

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

_____)	
In the Matter of)	CONSENT ORDER
UNION COUNTY SAVINGS BANK)	
ELIZABETH, NEW JERSEY)	FDIC-24-0026b
(INSURED STATE NONMEMBER BANK))	
_____)	

The Federal Deposit Insurance Corporation (FDIC) is the appropriate Federal banking agency for Union County Savings Bank, Elizabeth, New Jersey (Bank), under 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 a Consent Order (Consent Agreement), dated May 28, 2024, 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 relating to weaknesses in the Bank’s liquidity and funds management practices, to the issuance of this Consent Order (Order) 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 orders that:

LIQUIDITY AND FUNDS MANAGEMENT

1. (a) Within 45 days from the effective date of this Order, the Board must revise its liquidity and funds management policy (Funds Management Policy) to address the criticisms and deficiencies and to correct the weaknesses noted in the visitation letter issued to the Bank dated

February 23, 2024. The Funds Management Policy must also include a Contingency Funding Plan (CFP). After revision, management must comply with the Funds Management Policy and must implement corrective measures in its funds management practices.

(b) The Funds Management Policy must address, at a minimum:

(i) an ongoing, but not less than weekly, review of pro forma cash flows to identify the Bank's short and intermediate-term liquidity positions, with such cash flow analyses to be based on reasonable and documented assumptions, capturing planned strategic initiatives, contractual obligations, and funding sources availability and limitations under adverse contingent liquidity scenarios; and

(ii) a minimum cushion, commensurate with the Bank's liquidity risk tolerance and funding base and risk profile, of highly liquid assets calculated relative to total assets, with cash, due from bank balances, interest-bearing bank balances, and Federal funds sold being considered highly liquid assets;

(c) The CFP must at a minimum, taking into account the Bank's risk profile and balance sheet:

(i) document strategies, projections, and expected contingency funding sources and the limitations and criteria for using each source, in both base case and stressed scenarios;

(ii) identify and assess the impact of temporary, intermediate and long-term stress events that may have a significant effect on the Bank's liquidity, including but not limited to, anticipated events, downgrades in CAMELS ratings, a downgrade in Prompt Corrective Action capital category, an inability to renew or replace maturing liabilities, deterioration in market value and price or asset quality, calls for additional collateral, inability to fund asset

growth, operating losses, deterioration in economic conditions or financial markets, and negative press coverage;

(iii) establish a liquidity risk measurement and monitoring system that requires senior management's involvement and support, and include comprehensive stress testing that identifies and quantifies sources of potential liquidity strain, such as impacts on cash flows, liquidity, profitability, and solvency, and ensures current exposures are consistent with liquidity levels and established risk tolerances;

(iv) identify alternative funding sources and ensure ready access to contingent funding sources, taking into account the limitations set forth in 12 C.F.R. § 337.6 for brokered deposits, which limits the solicitation and acceptance of deposits by institutions that are less than well capitalized, and the restrictions on the effective yields on deposits as described in 12 C.F.R. § 337.7;

(v) restore or maintain liquidity to limits prescribed in the CFP;

(vi) provide for a quarterly review and testing of the CFP to ensure that alternative funding sources such as repurchase agreements and Federal Reserve discount window borrowings remain accessible; and

(vii) identify personnel responsible for the funds management functions and require that these personnel report the CFP and related updates to the Board.

(d) The revised Funds Management Policy, including the CFP, must be submitted to the Regional Director of the FDIC New York Regional Office (Regional Director) and the Commissioner of the New Jersey Department of Banking and Insurance (Commissioner) for review, non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and the Commissioner, and after incorporation and adoption of all comments, the Board must approve the Funds Management Policy, and the

approval must be recorded in the Board's minutes. Thereafter, the Bank must implement and fully comply with the Funds Management Policy.

COMPLIANCE COMMITTEE

2. The Bank's compliance committee, a majority of which members who are not now, and have never been, involved in the daily operations of the Bank, must monitor compliance with this 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 Order must be part of the minutes of the Board meeting. Copies of the monthly report must be submitted to the Regional Director and the Commissioner as part of the next due progress report required by this Order. Nothing contained herein diminishes the responsibility of the entire Board to ensure compliance with the provisions of this Order.

PROGRESS REPORTS

3. Within 90 days from the effective date of this Order, and 30 days from the end of each calendar quarter following the effective date of this Order, the Bank must furnish to the Regional Director and the Commissioner a written progress report detailing the form, manner, and results of any actions taken to secure compliance with this Order. The progress report and other written responses to this Order must be reviewed by the Board and made a part of the Board minutes.

The provisions of this Order will 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 Order is effective on the date of issuance by the FDIC.

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

The provisions of this Order 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.

By:

/s/ _____ Date: May 29, 2024
Mary A. Barry
Acting Deputy Regional Director
New York Regional Office
Federal Deposit Insurance Corporation