

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

Written Agreement by and between

BNB FINANCIAL SERVICES CORPORATION
New York, New York

Docket No. 10-060-WA/RB-HC

and

FEDERAL RESERVE BANK OF
NEW YORK
New York, New York

WHEREAS, BNB Financial Services Corporation, New York, New York (“BNB”), a registered bank holding company, owns and controls BNB Bank, National Association, Fort Lee, New Jersey (“Bank”), and a nonbank subsidiary;

WHEREAS, it is the common goal of BNB and the Federal Reserve Bank of New York (the “Reserve Bank”) to maintain the financial soundness of BNB so that BNB may serve as a source of strength to the Bank;

WHEREAS, BNB and the Reserve Bank have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on May 21, 2010, the board of directors of BNB, at a duly constituted meeting, adopted a resolution authorizing and directing Daniel Cardone to enter into this Agreement on behalf of BNB, and consenting to compliance with each and every provision of this Agreement by BNB and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”)

(12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, BNB and the Reserve Bank agree as follows:

Source of Strength

1. The board of directors of BNB shall take appropriate steps to fully utilize BNB's financial and managerial resources, pursuant to section 225.4 (a) of Regulation Y of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank, including, but not limited to, taking steps to ensure that the Bank complies with the Formal Agreement entered into with the Office of the Comptroller of the Currency on December 18, 2009, and any other supervisory action taken by the Bank's federal regulator.

Dividends and Distributions

2. (a) BNB shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation (the "Director") of the Board of Governors.

(b) BNB shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank.

(c) BNB and its nonbank subsidiary shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank and the Director.

(d) All requests for prior approval shall be received by the Reserve Bank at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All

requests shall contain, at a minimum, current and projected information on BNB's capital, earnings, and cash flow; the Bank's capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, BNB must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323).

Debt and Stock Redemption

3. (a) BNB and its nonbank subsidiary shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) BNB shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

Cash Flow Projections

4. Within 60 days of this Agreement, BNB shall submit to the Reserve Bank a written statement of BNB's planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for the remainder of 2010. BNB shall submit to the Reserve Bank a Cash Flow Projection for each calendar year subsequent to 2010 at least one month prior to the beginning of that calendar year.

Compliance with Laws and Regulations

5. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, BNB shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831(i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*). BNB shall not appoint any individual to its board of directors or employ or change the responsibilities of any individual as a senior executive officer if the Reserve Bank notifies BNB of its disapproval within the time limits prescribed by Subpart H of Regulation Y.

(b) BNB shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Progress Reports

6. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

Communications

7. All communications regarding this Agreement shall be sent to:

(a) Ms. Anita Awatramani
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

(b) Mr. Daniel Cardone
President
BNB Financial Services Corporation
250 Fifth Avenue
New York, New York 10001

8. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to BNB to comply with any provision of this Agreement.

9. The provisions of this Agreement shall be binding upon BNB and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

10. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

11. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting BNB, the Bank, any nonbank subsidiary of BNB, or any of their current or former institution-affiliated parties and their successors and assigns.

12. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 22nd day of June, 2010.

BNB FINANCIAL SERVICES
CORPORATION

By: /s/ Daniel Cardone
Daniel Cardone
President

FEDERAL RESERVE BANK OF
NEW YORK

By: /s/ Armin J. Lovi
Armin J. Lovi
Examining Officer