any Regulatory Authority that it is considering issuing, initiating, ordering or requesting any of the foregoing.

Section 4.17 *Absence of Certain Changes and Events*. Except as set forth on Schedule 4.17, since December 31, 2005, Centruze and each Centruze Subsidiary have conducted their respective businesses only in the Ordinary Course of Business. Without limiting the foregoing, with respect to each, since December 31, 2005, there has not been any:

(a) change in its authorized or issued capital stock; grant of any stock option or right to purchase shares of its capital stock; issuance of any security convertible into such capital stock or evidences of indebtedness (except in connection with customer deposits); grant of any registration rights; purchase, redemption, retirement or other acquisition by it of any shares of any such capital stock; or declaration or payment of any dividend or other distribution or payment in respect of shares of its capital stock;

(b) amendment to its certificate of incorporation or charter (or similar organizational documents) or bylaws or adoption of any resolutions by its board of directors or stockholders with respect to the same;

(c) payment or increase of any bonus, salary or other compensation to any of its stockholders, directors, officers or employees, except, with respect to employees, for normal salary and bonus increases made in the Ordinary Course of Business or made in accordance with any then existing Centruze Employee Benefit Plan (as defined below), or entry by it into any employment, consulting, non-competition, change in control, severance or similar Contract with any stockholder, director, officer or employee;

(d) adoption, amendment (except for any amendment necessary to comply with any Legal Requirement) or termination of, or increase in the payments to or benefits under, any Centruze Employee Benefit Plan;

(e) damage to or destruction or loss of any of its assets or property, whether or not covered by insurance and where the resulting diminution in value individually or in the aggregate was greater than \$100,000;

(f) entry into, termination or extension of, or receipt of notice of termination of any joint venture or similar agreement pursuant to any Contract or any similar transaction;

(g) except for this Agreement, entry into any new, or modification, amendment, renewal or extension (through action or inaction) of the terms of any existing lease, Contract or license that has a term of more than one year or that involves the payment by Centruze or any Centruze Subsidiary of more than \$100,000 in the aggregate;

(h) Centruze Loan or commitment to make any Centruze Loan other than in the Ordinary Course of Business;

(i) Centruze Loan or commitment to make, renew, extend the term or increase the amount of any Loan to any Person if such Centruze Loan or any other Centruze Loans to such Person or an Affiliate of such Person is on the watch list or similar internal report of Centruze or any Centruze Subsidiary, or has been classified as substandard, doubtful, loss, or other loans specially mentioned or listed as a potential problem loan; *provided, however*, that nothing in this **Section 4.17(i)** shall prohibit Centruze or any Centruze Subsidiary from honoring any contractual obligation in existence on the date of this Agreement;

(j) sale (other than any sale in the Ordinary Course of Business), lease or other disposition of any of its assets or properties or mortgage, pledge or imposition of any lien or other encumbrance upon any of its material assets or properties except for Tax and other liens that arise by operation of law and with respect to which payment is not

past due and except for pledges or liens: (i) required to be granted in  
A-18

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**Table of Contents**

connection with the acceptance by Centru Bank of government deposits; (ii) granted in connection with repurchase or reverse repurchase agreements; or (iii) otherwise incurred in the Ordinary Course of Business;

(k) incurrence by it of any obligation or liability (fixed or contingent) other than in the Ordinary Course of Business;

(l) cancellation or waiver by it of any claims or rights with a value in excess of \$100,000;

(m) aggregate investments by it of a capital nature exceeding \$100,000;

(n) except for the Contemplated Transactions, merger or consolidation with or into any other Person, or acquisition of any stock, equity interest or business of any other Person;

(o) transaction for the borrowing or loaning of monies, or any increase in any outstanding indebtedness, other than in the Ordinary Course of Business;

(p) material change in any policies and practices with respect to liquidity management and cash flow planning, marketing, deposit origination, lending, budgeting, profit and Tax planning, accounting or any other material aspect of its business or operations, except for such changes as may be required in the opinion of the management of Centru to respond to then current market or economic conditions or as may be required by any Regulatory Authorities;

(q) filing of any applications for additional branches, opening of any new office or branch, closing of any current office or branch or relocation of operations from existing locations;

(r) discharge or satisfaction of any material lien or encumbrance on its assets or repayment of any material indebtedness for borrowed money, except for obligations incurred and repaid in the Ordinary Course of Business;

(s) entry into any Contract or agreement to buy, sell, exchange or otherwise deal in any assets or series of assets in a single transaction in excess of \$100,000 in aggregate value, except for sales of Centru other real estate owned and other repossessed properties or the acceptance of a deed in lieu of foreclosure;

(t) purchase or other acquisition of any investments, direct or indirect, in any derivative securities, financial futures or commodities or entry into any interest rate swap, floors and option agreements or other similar interest rate management agreements;

(u) hiring of any employee with an annual salary in excess of \$100,000, except for employees at will who are hired to replace employees who have resigned or whose employment has otherwise been terminated; or

(v) agreement, whether oral or written, by it to do any of the foregoing.

Section 4.18 *Properties, Contracts and Employee Benefit Plans*. Except for Contracts evidencing Loans made by Centru Bank in the Ordinary Course of Business, Schedule 4.18 lists or describes the following with respect to Centru and each Centru Subsidiary:

(a) all real property owned by Centru and each Centru Subsidiary and the principal buildings and structures located thereon, together with the address of such real estate, and each lease of real property to which Centru and each Centru Subsidiary is a party, identifying the parties thereto, the annual rental payable, the expiration date thereof and a brief description of the property covered, and in each case of either owned or leased real property, the proper identification, if applicable, of each such property as a branch or main office or other office of Centru or such Centru Subsidiary;

(b) all loan and credit agreements, conditional sales contracts or other title retention agreements or security agreements relating to money borrowed by Centruē or any Centruē Subsidiary, exclusive of deposit agreements with customers of Centruē Bank entered into in the Ordinary Course of Business, agreements for the purchase of federal funds and repurchase agreements;

A-19

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**Table of Contents**

(c) each Contract that involves the performance of services or delivery of goods or materials by Centruie or any Centruie Subsidiary of an amount or value in excess of \$100,000;

(d) each Contract that was not entered into in the Ordinary Course of Business and that involves expenditures or receipts of Centruie or any Centruie Subsidiary in excess of \$100,000;

(e) each Contract not referred to elsewhere in this Section that:

(i) relates to the future purchase of goods or services that materially exceeds the requirements of its respective business at current levels or for normal operating purposes; or

(ii) materially affects the business or financial condition of Centruie or any Centruie Subsidiary;

(f) each lease, rental, license, installment and conditional sale agreement and other Contract affecting the ownership of, leasing of, title to or use of, any personal property (except personal property leases and installment and conditional sales agreements having a value per item or aggregate payments of less than \$100,000 or with terms of less than one year);

(g) each licensing agreement or other Contract with respect to patents, trademarks, copyrights, or other intellectual property (collectively, **Intellectual Property Assets** ), including agreements with current or former employees, consultants or contractors regarding the appropriation or the non-disclosure of any of the Intellectual Property Assets of Centruie or any Centruie Subsidiary;

(h) each collective bargaining agreement and other Contract to or with any labor union or other Person representing one or more employees;

(i) each joint venture, partnership and other Contract (however named) involving a sharing of profits, losses, costs or liabilities by Centruie or any Centruie Subsidiary with any other Person;

(j) each Contract containing covenants that in any way purport to restrict the business activity of Centruie or any Centruie Subsidiary or any Affiliate of any of the foregoing, or limit the ability of Centruie or any Centruie Subsidiary or any Affiliate of the foregoing to engage in any line of business or to compete with any Person;

(k) each Contract providing for payments to or by any Person based on sales, purchases or profits, other than direct payments for goods;

(l) the name and annual salary of each director, officer or employee of Centruie and each Centruie Subsidiary, and the profit sharing, bonus or other form of compensation (other than salary) paid or payable by Centruie, each Centruie Subsidiary or a combination of any of them to or for the benefit of each such person in question for the year ended December 31, 2005, and for the current year, and any employment agreement, consulting agreement, non-competition, severance or change in control agreement or similar arrangement or plan with respect to each such person;

(m) each profit sharing, group insurance, hospitalization, stock option, pension, retirement, bonus, severance, change of control, deferred compensation, stock bonus, stock purchase, employee stock ownership or other employee welfare or benefit agreements, plans or arrangements established, maintained, sponsored or undertaken by Centruie or any Centruie Subsidiary for the benefit of the officers, directors or employees of Centruie or any Centruie Subsidiary, including each trust or other agreement with any custodian or any trustee for funds held under any such agreement, plan or arrangement, and all other Contracts or arrangements under which pensions, deferred compensation or other retirement benefits are being paid or may become payable by Centruie or any Centruie Subsidiary for the benefit of the employees of Centruie or any Centruie Subsidiary (collectively, the **Centruie**

**Employee Benefit Plans** ), and, in respect to any of them, the latest reports or forms, if any, filed with the Department of Labor and Pension Benefit Guaranty Corporation under ERISA, any current financial or actuarial reports and any currently effective Internal Revenue Service private rulings or determination letters obtained by or for the benefit of Centru e or any Centru e Subsidiary;

A-20

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**Table of Contents**

(n) the name of each Person who is or would be entitled pursuant to any Contract or Centrué Employee Benefit Plan to receive any payment from Centrué or any Centrué Subsidiary as a result of the consummation of the Contemplated Transactions (including any payment that is or would be due as a result of any actual or constructive termination of a Person's employment or position following such consummation) and the maximum amount of such payment;

(o) each holder of a Centrué Stock Option and the number of underlying shares to which each such holder may be entitled to acquire;

(p) each Contract entered into other than in the Ordinary Course of Business that contains or provides for an express undertaking by Centrué or any Centrué Subsidiary to be responsible for consequential damages;

(q) each Contract for capital expenditures in excess of \$100,000;

(r) each written warranty, guaranty or other similar undertaking with respect to contractual performance extended by Centrué or any Centrué Subsidiary other than in the Ordinary Course of Business; and

(s) each amendment, supplement and modification (whether oral or written) in respect of any of the foregoing.

Copies of each document, plan or Contract listed and described on Schedule 4.18 are appended to such Schedule.

Section 4.19 *No Defaults*. Except as set forth on Schedule 4.19, to the Knowledge of Centrué, each Contract identified or required to be identified on Schedule 4.18 is in full force and effect and is valid and enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors rights generally and subject to general principles of equity. Centrué and each Centrué Subsidiary is, and at all times since January 1, 2003, has been, in full compliance with all applicable terms and requirements of each Contract under which either Centrué or any Centrué Subsidiary has or had any obligation or liability or by which Centrué or any Centrué Subsidiary or any of their respective assets owned or used by them is or was bound, except where the failure to be in full compliance would not reasonably be expected to have a Material Adverse Effect on Centrué on a consolidated basis. To the Knowledge of Centrué, each other Person that has or had any obligation or liability under any such Contract under which Centrué or any Centrué Subsidiary has or had any rights is, and at all times since January 1, 2003, has been, in full compliance with all applicable terms and requirements of such Contract, except where the failure to be in full compliance would not reasonably be expected to have a Material Adverse Effect on Centrué on a consolidated basis. No event has occurred or circumstance exists that (with or without notice or lapse of time) may contravene, conflict with or result in a material violation or breach of, or give Centrué, any Centrué Subsidiary or other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any Contract. Except in the Ordinary Course of Business with respect to any Centrué Loan, neither Centrué nor any Centrué Subsidiary has given to or received from any other Person, at any time since January 1, 2003, any notice or other communication (whether oral or written) regarding any actual, alleged, possible or potential violation or breach of, or default under, any Contract, that has not been terminated or satisfied prior to the date of this Agreement. Other than in the Ordinary Course of Business in connection with workouts and restructured loans, there are no renegotiations of, attempts to renegotiate or outstanding rights to renegotiate, any material amounts paid or payable to Centrué or any Centrué Subsidiary under current or completed Contracts with any Person and no such Person has made written demand for such renegotiation.

Section 4.20 *Insurance*. Schedule 4.20 lists the policies and material terms of insurance (including bankers blanket bond and insurance providing benefits for employees) owned or held by Centrué or any Centrué Subsidiary on the date hereof. Each policy is in full force and effect (except for any expiring policy which is replaced by coverage at least as extensive). All premiums due on such policies have been paid in full.

**Table of Contents**

Section 4.21 *Compliance with Environmental Laws.* Except as set forth on Schedule 4.21: (a) there are no Proceedings or Orders against Centruie or any Centruie Subsidiary, or, to the Knowledge of Centruie any predecessor thereof, with respect to alleged violation of, or liability under, Environmental Laws; (b) to the Knowledge of Centruie, there is no Threatened Proceeding or Order against Centruie or any Centruie Subsidiary, or any predecessor thereof, with respect to the alleged violation of, or liability under, Environmental Laws; (c) to the Knowledge of Centruie, there is no factual basis for the assertion or commencement of a Proceeding or Order against Centruie and no factual basis for the assertion or commencement of a Proceeding or Order against Centruie or any Centruie Subsidiary, or any predecessor thereof, with respect to the violation of, or liability under, Environmental Laws; and (d) to the Knowledge of Centruie, there are no pending or Threatened Proceedings or Orders against or involving the assets of Centruie or any Centruie Subsidiary. For purposes of this **Section 4.21** and **Section 5.21**: (x) **Environmental Laws** means any federal, state or local law, statute, ordinance, rule, regulation, code, order, permit or other legally binding requirement applicable to the business or assets of Centruie or any Centruie Subsidiary, or Union or any Union Subsidiary, as applicable under **Section 5.21**, that imposes liability or standards of conduct with respect to the Environment and/or Hazardous Materials; (y) **Environment** means surface or subsurface soil or strata, surface waters and sediments, navigable waters, groundwater, drinking water supply and ambient air; and (z) **Hazardous Materials** means any hazardous, toxic or dangerous substance, waste, contaminant, pollutant, gas or other material that is classified as such under Environmental Laws or is otherwise regulated under Environmental Laws.

Section 4.22 *Regulatory Filings.*

(a) Except as set forth on Schedule 4.22, Centruie and each Centruie Subsidiary have filed all forms, reports and documents required to be filed with: (i) the SEC, and as of the date of this Agreement have delivered or made available to Union, in the form filed with the SEC: (A) its Annual Reports on Form 10-K for the fiscal years ended December 31, 2003, 2004 and 2005; (B) all proxy statements relating to Centruie s meetings of stockholders (whether annual or special) held since December 31, 2003; (C) all reports on Form 8-K filed by Centruie with the SEC since December 31, 2003; (D) all other reports or registration statements filed by Centruie with the SEC since December 31, 2003; and (E) all amendments and supplements to all such reports and registration statements filed by Centruie with the SEC since December 31, 2003; and (ii) the FDIC, the Federal Reserve Board, the Department and any other applicable federal or state securities or banking authorities (all such reports and statements are collectively referred to with the Centruie SEC Reports as the **Centruie Reports** ). The Centruie Reports (x) were prepared in accordance with the requirements of applicable Legal Requirements, and (y) did not at the time they were filed, after giving effect to any amendment thereto filed prior to the date hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that information as of a later date (but before the date of this Agreement) is deemed to modify information as of an earlier date.

(b) Centruie and, to Centruie s Knowledge, each of its executive officers and directors have complied in all material respects with (i) the applicable provisions of the Exchange Act, including the Sarbanes-Oxley Act of 2002 and the regulations promulgated thereunder, as amended, and (ii) the applicable listing and corporate governance rules and regulations of The Nasdaq Stock Market.

Section 4.23 *Fiduciary Accounts.* Centruie Bank has properly administered in all material respects all accounts for which it acts as fiduciary, including accounts for which it serves as trustee, agent, custodian or investment advisor, in accordance with the material terms of the governing documents and applicable state and federal law and regulations and common law. None of Centruie Bank or any of its directors, officers or employees has committed any breach of trust with respect to any such fiduciary account, and the accountings for each such fiduciary account are true and correct in all material respects and accurately reflect the assets of such fiduciary account.

Section 4.24 *Indemnification Claims.* To Centruie s Knowledge, no action or failure to take action by any director, officer, employee or agent of Centruie or any Centruie Subsidiary has occurred that may give rise to a claim or a potential claim by any such Person for indemnification against Centruie or any Centruie

**Table of Contents**

Subsidiary under any agreement with, or the corporate indemnification provisions of, Centru e or any Centru e Subsidiary, or under any Legal Requirements.

Section 4.25 *Insider Interests*. Except as set forth on Schedule 4.25, no officer or director of Centru e or any Centru e Subsidiary, any member of the Family of any such Person, and no entity that any such Person controls within the meaning of Regulation O of the Federal Reserve, has any loan, deposit account or any other agreement with Centru e or any Centru e Subsidiary, any interest in any material property, real, personal or mixed, tangible or intangible, used in or pertaining to the business of Centru e or any Centru e Subsidiary.

Section 4.26 *Brokerage Commissions*. Except as set forth on Schedule 4.26, none of Centru e, any Centru e Subsidiary or any of their respective Representatives has incurred any obligation or liability, contingent or otherwise, for brokerage or finders fees or agents commissions or other similar payment in connection with this Agreement.

Section 4.27 *Approval Delays*. To the Knowledge of Centru e, there is no reason why the granting of any of the regulatory approvals referred to in **Section 8.1** would be denied or unduly delayed. Centru e Bank s most recent CRA rating is satisfactory or better.

Section 4.28 *Disclosure*. Neither any representation nor warranty of Centru e in, nor any schedule to, this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading. No notice given pursuant to **Section 6.5** will contain any untrue statement or omit to state a material fact necessary to make the statements therein or in this Agreement, in light of the circumstances in which they were made, not misleading.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF UNION

Union hereby represents and warrants to Centru e as follows:

Section 5.1 *Union Organization*. Union: (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is also in good standing in each other jurisdiction in which the nature of business conducted or the properties or assets owned or leased by it makes such qualification necessary; (b) is registered with the Federal Reserve as a bank holding company under the BHCA; and (c) has full power and authority, corporate and otherwise, to operate as a bank holding company and to own, operate and lease its properties as presently owned, operated and leased, and to carry on its business as it is now being conducted. The copies of the certificate of incorporation and bylaws of Union and all amendments thereto set forth in the Union SEC Reports are complete and correct. Union has no Subsidiaries other than UnionBank, except as set forth in the Union SEC Reports.

Section 5.2 *Bank Organization*. UnionBank is an Illinois commercial bank duly organized, validly existing and in good standing under the laws of the State of Illinois. Each other Union Subsidiary is duly organized, validly existing and in good standing in its state or jurisdiction of organization. Each Union Subsidiary has full power and authority, corporate and otherwise, to own, operate and lease its properties as presently owned, operated and leased, and to carry on its business as it is now being conducted, and is duly qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted or the properties or assets owned or leased by it makes such qualification necessary. The copies of the charter (or similar organizational document) and bylaws of each Union Subsidiary and all amendments thereto set forth on Schedule 5.2 are complete and correct.

Section 5.3 *Authorization; Enforceability*.

(a) Union has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Union, and the consummation by it of its obligations under this Agreement, have been authorized by all necessary corporate action, subject to stockholder approval, and this Agreement constitutes a legal, valid and binding obligation of Union

**Table of Contents**

enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and subject to general principles of equity.

(b) Except for ordinary corporate requirements, no business combination, moratorium, control share or other state anti-takeover statute or regulation or any provisions contained in the certificate of incorporation or bylaws of Union or any Union Subsidiary: (i) prohibits or restricts Union's ability to perform its obligations under this Agreement, or its ability to consummate the Contemplated Transactions; (ii) would have the effect of invalidating or voiding this Agreement, or any provision hereof; or (iii) would subject Centruie to any material impediment or condition in connection with the exercise of any of its rights under this Agreement. The board of directors of Union has unanimously approved the execution of, and performance by Union of its obligations under, this Agreement.

(c) Union has taken all action that may be necessary (including amending the Union Rights Agreement, a complete and correct copy of which amendment has been delivered to Centruie) so that neither the execution and delivery of this Agreement or any agreements delivered in connection with this Agreement, nor any amendments thereto approved by the board of directors of Union prior to the termination of this Agreement, nor the consummation of the transactions contemplated hereby or thereby, including the Merger, shall cause: (i) Centruie to become an Acquiring Person (as defined in the Union Rights Agreement); (ii) the occurrence of a Distribution Date (as defined in the Union Rights Agreement); (iii) the occurrence of a Flip-In Event (as defined in the Union Rights Agreement); or (iv) the occurrence of a Stock Acquisition Date (as defined in the Union Rights Agreement).

Section 5.4 No Conflict. Except as set forth on Schedule 5.4, neither the execution nor delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time): (a) contravene, conflict with or result in a violation of any provision of the certificate of incorporation or charter (or similar organizational documents) or bylaws, each as in effect on the date hereof, or any currently effective resolution adopted by the board of directors or stockholders of, Union or any Union Subsidiary; (b) contravene, conflict with or result in a violation of, or give any Regulatory Authority or other Person the valid and enforceable right to challenge any of the Contemplated Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which Union or any Union Subsidiary, or any of their respective assets that are owned or used by them, may be subject, except for any contravention, conflict or violation that is permissible by virtue of obtaining the regulatory approvals necessitated by the Contemplated Transactions, including any such approvals under the FDI Act, the BHCA, the Securities Act, the Exchange Act, the DGCL, the Illinois Statutes, including the Illinois Banking Act, and the Nasdaq Rules; (c) contravene, conflict with or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify any material Contract to which Union or any Union Subsidiary is a party or by which any of their respective assets is bound; or (d) result in the creation of any material lien, charge or encumbrance upon or with respect to any of the assets owned or used by Union or any Union Subsidiary. Except for the approvals referred to in **Section 8.1** and the requisite approval of its stockholders, neither Union nor any Union Subsidiary is or will be required to give any notice to or obtain any consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

Section 5.5 Union Capitalization.

(a) The authorized capital stock of Union currently consists exclusively of: (a) 10,000,000 shares of Union Common Stock, of which, on the date of this Agreement: (i) 4,697,893 shares are duly issued and outstanding, fully paid and non-assessable; (ii) 955,142 shares are held in the treasury of Union; and (iii) 288,175 shares have been reserved for issuance in respect of outstanding stock options that have been or may be granted under the Union Stock Option Plans; and (b) 200,000 shares of preferred stock, no par value, of which (i) 2,765 shares have been designated as Series A Stock, of which 2,762.24 shares are duly issued and outstanding, fully paid and non-assessable, and which are convertible in the aggregate into 172,140 shares of Union Common Stock; (ii) 1,092 shares have been designated as Series B Stock, of which 831 shares are

**Table of Contents**

duly issued and outstanding, fully paid and non-assessable; and (iii) 4,500 shares have been designated as Series C Junior Participating Preferred Stock, none of which are issued and outstanding.

(b) None of the shares of Union Common Stock were issued in violation of any federal or state securities laws or any other Legal Requirement. To the Knowledge of Union and except as disclosed in this Agreement or on the Union Schedules, none of the shares of authorized capital stock of Union are, nor on the Closing Date will they be, subject to any claim of right inconsistent with this Agreement. Except as contemplated in this Agreement or as set forth on Schedule 5.5, there are, as of the date of this Agreement, no outstanding subscriptions, contracts, conversion privileges, options, warrants, calls or other rights obligating Union or any Union Subsidiary to issue, sell or otherwise dispose of, or to purchase, redeem or otherwise acquire, any shares of capital stock of Union or any Union Subsidiary, and Union is not a party to any Contract relating to the issuance, sale or transfer of any equity securities or other securities of Union. Since December 31, 2003, except as disclosed in or permitted by this Agreement or as provided on Schedule 5.5, no shares of Union capital stock have been purchased, redeemed or otherwise acquired, directly or indirectly, by Union or any Union Subsidiary and no dividends or other distributions payable in any equity securities of Union or any Union Subsidiary have been declared, set aside, made or paid to the stockholders of Union.

Section 5.6 UnionBank Capitalization. The authorized capital stock of UnionBank consists, and at the Effective Time will consist, exclusively of 12,700 shares of common stock, \$100.00 par value per share (the **UnionBank Shares** ), all of which shares are, and immediately prior to the Closing will be, duly authorized, validly issued and outstanding, fully paid and nonassessable. Except as set forth on Schedule 5.6, Union is, and will be on the Closing Date, the record and beneficial owner of 100% of the UnionBank Shares and all of the issued and outstanding shares of capital stock of each other Union Subsidiary, free and clear of any lien or encumbrance whatsoever. Except as set forth on Schedule 5.6, the UnionBank Shares are, and will be on the Closing Date, freely transferable and are, and will be on the Closing Date, subject to no claim of right inconsistent with this Agreement. There are no unexpired or pending preemptive rights with respect to any shares of capital stock of any Union Subsidiary, except for such rights held exclusively by Union. There are no outstanding securities of any Union Subsidiary that are convertible into, or exchangeable for, any shares of such Union Subsidiary's capital stock, except for such rights held exclusively by Union, and no Union Subsidiary is a party to any Contract relating to the issuance, sale or transfer of any equity securities or other securities of such Union Subsidiary. Neither Union nor any Union Subsidiary owns or has any Contract to acquire any equity securities or other securities of any Person or any direct or indirect equity or ownership interest in any other business, except for the capital stock of UnionBank and as set forth on Schedule 5.6.

Section 5.7 Financial Statements and Reports. True, correct and complete copies of the following financial statements and reports are included on Schedule 5.7:

(a) audited Consolidated Balance Sheets for Union as of December 31, 2003, 2004 and 2005, and the related Consolidated Statements of Income and Comprehensive Income, Statements of Cash Flows and Consolidated Statements of Stockholders' Equity of Union for the years ended December 31, 2003, 2004 and 2005;

(b) unaudited Consolidated Balance Sheet for Union as of March 31, 2006, and the related unaudited Consolidated Statement of Income and Comprehensive Income and Unaudited Consolidated Statement of Cash Flows for the three months ended March 31, 2006; and

(c) Call Reports for UnionBank as of the close of business on December 31, 2003, 2004 and 2005, and on March 31, 2006.

The financial statements described in clause (a) have been prepared in conformity with GAAP and comply in all material respects with all applicable Legal Requirements. The reports described in clauses (b) and (c) above have been prepared on a basis consistent with past accounting practices and as required by applicable Legal Requirements and fairly present the consolidated financial condition and results of operations at the dates and for the periods presented. Taken together, the financial statements and reports described in clauses (a), (b) and (c) above (collectively, the **Union Financial Statements** ) are complete and correct in all respects and fairly and accurately present the respective financial position, assets, liabilities and results of



**Table of Contents**

operations of Union and the Union Subsidiaries at the respective dates of and for the periods referred to in the Union Financial Statements, subject to normal year-end non-material audit adjustments in the case of unaudited Union Financial Statements. The Union Financial Statements do not include any material assets or omit to state any material liabilities, absolute or contingent, or other facts, which inclusion or omission would render the Union Financial Statements misleading in any material respect as of the respective dates and for the periods referred to in the respective Union Financial Statements.

Section 5.8 *Books and Records*. The books of account, minute books, stock record books and other records of Union and each Union Subsidiary are complete and correct in all material respects and have been maintained in accordance with Union's business practices and all applicable Legal Requirements, including the maintenance of any adequate system of internal controls required by the Legal Requirements. The minute books of Union and each Union Subsidiary contain accurate and complete records in all material respects of all meetings held of, and corporate action taken by, its respective stockholders, boards of directors and committees of the boards of directors. At the Closing, all of those books and records will be in the possession of Union and the Union Subsidiaries. Union has provided Centruex with full and complete access to unredacted copies of all finally approved minutes of the meetings of Union's board of directors held in 2005 and 2006.

Section 5.9 *Title to Properties*. Union and each Union Subsidiary has good and marketable title to all assets and properties, whether real or personal, tangible or intangible, that it purports to own, subject to no valid liens, mortgages, security interests, encumbrances or charges of any kind except: (a) as noted in the most recent Union Financial Statement or on Schedule 5.9; (b) statutory liens for Taxes not yet delinquent or being contested in good faith by appropriate Proceedings and for which appropriate reserves have been established and reflected on the Union Financial Statements; (c) pledges or liens required to be granted in connection with the acceptance of government deposits, granted in connection with repurchase or reverse repurchase agreements, pursuant to borrowings from Federal Home Loan Banks or Federal Reserve Banks or otherwise incurred in the Ordinary Course of Business; and (d) minor defects and irregularities in title and encumbrances that do not materially impair the use thereof for the purposes for which they are held. Except as set forth on Schedule 5.9, Union and each Union Subsidiary as lessee has the right under valid and existing leases to occupy, use, possess and control any and all of the respective property leased by it. Except where any failure would not reasonably be expected to have a Material Adverse Effect on Union on a consolidated basis, all buildings and structures owned by Union and each Union Subsidiary lie wholly within the boundaries of the real property owned or validly leased by it, and do not encroach upon the property of, or otherwise conflict with the property rights of, any other Person.

Section 5.10 *Condition and Sufficiency of Assets*. The buildings, structures and equipment of Union and each Union Subsidiary are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, structures or equipment is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in the aggregate in nature or in cost. Except where any failure would not reasonably be expected to have a Material Adverse Effect on Union on a consolidated basis, the real property, buildings, structures and equipment owned or leased by Union and each Union Subsidiary are in compliance with the Americans with Disabilities Act of 1990, as amended, and the regulations promulgated thereunder, and all other building and development codes and other restrictions, including subdivision regulations, building and construction regulations, drainage codes, health, fire and safety laws and regulations, utility tariffs and regulations, conservation laws and zoning laws and ordinances. The assets and properties, whether real or personal, tangible or intangible, that Union or any Union Subsidiary purport to own or lease are sufficient for the continued conduct of the business of Union and each Union Subsidiary after the Closing in substantially the same manner as conducted prior to the Closing.

Section 5.11 *Loan Loss Reserve*. All loans and loan commitments extended by UnionBank and any extensions, renewals or continuations of such loans and loan commitments (the **Union Loans**) were made materially in accordance with the lending policies of UnionBank in the Ordinary Course of Business. The Union Loans are evidenced by appropriate and sufficient documentation and constitute valid and binding obligations to UnionBank enforceable in accordance with their terms, except as enforceability may be limited by any bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and subject to general principles of equity. All such

Union Loans are, and at the Closing will be, free and clear of any

A-26

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**Table of Contents**

encumbrance or other charge, except for pledges or liens required to be granted pursuant to borrowings from Federal Home Loan Banks or Federal Reserve Banks, and UnionBank has complied, and at the Closing will have complied with, all Legal Requirements relating to such Union Loans, except where any such failure to comply would not reasonably be expected to have a Material Adverse Effect on Union on a consolidated basis. The allowance for loan and lease losses of UnionBank is, and will be on the Closing Date, adequate in all material respects to provide for probable or specific losses, net of recoveries relating to loans previously charged off, and continuous and contains and will contain an additional amount of unallocated reserves for unanticipated future losses at an adequate level. To the Knowledge of Union: (a) none of the Union Loans is subject to any material offset or claim of offset; and (b) the aggregate loan balances in excess of Union's consolidated allowance for loan and lease losses are based on past loan loss experience, collectible in accordance with their terms (except as limited above) and all uncollectible loans have been charged off.

Section 5.12 *Undisclosed Liabilities; Adverse Changes.* Except as set forth on Schedule 5.12, neither Union nor any Union Subsidiary has any material liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise), except for liabilities or obligations reflected or reserved against in the Union Financial Statements, and current liabilities incurred in the Ordinary Course of Business since the respective dates thereof. Since the date of the latest Union Financial Statement, there has not been any change in the business, operations, properties, prospects, assets or condition of Union or any Union Subsidiary, and, to Union's Knowledge, no event has occurred or circumstance exists, that has had, or would reasonably be expected to have, a Material Adverse Effect on Union on a consolidated basis.

Section 5.13 *Taxes.* Union and each Union Subsidiary has duly filed all material Tax Returns required to be filed by it, and each such Tax Return is complete and accurate in all material respects. Union and each Union Subsidiary has paid, or made adequate provision for the payment of, all Taxes (whether or not reflected in Tax Returns as filed or to be filed) due and payable by Union or any Union Subsidiary, or claimed to be due and payable by any Regulatory Authority, and is not delinquent in the payment of any Tax, except such Taxes as are being contested in good faith and as to which adequate reserves have been provided. There is no claim or assessment pending or, to the Knowledge of Union, Threatened against Union or any Union Subsidiary for any Taxes owed by any of them. No audit, examination or investigation related to Taxes paid or payable by Union or any Union Subsidiary is presently being conducted or, to the Knowledge of Union, Threatened by any Regulatory Authority. Union has delivered to Union true, correct and complete copies of all Tax Returns previously filed with respect to the last three fiscal years by Union and each Union Subsidiary and any Tax examination reports and statements of deficiencies assessed or agreed to for any of Union or any Union Subsidiary for any such time period.

Section 5.14 *Compliance With ERISA.* Except as set forth on Schedule 5.14, all employee benefit plans (as defined in Section 3(3) of ERISA) established or maintained by Union or any Union Subsidiary or to which Union or any Union Subsidiary contributes, are in compliance with all applicable requirements of ERISA, and are in compliance with all applicable requirements (including qualification and non-discrimination requirements in effect as of the Closing) of the Code for obtaining the Tax benefits the Code thereupon permits with respect to such employee benefit plans. No such employee benefit plan has any amount of unfunded benefit liabilities (as defined in Section 4001(a)(18) of ERISA) for which Union or any Union Subsidiary would be liable to any Person under Title IV of ERISA if any such employee benefit plan were terminated as of the Closing. Such employee benefit plans are funded in accordance with Section 412 of the Code (if applicable). There would be no obligations of Union or any Union Subsidiary under Title IV of ERISA relating to any such employee benefit plan that is a multi-employer plan if any such plan were terminated or if Union or such Union Subsidiary withdrew from any such plan as of the Closing. All contributions and premium payments due prior to the date hereof have been made, and all contributions and premium payments due prior to Closing will be made by Union or any Union Subsidiary, as applicable, on a timely basis.

Section 5.15 *Compliance With Legal Requirements.* Union and each Union Subsidiary holds all licenses, certificates, permits, franchises and rights from all appropriate Regulatory Authorities necessary for the conduct of its respective business. Except as set forth on Schedule 5.15, Union and each Union Subsidiary is, and at all times since January 1, 2003, has been, in compliance with each Legal Requirement that is or was



**Table of Contents**

applicable to it or to the conduct or operation of its respective businesses or the ownership or use of any of its respective assets, except where the failure to comply would not reasonably be expected to have a Material Adverse Effect on Union on a consolidated basis. No event has occurred or circumstance exists that (with or without notice or lapse of time): (a) may constitute or result in a violation by Union or any Union Subsidiary of, or a failure on the part of Union or any Union Subsidiary to comply with, any Legal Requirement; or (b) may give rise to any obligation on the part of Union or any Union Subsidiary to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in connection with a failure to comply with any Legal Requirement; except, in either case, where the failure to comply or the violation would not reasonably be expected to have a Material Adverse Effect on Union on a consolidated basis. Except as set forth on Schedule 5.15, neither Union nor any Union Subsidiary has received, at any time since January 1, 2003, any notice or other communication (whether oral or written) from any Regulatory Authority or any other Person, nor does Union have any Knowledge, regarding: (x) any actual, alleged, possible or potential violation of, or failure to comply with, any Legal Requirement; or (y) any actual, alleged, possible, or potential obligation on the part of Union or any Union Subsidiary to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in connection with a failure to comply with any Legal Requirement, except where any such violation, failure or obligation would not reasonably be expected to have a Material Adverse Effect on Union on a consolidated basis

Section 5.16 Legal Proceedings; Orders.

(a) Schedule 5.16 is a true and correct list of all Proceedings and Orders pending, entered into or, to the Knowledge of Union, Threatened against, affecting or involving Union or any Union Subsidiary or any of their respective assets or businesses, or the Contemplated Transactions, since January 1, 2003, that has not been fully satisfied or terminated and that would reasonably be expected to have a Material Adverse Effect on Union on a consolidated basis, and there is no fact to Union's Knowledge that would provide a basis for any such Proceeding or Order. To the Knowledge of Union, no officer, director, agent or employee of Union or any Union Subsidiary is subject to any Order that prohibits such officer, director, agent or employee from engaging in or continuing any conduct, activity or practice relating to the businesses of Union or any Union Subsidiary as currently conducted.

(b) Neither Union nor any Union Subsidiary: (i) is subject to any cease and desist or other Order or enforcement action issued by, or (ii) is a party to any written agreement, consent agreement or memorandum of understanding with, or (iii) is a party to any commitment letter or similar undertaking to, or (iv) is subject to any order or directive by, or (v) is subject to any supervisory letter from, or (vi) has been ordered to pay any civil money penalty, which has not been paid, by, or (vii) has adopted any policies, procedures or board resolutions at the request of any Regulatory Authority that currently (w) restricts in any material respect the conduct of its business, or (x) that in any material manner relates to its capital adequacy, or (y) restricts its ability to pay dividends, or (z) limits in any material manner its credit or risk management policies, its management or its business; nor has Union or any Union Subsidiary been advised by any Regulatory Authority that it is considering issuing, initiating, ordering or requesting any of the foregoing.

Section 5.17 Absence of Certain Changes and Events. Except as set forth on Schedule 5.17, since December 31, 2005, Union and each Union Subsidiary have conducted their respective businesses only in the Ordinary Course of Business. Without limiting the foregoing, with respect to each, since December 31, 2005, there has not been any:

(a) change in its authorized or issued capital stock; grant of any stock option or right to purchase shares of its capital stock; issuance of any security convertible into such capital stock or evidences of indebtedness (except in connection with customer deposits); grant of any registration rights; purchase, redemption, retirement or other acquisition by it of any shares of any such capital stock; or declaration or payment of any dividend or other distribution or payment in respect of shares of its capital stock;

(b) amendment to its certificate of incorporation or charter (or similar organizational documents) or bylaws or adoption of any resolutions by its board of directors or stockholders with respect to the same;

**Table of Contents**

(c) payment or increase of any bonus, salary or other compensation to any of its stockholders, directors, officers or employees, except, with respect to employees, for normal salary and bonus increases made in the Ordinary Course of Business or made in accordance with any then existing Union Employee Benefit Plan (as defined below), or entry by it into any employment, consulting, non-competition, change in control, severance or similar Contract with any stockholder, director, officer or employee;

(d) adoption, amendment (except for any amendment necessary to comply with any Legal Requirement) or termination of, or increase in the payments to or benefits under, any Union Employee Benefit Plan;

(e) damage to or destruction or loss of any of its assets or property, whether or not covered by insurance and where the resulting diminution in value individually or in the aggregate was greater than \$100,000;

(f) entry into, termination or extension of, or receipt of notice of termination of any joint venture or similar agreement pursuant to any Contract or any similar transaction;

(g) except for this Agreement, entry into any new, or modification, amendment, renewal or extension (through action or inaction) of the terms of any existing lease, Contract or license that has a term of more than one year or that involves the payment by Union or any Union Subsidiary of more than \$100,000 in the aggregate;

(h) Union Loan or commitment to make any Union Loan other than in the Ordinary Course of Business;

(i) Union Loan or commitment to make, renew, extend the term or increase the amount of any Loan to any Person if such Union Loan or any other Union Loans to such Person or an Affiliate of such Person is on the watch list or similar internal report of Union or any Union Subsidiary, or has been classified as substandard, doubtful, loss, or other loans specially mentioned or listed as a potential problem loan ; *provided, however*, that nothing in this **Section 5.17(i)** shall prohibit Union or any Union Subsidiary from honoring any contractual obligation in existence on the date of this Agreement;

(j) sale (other than any sale in the Ordinary Course of Business), lease or other disposition of any of its assets or properties or mortgage, pledge or imposition of any lien or other encumbrance upon any of its material assets or properties except for Tax and other liens that arise by operation of law and with respect to which payment is not past due and except for pledges or liens: (i) required to be granted in connection with the acceptance by UnionBank of government deposits; (ii) granted in connection with repurchase or reverse repurchase agreements; or (iii) otherwise incurred in the Ordinary Course of Business;

(k) incurrence by it of any obligation or liability (fixed or contingent) other than in the Ordinary Course of Business;

(l) cancellation or waiver by it of any claims or rights with a value in excess of \$100,000;

(m) aggregate investments by it of a capital nature exceeding \$100,000;

(n) except for the Contemplated Transactions, merger or consolidation with or into any other Person, or acquisition of any stock, equity interest or business of any other Person;

(o) transaction for the borrowing or loaning of monies, or any increase in any outstanding indebtedness, other than in the Ordinary Course of Business;

(p) material change in any policies and practices with respect to liquidity management and cash flow planning, marketing, deposit origination, lending, budgeting, profit and Tax planning, accounting or any other material aspect of its business or operations, except for such changes as may be required in the opinion of the management of Union to respond to then current market or economic conditions or as may be required by any Regulatory Authorities;

A-29

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**Table of Contents**

- (q) filing of any applications for additional branches, opening of any new office or branch, closing of any current office or branch or relocation of operations from existing locations;
- (r) discharge or satisfaction of any material lien or encumbrance on its assets or repayment of any material indebtedness for borrowed money, except for obligations incurred and repaid in the Ordinary Course of Business;
- (s) entry into any Contract or agreement to buy, sell, exchange or otherwise deal in any assets or series of assets in a single transaction in excess of \$100,000 in aggregate value, except for sales of Union other real estate owned and other repossessed properties or the acceptance of a deed in lieu of foreclosure;
- (t) purchase or other acquisition of any investments, direct or indirect, in any derivative securities, financial futures or commodities or entry into any interest rate swap, floors and option agreements or other similar interest rate management agreements;
- (u) hiring of any employee with an annual salary in excess of \$100,000, except for employees at will who are hired to replace employees who have resigned or whose employment has otherwise been terminated; or
- (v) agreement, whether oral or written, by it to do any of the foregoing.

Section 5.18 Properties, Contracts and Employee Benefit Plans. Except for Contracts evidencing Loans made by UnionBank in the Ordinary Course of Business, Schedule 5.18 lists or describes the following with respect to Union and each Union Subsidiary:

- (a) all real property owned by Union and each Union Subsidiary and the principal buildings and structures located thereon, together with the address of such real estate, and each lease of real property to which Union and each Union Subsidiary is a party, identifying the parties thereto, the annual rental payable, the expiration date thereof and a brief description of the property covered, and in each case of either owned or leased real property, the proper identification, if applicable, of each such property as a branch or main office or other office of Union or such Union Subsidiary;
- (b) all loan and credit agreements, conditional sales contracts or other title retention agreements or security agreements relating to money borrowed by Union or any Union Subsidiary, exclusive of deposit agreements with customers of UnionBank entered into in the Ordinary Course of Business, agreements for the purchase of federal funds and repurchase agreements;
- (c) each Contract that involves the performance of services or delivery of goods or materials by Union or any Union Subsidiary of an amount or value in excess of \$100,000;
- (d) each Contract that was not entered into in the Ordinary Course of Business and that involves expenditures or receipts of Union or any Union Subsidiary in excess of \$100,000;
- (e) each Contract not referred to elsewhere in this Section that:
  - (i) relates to the future purchase of goods or services that materially exceeds the requirements of its respective business at current levels or for normal operating purposes; or
  - (ii) materially affects the business or financial condition of Union or any Union Subsidiary;
- (f) each lease, rental, license, installment and conditional sale agreement and other Contract affecting the ownership of, leasing of, title to or use of, any personal property (except personal property leases and installment and conditional sales agreements having a value per item or aggregate payments of less than \$100,000 or with terms of less than one year);

(g) each licensing agreement or other Contract with respect to Intellectual Property Assets, including agreements with current or former employees, consultants or contractors regarding the appropriation or the non-disclosure of any of the Intellectual Property Assets of Union or any Union Subsidiary;

A-30

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**Table of Contents**

(h) each collective bargaining agreement and other Contract to or with any labor union or other Person representing one or more employees;

(i) each joint venture, partnership and other Contract (however named) involving a sharing of profits, losses, costs or liabilities by Union or any Union Subsidiary with any other Person;

(j) each Contract containing covenants that in any way purport to restrict the business activity of Union or any Union Subsidiary or any Affiliate of any of the foregoing, or limit the ability of Union or any Union Subsidiary or any Affiliate of the foregoing to engage in any line of business or to compete with any Person;

(k) each Contract providing for payments to or by any Person based on sales, purchases or profits, other than direct payments for goods;

(l) the name and annual salary of each director, officer or employee of Union and each Union Subsidiary, and the profit sharing, bonus or other form of compensation (other than salary) paid or payable by Union, each Union Subsidiary or a combination of any of them to or for the benefit of each such person in question for the year ended December 31, 2005, and for the current year, and any employment agreement, consulting agreement, non-competition, severance or change in control agreement or similar arrangement or plan with respect to each such person;

(m) each profit sharing, group insurance, hospitalization, stock option, pension, retirement, bonus, severance, change of control, deferred compensation, stock bonus, stock purchase, employee stock ownership or other employee welfare or benefit agreements, plans or arrangements established, maintained, sponsored or undertaken by Union or any Union Subsidiary for the benefit of the officers, directors or employees of Union or any Union Subsidiary, including each trust or other agreement with any custodian or any trustee for funds held under any such agreement, plan or arrangement, and all other Contracts or arrangements under which pensions, deferred compensation or other retirement benefits are being paid or may become payable by Union or any Union Subsidiary for the benefit of the employees of Union or any Union Subsidiary (collectively, the **Union Employee Benefit Plans** ), and, in respect to any of them, the latest reports or forms, if any, filed with the Department of Labor and Pension Benefit Guaranty Corporation under ERISA, any current financial or actuarial reports and any currently effective Internal Revenue Service private rulings or determination letters obtained by or for the benefit of Union or any Union Subsidiary;

(n) the name of each Person who is or would be entitled pursuant to any Contract or Union Employee Benefit Plan to receive any payment from Union or any Union Subsidiary as a result of the consummation of the Contemplated Transactions (including any payment that is or would be due as a result of any actual or constructive termination of a Person's employment or position following such consummation) and the maximum amount of such payment;

(o) each holder of a Union Stock Option and the number of underlying shares to which each such holder may be entitled to acquire;

(p) each Contract entered into other than in the Ordinary Course of Business that contains or provides for an express undertaking by Union or any Union Subsidiary to be responsible for consequential damages;

(q) each Contract for capital expenditures in excess of \$100,000;

(r) each written warranty, guaranty or other similar undertaking with respect to contractual performance extended by Union or any Union Subsidiary other than in the Ordinary Course of Business; and

(s) each amendment, supplement and modification (whether oral or written) in respect of any of the foregoing. Copies of each document, plan or Contract listed and described on Schedule 5.18 are appended to such Schedule.

A-31

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**Table of Contents**

Section 5.19 *No Defaults.* Except as set forth on Schedule 5.19, to the Knowledge of Union, each Contract identified or required to be identified on Schedule 5.18 is in full force and effect and is valid and enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors rights generally and subject to general principles of equity. Union and each Union Subsidiary is, and at all times since January 1, 2003, has been, in full compliance with all applicable terms and requirements of each Contract under which Union or any Union Subsidiary has or had any obligation or liability or by which Union or any Union Subsidiary or any of their respective assets owned or used by them is or was bound, except where the failure to be in full compliance would not reasonably be expected to have a Material Adverse Effect on Union. To the Knowledge of Union, each other Person that has or had any obligation or liability under any such Contract under which Union or any Union Subsidiary has or had any rights is, and at all times since January 1, 2003, has been in compliance with applicable terms and requirements of such Contract, except where the failure to be in full compliance would not reasonably be expected to have a Material Adverse Effect on Union. No event has occurred or circumstance exists that (with or without notice or lapse of time) may contravene, conflict with or result in a material violation or breach of, or give Union, any Union Subsidiary or other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any Contract. Except in the Ordinary Course of Business with respect to any Union Loan, neither Union nor any Union Subsidiary has given to or received from any other Person, at any time since January 1, 2003, any notice or other communication (whether oral or written) regarding any actual, alleged, possible or potential material violation or breach of, or default under, any Contract, that has not been terminated or satisfied prior to the date of this Agreement. Other than in the Ordinary Course of Business in connection with workouts and restructured loans, there are no renegotiations of, attempts to renegotiate or outstanding rights to renegotiate any material amounts paid or payable to Union or any Union Subsidiary under current or completed Contracts with any Person, and no such Person has made written demand for such renegotiation.

Section 5.20 *Insurance.* Schedule 5.20 lists the policies and material terms of insurance (including bankers blanket bond and insurance providing benefits for employees) owned or held by Union or any Union Subsidiary on the date hereof. Each policy is in full force and effect (except for any expiring policy which is replaced by coverage at least as extensive). All premiums due on such policies have been paid in full.

Section 5.21 *Compliance with Environmental Laws.* Except as set forth on Schedule 5.21: (a) there are no Proceedings or Orders against Union or any Union Subsidiary, or, to the Knowledge of Union, any predecessor thereof, with respect to alleged violation of, or liability under, Environmental Laws; (b) to the Knowledge of Union, there is no Threatened Proceeding or Order against Union or any Union Subsidiary, or any predecessor thereof, with respect to the alleged violation of, or liability under, Environmental Laws; (c) to the Knowledge of Union, there is no factual basis for the assertion or commencement of a Proceeding or Order against Union or any Union Subsidiary, or any predecessor thereof, with respect tot the violation of, or liability under, Environmental Laws; and (d) to the Knowledge of Union there are no pending or Threatened Proceedings or Orders against or involving the assets of Union or any Union Subsidiary.

Section 5.22 *Regulatory Filings.*

(a) Except as set forth on Schedule 5.22, Union and each Union Subsidiary have filed all forms, reports and documents required to be filed with: (i) the SEC, and as of the date of this Agreement have delivered or made available to the Seller, in the form filed with the SEC: (A) its Annual Reports on Form 10-K for the fiscal years ended December 31, 2003, 2004 and 2005; (B) all proxy statements relating to Union s meetings of stockholders (whether annual or special) held since December 31, 2003; (C) all reports on Form 8-K filed by Union with the SEC since December 31, 2003; (D) all other reports or registration statements filed by Union with the SEC since December 31, 2003; and (E) all amendments and supplements to all such reports and registration statements filed by Union with the SEC since December 31, 2003; and (ii) the FDIC, the Federal Reserve Board, the Department and any other applicable federal or state securities or banking authorities (all such reports and statements are collectively referred to with the Union SEC Reports as the **Union Reports** ). The Union Reports (x) were prepared in accordance with the requirements of applicable Legal Requirements, and (y) did not at the time they were filed, after giving effect to any amendment thereto filed prior to the date hereof, contain any untrue statement of a material fact or omit to state a

material fact

A-32

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**Table of Contents**

required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that information as of a later date (but before the date of this Agreement) is deemed to modify information as of an earlier date.

(b) Union and, to Union's Knowledge, each of its executive officers and directors have complied in all material respects with (i) the applicable provisions of the Exchange Act, including the Sarbanes-Oxley Act of 2002 and the regulations promulgated thereunder, as amended, and (ii) the applicable listing and corporate governance rules and regulations of The Nasdaq Stock Market.

Section 5.23 *Fiduciary Accounts*. UnionBank has properly administered in all material respects all accounts for which it acts as fiduciary, including accounts for which it serves as trustee, agent, custodian or investment advisor, in accordance with the material terms of the governing documents and applicable state and federal law and regulations and common law. None of UnionBank or any of its directors, officers or employees has committed any breach of trust with respect to any such fiduciary account, and the accountings for each such fiduciary account are true and correct in all material respects and accurately reflect the assets of such fiduciary account.

Section 5.24 *Indemnification Claims*. To Union's Knowledge, no action or failure to take action by any director, officer, employee or agent of Union or any Union Subsidiary has occurred that may give rise to a claim or a potential claim by any such Person for indemnification against Union or any Union Subsidiary under any agreement with, or the corporate indemnification provisions of, Union or any Union Subsidiary, or under any Legal Requirements.

Section 5.25 *Insider Interests*. Except as set forth on Schedule 5.25, no officer or director of Union or any Union Subsidiary, any member of the Family of any such Person, and no entity that any such Person controls within the meaning of Regulation O of the Federal Reserve, has any loan, deposit account or any other agreement with Union or any Union Subsidiary, any interest in any material property, real, personal or mixed, tangible or intangible, used in or pertaining to the business of Union or any Union Subsidiary.

Section 5.26 *Brokerage Commissions*. Except as set forth on Schedule 5.26, none of Union or any Union Subsidiary or any of their respective Representatives has incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement.

Section 5.27 *Approval Delays*. To the Knowledge of Union, there is no reason why the granting of any of the regulatory approvals referred to in **Section 8.1** would be denied or unduly delayed. UnionBank's most recent CRA rating is satisfactory or better.

Section 5.28 *Disclosure*. Neither any representation nor of Union in, nor any schedule to, this Agreement by Union contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. No notice given pursuant to **Section 7.5** will contain any untrue statement or omit to state a material fact necessary to make the statements therein, or in this Agreement, in light of the circumstances in which they were made, not misleading.

ARTICLE 6  
CENTRUE'S COVENANTS

Section 6.1 *Access and Investigation*.

(a) Union and its Representatives shall, at all times during normal business hours and with reasonable advance notice prior to the Closing Date, have full and continuing access to the facilities, operations, records and properties of Centrué and each Centrué Subsidiary in accordance with the provisions of this Section. Union and its Representatives may, prior to the Closing Date, make or cause to be made such reasonable investigation of the operations, records and properties of Centrué and each Centrué Subsidiary and of their respective financial and legal conditions as Union shall deem necessary or advisable to familiarize itself with

**Table of Contents**

such records, properties and other matters; *provided, however*, that such access or investigation shall not interfere materially with the normal operations of Centru e or any Centru e Subsidiary. Upon request, Centru e and each Centru e Subsidiary will furnish Union or its Representatives, attorneys' responses to auditors' requests for information regarding Centru e or such Centru e Subsidiary, as the case may be, and such financial and operating data and other information reasonably requested by Union (*provided*, with respect to attorneys, such disclosure would not result in the waiver by Centru e or any Centru e Subsidiary of any claim of attorney-client privilege), and will permit Union and its Representatives to discuss such information directly with any individual or firm performing auditing or accounting functions for Centru e or such Centru e Subsidiary, and such auditors and accountants shall be directed to furnish copies of any reports or financial information as developed to Union or its Representatives. No investigation by Union or any of its Representatives shall affect the representations and warranties made by Centru e. This Section shall not require the disclosure of any information the disclosure of which to Union would be prohibited by any Legal Requirement.

(b) Centru e shall allow a representative of Union reasonably acceptable to Centru e to attend as an observer: (i) all meetings of the board of directors of Centru e and each Centru e Subsidiary; and (ii) all meetings of the committees thereof, except for any such meeting if and to the extent that any amendment to this Agreement or the merits of any Acquisition Transaction described in **Section 6.6** is discussed, or Centru e is advised by its counsel that the participation by such observer would result in a waiver of Centru e's attorney-client privilege. Centru e shall give reasonable notice to Union of any such meeting and, if known, the agenda for or business to be discussed at such meeting. Centru e shall provide to Union all information provided to the directors on all such boards and committees in connection with all such meetings or otherwise provided to the directors, except to the extent that such information relates to any amendment to this Agreement or the merits of any Acquisition Transaction is discussed, or Centru e is advised by its counsel that the participation by such observer would result in a waiver of Centru e's attorney-client privilege. It is understood by the parties that Union's representative will not have any voting rights with respect to matters discussed at these meetings and shall remain silent during all proceedings, and that Union is not managing the business or affairs of Centru e. All information obtained by Union at these meetings shall be treated in confidence as provided in that certain Confidentiality Agreement dated November 15, 2005, between Centru e and Union (the **Confidentiality Agreement**).

Section 6.2 *Operation of Centru e and Centru e Subsidiaries*. Except with the prior written consent of Union, which consent shall not be unreasonably withheld or delayed, between the date of this Agreement and the Closing Date, Centru e will, and will cause each Centru e Subsidiary, to

- (a) conduct its business only in the Ordinary Course of Business;
- (b) use its Best Efforts to preserve intact its current business organization, keep available the services of its current officers, employees and agents, and maintain the relations and goodwill with its suppliers, customers, landlords, creditors, employees, agents and others having business relationships with it;
- (c) confer with Union concerning operational matters of a material nature;
- (d) enter into loan and deposit transactions only in accordance with sound credit practices and only on terms and conditions that are not materially more favorable than those available to the borrower or depositor, as the case may be, from competitive sources in arm's-length transactions, and, in that connection, from the date hereof to the Closing Date, shall not enter into any new credit or new lending relationship in excess of \$3,000,000 to any Person and any director or officer of, or any owner of a 10% or greater equity interest in, such Person; *provided, however*, that Centru e Bank shall be permitted to make any such loan with the prior written consent of Union, or if Centru e Bank has made a written request for permission to make an otherwise prohibited loan and has provided Union with all information necessary for Union to make an informed decision with respect to such request, and Union has failed to respond to such request within two Business Days after Union's receipt of such request;
- (e) consistent with past practice, maintain an allowance for possible loan and lease losses which is adequate in all material respects under the requirements of GAAP to provide for possible losses, net of

**Table of Contents**

recoveries relating to loans previously charged off, on loans outstanding (including accrued interest receivable);

(f) maintain all of its assets necessary for the conduct of its business in good operating condition and repair, reasonable wear and tear and damage by fire or unavoidable casualty excepted, and maintain policies of insurance upon its assets and with respect to the conduct of its business in amounts and kinds comparable to that in effect on the date hereof and pay all premiums on such policies when due;

(g) file in a timely manner all required filings with all Regulatory Authorities and cause such filings to be true and correct in all material respects; and

(h) maintain its books, accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior years and comply with all Legal Requirements.

Section 6.3 Negative Covenant. Except as otherwise expressly permitted by this Agreement, and as contemplated by Schedule 4.17, between the date of this Agreement and the Closing Date, Centrué will not, and will cause each Centrué Subsidiary not to, without the prior written consent of Union, which consent shall not be unreasonably withheld or delayed, take any affirmative action, or fail to take any reasonable action within its control, as a result of which any of the changes or events listed in **Section 4.17** is likely to occur.

Section 6.4 Subsequent Centrué Financial Statements: SEC Reports. As soon as available after the date hereof, Centrué will furnish Union copies of (a) the quarterly unaudited consolidated balance sheets, consolidated statements of income, consolidated statements of cash flows and consolidated statements of stockholders' equity, of Centrué prepared for its internal use, (b) Centrué Bank's Call Reports for each quarterly period completed after March 31, 2006, (c) all monthly financial reports or statements submitted after the date hereof by Centrué or Centrué Bank to the board of directors of Centrué or Centrué Bank, and (d) all other financial reports or statements submitted after the date hereof by Centrué or Centrué Bank to Regulatory Authorities, to the extent permitted by law (collectively, the

**Subsequent Centrué Financial Statements**). Without limitation of the foregoing, as soon as available, if at all, Centrué will deliver to Union complete copies of any reports filed with the SEC after March 31, 2006 (collectively, the **Centrué SEC Filings**). Except as may be required by changes in GAAP effective after the date hereof, the Subsequent Centrué Financial Statements shall be prepared on a basis consistent with past accounting practices and shall fairly present in all material respects the consolidated financial condition and results of operations for the dates and periods presented. The Subsequent Centrué Financial Statements will not include any material assets or omit to state any material liabilities, absolute or contingent, or other facts, which inclusion or omission would render such Subsequent Centrué Financial Statements misleading in any material respect. The Centrué SEC Filings will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading.

Section 6.5 Advice of Changes. Between the date of this Agreement and the Closing Date, Centrué will promptly notify Union in writing if Centrué or any Centrué Subsidiary becomes aware of any fact or condition that causes or constitutes a breach of any of Centrué's representations and warranties as of the date of this Agreement, or if Centrué or any Centrué Subsidiary becomes aware of the occurrence after the date of this Agreement of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. If any such fact or condition would require any change in the Centrué Schedules if such Centrué Schedules were dated the date of the occurrence or discovery of any such fact or condition, Centrué will promptly deliver to Union a supplement to the Centrué Schedules specifying such change. During the same period, Centrué will promptly notify Union of the occurrence of any breach of any covenant of Centrué in this Article or of the occurrence of any event that might reasonably be expected to make the satisfaction of the conditions in **Article 9** impossible or unlikely.

Section 6.6 Other Offers. Until such time, if any, as this Agreement is terminated pursuant to **Article 11**, Centrué will not, and will cause each Centrué Subsidiary and their respective Representatives not to, directly or indirectly solicit, initiate or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any unsolicited inquiries or proposals from,



**Table of Contents**

any Person (other than Union) relating to any Acquisition Transaction or a potential Acquisition Transaction involving Centru e or any Centru e Subsidiary. Notwithstanding the foregoing, Centru e may provide information at the request of, or enter into negotiations with, a third party with respect to an Acquisition Transaction if the board of directors of Centru e determines, in good faith, that the exercise of its fiduciary duties to Centru e's stockholders under applicable law, as advised by its counsel, requires it to take such action, and, *provided further*, that Centru e may not, in any event, provide to such third party any information which it has not provided to Union. Centru e shall promptly notify Union orally, confirmed in writing, in the event it receives any such inquiry or proposal and shall provide reasonable detail of all relevant facts relating to such inquiries.

Section 6.7 *Voting Agreement*. Concurrently with the execution and delivery of this Agreement, Centru e shall deliver to Union a voting agreement in the form of Exhibit D, signed by all directors of Centru e and Centru e Bank who are holders of Centru e Common Stock.

Section 6.8 *Stockholders Meeting*. Centru e shall cause a meeting of its stockholders for the purpose of acting upon this Agreement to be held at the earliest practicable date after the Registration Statement (as defined below) has been declared effective by the SEC. Centru e shall mail to its stockholders at least twenty Business Days prior to such meeting, notice of such meeting together with the Proxy Statement-Prospectus (as defined below), which shall include a copy of this Agreement. Subject to its fiduciary duties, Centru e and its board of directors shall recommend to stockholders the approval of this Agreement and shall solicit proxies voting only in favor thereof from the stockholders of Centru e. For the avoidance of doubt, the parties acknowledge that the failure of Centru e to cause a meeting of its stockholders to be held for the purposes set forth in the Agreement or otherwise to make the recommendations required by or to withdraw, modify or change such recommendation as provided in the provisions of this **Section 6.8** shall be deemed to have a Material Adverse Effect on Centru e on a consolidated basis and on Union's and its stockholders' rights under this Agreement.

Section 6.9 *Information Provided to Union*. Centru e agrees that the information concerning Centru e or any Centru e Subsidiary that is provided or to be provided by Centru e to Union for inclusion or that is included in the Registration Statement or Proxy Statement-Prospectus and any other documents to be filed with any Regulatory Authority in connection with the Contemplated Transactions will, at the respective times such documents are filed and, in the case of the Registration Statement, when it becomes effective and, with respect to the Proxy Statement-Prospectus, when mailed, will not be false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein not misleading or, in the case of the Proxy Statement-Prospectus, or any amendment thereof or supplement thereto, at the time of the meeting of Centru e's stockholders referred to above, be false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of any proxy for the meeting in connection with which the Proxy Statement-Prospectus shall be mailed. Notwithstanding the foregoing, Centru e shall have no responsibility for the truth or accuracy of any information with respect to Union or any Union Subsidiary or any of their Affiliates contained in the Registration Statement or the Proxy Statement-Prospectus or in any document submitted to, or other communication with, any Regulatory Authority.

Section 6.10 *Termination of Employee Benefit Plans*. To the extent permitted by applicable Legal Requirements and except as otherwise agreed to pursuant to **Section 7.11**, upon the written request of Union, Centru e shall take such action as may be necessary to terminate any Centru e Employee Benefit Plan on or before the Closing on terms reasonably acceptable to Union; *provided, however*, that Centru e or Centru e Bank shall not be obligated to take any such requested action that is irrevocable until immediately prior to the Closing.

Section 6.11 *Accounting and Other Adjustments*. Centru e agrees that it shall, and shall cause each Centru e Subsidiary, to: (a) make any accounting adjustments or entries to its books of account and other financial records; (b) make additional provisions to any allowance for loan and lease losses; (c) sell or transfer any investment securities held by it; (d) charge-off any loan or lease; (e) create any new reserve account or make additional provisions to any other existing reserve account; (f) make changes in any accounting method; (g) accelerate, defer or accrue any anticipated obligation, expense or income item; and (h) make any other



**Table of Contents**

adjustments that would affect the financial reporting of Union, on a consolidated basis after the Effective Time, in any case as Union shall reasonably request, *provided, however*, that neither Centru e nor any Centru e Subsidiary shall be obligated to take any such requested action until immediately prior to the Closing and at such time as Centru e shall have received reasonable assurances that all conditions precedent to Centru e's obligations under this Agreement (except for the completion of actions to be taken at the Closing) have been satisfied.

Section 6.12 *Capital Stock*. Except as otherwise permitted in or contemplated by this Agreement, including in connection with the Daiber Employment Agreement and the employment agreements contemplated by **Section 8.4**, and without the prior written consent of Union, from the date of this Agreement to the earlier of the Effective Time or the termination of this Agreement, Centru e shall not, and shall not enter into any agreement to, issue, sell or otherwise permit to become outstanding any additional shares of Centru e Common Stock or any other capital stock of Centru e, or any stock appreciation rights, or any option, warrant, conversion or other right to acquire any such stock, or any security convertible into any such stock, other than pursuant to (a) the Centru e Stock Incentive Plan, the aggregate number of shares of Centru e Common Stock covered by all existing grants (not taking into account the grants contemplated by the Daiber Employment Agreement and the employment agreements contemplated by **Section 8.4**) being no more than 204,800 shares, (b) the Centru e 401(k) Savings Plan or (c) the Centru e Deferred Compensation Plan. No additional shares of Centru e Common Stock shall become subject to new grants of employee stock options, stock appreciation rights or similar stock based employee compensation rights, except as otherwise provided in **Section 8.7**.

Section 6.13 *Employment Agreement*. Concurrently with the execution and delivery of this Agreement, Centru e shall cause to be delivered to Union an employment agreement in the form of Exhibit F-1, signed by Thomas A. Daiber (the **Daiber Employment Agreement** ) to be effective at the Effective Time.

## ARTICLE 7

## UNION'S COVENANTS

Section 7.1 *Access and Investigation*.

(a) Centru e and its Representatives shall, at all times during normal business hours and with reasonable advance notice prior to the Closing Date, have full and continuing access to the facilities, operations, records and properties of Union and each Union Subsidiary in accordance with the provisions of this Section. Centru e and its Representatives may, prior to the Closing Date, make or cause to be made such reasonable investigation of the operations, records and properties of Union and each Union Subsidiary and of their respective financial and legal conditions as Centru e shall deem necessary or advisable to familiarize itself with such records, properties and other matters, *provided, however*, that such access or investigation shall not interfere materially with the normal operations of Union or any Union Subsidiary. Upon request, Union and each Union Subsidiary will furnish Centru e or its Representatives, attorneys responses to auditors' requests for information regarding Union or such Union Subsidiary, as the case may be, and such financial and operating data and other information reasonably requested by Centru e (*provided*, with respect to attorneys, such disclosure would not result in the waiver by Union or UnionBank of any claim of attorney-client privilege), and will permit Centru e and its Representatives to discuss such information directly with any individual or firm performing auditing or accounting functions for Union or such Union Subsidiary, and such auditors and accountants shall be directed to furnish copies of any reports or financial information as developed to Centru e or its Representatives. No investigation by Centru e or any of its Representatives shall affect the representations and warranties made by Union. This Section shall not require the disclosure of any information the disclosure of which to Centru e would be prohibited by any Legal Requirement.

(b) Union shall allow a representative of Centru e to attend as an observer: (i) all meetings of the board of directors of Union and each Union Subsidiary; and (ii) all meetings of the committees thereof, except for any such meeting if and to the extent that any of the Contemplated Transactions is discussed, or Union is advised by its counsel that the participation by such observer would result in a waiver of Union's attorney-

**Table of Contents**

client privilege. Union shall give reasonable notice to Centrué of any such meeting and, if known, the agenda for or business to be discussed at such meeting. Union shall provide to Centrué all information provided to the directors on all such boards and committees in connection with all such meetings or otherwise provided to the directors, except to the extent that such information relates to any amendment to this Agreement or the merits of any Acquisition Transaction is discussed, or Union is advised by its counsel that the participation by such observer would result in a waiver of Union's attorney-client privilege. It is understood by the parties that Centrué's representative will not have any voting rights with respect to matters discussed at these meetings and shall remain silent during all proceedings, and that Centrué is not managing the business or affairs of Union. All information obtained by Centrué at these meetings shall be treated in confidence as provided in the Confidentiality Agreement.

Section 7.2 Operation of Union and Union Subsidiaries. Except with the prior written consent of Centrué, which consent shall not be unreasonably withheld or delayed, between the date of this Agreement and the Closing Date, Union will, and will cause each Union Subsidiary, to

(a) conduct its business only in the Ordinary Course of Business;

(b) use its Best Efforts to preserve intact its current business organization, keep available the services of its current officers, employees and agents, and maintain the relations and goodwill with its suppliers, customers, landlords, creditors, employees, agents and others having business relationships with it;

(c) confer with Centrué concerning operational matters of a material nature;

(d) enter into loan and deposit transactions only in accordance with sound credit practices and only on terms and conditions that are not materially more favorable than those available to the borrower or depositor, as the case may be, from competitive sources in arm's-length transactions, and, in that connection, from the date hereof to the Closing Date, shall not enter into any new credit or new lending relationship in excess of \$3,000,000 to any Person and any director or officer of, or any owner of a 10% or greater equity interest in, such Person; *provided, however*, that UnionBank shall be permitted to make any such loan with the prior written consent of Centrué, or if UnionBank has made a written request for permission to make an otherwise prohibited loan and has provided Centrué with all information necessary for Centrué to make an informed decision with respect to such request, and Centrué has failed to respond to such request within two Business Days after Centrué's receipt of such request;

(e) consistent with past practice, maintain an allowance for possible loan and lease losses which is adequate in all material respects under the requirements of GAAP to provide for possible losses, net of recoveries relating to loans previously charged off, on loans outstanding (including accrued interest receivable);

(f) maintain all of its assets necessary for the conduct of its business in good operating condition and repair, reasonable wear and tear and damage by fire or unavoidable casualty excepted, and maintain policies of insurance upon its assets and with respect to the conduct of its business in amounts and kinds comparable to that in effect on the date hereof and pay all premiums on such policies when due;

(g) file in a timely manner all required filings with all Regulatory Authorities and cause such filings to be true and correct in all material respects; and

(h) maintain its books, accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior years and comply with all Legal Requirements.

Section 7.3 Negative Covenant. Except as otherwise expressly permitted by this Agreement, and as contemplated by Schedule 5.17, between the date of this Agreement and the Closing Date, Union will not, and will cause each Union Subsidiary not to, without the prior written consent of Centrué, which consent shall not be unreasonably withheld or delayed, take any affirmative action, or fail to take any reasonable action within its control, as a result of which any of the changes or events listed in **Section 5.17** is likely to occur.

Section 7.4 Subsequent Union Financial Statements; Securities Reports. As soon as available after the date hereof, Union will furnish Centrué copies of (a) the quarterly unaudited consolidated balance sheets,

**Table of Contents**

consolidated statements of income, consolidated statements of cash flows and consolidated statements of stockholders equity, of Union prepared for its internal use, (b) UnionBank's Call Reports for each quarterly period completed after March 31, 2006, (c) all monthly financial reports or statements submitted after the date hereof by Union or UnionBank to the board of directors of Union or UnionBank, and (d) all other financial reports or statements submitted after the date hereof by Union or UnionBank to Regulatory Authorities, to the extent permitted by law (collectively, the **Subsequent Union Financial Statements**). Without limitation of the foregoing, as soon as available, if at all, Union will deliver to Centru e complete copies of any reports filed with the SEC after March 31, 2006 (collectively, the **Union SEC Filings**). Except as may be required by changes in GAAP effective after the date hereof, the Subsequent Union Financial Statements shall be prepared on a basis consistent with past accounting practices and shall fairly present in all material respects the consolidated financial condition and results of operations for the dates and periods presented. The Subsequent Union Financial Statements will not include any material assets or omit to state any material liabilities, absolute or contingent, or other facts, which inclusion or omission would render such Subsequent Union Financial Statements misleading in any material respect. The Union SEC Filings will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading.

Section 7.5 *Advice of Changes*. Between the date of this Agreement and the Closing Date, Union will promptly notify Centru e in writing if Union or any Union Subsidiary becomes aware of any fact or condition that causes or constitutes a breach of any of Union's representations and warranties as of the date of this Agreement, or if Union or any Union Subsidiary becomes aware of the occurrence after the date of this Agreement of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. If any such fact or condition would require any change in the Union Schedules if such Union Schedules were dated the date of the occurrence or discovery of any such fact or condition, Union will promptly deliver to Centru e a supplement to the Union Schedules specifying such change. During the same period, Union will promptly notify Centru e of the occurrence of any breach of any covenant of Union in this Article or of the occurrence of any event that might reasonably be expected to make the satisfaction of the conditions in **Article 10** impossible or unlikely.

Section 7.6 *Other Offers*. Until such time, if any, as this Agreement is terminated pursuant to **Article 11**, Union will not, and will cause each Union Subsidiary and their respective Representatives not to, directly or indirectly solicit, initiate or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any unsolicited inquiries or proposals from, any Person relating to any Acquisition Transaction or a potential Acquisition Transaction involving Union or any Union Subsidiary. Notwithstanding the foregoing, Union may provide information at the request of, or enter into negotiations with, a third party with respect to an Acquisition Transaction if the board of directors of Union determines, in good faith, that the exercise of its fiduciary duties to Union's stockholders under applicable law, as advised by its counsel, requires it to take such action, and, *provided further*, that Union may not, in any event, provide to such third party any information which it has not provided to Centru e. Union shall promptly notify Centru e orally, confirmed in writing, in the event it receives any such inquiry or proposal and shall provide reasonable detail of all relevant facts relating to such inquiries.

Section 7.7 *Voting Agreement*. Concurrently with the execution and delivery of this Agreement, Union shall deliver to Centru e a voting agreement in the form of Exhibit E, signed by all directors of Union and UnionBank who are holders of Union Common Stock.

Section 7.8 *Stockholders Meeting*. Union shall cause a meeting of its stockholders for the purpose of acting upon this Agreement, and, in Union's discretion, for the purpose of amending and restating its certificate of incorporation and bylaws as set forth herein, to be held at the earliest practicable date after the Registration Statement has been declared effective by the SEC. Union shall mail to its stockholders at least twenty Business Days prior to such meeting, notice of such meeting together with the Proxy Statement-Prospectus, which shall include a copy of this Agreement. Subject to its fiduciary duties, Union and its board of directors shall recommend to stockholders the approval of this Agreement and shall solicit proxies voting only in favor thereof from the stockholders of Union. For the avoidance of doubt, the parties acknowledge that



**Table of Contents**

the failure of Union to cause a meeting of its stockholders to be held for the purposes set forth in the Agreement or otherwise to make the recommendations required by or to withdraw, modify or change such recommendation as provided in the provisions of this **Section 7.8** shall be deemed to have a Material Adverse Effect on Union on a consolidated basis and on Centru e s and its stockholders rights under this Agreement.

Section 7.9 *Information Provided to Centru e*. Union agrees that none of the information concerning Union or any Union Subsidiary that is provided or to be provided by Union to Centru e for inclusion or that is included in the Registration Statement or Proxy Statement-Prospectus and any other documents to be filed with any Regulatory Authority in connection with the Contemplated Transactions will, at the respective times such documents are filed and, in the case of the Registration Statement, when it becomes effective and, with respect to the Proxy Statement-Prospectus, when mailed, be false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein not misleading or, in the case of the Proxy Statement-Prospectus, or any amendment thereof or supplement thereto, at the time of the meeting of Union s stockholders referred to above, be false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of any proxy for the meeting in connection with which the Proxy Statement-Prospectus shall be mailed. Notwithstanding the foregoing, Union shall have no responsibility for the truth or accuracy of any information with respect to Centru e or any Centru e Subsidiary or any of their Affiliates contained in the Registration Statement or the Proxy Statement-Prospectus or in any document submitted to, or other communication with, any Regulatory Authority.

Section 7.10 *Indemnification*. Except as may be limited by applicable Legal Requirements, Union shall honor any of Centru e s obligations in respect of indemnification and advancement of expenses currently provided by Centru e in its certificate of incorporation or bylaws in favor of the current and former directors and officers of Centru e and Centru e Bank for not less than six years from the Effective Time with respect to matters occurring prior to the Effective Time. Notwithstanding any provision of **Section 7.2**, Union shall acquire and maintain for a period of six years extended insurance coverage of acts or omissions occurring at or prior to the Effective Time with respect to those persons who are currently covered by Centru e s director and officer liability policies of insurance (commonly referred to as tail coverage ) on terms with respect to such coverage and amount substantially similar to the terms and conditions of Centru e s director and officer liability policies of insurance in effect immediately prior to the Effective Time, so long as such coverage is available on commercially reasonable terms, in the reasonable judgment of Centru e and Union.

Section 7.11 *Employee Benefits*. Union agrees that all former employees of Centru e or Centru e Bank who become employees of Union or any of its Subsidiaries shall receive credit for their past service with Centru e or Centru e Bank for purposes of eligibility and vesting under Union s profit sharing plan. Centru e and Union shall use their respective Best Efforts to determine prior to the Closing the types of benefits to be offered after the Effective Time by the Surviving Corporation to former employees of Centru e or Centru e Bank and continuing employees of Union and UnionBank who become employees of the Surviving Corporation or the Resulting Bank, as applicable.

Section 7.12 *Authorization and Reservation of Union Common Stock*. The board of directors of Union shall, as of the date hereof, authorize and reserve the maximum number of shares of Union Common Stock to be issued pursuant to this Agreement and take all other necessary corporate action to consummate the Contemplated Transactions.

Section 7.13 *Nasdaq Listing*. Union shall use its Best Efforts to list on the Nasdaq National Market, subject to official notice of issuance, the shares of Union Common Stock to be issued in connection with the Merger.

Section 7.14 *Union Board*. Union shall take all action necessary to ensure that the board of directors, including all committees thereof, of the Surviving Corporation will be as set forth in Exhibit C.

Section 7.15 *Capital Stock*. Except as otherwise permitted in or contemplated by this Agreement, including in connection with the Yeoman Employment Agreement, the Stevenson Employment Agreement and the employment agreements contemplated by **Section 8.4**, and without the prior written consent of

**Table of Contents**

Centrue, from the date of this Agreement to the earlier of the Effective Time or the termination of this Agreement, Union shall not, and shall not enter into any agreement to, issue, sell or otherwise permit to become outstanding any additional shares of Union Common Stock or any other capital stock of Union, or any stock appreciation rights, or any option, warrant, conversion or other right to acquire any such stock, or any security convertible into any such stock, other than (a) pursuant to the Union Stock Option Plans, the aggregate number of shares of Union Common Stock covered by all existing grants (not taking into account the grants contemplated by the Yeoman Employment Agreement, the Stevenson Employment Agreement and the employment agreements contemplated by **Section 8.4**) being no more than 288,175 shares, (b) the Union 401(k) Profit Sharing Plan or (c) the 172,140 shares of Union Common Stock issuable upon conversion of the currently outstanding shares of Series A Stock. No additional shares of Union Common Stock shall become subject to new grants of employee stock options, stock appreciation rights or similar stock based employee compensation rights, except as otherwise provided in **Section 8.7**.

Section 7.16 *Dividends*. Notwithstanding anything contained herein to the contrary, between the date of this Agreement and the Effective Time, Union may continue to declare and pay to its stockholders, on dates consistent with its past practices, its normal quarterly cash dividend not to exceed \$0.12 per share of Union Common Stock, and shall declare, pay or make no other dividend or other distribution or payment in respect of, or redemption of, shares of Union Common Stock, *provided, however*, that Union shall not declare the record date for any dividend, or pay or make any such dividend or other distribution or payment, in the quarter in which the Effective Time shall occur, unless such record date and payment date take place after the Effective Time. If Union does not declare and pay permitted dividends on its Union Common Stock in a particular calendar quarter because of Union's reasonable expectation that the Effective Time would occur in such quarter, and the Effective Time does not in fact occur in said calendar quarter, then, as a result thereof, Union shall be entitled to declare and pay a permitted dividend on said shares of Union Common Stock for said calendar quarter as soon as reasonably practicable.

Section 7.17 *Employment Agreements*. Concurrently with the execution and delivery of this Agreement, Union shall cause to be executed and delivered: (a) by both parties: (i) an employment agreement in the form of Exhibit F-2, signed by Scott A. Yeoman (the **Yeoman Employment Agreement**); and (ii) an employment agreement in the form of Exhibit F-3, signed by Kurt Stevenson (the **Stevenson Employment Agreement**), each to be effective at the Effective Time; and (b) by Union, the Daiber Employment Agreement.

## ARTICLE 8

## COVENANTS OF ALL PARTIES

Section 8.1 *Regulatory Approvals*. By no later than thirty days after the date of this Agreement, Centrue shall make or cause to be made all appropriate filings with Regulatory Authorities for approval of the Contemplated Transactions, including the preparation of an application or any amendment thereto or any other required statements or documents filed or to be filed by any party with: (a) the Federal Reserve pursuant to the BHCA; (b) the Department pursuant to the Illinois Banking Act; (c) the FDIC pursuant to the FDI Act; and (d) any other Person or Regulatory Authority pursuant to any applicable Legal Requirement, for authority to consummate the Contemplated Transactions. Centrue shall pursue in good faith the regulatory approvals necessary to consummate the Contemplated Transactions. In advance of any filing made under this Section, Union and its counsel shall be provided with the opportunity to comment thereon, and Centrue agrees promptly to advise Union and its counsel of any material communication received by it or its counsel from any Regulatory Authorities with respect to such filings, and to provide copies of any such written communication to Union and its counsel.

Section 8.2 *SEC Registration*. By no later than sixty days after the date of this Agreement, Union shall file with the SEC a registration statement on an appropriate form under the Securities Act covering the shares of Union Common Stock to be issued pursuant to this Agreement and shall use all reasonable efforts to cause the same to become effective and thereafter, until the Effective Time or lawful termination of this Agreement, to keep the same effective and, if necessary, amend and supplement the same (such registration

**Table of Contents**

statement, and any amendments and supplements thereto, is referred to as the **Registration Statement** ). The Registration Statement shall include a proxy statement-prospectus prepared by Union and Centruie (the **Proxy Statement-Prospectus** ), for use in connection with the meetings of the stockholders of Union and Centruie referred to in **Section 7.8** and **Section 6.8**, respectively, all in accordance with the rules and regulations of the SEC. Union shall, as soon as practicable after the execution of this Agreement, make all filings required to obtain all permits, authorizations, consents or approvals required under any applicable Legal Requirements (including all state securities laws) for the issuance of the shares of Union Common Stock to stockholders of Centruie. In advance of any filing made under this Section, Union and Centruie and their respective counsel shall be provided with the opportunity to comment thereon, and Union and Centruie each agree promptly to advise each other and each other's counsel of any material communication received by it or its counsel from the SEC or any other Regulatory Authorities with respect to such filings, and to provide to the other party and its counsel copies of any such written communications.

Section 8.3 ***Necessary Approvals***. Union and Centruie agree that Union's counsel will have primary responsibility for preparation of the Registration Statement and Centruie will have primary responsibility for the preparation of the necessary applications for regulatory approval of the Contemplated Transactions. Each of Union and Centruie and their respective Subsidiaries agree fully and promptly to cooperate with each other and their respective counsels and accountants in connection with any steps to be taken as part of their obligations under this Agreement.

Section 8.4 ***Customer and Employee Relationships***. Each of Union and Centruie agrees that its respective Representatives may jointly:

(a) participate in meetings or discussions with officers and employees of Centruie and Union and their Subsidiaries in connection with employment opportunities with Union after the Effective Time, and, in connection therewith, the parties acknowledge that Union may, after consultation with and upon the consent of Centruie, enter into employment agreements in the applicable form attached as Exhibit G with the individuals listed, and pursuant to the terms identified, on Exhibit G; and

(b) contact Persons having dealings with Centruie or Union or any of its respective Subsidiaries for the purpose of informing such Persons of the services to be offered by Union after the Effective Time.

Section 8.5 ***Publicity***. Prior to the Effective Time, the parties to this Agreement will consult with each other before issuing any press releases or otherwise making any public statements with respect to this Agreement or the Contemplated Transactions and shall not issue any such press release or make any such public statement without the prior consent of the other parties, except as may be required by law.

Section 8.6 ***Best Efforts; Cooperation***. Each of Union and Centruie agrees to exercise good faith and use its Best Efforts to satisfy the various covenants and conditions to Closing in this Agreement, and to consummate the transactions contemplated hereby as promptly as possible. Neither Union nor Centruie will intentionally take or intentionally permit to be taken any action that would be a breach of the terms or provisions of this Agreement. Between the date of this Agreement and the Closing Date, each of Union and Centruie will, and will cause each Union Subsidiary and Centruie Subsidiary, respectively, and all of their respective Affiliates and Representatives to, cooperate with respect to all filings that any party is required by Legal Requirements to make in connection with the Contemplated Transactions.

Section 8.7 ***Stay Bonuses***. The parties hereto acknowledge that Centruie and Union shall be permitted to commit to pay certain stay bonus payments to employees of Centruie or any Centruie Subsidiary, or Union or any Union Subsidiary, as applicable; and Union shall be permitted to commit to make, at or after the Effective Time, new grants of employee stock options to employees of Centruie or any Centruie Subsidiary, or Union or any Union Subsidiary, each as reasonably and mutually agreed to be Centruie and Union, *provided, however*, that neither Centruie nor Union shall be obligated to pay any bonus payment or make any option grant unless and until such employee executes and delivers a Stay Bonus Agreement in a form that is reasonably and mutually agreed to by Centruie, Union and their respective counsel, which agreement shall govern the obligation to make any such bonus payment or option grant.

**Table of Contents**

ARTICLE 9

CONDITIONS PRECEDENT TO OBLIGATIONS OF UNION

The obligations of Union to consummate the Contemplated Transactions and to take the other actions required to be taken by Union at the Closing are subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Union, in whole or in part):

Section 9.1 Accuracy of Representations and Warranties. All of the representations and warranties of Centru e set forth in this Agreement, when read without regard to any qualification as to materiality or Material Adverse Effect contained therein, shall be true and correct with the same force and effect as if all of such representations and warranties were made at the Closing Date (*provided, however*, that to the extent such representations and warranties expressly relate to an earlier date, such representations shall be true and correct on and as of such earlier date), except for any untrue or incorrect representations or warranties that individually or in the aggregate do not have a Material Adverse Effect on Centru e on a consolidated basis or on Union s or its stockholders rights under this Agreement.

Section 9.2 Centru e s Performance. All of the covenants and obligations to be performed or complied with by Centru e under the terms of this Agreement on or prior to the Closing Date, when read without regard to any qualification as to materiality or Material Adverse Effect contained therein, shall have been performed or complied with by Centru e, except where any non-performance or noncompliance would not have a Material Adverse Effect on Centru e on a consolidated basis or on Union s or its stockholders rights under this Agreement.

Section 9.3 Documents Satisfactory. All proceedings, corporate or other, to be taken by Centru e in connection with the Contemplated Transactions, and all documents incident thereto, shall be reasonably satisfactory in form and substance to counsel for Union.

Section 9.4 Corporate Approval. This Agreement and the Contemplated Transactions shall have been duly and validly approved as necessary under applicable Legal Requirements by the stockholders of Union and Centru e.

Section 9.5 No Proceedings. Since the date of this Agreement, there must not have been commenced or Threatened against Centru e or any Centru e Subsidiary any Proceeding: (a) involving any challenge to, or seeking damages or other relief in connection with, any of the Contemplated Transactions; or (b) that may have the effect of preventing, delaying, making illegal or otherwise interfering with any of the Contemplated Transactions, in either case that would have a Material Adverse Effect on Centru e on a consolidated basis or on Union s or its stockholders rights under this Agreement.

Section 9.6 Absence of Material Adverse Changes. From the date hereof to the Closing, there shall be and have been no event or occurrence that had or would have a Material Adverse Effect on Centru e on a consolidated basis.

Section 9.7 Consents and Approvals. Any consents or approvals required to be secured by either party by the terms of this Agreement shall have been obtained and shall be reasonably satisfactory to Union, and all applicable waiting periods shall have expired, except to the extent that the failure to obtain any such consents or approvals would not have a Material Adverse Effect on Centru e on a consolidated basis or on Union s or its stockholders rights under this Agreement.

Section 9.8 No Prohibition. Neither the consummation nor the performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time), contravene, or conflict with or result in a violation of: (a) any applicable Legal Requirement or Order; or (b) any Legal Requirement or Order that has been published, introduced, or otherwise proposed by or before any Regulatory Authority.

Section 9.9 Registration Statement. The Registration Statement shall have become effective and no stop order suspending such effectiveness shall have been issued or threatened by the SEC that suspends the effectiveness of the Registration Statement and no Proceeding shall have been commenced or be pending or Threatened for such purpose.

**Table of Contents**

Section 9.10 *Fairness Opinion*. As of the date of this Agreement and prior to distribution of the Proxy Statement-Prospectus to the stockholders of Union, Union shall have received an opinion from Sandler O'Neill & Partners, L.P. to the effect that the consideration to be paid to Centru e's stockholders in connection with the Merger is fair from a financial point of view, and the same shall not have been withdrawn prior to the Closing.

Section 9.11 *Additional Agreements*. Each of the Daiber Employment Agreement, the Yeoman Employment Agreement and the Stevenson Employment Agreement shall be in full force and effect, Thomas A. Daiber shall be an active employee of Centru e, and Scott A. Yeoman and Kurt Stevenson shall be active employees of Union.

Section 9.12 *Tax Opinion*. Union and Centru e shall have received the opinion described in **Section 10.10** hereof.

ARTICLE 10

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF CENTRUE

Centru e's obligation to consummate the Contemplated Transactions and to take the other actions required to be taken by Centru e at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Centru e, in whole or in part):

Section 10.1 *Accuracy of Representations and Warranties*. All of the representations and warranties of Union set forth in this Agreement, when read without regard to any qualifications as to materiality or Material Adverse Effect contained therein, shall be true and correct with the same force and effect as if all of such representations and warranties were made at the Closing Date (*provided, however*, that to the extent such representations and warranties expressly relate to an earlier date, such representations shall be true and correct on and as of such earlier date), except for any untrue or incorrect representations or warranties that individually or in the aggregate do not have a Material Adverse Effect on Union on a consolidated basis or on Centru e's or its stockholders' rights under this Agreement.

Section 10.2 *Union's Performance*. All of the covenants and obligations to be performed or complied with by Union under the terms of this Agreement on or prior to the Closing Date, when read without regard to any qualification as to materiality or Material Adverse Effect contained therein, shall have been performed or complied with by Union, except where any non-performance or noncompliance would not have a Material Adverse Effect on Union on a consolidated basis or on Centru e's rights under this Agreement.

Section 10.3 *Documents Satisfactory*. All proceedings, corporate or other, to be taken by Union in connection with the Contemplated Transactions, and all documents incident thereto, shall be reasonably satisfactory in form and substance to counsel for Centru e.

Section 10.4 *Corporate Approval*. This Agreement and the Contemplated Transactions shall have been duly and validly approved as necessary under applicable Legal Requirements by the stockholders of Union and the stockholders of Centru e.

Section 10.5 *No Proceedings*. Since the date of this Agreement, there must not have been commenced or Threatened against Union or any Union Subsidiary any Proceeding: (a) involving any challenge to, or seeking damages or other relief in connection with, any of the Contemplated Transactions; or (b) that may have the effect of preventing, delaying, making illegal or otherwise interfering with any of the Contemplated Transactions, in either case that would have a Material Adverse Effect on Union on a consolidated basis or on Centru e's or its stockholders' rights under this Agreement.

Section 10.6 *Absence of Material Adverse Changes*. From the date hereof to the Closing, there shall be and have been no event or occurrence that had or would have a Material Adverse Effect on Union on a consolidated basis.

Section 10.7 *Consents and Approvals*. Any consents or approvals required to be secured by either party by the terms of this Agreement shall have been obtained and shall be reasonably satisfactory to Centru e,

**Table of Contents**

and all applicable waiting periods shall have expired, except to the extent that the failure to obtain any such consents or approvals would not have a Material Adverse Effect on Union on a consolidated basis or on Centru e s or its stockholders rights under this Agreement.

Section 10.8 No Prohibitions. Neither the consummation nor the performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time), contravene, or conflict with or result in a violation of: (a) any applicable Legal Requirement or Order; or (b) any Legal Requirement or Order that has been published, introduced, or otherwise proposed by or before any Regulatory Authority.

Section 10.9 Registration Statement. The Registration Statement shall have become effective and no stop order suspending such effectiveness shall have been issued or threatened by the SEC that suspends the effectiveness of the Registration Statement and no Proceeding shall have been commenced or be pending or Threatened for such purpose.

Section 10.10 Tax Opinion. At Union s expense, Union and Centru e shall have received a written opinion of Crowe, Chizek and Company, LLP, in form and substance reasonably satisfactory to Union and Centru e, dated as of the date of the Registration Statement and updated through the Closing Date, substantially to the effect that: (i) the Merger will constitute a tax-free reorganization under Section 368(a)(1)(A) of the Code; (ii) no gain or loss will be recognized by Centru e as a result of the Merger; and (iii) no gain or loss will be recognized by the stockholders of Centru e who exchange all their Centru e Common Stock solely for Union Common Stock pursuant to the Merger (except with respect to any cash paid in lieu of fractional shares).

Section 10.11 Fairness Opinion. As of the date of this Agreement and prior to distribution of the Proxy Statement-Prospectus to the stockholders of Centru e, Centru e shall have received an opinion from Keefe Bruyette & Woods, Inc. to the effect that the consideration to be received by Centru e s stockholders in connection with the Merger is fair, from a financial point of view, to Centru e s stockholders, and the same shall not have been withdrawn prior to the Closing.

Section 10.12 Additional Agreements. Each of the Daiber Employment Agreement, the Yeoman Employment Agreement and the Stevenson Employment Agreement shall be in full force and effect, Thomas A. Daiber shall be an active employee of Centru e, and Scott A. Yeoman and Kurt Stevenson shall be active employees of Union.

ARTICLE 11

TERMINATION

Section 11.1 Reasons for Termination and Abandonment. This Agreement, by prompt written notice given to the other parties prior to or at the Closing, may be terminated:

(a) by mutual consent of the boards of directors of Union and Centru e;

(b) by Union if: (i) any of the conditions in **Article 9** has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Union to comply with its obligations under this Agreement); and (ii) Union has not waived such condition on or before the Closing Date;

(c) by Centru e if: (i) any of the conditions in **Article 10** has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through the failure of Centru e to comply with its obligations under this Agreement), and (ii) Centru e has not waived such condition on or before the Closing Date;

(d) by either Union or Centru e if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) by March 1, 2007, or such later date as the parties may agree (the **Termination Date** ); *provided, however*, that the Termination Date shall be extended for up to ninety days if the sole reason that the

**Table of Contents**

Closing has not occurred is due to the fact that (i) the regulatory approvals contemplated by **Section 8.1** have not been received, so long as no Regulatory Authority has denied approval of any of the Contemplated Transactions, or (ii) the Registration Statement has not become effective; *provided further, however*, that the Termination Date shall not be so extended if the failure to obtain any such regulatory approval or the failure of the Registration Statement to become effective is the result of a failure by either Union or Centruie to comply fully with its obligations under this Agreement;

(e) by Centruie, by giving written notice of such termination to Union, and subject to the special termination fee set forth in **Section 11.3(d)**, if Centruie receives an Acquisition Proposal that is determined in good faith by the Centruie board of directors, in connection with the exercise of its fiduciary duties to Centruie's stockholders under applicable law, as advised by its counsel, after consultation with Centruie's financial advisor, to be on terms that are more favorable to the stockholders of Centruie than the Merger and that has a reasonable prospect of being consummated in accordance with its terms (a **Superior Centruie Proposal**); *provided, however*, that Centruie shall not be permitted to terminate this Agreement pursuant to this **Section 11.1(e)** unless Centruie shall have given Union five Business Days prior written notice thereof (or, if there are less than five Business Days remaining prior to the Closing, written notice prior to the Closing) of its intent to terminate this Agreement pursuant to this **Section 11.1(e)**, together with a summary of the terms of, and the identity of the Person making, such Superior Centruie Proposal; and

(f) by Union, by giving written notice of such termination to Centruie, and subject to the special termination fee set forth in **Section 11.4(d)**, if Union receives an Acquisition Proposal that is determined in good faith by the Union board of directors, in connection with the exercise of its fiduciary duties to Union's stockholders under applicable law, as advised by its counsel, after consultation with Union's financial advisor, to be on terms that are more favorable to the stockholders of Union than the Merger and that has a reasonable prospect of being consummated in accordance with its terms (a **Superior Union Proposal**), *provided, however*, that Union shall not be permitted to terminate this Agreement pursuant to this **Section 11.1(f)** unless Union shall have given Centruie five Business Days prior written notice thereof (or, if there are less than five Business Days remaining prior to the Closing, written notice prior to the Closing) of its intent to terminate this Agreement pursuant to this **Section 11.1(f)**, together with a summary of the terms of, and the identity of the Person making, such Superior Union Proposal.

**Section 11.2** *Effect of Termination: Expenses.*

(a) Except as provided in **Section 11.3** and **Section 11.4**, if this Agreement is terminated pursuant to **Section 11.1**, this Agreement shall forthwith become void, there shall be no liability under this Agreement on the part of Union, Centruie or any of their respective Representatives, and all rights and obligations of each party hereto shall cease; *provided, however*, that, subject to **Section 11.3** and **Section 11.4**, nothing herein shall relieve any party from liability for the breach of any of its representations and warranties or the breach of any of its covenants or agreements set forth in this Agreement.

(b) Except as provided below, all Expenses (as defined below) incurred in connection with this Agreement and the Contemplated Transactions shall be paid by the party incurring such expenses, whether or not the Merger is consummated. **Expenses** as used in this Agreement shall consist of all out-of-pocket expenses (including all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto and its Affiliates) incurred by a party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement, the solicitation of stockholder approvals and all other matters related to the consummation of the Merger.

**Section 11.3** *Centruie Termination Payments.*

(a) If this Agreement is terminated by Union in accordance with **Section 11.1(b)** or **Section 11.1(d)**, and Centruie knowingly or willfully breached or committed an act (or failed to take any action) with the intent to breach, its covenants, agreements, representations or warranties under this Agreement, and such breach has caused or would cause the condition set forth in **Section 9.1** or **Section 9.2** not to be satisfied, unless such breach is a result of the

failure by Union to perform and comply in all material respects with any of its material  
A-46

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**Table of Contents**

obligations under this Agreement that are to be performed or complied with by it prior to or on the date required hereunder, then, provided Union is in material compliance with all of its material obligations under this Agreement, Centrue shall pay to Union, upon its written demand, an amount equal to \$2,700,000.

(b) If this Agreement is terminated by Centrue or Union because Centrue's stockholders fail to approve the Contemplated Transactions on or before the Termination Date (a **Centrue Stockholder Termination**); then, provided Union is in material compliance with all of its material obligations under this Agreement, Centrue shall pay to Union, upon its written demand, an amount equal to \$500,000.

(c) In addition to the payment described in **Section 11.3(b)**, if any, if there is a Centrue Stockholder Termination and, within twelve (12) months after such Centrue Stockholder Termination, Centrue enters into a Contract with any party other than Union (or any Affiliate of Union) providing for the acquisition of control of Centrue or Centrue Bank by such other party, then, provided Union was in material compliance with all of its material obligations under this Agreement at the time of the Centrue Stockholder Termination, Centrue shall pay to Union, upon its written demand, the additional sum of \$2,200,000; *provided, however*, that in such case, the provisions of this Section shall in no way limit Union's rights against such third party.

(d) If Centrue terminates this Agreement pursuant to **Section 11.1(e)**, then Centrue shall pay to Union, upon its written demand, an amount equal to \$2,700,000; *provided, however*, that in such case, the provisions of this Section shall in no way limit Union's rights against any third party in connection with the Superior Centrue Proposal.

(e) For purposes of this Section, the phrase **control of Centrue or Centrue Bank** means the acquisition by any such third party of: (i) legal or beneficial ownership (as defined by Rule 13d-4 promulgated under the Exchange Act) of greater than 20% of the then issued and outstanding voting stock of Centrue or Centrue Bank through any transaction to which Centrue, Centrue Bank or any Affiliate of Centrue or Centrue Bank is a party (other than by transfers among or between members of a Family, caused by redemptions or repurchases of Centrue capital stock by Centrue or by issuances of shares of Centrue Common Stock or other securities to holders of record of Centrue Common Stock as of the date of this Agreement); or (ii) all or substantially all of the assets of Centrue or Centrue Bank (except transfers to an Affiliate of Centrue or Centrue Bank).

(f) All payments made pursuant to this Section shall be made by wire transfer of immediately available funds to such account as Union shall designate. Such sums shall constitute liquidated damages and the receipt thereof shall be the sole and exclusive remedy of Union and the Union Subsidiaries against Centrue, the Centrue Subsidiaries and their respective officers, directors, employees, stockholders and agents for any claims arising from or relating in any way to this Agreement or the transactions contemplated herein; *provided, however*, that nothing herein shall preclude or bar Union from asserting or enforcing any such claim against any Person other than Centrue, the Centrue Subsidiaries and their respective officers, directors, employees, stockholders and agents.

#### Section 11.4 Union Termination Payments.

(a) If this Agreement is terminated by Centrue in accordance with **Section 11.1(c)** or **Section 11.1(d)**, and Union knowingly or willfully breached or committed an act (or failed to take any action) with the intent to breach, its covenants, agreements, representations or warranties under this Agreement, and such breach has caused or would cause the condition set forth in **Section 10.1** or **Section 10.2** not to be satisfied, unless such breach is a result of the failure by Centrue to perform and comply in all material respects with any of its material obligations under this Agreement that are to be performed or complied with by it prior to or on the date required hereunder, then, provided Centrue is in material compliance with all of its material obligations under this Agreement, Union shall pay to Centrue, upon its written demand, an amount equal to \$2,700,000.

(b) If this Agreement is terminated by Union or Centrue because Union's stockholders fail to approve the Contemplated Transactions on or before the Termination Date, or (a **Union Stockholder Termination**); then, provided Centrue is in material compliance with all of its material obligations under this Agreement, Union shall pay to Centrue, upon its written demand, an amount equal to \$500,000.

**Table of Contents**

(c) In addition to the payment described in **Section 11.4(b)**, if any, if there is a Union Stockholder Termination and, within twelve (12) months after such Union Stockholder Termination, Union enters into a Contract with any party other than Centru e (or any Affiliate of Centru e) providing for the acquisition of control of Union or UnionBank by such other party, then, provided Centru e was in material compliance with all of its material obligations under this Agreement at the time of the Union Stockholder Termination, Union shall pay to Centru e, upon its written demand, the additional sum of \$2,200,000; *provided, however*, that in such case, the provisions of this Section shall in no way limit Centru e's rights against any such third party.

(d) If Union terminates this Agreement pursuant to **Section 11.1(f)**, then, then Union shall pay to Centru e, upon its written demand, and amount equal to \$2,700,000; *provided, however*, that in such case, the provisions of this Section shall in no way limit Centru e's rights against any third party in connection with the Superior Union Proposal.

(e) For purposes of this Section, the phrase **control of Union or UnionBank** means the acquisition by any such third party of: (i) legal or beneficial ownership (as defined by Rule 13d-4 promulgated under the Exchange Act) of greater than 20% of the then issued and outstanding voting stock of Union or UnionBank through any transaction to which Union, UnionBank or any Affiliate of Union or UnionBank is a party (other than by transfers among or between members of a Family, caused by redemptions or repurchases of Union capital stock by Union or by issuances of shares of Union Common Stock or other securities to holders of record of Union Common Stock as of the date of this Agreement); or (ii) all or substantially all of the assets of Union or UnionBank (except transfers to an Affiliate of Union or UnionBank).

(f) All payments made pursuant to this Section shall be made by wire transfer of immediately available funds to such account as Centru e shall designate. Such sums shall constitute liquidated damages and the receipt thereof shall be the sole and exclusive remedy of Centru e and the Centru e Subsidiaries against Union, the Union Subsidiaries and their respective officers, directors, employees, stockholders and agents for any claims arising from or relating in any way to this Agreement or the transactions contemplated herein; *provided, however*, that nothing herein shall preclude or bar Centru e from asserting or enforcing any such claim against any Person other than Union, the Union Subsidiaries and their respective officers, directors, employees, stockholders and agents.

ARTICLE 12  
MISCELLANEOUS

Section 12.1 **Governing Law**. All questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal laws of the State of Illinois applicable to Contracts made and wholly to be performed in such state without regard to conflicts of laws.

Section 12.2 **Assignments, Successors and No Third Party Rights**. None of the parties to this Agreement may assign any of its rights under this Agreement without the prior consent of the other parties. Subject to the preceding sentence, this Agreement and every representation, warranty, covenant, agreement and provision hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, other than **Section 7.10**, which is intended to be for the benefit of the individuals covered thereby.

Section 12.3 **Waiver**. Except as provided in **Section 11.3** and **Section 11.4**, the rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law: (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged

**Table of Contents**

by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

Section 12.4 Confidentiality. Between the date of this Agreement and the Closing Date, each of Union and Centrué will maintain in confidence, and will cause each of its respective Representatives to maintain in confidence, and not use to the detriment of the other or its Subsidiaries any written, oral, or other information obtained in confidence from the other of any of its Subsidiaries in connection with this Agreement or the Contemplated Transactions, unless: (a) such information is already known to such party or to others not bound by a duty of confidentiality or such information becomes publicly available through no fault of such party; (b) the use of such information is necessary or appropriate in making any filing or obtaining any consent or approval required for the consummation of the Contemplated Transactions; or (c) the furnishing or use of such information is required by or necessary or appropriate in connection with any legal proceedings. If the Contemplated Transactions are not consummated, each party will return or destroy as much of such written information as the other party may reasonably request.

Section 12.5 Notices. All notices, consents, waivers and other communications under this Agreement must be in writing (which shall include facsimile communication) and will be deemed to have been duly given if delivered by hand or by nationally recognized overnight delivery service (receipt requested), mailed by registered or certified U.S. mail (return receipt requested) postage prepaid or telecopied, if confirmed immediately thereafter by also mailing a copy of any notice, request or other communication by U.S. mail as provided in this Section:

If to Union, to:

UnionBancorp, Inc.  
122 West Madison Street  
Ottawa, Illinois 61350  
Telephone: (815) 431-2720  
Facsimile: (815) 431-0685  
Attention: Mr. Scott A. Yeoman  
with copies to:  
Howard & Howard Attorneys PC  
Comerica Building  
151 South Rose Street, Suite 800  
Kalamazoo, Michigan 49007  
Telephone: (269) 382-8765  
Facsimile: (269) 382-1568  
Attention: Joseph B. Hemker, Esq.

If to Centrué, to:

Centrué Financial Corporation  
303 Fountains Parkway  
Suite 101  
Fairview Heights, IL 62208  
Telephone: (618) 624-1323  
Facsimile: (618) 624-7389  
Attention: Mr. Thomas A. Daiber

**Table of Contents**

with copies to:

Barack Ferrazzano Kirschbaum  
Perlman & Nagelberg LLP  
333 W. Wacker Drive, Suite 2700  
Chicago, Illinois 60606  
Telephone: (312) 984-3100  
Facsimile: (312) 984-3193  
Attention: John E. Freechack, Esq.

or to such other Person or place as Centrue shall furnish to Union or Union shall furnish to Centrue in writing. Except as otherwise provided herein, all such notices, consents, waivers and other communications shall be effective: (a) if delivered by hand, when delivered; (b) if mailed in the manner provided in this Section, five Business Days after deposit with the United States Postal Service; (c) if delivered by overnight express delivery service, on the next Business Day after deposit with such service; and (d) if by facsimile, on the next Business Day if also confirmed by mail in the manner provided in this Section.

Section 12.6 Entire Agreement. This Agreement and any documents executed by the parties pursuant to this Agreement and referred to herein, and the Confidentiality Agreement, constitute the entire understanding and agreement of the parties hereto and supersede all other prior agreements and understandings, written or oral, relating to such subject matter between the parties.

Section 12.7 Modification. This Agreement may not be amended except by a written agreement signed by each of Centrue and Union. Without limiting the foregoing, Centrue and Union may by written agreement signed by each of them: (a) extend the time for the performance of any of the obligations or other acts of the parties hereto; (b) waive any inaccuracies in the representations or warranties contained in this Agreement or in any document delivered pursuant to this Agreement; and (c) waive compliance with or modify, amend or supplement any of the conditions, covenants, agreements, representations or warranties contained in this Agreement or waive or modify performance of any of the obligations of any of the parties hereto, which are for the benefit of the waiving party; *provided, however*, that no such modification, amendment or supplement agreed to after authorization of this Agreement by the stockholders of Union and Centrue shall affect the rights of Union's or Centrue's stockholders, respectively, in any manner which is materially adverse to such Persons.

Section 12.8 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement unless the consummation of the Contemplated Transactions is adversely affected thereby.

Section 12.9 Further Assurances. The parties agree: (a) to furnish upon request to each other such further information; (b) to execute and deliver to each other such other documents; and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

Section 12.10 Survival. Except for covenants that are expressly to be performed after the Closing, the representations, warranties and covenants contained herein shall not survive beyond the Closing.

Section 12.11 Counterparts. This Agreement and any amendments thereto may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

\* \* \* \* \*

A-50

**Table of Contents**

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their respective officers on the day and year first written above.

**UNIONBANCORP, INC.**

By: /s/ Scott A. Yeoman

Name: Scott A. Yeoman

Title: President and CEO

**CENTRUE FINANCIAL CORPORATION**

By: /s/ Thomas A. Daiber

Name: Thomas A. Daiber

Title: Chief Executive Officer

A-51

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**Table of Contents**

**Exhibit A**  
**Amended and Restated**  
**Certificate of Incorporation**  
**of**  
**UnionBancorp, Inc.**

The Restated Certificate of Incorporation for UnionBancorp, Inc. was duly filed on May 13, 1991, and was amended by a Certificate of Amendment filed on March 1, 1994, and further amended by a Certificate of Amendment filed on July 24, 1996. In accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, UnionBancorp, Inc. further amends its certificate of incorporation by adopting the following amended and restated certificate of incorporation.

The name of the Corporation is Centrue Financial Corporation.

The address of its registered office in the State of Delaware is 32 Loockerman Square, Suite L-100, in the City of Dover, County of Kent. The name of its registered agent at such address is The Prentice-Hall Corporation System, Inc.

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware, as amended from time to time.

The total number of shares of capital stock which the corporation shall have authority to issue is 15,000,000 shares of Common Stock, par value \$1.00 per share, and 200,000 shares of Preferred Stock, no par value per share.

The Board of Directors is expressly authorized to adopt, from time to time, a resolution or resolutions providing for the issue of one or more series of Preferred Stock, with such voting powers, full or limited, or no voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors.

Any and all right, title, interest and claim in or to any dividends declared by the corporation, whether in cash, stock, or otherwise, which are unclaimed by the stockholder entitled thereto for a period of six years after the close of business on the payment date, shall be and be deemed to be extinguished and abandoned; and such unclaimed dividends in the possession of the corporation, its transfer agents or other agents or depositaries shall at such time become the absolute property of the corporation, free and clear of any and all claims of any persons whatsoever.

Intentionally omitted.

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

to exercise all such powers and do all such acts as may be exercised or done by the corporation, subject to the provisions of the laws of the State of Delaware, this Certificate of Incorporation and the bylaws of the corporation, and

to make, alter or repeal any bylaws of the corporation pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption)(the Whole Board ).

A director of the corporation shall not in the absence of fraud be disqualified by his office from dealing or contracting with the corporation either as a vendor, purchaser or otherwise, nor in the absence of fraud shall a director of the corporation be liable to account to the corporation for any profit realized by him from or through any transaction or contract of the corporation by reason of the fact that he, or any firm of which he is a member, or any corporation of which he is an officer, director or stockholder, was interested in such

**Table of Contents**

transaction or contract if such transaction or contract has been authorized, approved or ratified in the manner provided in the General Corporation Law of Delaware for authorization, approval or ratification of transactions or contracts between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest.

The corporation shall, to the full extent permitted by Section 145 of the General Corporation Law of Delaware, as amended from time to time, indemnify all persons who it may indemnify pursuant thereto.

Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this corporation under the provision of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors, or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all stockholders or class of stockholders of this corporation, as the case may be, and also on this corporation.

The number of directors of the corporation shall be fifteen, or such other number as may be determined from time to time by the affirmative vote of the holders of at least seventy percent (70%) of all shares of the corporation then entitled to vote in the election of directors, considered for this purpose as one class, or pursuant to a resolution adopted by at least two-thirds of the Whole Board (immediately prior to such proposed change).

Elections of directors need not be by written ballot unless the bylaws of the corporation so provide.

The directors, other than those who may be elected by the holders of any class or series of stock having preference over the common stock as to dividends or upon liquidation, shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as shall have provided in the manner specified in the bylaws, each class to hold office initially for a term expiring at the annual meeting of stockholders held in the third year following the year of their election, with the members of each class to hold office until their successors are elected and qualified. At each annual meeting of the stockholders of the corporation, the successors to the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

Newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Subject to the rights of any class or series of stock having preference over the common stock as to dividends or upon liquidation to elect directors under specified circumstances, a director may be removed from office only for cause and only by the affirmative vote of the holders of seventy percent (70%) of all shares of stock of the corporation then entitled to vote in the election of directors, considered for this purpose as a single class.

**Table of Contents**

Except as otherwise expressly provided in this Article XI, the affirmative vote of the holders of seventy percent (70%) of all shares of stock of the corporation then entitled to vote in the election of directors, considered for this purpose as one class, shall be required for any one of the following actions:

for the adoption of any amendment, alteration, change or repeal of Articles VI, X or XI of this Certificate of Incorporation;

for the adoption of any agreement for the merger or consolidation of the corporation with or into any other corporation;

to authorize any sale, lease or exchange of all or substantially all of the assets of the corporation; or

to authorize the dissolution of the corporation.

The above voting requirement shall not be applicable to any one of the foregoing actions and any such action shall only require the affirmative vote of the holders of a simple majority of all shares of stock of the corporation then entitled to vote in the election of directors, considered for this purpose as one class, if the action shall have been approved at any time prior to its consummation by resolution adopted by no less than two-thirds of the Whole Board.

The provisions of this Article XI shall not be applicable to any merger or consolidation of this corporation with or into any other corporation of which this corporation is the owner of at least 80% of the outstanding shares of each class of stock.

Any action required or permitted to be taken by the holders of capital stock of the corporation must be effected at a duly called annual or special meeting of holders of capital stock of the corporation and may not be effected by any consent in writing by such holders.

No director of the corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty by such directors as a director; provided, however, that this Articles XIII shall not eliminate or limit the liability of a director to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article XIII shall apply to or have any effect on the liability or alleged liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

The corporation reserves the right to emend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted to this reservation.

Table of Contents

**CERTIFICATE OF DESIGNATION  
OF  
SERIES A CONVERTIBLE PREFERRED STOCK  
OF  
UNIONBANCORP, INC.**

1. *ISSUANCE.* The board of directors (the Board) of UnionBancorp, Inc., a Delaware corporation (the Company), has designated 2,765 shares of the Company's authorized and unissued preferred stock as Series A Convertible Preferred Stock, has authorized such shares for issuance at a price of \$1,000 per share (the Series A Preferred Stock) and has determined that no further shares of Series A Preferred Stock shall be issued.

2. *DIVIDENDS.*

(a) The holders of record of the then outstanding shares of Series A Preferred Stock shall be entitled to receive when, as and if declared by the Board out of any funds legally available therefor, cumulative dividends at the annual rate of \$75.00 per share payable in four equal cash payments on the 20th day (or if not a business day, as defined below, on the next business day thereafter) of April, July, October and January commencing October, 1996, provided, however, that any such quarterly cash payment shall be prorated with respect to any shares of Series A Preferred Stock that were outstanding less than the total number of days in the calendar quarter immediately preceding any such payment date. The amount of any such prorated cash payment shall be computed on the basis of the actual number of days in any calendar quarter during which such shares of Series A Preferred Stock were outstanding. Each such dividend shall be payable to holders of record as they appear on the stock books of the Company on such record dates, not less than 10 and not more than 60 days preceding the dividend payment date, as shall be fixed by the Board. No dividends, other than those payable solely in the Company's common stock, \$1.00 par value (Common Stock), shall be paid during any fiscal year of the Company with respect to shares of Common Stock or any other security issued by the Company, except for outstanding shares of the Company's Series B Preferred Stock (the Series B Preferred Stock), until dividends in the total amount of \$75.00 per share on Series A Preferred Stock shall have been paid. Such dividends shall accrue on each share of Series A Preferred Stock from the date of issuance and from day to day thereafter, whether or not earned or declared. Notwithstanding the foregoing, such dividends shall be cumulative so that if such dividends in respect of any previous or current annual dividend period, at the annual rate specified above, shall not have been paid or declared and a sum sufficient for the payment thereof set apart, the deficiency for any prior year and the amount owed in the current year shall first be fully paid before any dividend or other distribution shall be paid on or declared and set apart for the shares of Common Stock. A business day shall be deemed to be any day when trading of securities occurs on the New York Stock Exchange.

(b) Unless full dividends on Series A Preferred Stock for all past dividend periods and the then current dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart: no dividend whatsoever whether in cash, securities or other property (other than a dividend payable solely in shares of Common Stock) shall be paid or declared and set aside for payment, and no distribution shall be made, on any shares of Common Stock or other class of preferred stock authorized after the date hereof except for the Series B Preferred Stock; and no shares of Common Stock or other class of preferred stock authorized after the date hereof, except the Series B Preferred Stock, shall be purchased, redeemed or otherwise acquired by the Company and no funds shall be paid into or set aside or made available for a sinking fund for the purchase, redemption or other acquisition thereof without the approval of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock.

(c) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (b) of this Section 2, purchase or otherwise acquire such shares at such time and such manner.

**Table of Contents**

3. *CONVERSION.* The holders of Series A Preferred Stock shall have the following conversion rights (the Conversion Rights ) and be subject to the following provisions with respect to the conversion of the shares of Series A Preferred Stock:

(a) *RIGHT TO CONVERT.* The shares of Series A Preferred Stock shall be convertible at the holder's option into the number of fully paid and nonassessable shares of Common Stock that is calculated in accordance with the terms of this Section 3. Unless earlier permitted by the Company, the outstanding shares of Series A Preferred Stock are convertible at the holder's option after the fourth anniversary of the date of issuance. The number of shares of Common Stock into which the outstanding Series A Preferred Stock is convertible shall be determined for all purposes on the first date such shares of Series A Preferred Stock become convertible (referred to as the Determination Date ). Notwithstanding the occurrence of the Determination Date for any outstanding shares of Series A Preferred Stock, the holder of such shares may continue to hold these shares of Series A Preferred Stock and may at any time thereafter, subject to the provisions of this Section 3, convert those shares into Common Stock.

(b) *CONVERSION PRICE.* The Conversion Price shall be equal to 1.075 times the per share book value of Common Stock, computed in accordance with generally accepted accounting principles, as of the end of the month immediately prior to the Determination Date. Each share of Series A Preferred Stock shall be convertible into the number of shares of Common Stock that results from dividing \$1,000 by the Conversion Price.

(c) *MECHANICS OF VOLUNTARY CONVERSION; UNPAID DIVIDENDS.*

(i) Before any holder of shares of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent of Series A Preferred Stock or Common Stock, with a written notice that he elects to convert the same and shall state therein the number of shares of Series A Preferred Stock being converted and the name or names in which the certificate or certificates for shares of Common Stock are to be issued. Except as otherwise expressly provided for herein, the date the Company receives such surrendered certificates and written notice shall be deemed to be the Conversion Date. Thereupon the Company shall promptly issue and deliver at such office to such holder of shares of Series A Preferred Stock or to the nominee or nominees of such holder a certificate or certificates representing: the number of shares of Common Stock to which he shall be entitled; and any shares of Series A Preferred Stock that were represented by any certificate surrendered as required by the provisions of this paragraph, but which were not converted and which he continues to own.

(ii) Such conversion shall be deemed to have been made immediately prior to the close of business on the Conversion Date and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date. A holder of shares of Series A Preferred Stock who surrenders shares of Series A Preferred Stock for conversion shall be entitled to receive from the Company on the date of such surrender an amount in cash equal to the accrued dividends on such surrendered shares of Series A Preferred Stock through such Conversion Date, less the aggregate amount of dividends which would have accrued since the last dividend payment date for Series A Preferred Stock on the number of shares of the Common Stock into which such shares of Series A Preferred Stock are converted if dividends on such shares of Common Stock accrued at an annual rate based upon the dividends paid by the Company on the Common Stock for the most recently ended fiscal period for which Common Stock dividends were paid, but any future dividends with respect to the surrendered shares of Series A Preferred Stock shall cease to accrue after such surrender and all rights with respect to such shares shall forthwith after such surrender terminate.

(d) *ADJUSTMENTS FOR OTHER DIVIDENDS AND DISTRIBUTIONS.* In the event the Company at any time or from time to time after the Issuance Date shall make or issue, or fix a record date for the determination of

holders of Common Stock entitled to receive, a dividend or other  
A-56

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**Table of Contents**

distribution payable in securities of the Company other than shares of Common Stock, then and in each such event provision shall be made so that the holders of Series A Preferred Stock shall receive upon conversion thereof in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Company that they would have received had their Series A Preferred Stock been converted into Common Stock on the date of such event and had thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period giving application to all adjustments called for during such period under this paragraph 3 with respect to the rights of the holders of Series A Preferred Stock.

(e) *ADJUSTMENT FOR RECLASSIFICATION, EXCHANGE OR SUBSTITUTION.* If the shares of Common Stock issuable upon the conversion of the shares of Series A Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than an event provided for elsewhere in this paragraph 3), then and in each such event the holder of each share of Series A Preferred Stock shall have the right thereafter to convert such share into the kind and amounts of shares of stock and other securities and property receivable upon such reorganization, reclassification or other change, by holders of the number of shares of Common Stock into which such shares of Series A Preferred Stock might have been converted immediately prior to such reorganization, reclassification or change, all subject to further adjustment as provided herein.

(f) *REORGANIZATION, MERGERS, CONSOLIDATIONS OR SALES OF ASSETS.* If at a any time or from time to time there shall be a capital reorganization of the Common Stock (other than an event provided for elsewhere in this paragraph 3) or a merger, consolidation or statutory exchange of securities of the Company with or into another corporation, or the sale of all or substantially all the Company's properties and assets to any other person, then, as a part of such reorganization, merger, consolidation or sale, provision shall be made so that the holders of Series A Preferred Stock shall thereafter be entitled to receive upon conversion of the shares of Series A Preferred Stock, the number of shares of stock or other securities or property of the Company, or of the successor corporation resulting from such merger or consolidation or sale, to which a holder of that number of shares of Common Stock deliverable upon conversion of the shares of Series A Preferred Stock would have been entitled on such capital reorganization, merger, consolidation or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this paragraph 3 with respect to the rights of the holders of Series A Preferred Stock after the reorganization, merger, consolidation or sale to the end that the provisions of this paragraph 3 (including, if necessary, adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the shares of Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable. The foregoing provisions shall similarly apply to successive consolidations, mergers, statutory exchanges, sales or conveyances.

(g) *SALE OF SHARES BELOW CONVERSION PRICE.*

(i) If at any time or from time to time after the Issuance Date, the Company shall issue or sell Additional Shares of Common Stock (as hereinafter defined), other than as a dividend as provided in paragraph 3(e) above, for a consideration per share less than the then existing Conversion Price for Series A Preferred Stock (or, if an adjusted Conversion Price shall be in effect by reason of a previous adjustment, then less than such adjusted Conversion Price), then and in each case the then applicable Conversion Price for Series A Preferred Stock shall be reduced, as of the opening of business on the date of such issue or sale, to a price determined by multiplying the Conversion Price by a fraction, the numerator of which shall be the sum of: the number of shares of Common Stock outstanding immediately prior to such issue or sale; plus the number of shares of Common Stock that the aggregate consideration received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at the Conversion Price, and the denominator of which shall be the sum of: (X) the number of shares of Common Stock outstanding immediately prior to such issue or sale; plus (Y) the number of such Additional Shares of Common Stock so issued.



**Table of Contents**

(ii) For the purpose of making any adjustment in the Conversion Price or number of shares of Common Stock purchasable on the conversion of the shares of Series A Preferred Stock as provided above, the consideration received by the Company for any issue or sale of securities shall:

(A) to the extent it consists of cash, be computed at the net amount of cash received by the Company after deduction of any underwriting or similar commissions, concessions or compensation paid or allowed by the Company in connection with such issue or sale;

(B) to the extent it consists of services or property other than cash, be computed at the fair value of such services or property as determined in good faith by the Board; and

(C) if Additional Shares of Common Stock, Convertible Securities (as defined below), or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration that covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(iii) For the purpose of the adjustment provided in subparagraph (i) of this paragraph 3(g), if at any time or from time to time after the Issuance Date the Company shall issue any rights or options for the purchase of, or stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being referred to as Convertible Securities ), then, in each case, if the Effective Price (as defined below) of such rights, options or Convertible Securities shall be less than the then existing Conversion Price for Series A Preferred Stock, the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the rights or options or Convertible Securities, plus, in the case of such options or rights, the minimum amounts of consideration, if any, payable to the Company upon exercise or conversion of such options or rights. For purposes of the foregoing, Effective Price shall mean the quotient determined by dividing the total of all such consideration by such maximum number of Additional Shares of Common Stock. No further adjustment of the Conversion Price adjusted upon the issuance of such rights, options or Convertible Securities shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Conversion Price that would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted plus the consideration, if any, actually received by the Company on the conversion of such Convertible Securities.

(iv) For the purpose of the adjustment provided for in subparagraph (i) of this paragraph 3(g), if at any time or from time to time after the Issuance Date the Company shall issue any rights or options for the purchase of Convertible Securities, then, in each such case, if the Effective Price thereof is less than the current Conversion Price, the Company shall be deemed to have issued at the time of the issuance of such rights or options the maximum number of Additional Shares of Common Stock issuable upon conversion of the total amount of Convertible Securities covered by such rights or options and to have received as consideration for the issuance

of such Additional

A-58

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**Table of Contents**

Shares of Common Stock an amount equal to the amount of consideration, if any, received by the Company for the issuance of such rights or options, plus the minimum amounts of consideration, if any, payable to the Company upon the conversion of such Convertible Securities. For purposes of the foregoing, Effective Price shall mean the quotient determined by dividing the total amount of such consideration by such maximum number of Additional Shares of Common Stock. No further adjustment of such Conversion Price adjusted upon the issuance of such rights or options shall be made as a result of the actual issuance of the Convertible Securities upon the exercise of such rights or options or upon the actual issuance of Additional Shares of Common Stock upon the conversion of such Convertible Securities. The provisions of subparagraph (iii) of this paragraph 3(h) for the readjustment of such Conversion Price upon the expiration of rights or options or the rights of conversion of Convertible Securities, shall apply mutatis mutandis to the rights, options and Convertible Securities referred to in this subparagraph (iv).

(h) *DEFINITION OF ADDITIONAL SHARES.* The term Additional Shares of Common Stock as used herein shall mean all shares of Common Stock issued or deemed issued by the Company after the Issuance Date, whether or not subsequently reacquired or retired by the Company, other than: shares of Common Stock issued upon conversion of the shares of Series A Preferred Stock; any shares of Common Stock (as adjusted for all stock dividends, stock splits, subdivisions and combinations) issued to employees, officers, directors, consultants or other persons performing services for the Company (if so issued solely because of any such person's status as an officer, director, employee, consultant or other person performing services for the Company and not as part of any general offering of the Company's securities) pursuant to any stock option plan, stock purchase plan or management incentive plan, agreement or arrangement approved by the Board; and (iii) any shares of Common Stock issued by the Company as full or partial consideration by the Company in connection with a merger, consolidation, purchase of assets or other transaction resulting in the acquisition by the Company of greater than 25% of the voting securities of any other corporation, financial institution or other entity, provided that the Common Stock used in such transaction is valued for purposes thereof at not less than its then book value.

(i) *ACCOUNTANTS' CERTIFICATE OF ADJUSTMENT.* In each case of an adjustment or readjustment of the Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the shares of Series A Preferred Stock, the Company, at its expense, shall cause independent certified public accountants of recognized standing selected by the Company (who may be the independent certified public accountants then auditing the books of the Company) to compute such adjustment or readjustment in accordance herewith and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of shares of Series A Preferred Stock at the holder's address as shown on the Company's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based including a statement of: (i) the consideration received or to be received by the Company for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold; the Conversion Price at the time in effect for each series of Series A Preferred Stock; and the number of Additional Shares of Common Stock and the type and amount, if any, of other property which at the time would be received upon conversion of the shares of Series A Preferred Stock.

(j) *NOTICES OF RECORD DATE.* In the event of any taking by the Company of a record of the holders of any class or series of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any reclassification or recapitalization of the capital stock of the Company, any merger, consolidation or share exchange involving the Company, or any transfer of all or substantially all the assets of the Company to any other corporation, entity or person, or any voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, the Company shall mail to each holder of shares of Series A Preferred Stock (other than any such holder who is also a holder of record, or the affiliate of a holder of record, of shares of Common Stock, or is a director or executive officer, or an affiliate of a director or executive officer, of the Company) at least



**Table of Contents**

30 days prior to the record date specified therein, a notice specifying: the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution; the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective; and the time, if any is to be fixed, as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

(k) *FRACTIONAL SHARES*. No fractional shares of Common Stock shall be issued upon conversion of shares of Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to the product of such fraction multiplied by the Conversion Price on the Conversion Date. Whether or not the fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into shares of Common Stock and the number of shares of Common Stock issuable upon such aggregate conversion.

(l) *RESERVATION OF STOCK ISSUABLE UPON CONVERSION*. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of Series A Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock. As a condition precedent to the taking of any action which would cause an adjustment to the Conversion Price, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient in order that it may validly and legally issue the shares of its Common Stock issuable based upon such adjusted Conversion Price.

(m) *NOTICES*. Any notice required or permitted by the provisions of this paragraph 3 to be given to the holder of shares of Series A Preferred Stock or the Company, respectively, shall be deemed given when personally delivered to such holder or the Company or five business days after the same has been deposited in the United States mail, first class postage prepaid and addressed to each holder of record at his address appearing on the books of the Company or the Company's registered office in the state of Illinois, as the case may be, provided, however, that the written notice to be delivered to the Company by the holder of shares of Series A Preferred Stock in connection with the conversion of such stock shall be effective only upon actual receipt by the Company.

(n) *PAYMENT OF TAXES*. The Company will pay all taxes and other governmental charges (other than taxes measured by the revenue or income of the holders of shares of Series A Preferred Stock) that may be imposed in respect of the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock.

(o) *NO DILUTION OR IMPAIRMENT*. The Company shall not amend its Certificate of Incorporation or participate in any reorganization, recapitalization, transfer of assets, consolidation, merger, share exchange, dissolution, issue or sale of securities or any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate to protect the conversion rights of the holders of shares of Series A Preferred Stock against dilution or other impairment.

(p) *DUTY TO MAKE FAIR ADJUSTMENTS IN CERTAIN CASES*. If any event occurs as to which the other provisions of this paragraph 3 are not strictly applicable or if strictly applicable would not fairly protect the Conversion Rights of the holders of shares of Series A Preferred Stock in accordance with the essential intent and principles of such provisions, then the Board shall make an adjustment in the application of such provisions, in accordance with such essential intent and principles, so as adequately to protect such Conversion Rights.



**Table of Contents**

4. *VOTING RIGHTS.* The holders of each share of Series A Preferred Stock shall not be entitled to vote, except: as required by law; to approve the authorization or issuance of any shares of any class or series of stock which ranks senior or on a parity with, the Series A Preferred Stock in respect of dividends and distributions upon the dissolution, liquidation or winding up of the Company; and the holders of Series A Preferred Stock shall have full voting rights in the following situations: during any period of time when two dividend payments on shares of Series A Preferred Stock have accrued but have remained unpaid; upon conversion of the shares of Series A Preferred Stock into shares of Common Stock; and if the holders of Common Stock vote on a proposal to merge or otherwise enter into a transaction with a third party pursuant to which Union is not the surviving entity. In such event, the holder of shares of Series A Preferred Stock shall be entitled to notice of any holders meeting in accordance with the bylaws of the Company unless such holder is also a holder of record, or the affiliate of a holder of record, of shares of Common Stock, or is a director or executive officer, or an affiliate of a director or executive officer, of the Company, and shall be entitled to a number of votes equal to the number of full shares of Common Stock into which such shares of Series A Preferred Stock are fully convertible pursuant to paragraph 3 above, at the record date for the determination of stockholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of stockholders is solicited.

(b) Notwithstanding anything contained herein to the contrary, the holders of Series A Preferred Stock shall vote as a separate class when required by law and to approve the matters set forth in Section 4(a)(ii). In such circumstances, the affirmative vote of the holders of a majority (or such greater percentage as may be required by law or the Company's certificate of incorporation or bylaws) of the Common Stock and of the voting rights provided in this Section for the Series A Preferred Stock, with each voting separately as a class, shall be necessary to approve such proposed action. In all other circumstances described in Section 4(a), the holders of Series A Preferred Stock shall vote with the holders of Common Stock and the affirmative vote of the holders of a majority (or such greater percentage as may be required by law or the Company's certificate of incorporation or bylaws) of the Common Stock and of the voting rights provided in this Section for the Series A Preferred Stock, voting together as a single group, shall be necessary to approve such proposed action.

5. *LIQUIDATION.* Upon the dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, the holders of shares of Series A Preferred Stock shall be entitled to receive out of the assets of the Company available for distribution to stockholders, the amount of \$1,000 per share, plus any dividends whether or not declared or due which have accrued thereon through the date of such distribution, but which remain unpaid, before any payment or distribution shall be made on shares of Common Stock or any other securities issued by the Company, except that holders of shares of Series A Preferred Stock shall share pro rata in any such payment or distribution with the holders of Series B Preferred Stock. In the event the assets of the Company available for distribution to the holders of shares of Series A Preferred Stock upon any dissolution, liquidation or winding up of the Company shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this paragraph, then all of the assets of the Company to be distributed shall be distributed ratably to the holders of Series A Preferred Stock and Series B Preferred Stock. After the payment to the holders of the shares of Series A Preferred Stock of the full amounts provided for in this paragraph, the holders of shares of Series A Preferred Stock as such shall have no right or claim to any of the remaining assets of the Company.

6. *INFORMATION RIGHTS.* The holders of shares of Series A Preferred Stock shall be entitled to receive audited annual financial statements of the Company, as soon as such statements become available.

Table of Contents

**CERTIFICATE OF DESIGNATION  
OF  
SERIES B PREFERRED STOCK  
OF  
UNIONBANCORP, INC.**

1. *DESIGNATION AND AMOUNT.* The board of directors (the Board ) of UnionBancorp, Inc., a Delaware corporation (the Company ), has designated 1,092 shares of the Company s authorized and unissued preferred stock as Series B Preferred Stock, has authorized such shares for issuance at a price of \$1,000 per share (the Series B Preferred Stock ) and has determined that no further shares of Series B Preferred Stock shall be issued.

2. *DIVIDENDS.*

(a) The holders of record of the then outstanding shares of Series B Preferred Stock shall be entitled to receive when, as and if declared by the Board out of any funds legally available therefor, cumulative dividends at the annual rate of \$60.00 per share payable in four equal cash payments on the 20th day (or if not a business day, as defined below, on the next business day thereafter) of April, July, October and January commencing October, 1996, provided, however, that any such quarterly cash payment shall be prorated with respect to any shares of Series B Preferred Stock that were outstanding less than the total number of days in the calendar quarter immediately preceding any such payment date. The amount of any such prorated cash payment shall be computed on the basis of the actual number of days in any calendar quarter during which such shares of Series B Preferred Stock were outstanding. Each such dividend shall be payable to holders of record as they appear on the stock books of the Company on such record dates, not less than 10 and not more than 60 days preceding the dividend payment date, as shall be fixed by the Board. No dividends, other than those payable solely in the Company s common stock, \$1.00 par value ( Common Stock ), shall be paid during any fiscal year of the Company with respect to shares of Common Stock or any other security issued by the Company other than Series A until dividends in the total amount of \$60.00 per share on Series B Preferred Stock shall have been paid. Such dividends shall accrue on each share of Series B Preferred Stock from the date of issuance and from day to day thereafter, whether or not earned or declared. Notwithstanding the foregoing, such dividends shall be cumulative so that if such dividends in respect of any previous or current annual dividend period, at the annual rate specified above, shall not have been paid or declared and a sum sufficient for the payment thereof set apart, the deficiency for any prior year and the amount owed in the current year shall first be fully paid before any dividend or other distribution shall be paid on or declared and set apart for the shares of Common Stock. A business day shall be deemed to be any day when trading of securities occurs on the New York Stock Exchange.

(b) Unless full dividends on Series B Preferred Stock for all past dividend periods and the then current dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart: (i) no dividend whatsoever whether in cash, securities or other property (other than a dividend payable solely in shares of Common Stock) shall be paid or declared and set aside for payment, and no distribution shall be made, on any shares of Common Stock or other class of preferred stock authorized after the date hereof except for the Series A Convertible Preferred Stock (the Series A Preferred Stock ); and (ii) no shares of Common Stock or other class of preferred stock authorized after the date hereof except the Series A Preferred Stock shall be purchased, redeemed or otherwise acquired by the Company and no funds shall be paid into or set aside or made available for a sinking fund for the purchase, redemption or other acquisition thereof without the approval of the holders of at least a majority of the then outstanding shares of Series B Preferred Stock.

(c) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (b) of this Section 2, purchase or otherwise acquire such shares at such time and such manner.

3. *REDEMPTION.*

(a) Each issued and outstanding share of Series B Preferred Stock may be redeemed at the option of the holder or his or her estate for cash as set forth below at any time after the first to occur of: (i) the death of the

**Table of Contents**

original holder of such share of Series B Preferred Stock; or (ii) the tenth anniversary of the original issuance of such share, in either case at a price of \$1,000 per share, plus any accrued but unpaid dividends thereon whether or not declared, through the Redemption Date, as defined below (collectively, the Redemption Price ).

(b) Before any holder of shares of Series B Preferred Stock shall be entitled to redeem any such shares for cash, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent of Series B Preferred Stock or Common Stock, with a written notice that he elects to redeem the same and shall state therein the number of shares of Series B Preferred Stock being redeemed for cash and the name or names to whom such payment shall be made. The date the Company receives such surrendered certificates and written notice shall be deemed to be the Redemption Date. Thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be cancelled and retired.

(c) If on the Redemption Date the Redemption Price is paid, then the dividends with respect to the shares of Series B Preferred Stock redeemed shall cease to accrue after the Redemption Date.

(d) Notwithstanding anything contained in this paragraph 3(c) to the contrary, the Company shall not be obligated to redeem for cash any shares of Series B Preferred Stock if such redemption would cause the Company to be in violation of any statute, rule, order, regulation or agreement to which the Company is a party relating to minimum capital requirements. The Company shall use its best efforts promptly to remedy any such violation if the same has the effect of preventing the redemption of any shares of Series B Preferred Stock, and shall promptly complete the redemption of shares after such violation has been cured.

**4. VOTING RIGHTS.**

(a) The holders of each share of Series B Preferred Stock shall not be entitled to vote, except: (i) as required by law; and (ii) to approve the authorization or issuance of any shares of any class or series of stock which ranks senior or on a parity with, the Series B Preferred Stock in respect of dividends and distributions upon the dissolution, liquidation or winding up of the Company.

(b) Notwithstanding anything contained herein to the contrary, the holders of Series B Preferred Stock shall vote as a separate class when required by law and to approve the matters set forth in Section 4(a)(ii). In such circumstances, the affirmative vote of the holders of a majority (or such greater percentage as may be required by law or the Company's certificate of incorporation or bylaws) of the voting rights provided in this Section for the Series B Preferred Stock, voting separately as a class, shall be necessary to approve such proposed action by the holders of Series B Preferred Stock.

**5. LIQUIDATION.** Upon the dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, the holders of shares of Series B Preferred Stock shall be entitled to receive out of the assets of the Company available for distribution to stockholders, the amount of \$1,000 per share, plus any dividends whether or not declared or due which have accrued thereon through the date of such distribution, but which remain unpaid, before any payment or distribution shall be made on shares of Common Stock or any other securities issued by the Company, except that holders of shares of Series B Preferred Stock shall share pro rata in any such payment or distribution with the holders of Series A Preferred Stock. In the event the assets of the Company available for distribution to the holders of shares of Series B Preferred Stock upon any dissolution, liquidation or winding up of the Company shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this paragraph, then all of the assets of the Company to be distributed shall be distributed ratably to the holders of Series B Preferred Stock and Series A Preferred Stock. After the payment to the holders of the shares of Series B Preferred Stock of the full amounts provided for in this paragraph, the holders of shares of Series B Preferred Stock as such shall have no right or claim to any of the remaining assets of the Company.

**Table of Contents**

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation was duly adopted in accordance with the applicable provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware, as amended. This Amended and Restated Certificate of Incorporation has been signed by the President, and attested by the Secretary of UnionBancorp, Inc., this \_\_\_\_\_ of \_\_\_\_\_, 2006.

By:

ATTEST:

A-64

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**Table of Contents**

June 30, 2006

Board of Directors

UnionBancorp, Inc.

122 West Madison Street

Ottawa, IL 61350

Ladies and Gentlemen:

UnionBancorp, Inc. ( Union ) and Centru Financial Corporation ( Centru ) have entered into an Agreement and Plan of Merger, dated as of June 30, 2006 (the Agreement ), pursuant to which Centru will be merged with and into Union (the Merger ), with Union as the surviving entity. Under the terms of the Agreement, at the Effective Time and as a result of the Merger, each outstanding share of Centru common stock, par value \$0.01 per share (the Centru Common Stock ), other than certain shares as specified in the Agreement, will be converted into the right to receive 1.2 shares (the Exchange Ratio ) of Union common stock, par value \$1.00 per share (the Union Common Stock ). Cash will be paid in lieu of fractional shares. Capitalized terms used herein without definition shall have the meanings assigned to them in the Agreement. The other terms and conditions of the Merger are more fully set forth in the Agreement. You have requested our opinion as to the fairness, from a financial point of view, of the Exchange Ratio to Union.

Sandler O'Neill & Partners, L.P., as part of its investment banking business, is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions. In connection with this opinion, we have reviewed, among other things: (i) the Agreement; (ii) certain publicly available financial statements and other historical financial information of Union that we deemed relevant; (iii) certain publicly available financial statements and other historical financial information of Centru that we deemed relevant; (iv) earnings per share estimates for Union for the years ending December 31, 2006 through 2009 as provided by, and reviewed with, senior management of Union; (v) internal financial projections for Centru for the years ending December 31, 2006 through 2008 provided by and reviewed with senior management of Centru and as reviewed with and adjusted by senior management of Union and estimated financial projections for the year ended December 31, 2009 as discussed with senior managements of Union; (vi) the pro forma financial impact of the Merger on Union, based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by the senior management of Union; (vii) the publicly reported historical price and trading activity for Union's and Centru's common stock, including a comparison of certain financial and stock market information for Union and Centru and similar publicly available information for certain other companies the securities of which are publicly traded; (viii) to the extent publicly available, the financial terms of certain recent merger of equals type business combinations in the commercial banking industry; (ix) the current market environment generally and the banking environment in particular; and (x) such other information, financial studies, analyses and investigations and financial, economic and market criteria as we considered relevant. We also discussed with certain members of senior management of Union the business, financial condition, results of operations and prospects of Union and held similar discussions with certain members of senior management of Centru regarding the business, financial condition, results of operations and prospects of Centru.

In performing our review, we have relied upon the accuracy and completeness of all of the financial and other information that was available to us from public sources or that was provided to us by Union and Centru or their respective representatives and have assumed such accuracy and completeness for purposes of rendering this opinion. We have further relied on the assurances of management of Union and Centru that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. We have not been asked to and have not undertaken an independent verification of any of such information and we do not assume any responsibility or liability for the accuracy or completeness thereof. We did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Union or Centru or any of their subsidiaries, or the collectibility of any such assets, nor have we been furnished with any such evaluations or appraisals. We did not make an independent evaluation of the adequacy of the allowance for loan losses of Union and Centru nor have we



**Table of Contents**

reviewed any individual credit files relating to Union and Centruie. We have assumed, with your consent, that the respective allowances for loan losses for both Union and Centruie are adequate to cover such losses.

With respect to the earnings estimates for Union and Centruie reviewed with the managements of Union and Centruie and used by us in our analyses, Union's and Centruie's managements confirmed to us that they reflected the best currently available estimates and judgments of the respective managements of the respective future financial performances of Union and Centruie, respectively. With respect to the projections of transaction expenses and cost savings determined by and reviewed with the senior management of Union, management confirmed to us that they reflected the best currently available estimates and judgments of such management and we assumed that such performances would be achieved. We express no opinion as to such financial projections or the assumptions on which they are based. We have also assumed that there has been no material change in Union's and Centruie's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to us. We have assumed in all respects material to our analysis that Union and Centruie will remain as going concerns for all periods relevant to our analyses, that all of the representations and warranties contained in the Agreement and all related agreements are true and correct, that each party to the agreements will perform all of the covenants required to be performed by such party under the agreements, that the conditions precedent in the agreements are not waived and that the Merger will be a tax-free reorganization for federal income tax purposes. Finally, with your consent, we have relied upon the advice Union has received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the Merger and the other transactions contemplated by the Agreement.

Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof could materially affect this opinion. We have not undertaken to update, revise, reaffirm or withdraw this opinion or otherwise comment upon events occurring after the date hereof. We are expressing no opinion herein as to what the value of Union's common stock will be when issued to Centruie's shareholders pursuant to the Agreement or the prices at which Union's and Centruie's common stock may trade at any time.

We have acted as Union's financial advisor in connection with the Merger and will receive a fee for our services and for rendering this opinion, a substantial portion of which is contingent upon consummation of the Merger. Union has also agreed to indemnify us against certain liabilities arising out of our engagement.

In the ordinary course of our business as a broker-dealer, we may purchase securities from and sell securities to Union and Centruie and their affiliates. We may also actively trade the equity or debt securities of Union and Centruie or their affiliates for our own account and for the accounts of our customers and, accordingly, may at any time hold a long or short position in such securities.

Our opinion is directed to the Board of Directors of Union in connection with its consideration of the Merger and is directed only to the fairness, from a financial point of view, of the Exchange Ratio to Union and does not address the underlying business decision of Union to engage in the Merger, the relative merits of the Merger as compared to any other alternative business strategies that might exist for Union or the effect of any other transaction in which Union might engage. Our opinion is not to be quoted or referred to, in whole or in part, in a registration statement, prospectus, proxy statement or in any other document, nor shall this opinion be used for any other purposes, without our prior written consent.

Based upon and subject to the foregoing, it is our opinion, as of the date hereof, that the Exchange Ratio is fair to Union from a financial point of view.

Very truly yours,

Sandler O'Neill & Partners, L.P.

/s/ Sandler O'Neill & Partners, L.P.

B-2

**Table of Contents**

June 30, 2006

The Board of Directors

Centrue Financial Corporation

303 Fountains Parkway

Fairview Heights, IL 62208

Members of the Board:

You have requested our opinion as investment bankers as to the fairness, from a financial point of view, to the stockholders of Centrue Financial Corporation ( TRUE ) of the exchange ratio in the proposed merger (the Merger ) between TRUE and UnionBancorp, Inc. ( UBCD ), pursuant to the Agreement and Plan of Merger, dated as of June 30, 2006, between TRUE and UBCD (the Agreement ). Pursuant to the terms of the Agreement, each outstanding share of the common stock of TRUE (the Common Shares ), \$0.01 par value per share, shall be converted at the effective time of the Merger into the right to receive 1.2 shares of common stock of UBCD, \$1.00 par value per share.

Keefe, Bruyette & Woods, Inc., as part of its investment banking business, is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, we have experience in, and knowledge of, the valuation of the banking enterprises. In the ordinary course of our business as a broker-dealer, we may, from time to time purchase securities from, and sell securities to, TRUE and UBCD, and as a market maker in securities, we may from time to time have a long or short position in, and buy or sell, debt or equity securities of TRUE and UBCD for our own account and for the accounts of our customers. To the extent we have any such position as of the date of this opinion it has been disclosed to TRUE. We have acted exclusively for the Board of Directors of TRUE in rendering this fairness opinion and will receive a fee from TRUE for our services.

In connection with this opinion, we have reviewed, analyzed and relied upon material bearing upon the financial and operating condition of TRUE and UBCD and the Merger, including among other things, the following: (i) the Agreement; (ii) the Annual Reports to Stockholders and Annual Reports on Form 10-K for the three years ended December 31, 2005 of TRUE and UBCD; (iii) certain interim reports to stockholders and Quarterly Reports on Form 10-Q of TRUE and UBCD and certain other communications from TRUE and UBCD to their respective stockholders; (iv) earnings per share estimates for TRUE and UBCD for the years ending December 31, 2006, 2007 and 2008, as prepared by management and discussed with management; (v) historical stock prices and trading volumes of the common stock of TRUE and UBCD; and (vi) other financial information concerning the businesses and operations of TRUE and UBCD furnished to us by TRUE and UBCD for purposes of our analysis. We have also held discussions with senior management of TRUE and UBCD regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as we have deemed relevant to our inquiry. In addition, we have compared certain financial and stock market information for TRUE and UBCD with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the banking industry and performed such other studies and analyses as we considered appropriate.

In conducting our review and arriving at our opinion, we have relied upon the accuracy and completeness of all of the financial and other information provided to us or publicly available and we have not assumed any responsibility for independently verifying the accuracy or completeness of any such information. We have relied upon the management of TRUE and UBCD as to the reasonableness and achievability of the financial and operating forecasts and projections (and the assumptions and bases therefore) provided to us, and we have assumed that such forecasts and projections reflect the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managements. We are not experts in the independent verification of the adequacy of allowances for loan and lease losses and we have assumed, with your consent, that the aggregate allowances for loan and lease losses for TRUE and UBCD are adequate to cover such losses. In rendering our



**Table of Contents**

opinion, we have not made or obtained any evaluations or appraisals of the property of TRUE or UBCD, nor have we examined any individual credit files.

We have considered such financial and other factors as we have deemed appropriate under the circumstances, including, among others, the following: (i) the historical and current financial position and results of operations of TRUE and UBCD; (ii) the assets and liabilities of TRUE and UBCD; and (iii) the nature and terms of certain other merger transactions involving banks and bank holding companies. We have also taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the banking industry generally. Our opinion is necessarily based upon conditions as they exist and can be evaluated on the date hereof and the information made available to us through the date hereof.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the exchange ratio in the Merger is fair, from a financial point of view, to holders of the Common Shares.

Very truly yours,

Keefe, Bruyette & Woods, Inc.

/s/ Keefe, Bruyette & Woods, Inc.

C-2

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**Table of Contents**

**PART II.**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 20. *Indemnification of Directors and Officers***

Section 145 of the General Corporation Law of the State of Delaware ( Section 145 ) authorizes a court to award, or a corporation s board of directors to grant, indemnification to directors and officers in terms that are sufficiently broad to permit indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933. UnionBancorp s certificate of incorporation contains a provision eliminating the personal liability of its directors to the company or its stockholders consistent with Section 145. UnionBancorp s bylaws provide for the mandatory indemnification of our directors, officers, employees and agents to the maximum extent permitted by Delaware law. UnionBancorp s bylaws require that, before any individual is indemnified, the corporation must determine that indemnification is proper under the circumstances because the person has met the applicable standard of conduct. This determination is made (a) by a majority vote of the directors who are not parties to the action, proceeding or suit, or (b) if such directors so direct, by independent legal counsel, or (c) by the stockholders.

**Item 21. *Exhibits and Financial Statement Schedules***

The exhibits filed pursuant to this Item 21 immediately follow the Exhibit Index. The following is a description of the applicable exhibits required for Form S-4 as provided by Item 601 of Regulation S-K.

<b>Exhibit Number</b>	<b>Description</b>
2.1	Agreement and Plan of Merger dated June 30, 2006. This document is filed as Appendix A to the joint proxy statement-prospectus forming a part of this Registration Statement.
3.1	Restated Certificate of Incorporation of UnionBancorp, Inc. and Amendments thereto (filed as Exhibit to UnionBancorp s Registration Statement on Form S-1 (Registration No. 33-9891) (the S-1 Registration Statement ).
3.2	Bylaws of UnionBancorp, Inc. (as amended and restated June 17, 2004) (filed as Exhibit 3.2 to UnionBancorp s Form 10-Q for the quarter ended June 30, 2004, and incorporated by reference herein).
4.1	Specimen Stock Certificate of UnionBancorp, Inc. (filed as Exhibit 4.6 to UnionBancorp s S-1 Registration Statement and incorporated by reference herein).
4.2	Certificate of Designation of Series A Convertible Preferred Stock (filed as Exhibit 4.3 to UnionBancorp s S-1 Registration Statement and incorporated by reference herein).
4.3	Certificate of Designation of Series B Preferred Stock (filed as Exhibit 4.4 to UnionBancorp s S-1 Registration Statement and incorporated by reference herein).
4.4	Certificate of Designation of Series C Junior Participating Preferred Stock (filed as Exhibit 4.5 to UnionBancorp s S-1 Registration Statement and incorporated by reference herein).
5.1	Opinion of Howard & Howard Attorneys, P.C. regarding legality of UnionBancorp, Inc. common stock to be issued in the merger.

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- 8.1 Opinion of Crowe Chizek & Company LLC regarding material Federal income tax consequences of the merger.
- 10.1 Registration Agreement dated August 6, 1996, between the Company and each of Wayne W. Whalen and Dennis J. McDonnell (incorporated by reference from Exhibit 10.10 to UnionBancorp's S-1 Registration Statement).
- 10.2 Loan Agreement between the Company and LaSalle National Bank dated August 2, 1996 (incorporated by reference from Exhibit 10.11 to UnionBancorp's S-1 Registration Statement).
- 10.3 UnionBancorp, Inc. Employee Stock Ownership Plan (incorporated by reference from Exhibit 10.12 to UnionBancorp's S-1 Registration Statement).

II-1

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**Table of Contents**

<b>Exhibit Number</b>	<b>Description</b>
10.4	UnionBancorp, Inc. 1999 Nonqualified Stock Option Plan (incorporated by reference from Exhibit 10.1 to the registration statement on Form S-8 filed by the Company on December 10, 1999 (File No. 333-92549)).
10.5	UnionBancorp, Inc. 2000 Incentive Compensation Plan (incorporated by reference from Exhibit 10.1 to UnionBancorp's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 as filed with the SEC on November 13, 2001).
10.6	UnionBancorp, Inc. 2003 Stock Option Plan (incorporated by reference from UnionBancorp's Proxy Statement in connection with UnionBancorp, Inc. 2003 annual meeting of stockholders filed with the SEC on Schedule 14A).
10.7	Form of Stock Option Agreements (incorporated by reference from Exhibit 10.1 to UnionBancorp's Quarterly Report on Form 10-Q/ A for the quarter ended September 30, 2005, as filed with the SEC on July 14, 2006).
10.8	Thomas A. Daiber Employment Agreement (incorporated by reference from Exhibit 2.1 to UnionBancorp's Current Report on Form 8-K filed with the SEC on July 7, 2006 (appears as Exhibit F-1 thereto)).
10.9	Scott A. Yeoman Employment Agreement (incorporated by reference from Exhibit 2.1 to UnionBancorp's Current Report on Form 8-K filed with the SEC on July 7, 2006 (appears as Exhibit F-2 thereto)).
10.10	Kurt R. Stevenson Employment Agreement (incorporated by reference from Exhibit 2.1 to UnionBancorp's Current Report on Form 8-K filed with the SEC on July 7, 2006 (appears as Exhibit F-3 thereto))
10.11	UnionBancorp, Inc. Voting Agreement (incorporated by reference from Exhibit 10.1 to UnionBancorp's Current Report on Form 8-K filed with the SEC on July 7, 2006).
10.12	Centrue Financial Corporation Voting Agreement (incorporated by reference from Exhibit 10.2 to UnionBancorp's Current Report on Form 8-K filed with the SEC on July 7, 2006).
23.1	Consent of Crowe Chizek & Company LLC.
23.2	Consent of McGladrey & Pullen, LLP.
23.3	Consent of Howard & Howard Attorneys, P.C. (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).
99.1	Form of Proxy to be delivered to the stockholders of UnionBancorp, Inc.

- 99.2 Form of Proxy to be delivered to the stockholders of Centru Financial Corporation.
- 99.3 Consent of Person Named to be Future Director of UnionBancorp, Inc.
- 99.4 Consent of Person Named to be Future Director of UnionBancorp, Inc.
- 99.5 Consent of Person Named to be Future Director of UnionBancorp, Inc.
- 99.6 Consent of Person Named to be Future Director of UnionBancorp, Inc.
- 99.7 Consent of Person Named to be Future Director of UnionBancorp, Inc.

**Item 22. Undertakings**

The undersigned registrant hereby undertakes:

- (a) To file during any period in which offers and sales are being made, a post-effective amendment to this registration statement:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the Act );
  - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof), which individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; notwithstanding the foregoing, any increase or decrease in volume of securities offered (if

**Table of Contents**

the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(b) That for the purpose of determining any liability under the Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

The undersigned registrant hereby undertakes that every prospectus: (i) that is filed pursuant to the immediately preceding paragraph, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the joint proxy statement-prospectus pursuant to items 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in the documents filed subsequent to the effective date of this registration statement through the date of responding to the request.

The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this registration statement when it became effective.

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, UnionBancorp, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Ottawa, State of Illinois, this 31<sup>st</sup> day of August, 2006.

**UNIONBANCORP, INC.**

By: /s/ Scott A. Yeoman

Scott A. Yeoman  
President and Chief Executive Officer

**POWER OF ATTORNEY**

The undersigned officers and directors of UnionBancorp, Inc. do hereby constitute and appoint Scott A. Yeoman and Kurt R. Stevenson, as their attorneys-in fact with power and authority to do any and all acts and things and to execute any and all instruments which said attorneys-in-fact, and either one of them, determine may be necessary or advisable or required to enable said corporation to comply with the Securities Act of 1933, as amended, and any rules or regulations or requirements of the Securities and Exchange Commission in connection with this Registration Statement. Without limiting the generality of the foregoing power and authority, the powers granted include the power and authority to sign the names of the undersigned officers and directors in the capacities indicated below to the Registration Statement, to any and all amendments, both pre-effective and post-effective, and supplements to this Registration Statement, and to any and all instruments or documents filed as part of or in conjunction with this Registration Statement or amendments or supplements thereto, and each of the undersigned hereby ratifies and confirms all that said attorneys-in-fact or any of them shall do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement and Power of Attorney has been signed on August 31, 2006, by the following persons in their capacities indicated.

<b>Signature</b>	<b>Capacity</b>
/s/ Scott A. Yeoman	President and Chief Executive Officer, Director
Scott A. Yeoman	
/s/ Kurt R. Stevenson	Senior Executive Vice President and Principal Financial and Accounting Officer
Kurt R. Stevenson	
/s/ Richard J. Berry	Director
Richard J. Berry	
/s/ Walter E. Breipohl	Director
Walter E. Breipohl	
/s/ Robert J. Doty	Director
Robert J. Doty	



**Table of Contents**

<b>Signature</b>	<b>Capacity</b>
/s/ Dennis J. McDonnell Dennis J. McDonnell	Director
/s/ I. J. Reinhardt, Jr. I. J. Reinhardt, Jr.	Director
/s/ John A. Shinkle John A. Shinkle	Director
/s/ Scott C. Sullivan Scott C. Sullivan	Director
/s/ John A. Trainor John A. Trainor	Director

Table of Contents**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
2.1	Agreement and Plan of Merger dated June 30, 2006. This document is filed as Appendix A to the joint proxy statement-prospectus forming a part of this Registration Statement.
3.1	Restated Certificate of Incorporation of UnionBancorp, Inc. and Amendments thereto (filed as Exhibit to UnionBancorp's Registration Statement on Form S-1 (Registration No. 33-9891) (the S-1 Registration Statement)).
3.2	Bylaws of UnionBancorp, Inc. (as amended and restated June 17, 2004) (filed as Exhibit 3.2 to UnionBancorp's Form 10-Q for the quarter ended June 30, 2004, and incorporated by reference herein).
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8.1	Opinion of Crowe Chizek & Company LLC regarding material Federal income tax consequences of the merger.
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10.2	Loan Agreement between the Company and LaSalle National Bank dated August 2, 1996 (incorporated by reference from Exhibit 10.11 to UnionBancorp's S-1 Registration Statement).
10.3	UnionBancorp, Inc. Employee Stock Ownership Plan (incorporated by reference from Exhibit 10.12 to UnionBancorp's S-1 Registration Statement).
10.4	UnionBancorp, Inc. 1999 Nonqualified Stock Option Plan (incorporated by reference from Exhibit 10.1 to the registration statement on Form S-8 filed by the Company on December 10, 1999 (File No. 333-92549)).

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- 10.5 UnionBancorp, Inc. 2000 Incentive Compensation Plan (incorporated by reference from Exhibit 10.1 to UnionBancorp's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 as filed with the SEC on November 13, 2001).
  - 10.6 UnionBancorp, Inc. 2003 Stock Option Plan (incorporated by reference from UnionBancorp's Proxy Statement in connection with UnionBancorp, Inc. 2003 annual meeting of stockholders filed with the SEC on Schedule 14A).
  - 10.7 Form of Stock Option Agreements (incorporated by reference from Exhibit 10.1 to UnionBancorp's Quarterly Report on Form 10-Q/ A for the quarter ended September 30, 2005, as filed with the SEC on July 14, 2006).
  - 10.8 Thomas A. Daiber Employment Agreement (incorporated by reference from Exhibit 2.1 to UnionBancorp's Current Report on Form 8-K filed with the SEC on July 7, 2006 (appears as Exhibit F-1 thereto)).
  - 10.9 Scott A. Yeoman Employment Agreement (incorporated by reference from Exhibit 2.1 to UnionBancorp's Current Report on Form 8-K filed with the SEC on July 7, 2006 (appears as Exhibit F-2 thereto)).
  - 10.10 Kurt R. Stevenson Employment Agreement (incorporated by reference from Exhibit 2.1 to UnionBancorp's Current Report on Form 8-K filed with the SEC on July 7, 2006 (appears as Exhibit F-3 thereto))
  - 10.11 UnionBancorp, Inc. Voting Agreement (incorporated by reference from Exhibit 10.1 to UnionBancorp's Current Report on Form 8-K filed with the SEC on July 7, 2006).
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**Table of Contents**

<b>Exhibit Number</b>	<b>Description</b>
10.12	Centrue Financial Corporation Voting Agreement (incorporated by reference from Exhibit 10.2 to UnionBancorp's Current Report on Form 8-K filed with the SEC on July 7, 2006).
23.1	Consent of Crowe Chizek & Company LLC.
23.2	Consent of McGladrey & Pullen, LLP.
23.3	Consent of Howard & Howard Attorneys, P.C. (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).
99.1	Form of Proxy to be delivered to the stockholders of UnionBancorp, Inc.
99.2	Form of Proxy to be delivered to the stockholders of Centrue Financial Corporation.
99.3	Consent of Person Named to be Future Director of UnionBancorp, Inc.
99.4	Consent of Person Named to be Future Director of UnionBancorp, Inc.
99.5	Consent of Person Named to be Future Director of UnionBancorp, Inc.
99.6	Consent of Person Named to be Future Director of UnionBancorp, Inc.
99.7	Consent of Person Named to be Future Director of UnionBancorp, Inc.