

AGREEMENT BY AND BETWEEN
Abacus Federal Savings Bank
New York, New York
and
The Comptroller of the Currency

Abacus Federal Savings Bank, New York, New York (“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 shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has found unsafe and unsound banking practices relating to management and earnings.

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

Article I

JURISDICTION

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

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

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 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) 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:

Thomas S. Angstadt
Assistant Deputy Comptroller
New York Field Office
340 Madison Avenue, Fourth Floor
New York, NY 10173

Article II

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be an employee or controlling shareholder of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted promptly in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Agreement.

(2) The Compliance Committee shall meet at least monthly.

(3) Within ninety (90) days of the date of this Agreement and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

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

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

Article III

PROFIT PLAN

(1) Within 90 days, the Board shall develop, implement and adhere to a written Profit Plan to improve and sustain the earnings of the Bank. This plan shall cover at least a 12 month period and include, at minimum, the following elements:

- (a) identification of the areas in and means by which the Board will seek to improve earnings performance;
- (b) assignment of management or departmental goals and accountability tied to the key variables of the profit plan;
- (c) defined variance criteria for when interim re-forecasting would be required;
- (d) developed action plans to address earnings performance in the event projections do not materialize;

- (e) submission at least quarterly to the Assistant Deputy Comptroller of comparisons of balance sheet and profit and loss statements of the Bank to the profit plan projections and status of specific actions plans and strategic initiatives;
- (f) comprehensive budgets, including projected balance sheets and year-end income statements;
- (g) a budget review process to monitor both the Bank's income and expenses, and to compare actual figures with budgetary projections; and
- (h) a description of the operating assumptions that form the basis for major projected income and expense components.

(2) The profit plan shall identify the Bank's proposed involvement in any new products or services and, at a minimum, analyze the following:

- (a) the risks and benefits of the product or service to the Bank;
- (b) whether the product or service is consistent with the Bank's strategic plan;
- (c) the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls and written policies and procedures to identify, measure, monitor, and control the risks associated with the product or service; and
- (d) profitability of the produce or service, including growth projections and interest rate risk.

(3) The budgets and related documents required in paragraph (1) above for 2014 shall be submitted to the Assistant Deputy Comptroller upon completion. The Board shall submit to the Assistant Deputy Comptroller annual budgets as described in paragraph (1) above for each year this Agreement remains in effect. The budget for each year shall be submitted on or before November 30th of the preceding year. The analysis required in paragraph (2) above may be submitted separately to the Assistant Deputy Comptroller if the new product or service was not anticipated at the time the profit plan, for the year of introduction of the product or service, was submitted.

Article IV

STRATEGIC PLAN

(1) The Bank (subject to Board review and ongoing monitoring) shall continue to implement and adhere to the three-year strategic plan submitted to and approved by the Assistant Deputy Comptroller in 2013 (“Strategic Plan”).

(2) The Board shall review and update the Strategic Plan annually and more frequently if necessary or if required by the Assistant Deputy Comptroller in writing. Revisions to the Strategic Plan, including amendments or updates, shall cover a three-year period and shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. The next Strategic Plan update must be submitted no later than January 31, 2015. At the next Board meeting following receipt of the Assistant Deputy Comptroller’s written determination of no supervisory objection, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall implement and thereafter ensure adherence to any revisions to the Strategic Plan.

(3) Strategic Plan revisions shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, product line development and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives and, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) an assessment of the Bank's present and future operating environment;
- (c) the development of strategic goals and objectives to be accomplished over the short and long term;
- (d) an identification of the Bank's present and future product lines (assets and liabilities) that will be utilized to accomplish the strategic goals and objectives established in (3)(c) of this Article;
- (e) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives developed under (3)(c) of this Article;
- (f) product line development and market segments that the Bank intends to promote or develop; a financial forecast to include projections for major balance sheet and income statement accounts

and desired financial ratios over the period covered by the Strategic Plan;

- (g) control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment;
- (h) specific plans to establish responsibilities and accountability for the strategic planning process, new products, growth goals, or proposed changes in the Bank's operating environment; and
- (i) systems to monitor the Bank's progress in meeting goals and objectives of the Strategic Plan.

Article V

CLOSING

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

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her 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 in writing by mutual consent of the parties to the Agreement or excepted, suspended, 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) ensure that the Bank has sufficient processes, management, personnel, and control systems to effectively implement and adhere to all provisions of this Agreement, and that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities under this Agreement;
- (b) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (c) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (d) follow-up on any non-compliance with such actions in a timely and appropriate manner; and

(e) require corrective action be taken in a timely manner of any non-compliance with such actions.

(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/
Thomas S. Angstadt
Assistant Deputy Comptroller
New York Field Office

4/28/2014
Date

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

<u>/s/</u> Thomas Sung	<u>4/24/14</u> Date
<u>/s/</u> Vera Sung	<u>4/24/14</u> Date
<u>/s/</u> Steven Babitts	<u>4/24/14</u> Date
<u>/s/</u> Jerry D' Ambrosio	<u>4/24/14</u> Date
<u>/s/</u> Rudolph L. Hertlein	<u>4/24/14</u> Date
<u>/s/</u> Steve Masi	<u>4/24/14</u> Date
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