FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of FIRST CENTRAL SAVINGS BANK GLEN COVE, NEW YORK (INSURED STATE NONMEMBER BANK)	)))))))))	AMENDED CONSENT ORDER FDIC-09-702b

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for First Central Savings Bank, Glen Cove, New York ("Bank"), under section 3(q) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a STIPULATION AND CONSENT TO THE ISSUANCE OF AN AMENDED CONSENT ORDER ("CONSENT AGREEMENT"), dated December 17, 2015 that is accepted by the FDIC. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to weaknesses in management, earnings, asset quality and capital, to the issuance of this Amended Consent Order ("AMENDED ORDER"), which amends and restates the Amended Consent Order issued by the FDIC on June 25, 2012, which amended and restated the Consent Order issued by the FDIC on February 17, 2010.

Having determined that the requirements for issuance of an order under section 8(b) of the Act, 12 U.S.C. § 1818(b), have been satisfied, the FDIC hereby amends and restates the Amended Consent Order issued by the FDIC on June 25, 2012, which amended and restated the Consent Order issued by the FDIC on February 17, 2010, as set forth below:

BOARD AND MANAGEMENT OVERSIGHT

1. (a) The Bank shall assess the organizational structure of the institution to ensure that senior management has the qualifications to:

(i) comply with the requirements of this AMENDED ORDER;

(ii) operate the Bank in a safe and sound manner;

(iii) comply with applicable laws, rules, and regulations; and

(iv) restore all aspects of the Bank to a safe and sound condition, including capital adequacy, asset quality, management effectiveness, earnings, and sensitivity to interest rate risk.

(b) Within 90 days from the effective date of this AMENDED ORDER, the Bank shall implement a management succession plan outlining the actions to be taken to address potential senior management staffing vacancies.

2. (a) The Board shall improve its oversight of and participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size.

(b) This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged off, and recovered loans; investment activity; liquidity levels and funds management; adoption or modification of operating policies; individual committee reports; audit reports; internal control reviews including managements' responses; reconciliation of general ledger accounts; and compliance with this AMENDED ORDER. Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(c) The Bank shall notify the Regional Director of the FDIC's New York Regional Office ("Regional Director") and the Superintendent of the New York State Department of Financial Services ("Superintendent") in writing of any resignations or terminations of any members of its Board or any of its "senior executive officers" (as that term is defined in section 303.101(b) of the FDIC's Rules and Regulations, 12 C.F.R. § 303.101(b)) within 10 days of the event. Any notification required by this subparagraph shall include a description of the background(s) and experience of any proposed replacement personnel and must be received at least 30 days prior to the individual(s) assuming the new position(s). The Bank shall also establish procedures to ensure compliance with section 32 of the Act, 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. Part 303.

(d) Within 90 days from the effective date of this AMENDED ORDER, the Bank shall certify that a majority of the Board is "independent," as that term is defined below.

(e) Each independent director shall provide a certification attesting to their independence to the Regional Director.

(f) The addition of any new director shall be accomplished in accordance with applicable state and federal law, and the Bank's by-laws and/or other governing corporate instrument(s).

(g) For the purposes of this AMENDED ORDER, an "independent" director shall be an individual who:

(i) is not employed in any capacity by the Bank, any of its subsidiaries, or affiliated organizations, other than as a director;

(ii) does not own more than 5 percent (%) of the outstanding shares of the Bank or any of the Bank's affiliates;

(iii) is not related by blood or marriage to an officer or director of the Bank or its affiliates, or any shareholder owning more than 5 percent (%) of the outstanding shares of the Bank or its affiliates, and who does not otherwise share a common financial interest with such officer, director, or shareholder;

(iv) is not indebted, directly or indirectly, to the Bank or any of its affiliates, including the indebtedness of any entity in which the individual has a substantial financial interest, in an amount exceeding 5 percent (%) of the Bank's total Tier 1 Capital and Allowance for Loan and Lease Losses ("ALLL");

(v) is a resident of, or engaged in business in the Bank's trade area; or is otherwise deemed to be an independent director for purposes of this AMENDED ORDER by the Regional Director and the Superintendent; or

(vi) has not received, or whose immediate family member has not received within the last three years, any direct and/or indirect compensation or payments for services from the Bank, its subsidiaries, and its affiliates (including affiliates of the Bank via a relationship through its insiders, as such term is defined in section 215.2 of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.2 ("Section 215.2")) for any services provided to the Bank, its subsidiaries, and its affiliates; and

(vii) satisfies the definition of independent director as further defined in Appendix A of Part 363 of the FDIC Rules and Regulations. 12 C.F.R. Part 363, App. A.

3. No new loans or other extensions of credit shall be granted to or for the benefit of Bank directors, executive officers, principal shareholders, or their "related interests," (as such terms are defined in Section 215.2), referred to collectively as "insiders," without first providing the Regional Director and the Superintendent with 45 days prior written notice of the anticipated action and that the extension of credit is in full compliance with the Bank's loan, ethics, and

other applicable policies; underwriting and documentation requirement; and this AMENDED ORDER.

4. Within 60 days from the effective date of this AMENDED ORDER, the Bank shall develop a written policy governing transactions between the Bank and its affiliates (“Affiliate Policy”). Furthermore, the Bank shall comply with Sections 23A and 23B of the Federal Reserve Act, 12 U.S.C. 371c and 371c-1, by identifying affiliates, transactions with such affiliates, and maintain adequate documentation to support all such transactions. This documentation shall be available for review at subsequent examinations and/or visitations.

ASSET QUALITY

5. (a) The Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extensions of credit (including any portion thereof) that has been charged off the books of the Bank or classified “loss” in the January 12, 2015 Report of Examination, so long as such credit remains uncollected.

(b) The Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit which is delinquent or has been classified “substandard”or “doubtful” in the January 12, 2015 Report of Examination, and is uncollected, unless the Board, or a designated committee thereof, provides in writing, a detailed explanation of why the extension is in the best interest of the Bank. Prior to extending additional credit pursuant to this subparagraph, whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Board who shall determine that:

(i) the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, with a written explanation of why the failure to extend such credit would be detrimental;

(ii) the extension of such credit would improve the Bank's position, with a written explanatory statement of how and why the Bank's position would improve; and

(iii) an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(c) The Board's determinations and approval shall be recorded in the minutes of the Board meeting and copies shall be submitted to the Regional Director and the Superintendent at such times as the Bank submits the progress reports required by this AMENDED ORDER or sooner upon the written request of the Regional Director or the Superintendent.

6. The Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" by the FDIC or the Superintendent in the January 12, 2015 Report of Examination that have not been previously collected or charged off. Elimination or reduction of such assets with the proceeds of other Bank extensions of credit shall not be considered "collection" for purposes of this paragraph. Thereafter, within 30 days after the receipt of any Report of Examination of the Bank from the FDIC or the Superintendent, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" in any Report of Examination that have not been previously collected or charged off.

CREDIT RISK MANAGEMENT AND ADMINISTRATION

7. (a) Within 30 days from the effective date of this AMENDED ORDER, the Bank shall conduct a review of the Bank's loan policies and procedures for adequacy and, based upon such review, shall make all appropriate revisions to the loan policies and procedures ("Loan

Policy") necessary to address the lending deficiencies identified in the January 12, 2015 Report of Examination. The Board shall also establish review and monitoring procedures to ensure that all lending personnel adhere to the Loan Policy, and that the Board receives timely and fully documented reports on loan activity, including reports that identify exceptions to the Loan Policy.

(b) The Loan Policy shall, at minimum:

(i) require that all extensions of credit originated or renewed by the Bank, including loans purchased from a third party (loan participations):

(1) have a clearly defined and stated purpose;

(2) have a predetermined and realistic repayment source and schedule, including secondary source of repayment;

(3) are supported by complete loan documentation, including lien searches, perfected security interests, and collateral valuations; and

(4) are supported by current financial information, profit and loss statements or copies of tax returns, and cash flow projections, which shall be maintained throughout the term of the loan; and are otherwise in conformance with the Loan Policy;

(ii) incorporate limitations on the amount that can be loaned in relation to established collateral values, require the source of collateral valuations to be identified, require that collateral valuations be completed prior to the commitment to lend funds, and require that collateral valuations be performed on a periodic basis over the term of the loan;

(iii) require that extensions of credit to any of the Bank's executive officers, trustees, or principal shareholders, or to any related interest of such person, be reviewed for compliance with Regulation O of the Board of Governors of the Federal Reserve System, 12

C.F.R. Part 215, section 337.3 of the FDIC's Rules and Regulations, 12 C.F.R. § 337.3, and applicable State law or regulation on insider transactions;

(iv) require accurate reporting of past due loans to the Board or the Bank's loan committee at least monthly;

(v) require the individual reporting of loans granted as exception to the Loan Policy and aggregation of such loans in the portfolio;

(vi) prohibit the capitalization of interest or loan-related expenses unless the Board or the Bank's loan committee provides, in writing, a detailed explanation of why such action is in the best interest of the Bank; and

(vii) establish review and monitoring procedures for compliance with the FDIC's appraisal regulation, 12 C.F.R. Part 323, and the *Interagency Appraisal and Evaluation Guidelines* (FIL-74-94, issued November 11, 1994).

CAPITAL

8. (a) Within 30 days from the effective date of this AMENDED ORDER, the Bank shall meet and maintain the following capital levels, after establishing an appropriate ALLL:

(i) leverage ratio of at least 7 percent; and

(ii) total risk-based capital of at least 10 percent.

(b) For purposes of this AMENDED ORDER, all terms relating to capital shall be calculated in accordance with Part 324 of the FDIC's Rules and Regulations, 12 C.F.R. Part 324.

(c) No increase in Tier 1 capital necessary to meet the requirements of this AMENDED ORDER may be accomplished through a deduction from the ALLL or other reserve accounts without the prior written consent of the Regional Director.

DIVIDEND RESTRICTION

9. The Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and the Superintendent.

BROKERED DEPOSITS

10. (a) The Bank shall not solicit, accept, renew, or roll over any brokered deposits unless it has applied for and been granted a waiver by the Regional Director in accordance with the provisions of section 337.6 of the FDIC Rules and Regulations, 12 C.F.R § 337.6.

(b) The Bank shall comply with the interest rate restrictions on the effective yields on deposits described in section 337.6(b)(2)(ii) of the FDIC Rules and Regulations, 12 C.F.R. § 337.6(b)(2)(ii).

STRATEGIC PLAN

11. (a) Within 90 days from the effective date of this AMENDED ORDER, the Bank shall develop and submit for review as required by subparagraph (c), a revised written strategic plan ("Strategic Plan") supported by an operating budget and consisting of goals and strategies, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other actions as required by this AMENDED ORDER. The Strategic Plan shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The Strategic Plan shall include, at a minimum:

(i) identification of the major areas in and means by which the Bank will seek to improve operating performance;

(ii) specific goals to improve the net interest margin, increase interest income, reduce discretionary expenses,

(iii) financial goals, including pro forma statements for asset growth, capital adequacy, and earnings; and

(iv) coordination of the Bank's loan, investment, funds management, and operating policies, profit and budget plan, and ALLL methodology with the Strategic Plan.

(c) The Strategic Plan shall be submitted to the Regional Director and the Superintendent for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and the Superintendent, and after incorporation and adoption of all comments, the Board shall approve the Strategic Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Strategic Plan.

(d) The Strategic Plan required by this AMENDED ORDER shall be revised 30 days prior to the end of each calendar year, and approved by the Board, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and adhere to the revised Strategic Plan.

PROFIT AND BUDGET PLAN

12. (a) Within 90 days from the effective date of this AMENDED ORDER, and within the first 30 days of each calendar year thereafter, the Bank shall formulate and submit for review as described in subparagraph (c), a written profit and budget plan ("Profit Plan") consisting of goals and strategies, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other actions as required by this AMENDED ORDER.

(b) The Profit Plan shall include, at a minimum:

(i) a description of the operating assumptions that form the basis for, and adequately support, material projected revenue and expense components;

(ii) specific goals to maintain appropriate provisions to the ALLL;

(iii) realistic and comprehensive budgets for all categories of income and expense;

(iv) an executive compensation plan, addressing any and all salaries, bonuses and other benefits of every kind or nature whatsoever, both current and deferred, whether paid directly or indirectly, which plan incorporates qualitative as well as profitability performance standards for the Bank's senior executive officers;

(v) a budget review process to monitor the revenue and expenses of the Bank whereby actual performance is compared against budgetary projections not less than quarterly; and

(vi) recording the results of the budget review and any actions taken by the Bank as a result of the budget review in the Board minutes.

(c) The Profit Plan shall be submitted to the Regional Director and the Superintendent for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and the Superintendent, and after incorporation and adoption of all comments, the Board shall approve the Profit Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Profit Plan.

(d) Within 30 days following the end of each calendar quarter following completion of the Profit Plan required by this paragraph, the Board shall evaluate the Bank's actual performance in relation to the Profit Plan, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the Board meeting at which such evaluation is undertaken.

<u>AUDIT PROGRAM</u>

13. (a) Within 30 days from the effective date of this AMENDED ORDER, the Bank shall develop an internal audit program ("Audit Program") that establishes procedures to protect the integrity of the Bank's operational and accounting systems. At a minimum the Audit Program shall:

(i) comply with the *Interagency Policy Statement on the Internal Audit Function and its Outsourcing*;

(ii) provide procedures to test the validity and reliability of operating systems, procedural controls, and resulting records; and

(iii) provide for monthly reports of audit findings from the auditors directly to the Board. The minutes of the Board shall reflect consideration of these reports and describe any discussion or action taken as a result thereof.

<u>BANK SECRECY ACT</u>

14. (a) Within 90 days from the effective date of this AMENDED ORDER, the Bank shall develop, adopt, and implement a revised system of internal controls designed to ensure full compliance with the Bank Secrecy Act ("BSA Internal Controls") taking into consideration its size and risk profile.

(b) At a minimum, such system of BSA Internal Controls shall include policies, procedures and processes addressing the following areas:

(i) Suspicious Activity /Anti-Money Laundering Monitoring and Reporting: The Bank shall develop, adopt, and implement policies, procedures, and processes to ensure the timely, accurate, and complete filing of suspicious activity reports ("SARs"), with an appropriate level of documentation and support for management's decisions to file or not file a SAR, as required by law. The Bank shall ensure that any systems utilized to assist in the monitoring, detecting, and reporting suspicious activity shall be validated timely and parameters which are established shall be revised periodically to ensure data input remains complete and correct, and alerts generated remain adequate. The Bank shall also ensure that any alerts generated are cleared in a timely manner.

(ii) Due Diligence: The Bank shall review and enhance its customer due diligence ("CDD") policies, procedures and processes for new and existing customers to:

(1) be consistent with the guidance for CDD set forth in the *Bank Secrecy Act/Anti-Money Laundering Examination Manual* compiled by the Federal Financial Institutions Examination Council (the " BSA Manual");

(2) operate in conjunction with its Customer Identification Program ("CIP"); and

(3) enable the Bank to reasonably predict the types of transactions in which a customer is likely to engage.

(iii) At a minimum, the CDD program shall provide for:

(1) a risk assessment of the customer base through an appropriate risk rating system to ensure that the risk level of the Bank's customers is accurately identified based on the potential for money laundering or other illicit activity posed by the customer's activities, with consideration given to the purpose of the account, the anticipated type and volume of account activity, types of products and services offered, and locations and markets served by the customer;

(2) an appropriate level of ongoing monitoring commensurate with the risk level to reasonably ensure that the Bank can detect suspicious activity and accurately determine which customers require enhanced due diligence ("EDD");

(3) processes to obtain and analyze a sufficient level of customer information at account opening to assist and support the risk ratings assigned;

(4) processes to document and support the CDD analysis, including a method to validate risk ratings assigned at account opening, and resolve issues when insufficient or inaccurate information is obtained; and

(5) processes to reasonably ensure the timely identification and accurate reporting of known or suspected criminal activity, as required by the suspicious activity reporting provisions of Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

(iiv) Enhanced Customer Due Diligence: The Bank shall review and enhance its EDD policies, procedures and processes to conduct EDD necessary for those categories of customers the Bank has reason to believe pose a heightened risk of suspicious activity, including, but not limited to, the high-risk accounts described in the January 12, 2015 Report of Examination. The EDD policies, procedures and processes should:

(1) be consistent with the guidance for EDD set forth in the BSA Manual; and

(2) operate in conjunction with its CIP and CDD policies, procedures and processes.

(v) At a minimum, the EDD program shall include procedures to:

(1) determine the appropriate frequency for conducting ongoing reviews based on customer risk level;

(2) determine the appropriate documentation necessary to conduct and support ongoing reviews and analyses in order to reasonably understand the normal and expected transactions of the customer; and

(3) reasonably ensure the timely identification and accurate reporting of known or suspected criminal activity , as required by the suspicious activity reporting provisions of Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

(c) The Bank shall revise BSA internal control policies, procedures, processes and practices to address the findings in the January 12, 2015 Report of Examination, and shall implement and fully comply with the revised internal control policies, procedures, processes and practices.

COMPLIANCE MANAGEMENT SYSTEM

15. Within 45 days from the effective date of this AMENDED ORDER, the Bank shall revise, update, and implement an effective compliance management system ("CMS") that is commensurate with the level of complexity of the Bank's operations to ensure the establishment and implementation of a comprehensive written compliance program ("Compliance Program"). The CMS shall at a minimum include:

(a) a Compliance Program that shall embrace all of the consumer laws to which the Bank is subject and that is reviewed and approved annually by the Board, which approval shall be recorded in the minutes of the Board meeting;

(b) written policies, operating procedures and processes, and controls that ensure that the Bank's loan products and lending activities comply with all applicable consumer laws and ensure that they are periodically updated to reflect changes in the Bank's business and regulatory environment;

(c) designation of an appropriate Compliance Officer to oversee the CMS and Compliance Program, as well as an appropriate number of compliance personnel with sufficient experience in, and knowledge of, consumer laws to administer the CMS. The Board shall ensure that the Compliance Officer receives ongoing training, sufficient time, and adequate resources to effectively oversee, coordinate, and implement the CMS;

(d) implementation and maintenance of a training program related to consumer laws for employees having responsibilities that relate to applicable Consumer Laws, including senior management and the Board, commensurate with their individual job functions and duties. The Compliance Officer shall be responsible for the administration of the Compliance Program, and shall provide training to officers and employees on a continuing basis;

(e) effective compliance monitoring procedures that have been incorporated into the normal activities of every department. At a minimum, monitoring procedures shall include ongoing reviews of:

(i) applicable departments and branches;

(ii) disclosures and calculations for various loan and deposit products;

(iii) document filing and retention procedures;

(iv) marketing literature and advertising; and

(v) internal compliance communication system that provides appropriate Bank personnel updates resulting from revisions to Consumer Laws; and

(f) an annual independent, comprehensive written audit. The Board shall document its efforts, including the review of and corrective measures made pursuant to the audit's findings, in the minutes of Board meetings. The audit shall at a minimum:

(i) provide for sufficient transactional testing, as appropriate, for all areas of significant compliance risk; and

(ii) identify the deficiencies noted, provide descriptions of or suggestions for corrective actions and time frames for correction, and establish follow-up procedures to verify that corrective actions were implemented and effective.

CORRECTION OF VIOLATIONS

16. The Bank shall take all steps necessary, consistent with other provisions of this AMENDED ORDER and safe and sound banking practices, to eliminate or correct and prevent unsafe or unsound banking practices, violations of law or regulation, and all contraventions of regulatory policies or guidelines cited in the January 12, 2015 Report of Examination.

OVERSIGHT COMMITTEE

17. (a) Within 90 days from the effective date of this AMENDED ORDER, the Board shall establish an oversight committee ("Oversight Committee") a majority of which members shall be "independent", as that term is defined in paragraph (2), subparagraph (f) above, with the responsibility of ensuring compliance with the provisions of this AMENDED ORDER.

(b) The Oversight Committee shall monitor compliance with this AMENDED ORDER and submit a written report monthly to the entire Board, and a copy of the report and any discussion related to the report or this AMENDED ORDER shall be part of the minutes of the Board meeting. Copies of the monthly report shall be submitted to the Regional Director and the Superintendent as part of the progress reports required by this AMENDED ORDER. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this AMENDED ORDER.

PROGRESS REPORTS

18. Within 30 days from the end of each calendar quarter following the effective date of this AMENDED ORDER, the Bank shall furnish to the Regional Director and the Superintendent written progress reports detailing the form, manner, and results of any actions taken to secure compliance with this AMENDED ORDER. All progress reports and other written responses to this AMENDED ORDER shall be reviewed by the Board and made a part of the Board minutes.

SHAREHOLDER DISCLOSURE

19. Following the effective date of this AMENDED ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this AMENDED ORDER, in conjunction with the Bank's next shareholder communication and in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the AMENDED ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Risk Management Supervision, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 for non-objection or comment at least 30 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

MISCELLANEOUS

The provisions of this AMENDED ORDER shall not bar, estop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This AMENDED ORDER shall be effective on the date of issuance.

The provisions of this AMENDED ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this AMENDED ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued Pursuant to Delegated Authority.

Dated: December 17, 2015

By:

/s/

John F. Vogel
Regional Director
New York Regional Office
Federal Deposit Insurance Corporation