

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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)	
In the Matter of)	
)	
THE COMMUNITY’S BANK)	MODIFICATION OF
BRIDGEPORT, CONNECTICUT)	CONSENT ORDER
)	
(Insured State Nonmember Bank))	FDIC-09-744b
)	
_____)	

On February 17, 2010, the Federal Deposit Insurance Corporation (“FDIC”) issued a CONSENT ORDER (“ORDER”) to The Community’s Bank, Bridgeport, Connecticut (“Bank”) that became effective on the date of issuance, and remains in full force and effect, except as subsequently modified. A copy of the ORDER is attached hereto. The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a STIPULATION AND CONSENT TO MODIFICATION OF CONSENT ORDER (“STIPULATION”) dated April 22, 2011, that is accepted by the FDIC.

With the STIPULATION, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices and/or violations of laws, to the issuance of this MODIFICATION OF CONSENT ORDER (“MODIFICATION”) by the FDIC.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) have been satisfied, the FDIC hereby modifies the ORDER as follows:

Paragraph 1. of the ORDER is hereby stricken and in its stead is inserted the following:

MANAGEMENT – BOARD SUPERVISION

1. Upon the effective date of this MODIFICATION, the Bank's Board shall maintain its participation in the affairs of the Bank by assuming full responsibility for the approval of the Bank's policies and objectives and for the supervision of the Bank's management, including all of the Bank's activities. The Board's participation in the Bank's affairs shall continue to include, at a minimum, monthly meetings in which the following areas shall be reviewed and approved by the Board: reports of income and expenses; new, overdue, renewed, insider, charged-off, delinquent, non-accrued, and recovered loans; investment activities; operating policies; and individual committee actions. The Bank's Board's minutes shall document the Board's reviews and approvals, including the names of any dissenting directors.

Paragraph 2. of the ORDER is unchanged.

Paragraph 3. of the ORDER is hereby stricken and in its stead is inserted the following:

REDUCTION OF DELINQUENCIES AND CLASSIFIED ASSETS

3. (a) Within ninety (90) days from the effective date of this MODIFICATION, the Bank shall formulate and submit for review as described in subparagraph (c), a written plan ("Delinquent and Classified Asset Plan") to reduce the Bank's risk position in each asset in excess of \$250,000 which is more than ninety (90) days delinquent or classified "Substandard" or "Doubtful" in the Joint FDIC/State Report of Examination dated September 30, 2010 ("2010 Report of Examination"). Thereafter, the Delinquent and Classified Asset Plan shall be revised to reduce the Bank's risk position in each asset in excess of \$250,000 which becomes more than ninety (90) days delinquent or classified "Substandard" or "Doubtful" in any future report of examination. For purposes of this provision, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by the Area Director or Commissioner.

(b) In developing the Delinquent and Classified Asset Plan, the Bank shall include, at a minimum, the following:

(i) an action plan to review, analyze and document the current financial condition of each delinquent or classified borrower including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position;

(ii) a schedule for reducing the outstanding dollar amount of each adversely classified asset, including timeframes for achieving the reduced dollar amounts (at a minimum, the schedule for each adversely classified asset must show its dollar balance on a quarterly basis);

(iii) specific action plans intended to reduce the Bank's risk exposure in each classified asset;

(iv) delineate areas of responsibility for loan officers; and

(v) provide for the submission of monthly written progress reports to the Board for review and notation in minutes of the Board meetings.

(c) The Delinquent and Classified Asset Plan shall be submitted to the Area Director and Commissioner for review and comment. Within thirty (30) days from receipt of any comments from the Area Director or Commissioner, and after adoption of any recommended changes, the Board shall approve the Delinquent and Classified Asset Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Delinquent and Classified Asset Plan.

Paragraph 4. of the ORDER is unchanged.

Paragraph 5 of the ORDER is hereby stricken and in its stead is inserted the following:

CHARGE-OFFS

5. Within ten (10) days after the effective date of this MODIFICATION, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified “Loss” in the 2010 Report of Examination to the extent that such action has not already been taken. Thereafter, within ten (10) days after the receipt of any subsequent Report of Examination from the FDIC and/or the State, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified “Loss” in such Reports.

Paragraph 6 of the ORDER is hereby stricken and in its stead is inserted the following:

STRATEGIC PLAN

6. (a) Within ninety (90) days after the effective date of this MODIFICATION, the Bank shall submit a comprehensive strategic plan (“Strategic Plan”) to the Area Director and Commissioner for review and comment. 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 written Strategic Plan shall address, at a minimum:

- (i) strategies for pricing policies and asset/liability management;
- (ii) plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;
- (iii) goals for reducing problem loans;
- (iv) plans for attracting and retaining qualified individuals to fill vacancies in the lending and accounting functions;
- (v) financial goals, including pro forma statements for asset growth, capital adequacy, and earnings; and

(vi) formulation of a mission statement and the development of a strategy to carry out that mission.

(c) Within thirty (30) days after receipt of any comments from the Area Director or Commissioner, and after adoption of any recommended changes, the Bank shall approve the Strategic Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and follow the Strategic Plan.

(d) Within thirty (30) days after the end of each calendar quarter following the effective date of this MODIFICATION, the Bank's Board shall evaluate the Bank's 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 Bank's Board meeting at which such evaluation is undertaken.

(e) The Strategic Plan shall be revised if necessary and submitted to the Area Director and the Commissioner for review and comment thirty (30) days after the end of each calendar year. Within thirty (30) days after receipt of all such comments from the Area Director and the Commissioner and after adoption of any recommended changes the Bank shall approve the revised Strategic Plan, which approval shall be recorded in the minutes of the Bank's Board meeting. Thereafter, the Bank shall implement and follow the revised Strategic Plan.

Paragraph 7. of the ORDER is hereby stricken and in its stead is inserted the following:

LIQUIDITY -- ASSET/LIABILITY MANAGEMENT

7. Upon the effective date of this MODIFICATION, the Bank shall maintain two non-officer directors on the Bank's Asset/Liability Committee ("ALCO"). The ALCO shall take an active role in monitoring the Bank's liquidity and report monthly to the Bank's Board concerning the Bank's liquidity.

Paragraph 8. of the ORDER is unchanged.

Paragraph 9. of the ORDER is unchanged.

Paragraph 10. of the ORDER is hereby stricken and in its stead is inserted the following:

INTEREST RATE RISK

10. Within sixty (60) days after the effective date of the MODIFICATION, the Bank shall submit to the Area Director and Commissioner a revised interest rate risk policy and procedures (“IRR Policy”) that shall include, at a minimum:

(a) measures designed to control the nature and amount of interest rate risk to which the Bank is exposed, including the delineation of specific risk limits and the delegation of responsibility and authority for managing such risk to appropriate Bank officer(s);

(b) a system for identifying and measuring interest rate risk;

(c) a system for monitoring and reporting risk exposures at least quarterly;

and

(d) a system of internal controls, review, and audit to ensure the integrity of the overall risk management process.

Paragraph 11. of the ORDER is hereby stricken.

Paragraph 12 of the ORDER is hereby stricken and in its stead is inserted the following:

CORRECTION OF VIOLATIONS

12. (a) Within thirty (30) days after the effective date of this MODIFICATION, the Bank shall eliminate and/or correct all violations of law and regulation noted in the 2010 Report of Examination as apparent violations.

(b) Within sixty (60) days after the effective date of this MODIFICATION, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

(c) Within thirty (30) days after the effective date of this MODIFICATION, the Bank shall address any contraventions of policy noted in the 2010 Report of Examination.

Paragraph 13. of the ORDER is unchanged.

Paragraph 14. of the ORDER is unchanged.

Paragraph 15 of the ORDER is hereby stricken and in its stead is inserted the following:

SHAREHOLDER NOTIFICATION

15. After the effective date of this MODIFICATION, the Bank shall send a copy of this MODIFICATION and ORDER, or otherwise furnish a description of this MODIFICATION and ORDER, to its shareholder.

The provisions of this MODIFICATION 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.

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

The provisions of this MODIFICATION 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 in writing.

This MODIFICATION shall be effective on the date of issuance.

Pursuant to delegated authority.

Dated this 27th day of April, 2011.

/s/
Gregory P. Bottone, Acting Area Director
Boston Area Office
Division of Risk Supervision Management
Federal Deposit Insurance Corporation