

AGREEMENT BY AND BETWEEN  
cfsbank  
Charleroi, Pennsylvania  
and  
The Office of the Comptroller of the Currency

cfsbank, Charleroi, Pennsylvania (“Bank”) and the Office of the Comptroller of the Currency (“OCC”) wish to assure the safety and soundness of the Bank and its compliance with laws and regulations.

The Comptroller of the Currency (“Comptroller”) has found unsafe or unsound practice(s), including those relating to commercial credit oversight and administration, internal controls, corporate governance, and violation(s) of law, rule, or regulation, including those relating to conflicts of interest, regulatory reporting, and overdrafts (Regulation O).

Therefore, the OCC, through the duly authorized representative of the Comptroller, and the Bank, through its duly elected and acting Board of Directors (“Board”), hereby agree that the Bank shall operate at all times in compliance with the following:

ARTICLE I

JURISDICTION

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

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

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

## ARTICLE II

### COMPLIANCE COMMITTEE

(1) Within ten (10) days of the date of this Agreement, the Board shall appoint a Compliance Committee of independent outside directors who are not employees or controlling shareholders 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. The Board shall submit in writing to the Assistant Deputy Comptroller the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of the membership, the Board shall submit in writing to the Assistant Deputy Comptroller, within ten (10) days, the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank's compliance with the provisions of this Agreement. The Compliance Committee shall meet at least quarterly and maintain detailed minutes of its meetings.

(2) Within thirty (30) days after the end of the quarter ending March 31, 2019, and within thirty (30) days after the end of each quarter thereafter, the Compliance Committee shall submit a written action plan and progress report to the Board setting forth in detail:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Agreement;
- (b) the specific corrective actions undertaken to comply with each Article of this Agreement; and
- (c) the results and status of the corrective actions.

(3) Within ten (10) days of receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Assistant

Deputy Comptroller. The Board shall maintain detailed minutes of its receipt and review of each written progress report.

### ARTICLE III

#### BOARD TO ENSURE COMPETENT MANAGEMENT

(1) By June 30, 2019, and on an ongoing basis thereafter, the Board shall ensure that the Bank has competent management in place on a permanent and full-time basis, including, but not limited to, in its Chief Executive Officer, Chief Financial Officer, Operations Manager, and Chief Lending Officer positions, vested with sufficient authority to fulfill the duties and responsibilities of the position, carry out the Board's policies, ensure the Bank's adherence to corporate governance and decision-making processes, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner within the scope of that position's responsibilities.

(2) By June 30, 2019, and annually thereafter, or when requested by the Assistant Deputy Comptroller in writing, the Board shall review the capabilities of the Bank's management to perform present and anticipated duties and the Board shall determine whether management changes will be made, including the need for additions to or deletions from current management. The Board's review of the capabilities of Bank management and discussion of any management changes shall be documented in detail in the Board's meeting minutes.

(3) For incumbent officers in the positions mentioned in paragraph (1) of this Article, the Board shall, by June 30, 2019, assess each of these officer's experience, qualifications and performance compared to the position's description, duties and responsibilities.

(4) If the Board determines that an officer will continue in his or her position, but that the officer's depth of skills needs improvement, the Board shall within fifteen (15) days of such

determination, develop and implement a written program, with specific time frames, to improve the officer's supervision and management of the Bank. At a minimum, the written program shall include:

- (a) an education program designed to ensure that the officer has skills and abilities necessary to supervise effectively;
- (b) a program to improve the effectiveness of the officer;
- (c) objectives by which the officer's effectiveness will be measured; and
- (d) a performance appraisal program and projected timeline for evaluating performance according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

Upon completion, a copy of the written program shall be submitted to the Assistant Deputy Comptroller.

(5) If any senior executive officer (as defined in 12 C.F.R. § 5.51(c)(4)) position is vacant now or in the future, the Board shall within sixty (60) days of the date of this Agreement or the future vacancy, respectively, identify and provide notice to the Assistant Deputy Comptroller, of a competent, permanent, and full-time candidate for the position who has sufficient prior experience in problem bank situations. The Board shall comply with the prior notice requirements of 12 U.S.C. § 1831i and 12 C.F.R. § 5.51 when selecting an individual to serve in any senior executive officer position.

(6) Prior to the appointment of any individual to an executive officer position (other than for a senior executive officer as defined in 12 C.F.R. § 5.51(c)(4)), the Board shall submit to the Assistant Deputy Comptroller written notice containing information regarding the proposed candidate's identity, personal history, business background, and experience, and any other

information required by the Assistant Deputy Comptroller in writing and receive the Assistant Deputy Comptroller's written determination of non-disapproval.

(7) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed executive officer. However, the failure to exercise such disapproval power shall not constitute an approval or endorsement of the proposed executive officer.

(8) Within thirty (30) days of receiving the Assistant Deputy Comptroller's written determination of non-disapproval of a proposed executive officer referred to in paragraph (6) of this Article, the Board shall appoint the individual to that executive officer position. That new executive officer shall be vested with sufficient authority to fulfill the duties and responsibilities of the position, carry out the Board's policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and ensure the safe and sound operation of the Bank within the scope of that position's responsibilities.

(9) The requirement to submit information and the prior disapproval provisions of paragraph (6) of this Article are based upon the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his or her review and act on any such information or authority within ninety (90) days.

#### ARTICLE IV

##### STRATEGIC PLAN

(1) By June 30, 2019, the Board shall forward to the Assistant Deputy Comptroller, pursuant to paragraph (2) of this Article, a revised written Strategic Plan for the Bank, covering at least a three-year period. The Strategic Plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities,

liability structure, and capital and liquidity adequacy, together with strategies to achieve those objectives. The Strategic Plan shall include an assessment of management's qualifications for overseeing and managing current and future levels of commercial credit risk.

(2) Prior to adoption by the Board, a copy of the revised Strategic Plan, and any subsequent amendments, revisions, or updates, shall be submitted to the Assistant Deputy Comptroller for prior written determination of no supervisory objection. At the next Board meeting following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and ensure adherence to the Strategic Plan and any amendments or revisions thereto. The Board shall maintain detailed minutes of its review and adoption of the revised Strategic Plan and any subsequent amendments, revisions, or updates thereof.

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

(4) The Bank shall not initiate any action that significantly deviates from a Strategic Plan (that has received written determination of no supervisory objection from the Assistant

Deputy Comptroller and has been adopted by the Board) without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(5) Any request by the Bank for prior written determination of no supervisory objection to a significant deviation described in paragraphs (3) or (4) of this Article shall be submitted in writing to the Assistant Deputy Comptroller at least thirty (30) days in advance of the proposed significant deviation. Such written request by the Bank shall include an assessment of the effects of such proposed change on the Bank's condition and risk profile, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the proposed change.

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

(7) At least quarterly, a written evaluation of the Bank's performance against the Strategic Plan shall be prepared by Bank management and submitted to the Board. Within ten (10) days after submission of the evaluation, the Board shall review the evaluation and determine the corrective actions the Board will require Bank management to take to address any identified shortcomings. The Board's review of the evaluation and discussion of any required corrective

actions to address any identified shortcomings shall be documented in detail in the Board's meeting minutes. Upon completion of the Board's review, the Board shall submit to the Assistant Deputy Comptroller a copy of the evaluation as well as a detailed description of the corrective actions the Board will require the Bank to take to address any identified shortcomings. The written evaluation, including detailed meeting minutes documenting the Board's discussion of the evaluation, shall be included as part of the Board's required quarterly progress report.

(8) The Board shall review and update the Strategic Plan, including after expiration of the three-year period referenced in paragraph (1) of this Article, at least annually and more frequently if necessary or if required by the Assistant Deputy Comptroller in writing.

## ARTICLE V

### ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) By March 31, 2019, the Board shall establish and forward to the Assistant Deputy Comptroller for his review, written policies and procedures for impaired loan identification and the maintenance of an adequate allowance for loan and lease losses (allowance). These written policies and procedures shall be consistent with (i) U.S. generally accepted accounting principles (GAAP); (ii) 12 C.F.R. § 160.160 (Asset classification); and (iii) the instructions for reporting the allowance on the Consolidated Reports of Condition and Income. Refer to 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) for guidance.

The policies and procedures shall, at a minimum, incorporate the following:

- (a) the identification and amount of delinquent loans and leases, nonaccrual loans and leases, and troubled debt restructurings;
- (b) criteria and procedures for determining when a loan is impaired and

measuring the amount of impairment consistent with Accounting Standards Codification (ASC) 310-10;

- (c) a process for determining when it is appropriate to use present market value of expected future cash flows, fair value of collateral, or the observable market price method for determining impairment amount;
- (d) a process for impaired loan testing, including a review of all loans currently identified as impaired to determine if these loans meet the definition of an impaired loan;
- (e) a process for identifying troubled debt restructuring loans in accordance with ASC 310-40 and assigning appropriate risk ratings for allowance purposes; and
- (f) for collateral dependent loans, a process for determining when subsequent reappraisals will be required to determine if any additional impairment has occurred over time.

(2) The policies and procedures shall provide for a review of the allowance by the Board at least once each calendar quarter. The Board shall review the allowance more frequently if required by the Assistant Deputy Comptroller in writing. The Board shall ensure that the Bank remedies any deficiency in the allowance in the quarter it is discovered by additional provisions from earnings. The Board shall maintain written documentation indicating the factors it considered and conclusions it reached in determining the adequacy of the allowance.

(3) The Board shall ensure that all Bank lenders or any other personnel responsible for impaired loan identification and testing receive training in impaired loan identification, impairment testing, troubled debt restructuring identification, and related accounting principles.

Processes and procedures shall be in place to ensure that additional training is provided as needed.

## ARTICLE VI

### CREDIT RISK MANAGEMENT AND INDEPENDENT LOAN REVIEW

- (1) By June 30, 2019, the Board shall determine whether existing personnel, including management, have the knowledge, skills, and abilities to manage the risk of existing and planned commercial lending activities. The Board shall:
  - (a) develop and formalize job descriptions and requirements for the commercial credit and lending functions;
  - (b) ensure capable personnel occupy all management positions related to commercial lending, reporting, and accounting;
  - (c) develop and implement a formal process to monitor and measure the performance of all personnel in the commercial credit and lending functions to ensure personnel execute the duties and responsibilities outlined in the formal job descriptions; and
  - (d) ensure that all lenders or any other personnel performing credit analysis receive loan policy and credit risk management training at least annually and are adequately trained in cash flow analysis.
- (2) By March 1, 2019, the Board shall ensure the Bank performs a global cash flow and debt service analysis, using the most current financial information, on any commercial loan relationship identified in the Report of Examination. The analysis shall appropriately match cash flow with debt service of all respective entities and individuals. Specific attention shall be placed on allocation of individual co-borrower and guarantor cash flows and all associated debt

service requirements where an individual is a direct obligor on a loan.

(3) By March 31, 2019, the Board shall develop, implement, and thereafter ensure Bank adherence to, a commercial credit risk management and independent loan review program.

The program shall include, but not be limited to:

- (a) procedures to ensure timely and accurate risk ratings of all loans in the commercial loan portfolio;
- (b) procedures to provide for an effective independent loan review function to validate the Bank's credit risk ratings and credit administration processes;
- (c) procedures to ensure management takes corrective actions to address independent loan review findings, including but not limited to, maintaining an adequate allowance and filing accurate call reports as required by 12 U.S.C. §161; and
- (d) procedures to ensure that an effective and independent commercial appraisal review is performed by a qualified reviewer, includes an appropriate scope and analysis, and documents support for the reasonableness of assumptions used within the commercial appraisals.

(4) The Board shall ensure that the Bank has processes, personnel, control systems, and corporate and risk governance to ensure timely and effective implementation of and adherence to the credit risk management and independent loan review program developed pursuant to this Article.

## ARTICLE VII

### PROBLEM LOAN WORKOUT PROGRAM

(1) By June 30, 2019, the Board shall develop, implement, and thereafter ensure Bank adherence to a problem loan workout program for commercial loans. The program shall include, but not be limited to:

- (a) written policies, procedures, and processes for commercial problem loan management and workout strategies;
- (b) adequate problem loan workout plans for all criticized commercial loans, including assigning accountability for eliminating the basis for criticism and requiring specific actions and trigger dates for actions;
- (c) an assessment of the capabilities of Bank personnel responsible for problem loan management to ensure Bank personnel have the requisite problem loan workout experience and skills to manage the problem loan workout program;
- (d) an ongoing problem loan workout training program that addresses any identified skill gaps of Bank personnel responsible for problem loan management; and
- (e) quarterly written reports to the Board of the progress of problem loan workout action plans.

(2) The Board shall ensure that the Bank has processes, personnel, control systems, and corporate and risk governance to ensure timely and effective implementation of and adherence to the problem loan workout program developed pursuant to this Article.

## ARTICLE VIII

### OVERDRAFT POLICY AND REVIEW

(1) By March 31, 2019, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written policy concerning the extension of overdrafts that shall include, at a minimum:

- (a) conditions and circumstances under which overdrafts will be allowed, including addressing the requirements of 12 U.S.C. § 375b;
- (b) charges that will be levied against depositors using overdrafts;
- (c) conditions and circumstances under which overdrafts will be permitted to Bank insiders, including executive officers, directors or principal shareholders or the related interests (as that term is defined in 12 C.F.R. Part 215) of executive officers, directors or principal shareholders;
- (d) conditions and circumstances under which overdrafts will be charged off;
- (e) conditions and circumstances under which accounts with excessive overdrafts will be closed;
- (f) effective processes and controls for approving, monitoring, managing, and reporting overdrafts and account holds; and
- (g) internal audit review of overdraft activity and supporting processes, including transaction testing of accounts to validate accuracy of reports used to monitor overdraft activity.

Upon adoption, a copy of the overdraft policy shall be forwarded to the Assistant Deputy Comptroller.

(2) By March 31, 2019, the Board shall engage a qualified independent forensic auditor to conduct a forensic audit and report covering, at a minimum, a three-year period (calendar years 2016, 2017, and 2018) of overdraft and other activity in accounts identified in the Report of Examination.

(3) Prior to engaging the forensic auditor, and no later than March 31, 2019, the Board shall submit to the Assistant Deputy Comptroller, for his review and written determination of no supervisory objection, the name and qualifications of the forensic auditor, and the engagement letter that sets forth the written proposal and scope of the review to be conducted by the forensic auditor. In the event the Assistant Deputy Comptroller requires changes to the proposal and scope or time-period of the review, the Board shall immediately incorporate those changes into the review.

(4) Within sixty (60) days of receipt of no supervisory objection by the Assistant Deputy Comptroller, the forensic auditor shall conduct the forensic audit and provide a written report of the findings of the forensic audit to the Board. Upon receipt, the Board immediately shall forward a copy of the forensic audit report prepared by the forensic auditor to the Assistant Deputy Comptroller.

(5) The Bank and the forensic auditor shall provide examiners complete access to all draft reports, communications, and work papers associated with the forensic audit.

(6) The Board shall ensure that the Bank has processes, personnel, control systems, and corporate and risk governance to ensure implementation of and adherence to the overdraft policy and forensic audit developed pursuant to this Article.

## ARTICLE IX

### INSIDER ACTIVITIES AND CONFLICTS OF INTEREST POLICY

(1) By March 1, 2019, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written, comprehensive insider activities and conflicts of interest policy applicable to the Bank's directors, principal shareholders, executive officers, affiliates, and employees (Insiders) and related interests of such Insiders. The insider activities and conflicts of interest policy shall comport with: (i) 12 C.F.R. § 31.2 (Insider lending restrictions and reporting requirements); (ii) 12 C.F.R. Part 215 (Regulation O); and (iii) 12 C.F.R. § 163.200 (Conflicts of Interests). The insider activities and conflicts of interest policy, in addition to defining a conflict of interest, shall address:

- (a) avoidance of conflicts of interest and breaches of fiduciary duty, and the appearance of conflicts of interest;
- (b) restrictions on involvement in the overdraft and loan approval process of Insiders who may benefit directly or indirectly from the decision to grant credit;
- (c) disclosure of actual and potential conflicts of interest to the Board, and periodic disclosure of "related interests," as defined by 12 C.F.R. Part 215;
- (d) disclosure of any Insider's material interest in the business of a borrower, an applicant, or other customer of the Bank;
- (e) restrictions on and disclosure of receipt of anything of value by Insiders, directly or indirectly, from borrowers, loan applicants, other customers, or suppliers of the Bank;

- (f) restrictions on the payment of overdrafts of an executive officer or director of the Bank unless the payment of funds is in accordance with the requirements of 12 C.F.R. § 215.4(e); and
- (g) recusal by any board member from participating in the Board's discussion of, or voting on, a matter in which the board member has a personal or business interest.

Upon adoption, a copy of the insider activities and conflicts of interest policy shall be forwarded to the Assistant Deputy Comptroller for review.

(2) The Board shall take immediate action to address any conflicts of interests identified in any Reports of Examination.

(3) Within thirty (30) days of the adoption of the insider activities and conflicts of interest policy, the Compliance Committee shall conduct a review of all of the Bank's existing relationships with its directors, executive officers, affiliates, principal shareholders, employees and their related interests for the purpose of identifying any transactions and relationships not in conformity with the insider activities and conflicts of interest policy. The Board shall ensure that any nonconforming transactions and relationships are brought into conformity within ten (10) days from the date of discovery. Thereafter, the Board shall review all proposed transactions, or modifications of existing relationships, between the Bank and any of its directors, executive officers, affiliates, principal shareholders, employees and their related interests. Documentation supporting these reviews shall be noted in writing and preserved in the Bank. Review of the documentation by the Board shall be noted in the Board minutes.

(4) The Board shall ensure that the Bank has processes, personnel, control systems, and corporate and risk governance to ensure implementation of and adherence to the insider activities and conflicts of interest policy developed pursuant to this Article.

## ARTICLE X

### INTERNAL AUDIT

(1) By March 31, 2019, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program that comports with the standards for Internal Audit Systems set forth in Section II.B of the Interagency Guidelines Establishing Standards for Safety and Soundness, Appendix A to 12 C.F.R. Part 30. Refer to the “Interagency Policy Statement on the Internal Audit Function and Its Outsourcing” (OCC Bulletin 2003-12) for guidance. The internal audit program shall be sufficient to:

- (a) detect irregularities and weak practices in the Bank's operations;
- (b) determine the Bank's level of compliance with applicable insider and conflicts of interest laws, rules and regulations;
- (c) assess and report the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;
- (d) adequately cover all aspects of the Bank's operations, including but not limited to internal controls, corporate governance, overdraft management, insider activities, conflicts of interest, and call report preparation; and
- (e) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

(2) As part of this internal audit program, the Board 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.

(4) The Board shall ensure that the internal 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 direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party.

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

(6) The audit staff shall have access to any records necessary for the proper conduct of its activities. Bank examiners 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 immediately shall be submitted to the Assistant Deputy Comptroller.

(8) The Board shall ensure that the Bank has processes, personnel, control systems, and corporate and risk governance to ensure implementation of and adherence to the internal audit program developed pursuant to this Article.

## ARTICLE XI

### BANK SECRECY ACT COMPLIANCE FUNCTION

(1) By March 1, 2019, the Board shall ensure the Bank Secrecy Act (BSA) Officer's position is vested with sufficient authority and independence to enable the BSA officer to maintain an adequate BSA compliance program at the Bank, and to enable the BSA Officer to effectively communicate BSA compliance program risks and issues to the Board. The Board shall establish a direct and independent reporting line from the BSA Officer to the Board.

## ARTICLE XII

### VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the Report of Examination and in any subsequent Report of Examination. The quarterly progress reports required by Article II of this Agreement shall include the date and manner in which each correction has been effected during that reporting period.

(2) By March 31, 2019, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the Report of Examination and shall adopt, implement, and ensure Bank adherence to 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) Within thirty (30) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the Report of Examination and shall adopt, implement, and ensure Bank adherence to 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.

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

(6) The Board shall ensure that the Bank has policies, processes, personnel, control systems, and corporate and risk governance to ensure implementation of and adherence to the procedures developed pursuant to this Article.

### ARTICLE XIII

#### GENERAL BOARD RESPONSIBILITIES

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

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

- (a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Agreement;
- (b) ensure that the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Agreement;

- (c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Agreement;
- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Agreement;
- (e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Agreement; and
- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

#### ARTICLE XIV

##### OTHER PROVISIONS

(1) As a result of this Agreement, the Bank is in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(7)(ii), unless otherwise informed in writing by the OCC. In addition, as a result of this Agreement, the Bank is not an “eligible savings association” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the OCC.

(2) This Agreement supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3(g)(5), 5.51(c)(7)(ii).

#### ARTICLE XV

##### CLOSING

(1) This Agreement is intended to be, and shall be construed to be, a “written agreement” within the meaning of 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer,

employee, or agent of the OCC. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

(2) This Agreement is effective upon its issuance by the OCC, through the Comptroller's duly authorized representative. Except as otherwise expressly provided herein, all references to "days" in this Agreement shall mean calendar days and the computation of any period of time imposed by this Agreement shall not include the date of the act or event that commences the period of time. The provisions of this Agreement shall remain effective and enforceable except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Agreement, or within any plan or program submitted pursuant to this Agreement, the Board or a Board-designee shall submit a written request to the Assistant Deputy Comptroller asking for relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the relevant provision(s) of the Agreement or plan or program submitted pursuant to this Agreement, and shall be accompanied by relevant supporting

documentation. The OCC's decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

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

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

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

(6) All reports, plans, or programs submitted to the OCC pursuant to this Agreement shall be forwarded via BankNet to the following:

Robert Ortiz, Assistant Deputy Comptroller  
Pittsburg Field Office  
Corporate One Office Park  
Building 2, Suite 300  
4075 Monroeville Boulevard  
Monroeville, PA 15146

(7) The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his duly authorized representative, has hereunto set his signature on behalf of the Comptroller.

//s//

3/12/2019

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Robert Ortiz  
Assistant Deputy Comptroller  
Office of the Comptroller of the Currency  
Pittsburgh Field Office

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Date

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

//s//

3/12/19

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Neil D. Bassi

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Date

//s//

3/12/19

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Robert S. Erdely

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Date

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3/12/19

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Michael H. Lee

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Date

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3/12/19

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Robert J. Lettrich

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Date

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3/12/19

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Bruce C. Marshall

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Date

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3-12-19

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Reid K. Smith

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Date