

AGREEMENT BY AND BETWEEN
Community Savings
Caldwell, Ohio
and
The Comptroller of the Currency

Community Savings, Caldwell, Ohio (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and members of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has found unsafe or unsound banking practices relating to asset quality, risk management, and information technology, as well as violations of law at the Bank.

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

ARTICLE I

JURISDICTION

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

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

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

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

(5) This Agreement shall cause the Bank to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 163.555, unless otherwise informed in writing by the Comptroller.

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

Assistant Deputy Comptroller
Northern Ohio Field Office
200 Public Square, Suite 1610
Cleveland, OH 44114

ARTICLE II

INTERNAL AUDIT

(1) Within one hundred twenty (120) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program in conformance with the Federal Financial Institutions Examination Council’s “Interagency Policy Statement on the Internal Audit Function and its Outsourcing,” dated March 17, 2003 (OCC Bulletin 2003-12). The program shall cover all areas of the Bank, and be sufficient to:

- (a) detect irregularities and weak practices in the Bank’s operations and internal controls;
- (b) determine the Bank’s level of compliance with all applicable laws, rules and regulations;
- (c) assess and report the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;

- (d) evaluate the Bank's adherence to established policies and procedures, with particular emphasis directed to the Bank's adherence to its information technology program, loan policies concerning underwriting standards, and problem loan identification and classification; and
- (e) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

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

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

(4) The Board shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program described above shall report directly to the Board, which shall have the sole power to engage such personnel and to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board or the Audit Committee and not through any intervening party, including any individual who is a director.

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

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

(7) Upon adoption, a copy of the internal audit program shall be promptly submitted to the Assistant Deputy Comptroller for review and determination of no supervisory objection.

ARTICLE III

CREDIT UNDERWRITING AND ADMINISTRATION

(1) Within thirty (30) days, the Board shall develop a written program to improve the Bank's credit underwriting and administration process. The program shall include, at a minimum:

- (a) guidelines for evaluating and monitoring a borrower's capacity to meet an appropriate repayment program from liquidity and cash flow;
- (b) standards for minimally acceptable financial information on borrowers and guarantors prior to making credit decisions and on an ongoing basis as necessary to monitor the Bank's credit risk, properly account for loans, and assign accurate risk-ratings in a timely manner;
- (c) guidelines for the identification of and accounting treatment for nonaccrual loans that are consistent with the accounting requirements contained in the Call Report Instructions;
- (d) annual financial reviews of commercial and non-owner occupied 1-4 family credit relationships over \$150,000 that assess the borrower's ongoing capacity to repay the debt; and

- (e) an independent loan review process, performed by qualified individual(s), to validate the accuracy of credit risk ratings.

(2) Upon adoption, the Board shall submit a copy of the program required by this Article, or any subsequent amendments or changes to that program, to the Assistant Deputy Comptroller for determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and thereafter ensure adherence to the program.

ARTICLE IV

REAL ESTATE VALUATIONS

(1) Within thirty (30) days, the Board shall revise the Bank's written policies and procedures governing valuation of real estate collateral to ensure the safety and soundness of the Bank's real estate lending activities. The Bank's policies and procedures shall be consistent with the guidelines set forth in the Federal Financial Institutions Examination Council's "Interagency Appraisal and Evaluation Guidelines," dated December 10, 2010 (OCC Bulletin 2010-42), and "Uniform Retail Credit Classification and Account Management Policy," dated June 20, 2000 (OCC Bulletin 2000-20), and at a minimum must include:

- (a) a requirement that the Bank will obtain an appraisal or perform an appropriate evaluation, as applicable, for all real estate related financial transactions, consistent with the standards and requirements in 12 C.F.R. Part 164;
- (b) standards for when the Bank will reevaluate or reappraise real estate collateral to support timely problem loan identification, work-out strategies, identification of impairment, and impact to the ALLL, with requirements distinguishing when an

appraisal, as opposed to an evaluation, will be required under certain circumstances;

- (c) an effective appraisal and evaluation review process, consistent with OCC Bulletin 2010-42; and
- (d) criteria for obtaining appraisals or performing evaluations for transactions that are not otherwise covered by regulatory requirements.

(2) Upon revision, the Board shall submit a copy of the policies and procedures required by this Article, and any subsequent amendments or changes to those policies and procedures, to the Assistant Deputy Comptroller for determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall promptly adopt, implement, and thereafter ensure adherence to the policies and procedures.

ARTICLE V

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses (“ALLL”) in accordance with U.S. generally accepted accounting principles (“GAAP”). The ALLL policies and procedures shall be consistent with the guidelines set forth in the Federal Financial Institutions Examination Council’s “Interagency Policy Statement on the Allowance for Loan and Lease Losses” dated December 13, 2006 (OCC Bulletin 2006-47) (“Interagency Statement”) and shall at a minimum include:

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

(2) Within thirty (30) days the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures to ensure that all official and regulatory reports filed by the Bank accurately reflect an adequate ALLL balance as of the date that such reports are submitted.

ARTICLE VI

BUDGET AND CAPITAL PLAN

(1) Within thirty (30) days, the Board shall develop and implement an annual budgeting process and a detailed budget for fiscal year 2013. The budgeting process shall include a projection of major balance sheet and income statement components, and shall include a plan

for the Board to review and monitor the Bank's actual results against these projections, to compile quarterly variance reports, and to provide for appropriate adjustments to the budget. Beginning with fiscal year 2014, budgets for future years shall be completed by 31 days prior to the beginning of the fiscal year.

(2) Within sixty (60) days, the Board shall submit to the Assistant Deputy Comptroller for his review and prior written determination of no supervisory objection, a written Capital Plan for the Bank covering at least a three-year period. The Capital Plan shall conform to *OCC Bulletin 2012-16: Guidance for Evaluating Capital Planning and Adequacy*, and shall include:

- (a) projections for growth and capital requirements based upon an analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (b) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (c) identification of the primary sources from which the Bank will strengthen its capital structure to meet the Bank's needs; and
- (d) contingency plans that identify alternative capital sources should the primary sources identified under paragraph (2)(c) of this Article be unavailable.

(3) Within fifteen (15) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Bank's Capital Plan, the Board shall adopt, implement, and thereafter ensure Bank adherence to the Capital Plan. The Board shall review and update, as needed, the Bank's Capital Plan at least annually, and more frequently if necessary or if required by the Assistant Deputy Comptroller in writing. Prior to adopting any subsequent amendments or revisions to the Capital Plan, the Board shall submit the proposed

amendment or revision to the Assistant Deputy Comptroller and receive a prior written determination of no supervisory objection.

ARTICLE VII

BUSINESS CONTINUITY PROCESS

(1) Within sixty (60) days, the Board shall revise and implement a formal enterprise-wide business continuity process that complies with the requirements set forth in the “Business Continuity Planning” booklet of the FFIEC Information Technology Examination Handbook.

At a minimum, the business continuity process shall include:

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

- (c) a risk management process that includes the development of a written, enterprise-wide business continuity plan (BCP); and
- (d) a risk monitoring process that includes:
 - (i) testing of the BCP on at least an annual basis;
 - (ii) independent audit and review of the BCP;
 - (iii) assignment of roles and responsibilities to knowledgeable personnel for implementation of the testing program; and
 - (iv) updating the BCP based upon changes to personnel, operating systems, and the internal and external environments.

ARTICLE VIII

INFORMATION TECHNOLOGY

(1) Within sixty (60) days, the Board shall revise, implement, and thereafter ensure adherence to the Bank's written information security program to ensure the safety and soundness of its operations and to conform to the Interagency Guidelines Establishing Information Security Standards set forth in 12 C.F.R. Part 170, Appendix B. The Bank's information security program shall include administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of customer information. The information security program shall be consistent with the security process described in the "Information Security" booklet of the FFIEC Information Technology Examination Handbook. At a minimum, the information security program shall include:

- (a) an assessment of the risks to its customer information or customer information systems and a written report evidencing such assessment. The assessment shall include:
 - (i) the identification of reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of customer information or customer information systems;
 - (ii) an assessment of the likelihood and potential damage of these threats, taking into consideration the sensitivity of customer information; and
 - (iii) an assessment of the sufficiency of policies, procedures, customer information systems, and other arrangements in place to control risks;
- (b) a process to monitor and control the identified risks, commensurate with the sensitivity of the information as well as the complexity and scope of bank activities;
- (c) a test plan that provides for regular testing of key controls, systems and procedures of the Bank's information security program. The frequency and nature of such tests shall be determined by the risk assessment. Such tests shall be conducted or reviewed by independent third parties or staff independent of those who develop or maintain the information security program; and
- (d) a requirement for Bank management to provide an annual report to the Board on the status of the information security program and its conformance to regulatory guidelines.

(2) Within one hundred and twenty (120) days, the Board shall develop, implement, and thereafter ensure adherence to a written program to oversee and manage risks associated with

outsourcing technology services to third party servicers, including technology service providers and vendors. This third party management program shall be consistent with OCC Bulletin 2001-47, "Third Party Relationships," dated November 1, 2001, OCC Advisory Letter 2000-12, "Risk Management of Outsourcing Technology Services," dated November 28, 2000, OCC Bulletin 2005-44, Small Entity Compliance Guide for the "Interagency Guidelines on Establishing Information Security Standards," and the FFIEC Information Technology Examination Handbook, "Outsourcing Technology Services."

ARTICLE IX

VIOLATIONS OF LAW

(1) The Board shall require and the Bank shall immediately take all necessary steps to correct each violation of law, rule, or regulation cited in the most recent Report of Examination (ROE), any subsequent ROE, or brought to the Board's or Bank's attention in writing by management, regulators, auditors, loan review, or other compliance efforts. Within ninety (90) days after the violation is cited or brought to the Board's or appropriate committee's attention, the Bank shall provide to the Board a list of any violations that have not been corrected. This list shall include an explanation of the actions taken to correct the violation, the reasons why the violation has not yet been corrected, and a plan to correct the violation by a specified date.

(2) Within ninety (90) days of the date of this Agreement and thereafter within receipt of an ROE, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall implement and thereafter ensure adherence to:

- (a) specific procedures to prevent violations cited in the most recent ROE and future ROEs; and

- (b) general procedures addressing compliance management that incorporate internal control systems and education of employees regarding laws, rules, and regulations applicable to their areas of responsibility.

(3) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

CLOSING

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

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

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

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

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

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

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury

Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

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

/s/

1/22/13

Allyn R. Adams, Jr.

Date

Assistant Deputy Comptroller

Northern Ohio Field Office

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

/s/

1/22/13

David P. Miller

Date

/s/

1/22/13

William S. Parks

Date

/s/

1-22-13

A. Barry Parmiter

Date

/s/

1/22/13

Michael S. Schott

Date

/s/

1-22-13

Brian Shanahan

Date

/s/

1/22/13

Dominic Crock

Date