

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

AND

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS

In the Matter of)
COLUMBIA SAVINGS BANK) CONSENT ORDER
CINCINNATI, OHIO) FDIC-10-958b
(STATE CHARTERED)
INSURED NONMEMBER SAVINGS BANK)
_____)

Columbia Savings Bank, Cincinnati, Ohio ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices alleged to have been committed by the Bank, and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and under section 1163.03 of the Ohio Revised Code, Ohio Rev. Code Ann. §1163.03, regarding right to a notice of charges and a hearing before the State of Ohio, Division of Financial Institutions ("Division"), and having waived those rights, by and through its duly elected and acting Board of Directors ("Board"), entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A

CONSENT ORDER ("STIPULATION") with representatives of the Federal Deposit Insurance Corporation ("FDIC") and the Division, dated February 7, 2011. Pursuant to the STIPULATION, the Bank has consented, without admitting or denying the charges of unsafe or unsound banking practices relating to weaknesses in capital, asset quality, management and board supervision, earnings and to the issuance of a CONSENT ORDER ("ORDER") by the FDIC and the Division.

The FDIC and the Division have considered this matter, thereby determining that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and by the Division under Chapter 1163 of the Ohio Revised Code have been satisfied, and accepted the Stipulation.

Therefore, the FDIC and the Division hereby ORDER that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns take the following affirmative action as follows:

MANAGEMENT

1. (a) Within one hundred twenty (120) days from the effective date of this ORDER, the Bank's Board shall hire an experienced asset workout specialist as an Executive Officer.

(b) During the life of this Order, prior to the addition of any individual to the Board or the employment of any individual as a senior executive officer, the Bank shall request and obtain the FDIC's and the Division's written approval. For purposes of this ORDER, "senior executive officer" is defined as in section 32 of the Act ("section 32"), 12 U.S.C. § 1831(i), and section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. § 303.101(b).

BOARD PARTICIPATION

2. (a) As of the effective date of this ORDER, the Board shall maintain its 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. 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; adoption or modification of operating policies; individual committee reports; internal control reviews including managements responses; audit reports; and compliance with this ORDER. At each monthly meeting the Board

shall also review reports of the Bank's mortgage banking activities, including: volumes of loan approved, originated, denied, funded and sold; pipeline reports, including the ageing of loans originated but not sold; putbacks from secondary market investors; cash flow projections and expected liquidity needs; and quality control, audit and compliance review reports. Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within thirty (30) days from the effective date of this ORDER, the Board shall appoint a committee ("Order Compliance Committee") to monitor the Bank's compliance with this ORDER. The Order Compliance Committee will include a majority of outside directors. The Order Compliance Committee will meet at least monthly, keep detailed minutes of each meeting, and report its findings to the Board.

CAPITAL

3.(a) By July 31, 2011 and thereafter, within thirty (30) days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall determine from its Report of Condition and Income its Tier 1 capital as a percentage of its total assets ("capital ratio") for that calendar quarter. The Board shall review and analyze the adequacy of the Bank's capital ratio. If the Board determines

that the capital ratio is inadequate, and in any event, if the capital ratio is less than nine percent (9%), the Bank shall, within thirty (30) days from the determination, increase its capital ratio to the amount determined by the Board to be adequate or to nine per cent (9%), whichever is higher and shall retain that capital ratio until the next quarterly analysis. For purposes of this ORDER, Tier 1 capital, qualifying total capital, total assets, and risk-weighted assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) Any increase in Tier 1 capital required by this paragraph may be accomplished by the following:

- (i) The sale of common stock and noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or
- (ii) The elimination of all or part of the assets classified "Loss" in the Joint Report of Examination dated July 6, 2010 ("ROE"), without loss or liability to the Bank, provided

any such collection on a partially charged off asset shall first be applied to that portion of the asset that was not charged off pursuant to this Order; or

(iii) The collection in cash of assets previously charged off; or

(iv) The direct contribution of cash to earnings by the directors and/or the shareholders of the Bank; or

(v) Any other means acceptable to the Regional Director or the Division; or

(vi) Any combination of the above means.

(c) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of new securities, the Board shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held by or controlled by them in favor of said plan. If the securities to be offered

are Bank shares that are not authorized and unissued, the Bank shall obtain the shareholders' and the Division's approval to amend the Bank's Articles of Incorporation to authorize the shares and then shall amend the Articles of Incorporation accordingly. Should the implementation of the plan involve public distribution of Bank securities, including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare detailed offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan and, in any event, not less than twenty (20) days prior to the dissemination of such materials, the materials used in the sale of the securities shall be submitted to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 and to the Division, 77 South High Street, 21st Floor, Columbus, Ohio 43215-6120, for their review. Any changes requested to be made in the materials by the FDIC or the Division shall be made prior to their dissemination.

(d) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or

purchaser of Bank securities written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within ten (10) calendar days of the date any material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber of the Bank's original offering materials.

(e) The capital ratio analysis required by this paragraph shall not negate the responsibility of the Bank and its Board for maintaining throughout the year an adequate level of capital protection for the kind, quality and degree of market depreciation of assets held by the bank. In addition, within thirty (30) days of the effective date of this ORDER, the Board shall develop and submit to the FDIC and the Division, a capital plan to ensure compliance with Paragraph 3(a). The capital plan shall include a contingency plan in the event that the Bank has: (i) failed to maintain the minimum capital ratios required by this paragraph; failed to submit an acceptable capital plan as required by this paragraph; or has failed to implement or adhere to a capital

plan to which the Supervisory Authorities have taken no written objection pursuant to this Paragraph. Said contingency plan shall include a plan to sell or merge the Bank. The Bank shall implement the contingency plan upon written notice from the Supervisory Authorities.

LOSS CHARGE-OFF

4. As of the effective date of this ORDER the Bank shall charge off from its books and records any loan classified "Loss" in the ROE that have not been previously charged off or collected.

PROHIBITION OF ADDITIONAL LOANS TO CLASSIFIED BORROWERS

5. (a) As of the effective date of this ORDER, 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 ROE, so long as such credit remains uncollected.

(b) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified "Substandard", "Doubtful", or is listed as Special Mention in the ROE, and is uncollected

unless the Board has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be signed by each Director, and incorporated in the minutes of the applicable Board meeting. A copy of the statement shall be placed in the appropriate loan file.

REDUCTION OF ADVERSELY CLASSIFIED ASSETS

6. (a) Within one hundred eighty (180) days from the effective date of this ORDER, the Bank shall reduce the Bank's risk position in assets classified as "Substandard" or "Doubtful" in the ROE by \$1,000,000, by another \$1,500,000 within three hundred sixty (360) days from the effective date of this Order, by another \$1,500,000 within five hundred forty (540) days from the effective date of this Order, and by another \$2,000,000 within seven hundred twenty (720) days from the effective date of this Order.

(b) As used in this paragraph, "reduce" means to: (1) collect; (2) charge off; (3) sell; or (4) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC and the Division.

NON-OWNER OCCUPIED RESIDENTIAL PROPERTY LOANS

7. (a) As of the effective date of this Order, the Bank shall not originate any additional loans secured by non-owner occupied 1-4 family residential property. This restriction does not prohibit the Bank from financing the sale of Bank-owned residential properties to creditworthy borrowers, provided accounting and reporting of foreclosed asset sales are done in accordance with Federal Financial Institutions Examination Council (FIFIEC) Instructions for the CALL Reports and such financing does not result in the Bank's failure to comply with the plan to reduce these credits required by this paragraph.

(b) Within three hundred sixty (360) days from the effective date of this Order, the Bank shall reduce the Bank's concentration in loans and other real estate secured by non-owner occupied 1-4 family residential property to no more than three hundred fifty (350%) of Tier 1 capital and reserves.

LIQUIDITY PLAN

8. (a) Within sixty (60) days of the effective date of this ORDER, the Bank shall adopt and submit to the Regional Director and the Division for review, a written contingency funding plan ("Liquidity Plan"). The Liquidity Plan shall identify sources of liquid assets to meet the Bank's

contingency funding needs over time horizons of one (1) month, two (2) months, and three (3) months. At a minimum, the Liquidity Plan shall be prepared in conformance with the Liquidity Risk Management Guidance found at FIL-84-2008 and the Interagency Policy Statement on Funding and Liquidity Risk Management found at FIL-13-2010. The Liquidity Plan shall also include provisions to address the issues identified in the ROE.

(b) Within thirty (30) days from receipt of comments from the Regional Director and the Division, and after revising the plan as necessary, the Bank shall adopt the Liquidity Plan, which adoption shall be recorded in the minutes of a Board. Thereafter, the Bank shall implement the plan.

(c) A copy of the implemented plan required by this paragraph shall be submitted to the Regional Director and the Division.

INTEREST RATE RISK MANAGEMENT

9. (a) Within sixty (60) days from the effective date of this Order, the Bank shall develop and submit for review to the Regional Director and the Division, an interest rate risk policy and procedures ("IRR Policy") that shall address the exceptions noted in the ROE, comply with FFIEC's Advisory on Interest Rate Risk Management (FIL-2-1020, issued January 6,

2010) and the Joint Agency Policy Statement on Interest Rate Risk (FIL-52-96, issued July 12, 1996).

(b) The revised IRR Policy shall include, at a minimum, provisions that:

- (i) require independent testing of the interest rate risk measurement and monitoring system on an annual basis; and
- (ii) establish a plan to bring the Bank's interest rate risk exposure measures into compliance with the policy limits within one hundred eighty (180) days of the effective date of this Order.

MORTGAGE BANKING AND LOAN REVIEW

10. Within sixty (60) days from the effective date of this Order, the Bank shall enhance the mortgage banking and loan review program consistent with the comments in the ROE Report and the correspondence from FDIC and Division to the Bank regarding mortgage banking concerns dated September 24, 2010.

DIVIDEND RESTRICTION

11. As of the effective date of this ORDER, the Bank shall not declare or pay any dividend without the prior written consent of the Regional Director and the Division.

ALLOWANCE FOR LOAN AND LEASE LOSSES

12. (a) After the effective date of this ORDER, and prior to the submission of all Reports of Condition and Income required by the FDIC, the Board shall review the adequacy of the Bank's allowance for loan and lease losses ("ALLL"), provide for an adequate ALLL, and accurately report the same. The minutes of the Board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of ALLL provided. In making these determinations, the Board shall consider the FFIEC Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC or the Division.

(b) ALLL entries required by this paragraph shall be made prior to any capital determinations required by this ORDER.

STRATEGIC PLAN

13. (a) Within ninety (90) days from the effective date of this ORDER, the Bank shall formulate, adopt, and implement a realistic, comprehensive strategic plan. The plan required by this paragraph 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. The written strategic plan shall address, at a minimum:

- (i) strategies for improving asset quality and sustaining satisfactory asset quality;
- (ii) strategies for increasing earnings performance, including a written profit plan with a realistic, comprehensive budget for all categories of income and expense for the calendar years of 2011 and 2012;
- (iii) strategies for improving capital and maintaining capital at a level consistent with the risk profile of the Bank;
- (iv) strategies for improving liquidity and maintaining a sufficient liquidity position;

- (v) strategies for providing sufficient staff levels;
- (vi) strategies for providing sufficient staff training;
- (vii) strategies for sufficient management succession;
- (viii) strategies for identifying new lines of business and new areas of lending as well as identifying management's expertise in each new area; and
- (ix) financial goals, including pro forma statements for asset growth, capital adequacy, and earnings.

(b) Within thirty (30) days from the end of each calendar quarter following the adoption and implementation of the strategic plan described in (a) above, the Board shall evaluate the Bank's actual performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Board's meeting at which such evaluation is undertaken.

(c) The strategic plan required by this ORDER shall be revised thirty (30) days prior to the end of each calendar

year during which this ORDER is in effect. Thereafter, the Bank shall approve the revised strategic plan, which approval shall be recorded in the minutes of a Board's meeting, and the Bank shall implement and adhere to the revised strategic plan.

(d) The plan and revisions thereto required by this paragraph shall be submitted to the Regional Director and the Division for review and comment. Within thirty (30) days of receipt of any comments from the Regional Director or Division the Bank shall incorporate any changes required by the Regional Director or the Division and thereafter adopt, implement, and adhere to the plan.

(e) The Bank shall operate within the parameters of its strategic plan. The Bank shall submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the holding company) to the FDIC and the Division for non-objection, a minimum of sixty (60) days before the proposed change is to be implemented.

TECHNICAL EXCEPTIONS

14. Within ninety (90) days from the effective date of this ORDER, the Bank shall correct the technical exceptions listed in the ROE.

NOTIFICATION TO SHAREHOLDERS

15. Following the effective date of this ORDER, the Bank shall send to its shareholders a copy of this ORDER: (1) in conjunction with the Bank's next shareholder communication; or (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting.

PROGRESS REPORTS

16. Within thirty (30) days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Division written progress reports signed by each member of the Board, detailing the actions taken to secure compliance with the ORDER and the results thereof.

CLOSING PARAGRAPHS

This ORDER shall be effective on the date of service on the Bank.

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

The provisions of this 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 and the Division.

Pursuant to delegated authority.

Dated: February 24, 2011.

FEDERAL DEPOSIT INSURANCE
CORPORATION

OHIO DIVISION OF FINANCIAL
INSTITUTIONS

_____/s/
M. Anthony Lowe
Regional Director
Chicago Regional Office

_____/s/
Charles J. Dolezal
Superintendent