



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

April 28, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Connecticut Community Bank, National Association
Charter Number: 23664

1495 Post Road East
Westport, CT 06881-0309

Office of the Comptroller of the Currency

NEW YORK METRO-EAST
343 Thornall Street Suite 610
Edison, NJ 08837

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- Connecticut Community Bank's (CCB) loan-to-deposit ratio is more than reasonable;
- The bank originated a majority of its loans within its assessment area (AA);
- The distribution of loans to businesses of different sizes reflects reasonable penetration;
- The geographic distribution of loans reflects reasonable dispersion throughout the AA; and
- The bank's level of community development (CD) activities demonstrates adequate responsiveness given its size and capacity, and the community needs and opportunities of its AA.

SCOPE OF EXAMINATION

CCB was examined under the Intermediate Small Bank Examination Procedures, which includes assessments under the Lending Test and Community Development Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The Community Development Test assesses the bank's responsiveness to CD needs in its AA through community development lending, qualified investments, and community development services.

The Lending Test and Community Development Test for CCB covers the bank's performance from January 1, 2005 through December 31, 2007. CCB's primary loan products are commercial loans and home loans, which encompass home purchase, home refinance, and home improvement loans. We sampled 30 commercial loans originated between January 1, 2005 and December 31, 2007 to determine the bank's lending to businesses of different revenues and in different geographies. Home loan data reported under the Home Mortgage Disclosure Act (HMDA) was used in our review of home mortgage activity.

Prior to our evaluation, we conducted a data integrity review that concluded in February 2008. The accuracy and applicability of lending activities for loans originated during the evaluation period was verified and found to be accurate.

DESCRIPTION OF INSTITUTION

CCB is headquartered in Westport, Connecticut with assets totaling \$360 million as of December 31, 2007. CCB is wholly owned by Associated Community Bancorp, Inc. located in Greenwich,

CT and operates its branches as divisions, doing business as Westport National Bank, Stamford Bank & Trust, Norwalk Bank & Trust, Darien Bank & Trust, and The Greenwich Bank & Trust. CCB operates a total of nine full-service branches, all with deposit taking Automated Teller Machines (ATMs.) Two of these branches have opened since the prior CRA examination, one in Stamford (August 2005) and the other in Greenwich (March 2007). All of the bank's branches are located within the AA. There have been no mergers or acquisitions since the prior CRA examination.

The bank offers a variety of loan and deposit products and services for individuals as well as businesses. Business lending is a major component of the loan portfolio. As of December 31, 2007, approximately 89% of the loan portfolio is tied to commercial lending. The loan composition is as follows:

Loan Portfolio Summary by Loan Product as of December 31, 2007		
Loan Category	Outstanding	% Outstanding
Commercial Mortgages	\$106,078,304	35%
Commercial & Industrial	\$96,283,590	32%
Construction Mortgages	\$66,699,347	22%
Home Equity	\$26,860,998	8%
Consumer	\$6,550,064	2%
Residential Mortgages	\$1,376,772	1%
Total	\$303,849,075	100%

Source: December 31, 2007 Statement of Condition

Deposit products and services include premium NOW accounts, direct investment money market accounts, and online banking for individuals and businesses.

CCB was rated *Satisfactory* at the prior CRA examination dated April 2005. There are no legal or financial deterrents that hinder the bank's ability to help meet the credit needs of the AA.

DESCRIPTION OF ASSESSMENT AREA

CCB's assessment area is within Fairfield County, Connecticut and specifically includes the towns of Darien, Fairfield, Greenwich, Norwalk, Stamford, and Westport. All of the towns are contiguous and share a natural water boundary of the Long Island Sound. The AA is part of the Bridgeport-Stamford-Norwalk MSA and has not changed since the prior CRA examination.

Fairfield County is one of the wealthiest counties in the country because of the small towns of Greenwich, Darien, Westport, and Fairfield. Stamford and Norwalk, larger communities within the county, are more densely populated and diverse than the above listed towns but, compared with national standards, are very affluent cities. According to the 2006 Business Geodemographic Data, the AA consists of 89 census tracts: six low-income, 13 moderate-income, 32 middle-income, and 38 upper-income census tracts.

Demographic Information for Darien, Fairfield, Greenwich, Norwalk, Stamford, and Westport AA.					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	89	6.7%	14.6%	35.9%	42.7%
Population by Geography	363,831	6.9%	17.6%	33.4%	42.1%
Owner-Occupied Housing by Geography	92,950	2.1%	10.4%	37.2%	50.3%
Business by Geography	44,857	7.5%	17.4%	32.4%	42.7%
Family Distribution by Income Level	94,139	19.0%	15.3%	17.6%	48.1%
Distribution of Low and Moderate Income Families throughout AA Geographies	32,298	13.2%	27.1%	35.8%	23.9%
Median Family Income		77,332	Median Housing Value		388,613
HUD Adjusted Median Family Income for 2007		93,400	Unemployment Rate (4/2008)		4.9%
Households Below Poverty Level		6.0%			

Source: 2000 US Census Data, 2007 HUD updated MFI, and 2008 CT Department of Labor updated unemployment rate.

According to 2000 Census data, the total population of the six towns was 363,831, the total population of Fairfield County was 882,567, and the total population for the state of Connecticut was 3,405,565. According to 2007 Housing of Urban Development (HUD,) the AA has a Median Family Income (MFI) of \$77,332 compared to a MFI of the state of Connecticut of \$59,000. According to the Connecticut Department of Labor, the Fairfield County unemployment rate has increased from 4% in 2006 to approximately 5% in April 2008. Within the geography, 25% of the population is located in low- or moderate-income tracts, and 75% reside in middle- or upper-income tracts.

The housing values in the bank’s AA are some of the most expensive in the country. According to 2000 Census data, the bank’s AA had a median housing value of \$388,613. This compares to a median housing value for all of Fairfield County of \$288,900, and \$166,900 for the state of Connecticut.

The largest employers in Fairfield County are in the fields of (1) health care, education, and social services; (2) professional, scientific, management and administrative services; and (3) retail trade sectors. There are a total of 44,857 businesses located in the bank’s AA, with 68% of those businesses considered to be small businesses. The largest sector of businesses in the AA is in Services (40%), Retail Trade (12%), and Finance, Insurance, and Real Estate (12%). Unclassified businesses totaled 16%.

Banking trends in the AA have changed since the prior CRA examination. There has been an increase in the number of competitors in the Fairfield County market. Large banks have continued to expand their branch presence and new competitors from across state lines have

opened branches in Fairfield County. Also, several de novo banking institutions plan to open in 2008 in the Fairfield County banking market.

Community Contact

During the evaluation, we held a discussion with a local community development organization to help us determine the community development needs within the bank’s AA. The contact stated the area lacks a sufficient volume of affordable housing for low- and moderate-income residents and has become one of the community’s greatest needs considering the high priced local housing market. Availability of land and obtaining financing from both state & federal governments and financial institutions due to lien prioritization have been the most significant limitations facing the organization. The community contact firmly believes an agreement could be reached to ease the concerns of the parties involved thereby encouraging participation of area banks.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Loan-to-Deposit Ratio

CCB’s Loan-to-Deposit ratio (LTD) meets the standard of outstanding performance given the bank’s size, competition, and market loan demand. The average LTD ratio was calculated using the net loans and leases to deposits reported in the Call Report during the period of January 1, 2005 to December 31, 2007. The bank’s net LTD ratio averaged 91% over the 12-quarters since the prior CRA examination. The ratio ranged from a quarterly low of 84% to a quarterly high of 99% during the time period.

The bank’s net LTD ratio is more than reasonable when compared to other financial institutions of similar size, locations, and product offerings. CCB ranks second among a total of six similarly situated banks. The average net LTD ratios from the other five banks averaged 82% over the same 12-quarters, with a low of 74% and a high of 88%.

Lending in Assessment Area

CCB meets the standard for satisfactory performance for lending within the assessment area. A majority of CCB’s home mortgage and business loans were made within the bank’s AA. According to our sample of the bank’s primary loan products, 55% of the total loans originated and 66% of the dollar volume of loans were made within the AA.

Lending in Darien, Fairfield, Greenwich, Norwalk, Stamford, Westport AA.										
(dollar amount in thousands)										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	

Home Mortgage Products	154	53%	135	47%	289	\$91,435	65%	\$48,369	35%	\$139,804
Business Loans	21	70%	9	30%	30	\$12,923	74%	\$4,446	26%	\$17,369
Totals	175	55%	144	45%	319	104,358	66%	\$52,815	34%	\$157,173

Source: Home Mortgage data obtained from HMDA reporting Business Loan data obtained from loan sample.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

CCB's lending to borrowers of different income levels and to businesses of different sizes is overall satisfactory. Lending to businesses of different sizes reflects reasonable penetration. However, originations of residential real estate loans reflect poor penetration among AA borrowers of different income levels. Given CCB's strategic focus and high volume of commercial lending activity, greater weight was given towards lending to businesses of different sizes in arriving at the overall satisfactory performance rating for this criteria.

Businesses of Different Sizes

CCB meets the standard for satisfactory performance for lending to businesses of different sizes in the AA. From our sample of 21 loans originated in the AA, 15 loans or 71% by volume and 75% by dollar amount were made to small businesses. Small businesses are defined as having gross annual revenues of \$1 million or less. The level of lending to small businesses compares reasonably to the distribution of businesses in the AA.

Borrower Distribution of Loans to Businesses in AA			
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Total
% of AA Businesses (non-reporting entities excluded)	91%	9%	100%
% of Bank Loans in AA by #	71%	29%	100%
% of Bank Loans in AA by \$	75%	25%	100%

Source: 2007 Business Geodemographic Data and 2005-2007 loan sample.

It should be noted that non-reporting entities (e.g., unavailable or unknown revenue data) were excluded from the '% of AA Businesses' chart above. Inclusion of the non-reporting entities would have resulted in the following AA distribution: 68% small businesses; 7% large businesses; and 25% non-reporting.

Residential Real Estate Lending

The distribution of home loans among borrowers of different income levels reflects poor penetration. The bank originated 154 home loans over the past three years in the AA. Of the 154 loans originated, only two loans or 1% were made to low-income borrowers and 10 loans or 6% were made to moderate-income borrowers. This level of penetration is significantly lower than the demographic comparator of 19% for low-income borrowers and 15% for moderate-income borrowers.

The penetration variances can be attributed to CCB's traditional strategy that focused on commercial lending, and not until 2005 has management actively tried to increase their

residential loan portfolio. Early on in this transition, originators focused on the bank’s primary customer base in Greenwich and Westport and have been slow to move into other markets that include low- and moderate-income census tracts.

Another mitigating factor to the bank’s distribution is the high housing costs of the AA. Low-income and moderate-income median family incomes of \$36,666 and \$61,866, respectively, provide limited opportunities of home ownership for such borrowers given the median housing cost of \$388,613 in the AA. Further, 6% of the population is below the poverty level, which represents nearly one-third of the low-income borrowers.

Borrower Distribution of Residential Real Estate Loans in AA.								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19%	3%	15%	7%	18%	21%	48%	69%
Home Refinance	19%	0%	15%	10%	18%	21%	48%	69%
Home Improvement	19%	0%	15%	0%	18%	0%	48%	100%

Source: Data reported under HMDA; U.S. Census data.

Geographic Distribution of Loans

CCB’s record of originating residential mortgages and small business loans among the AA geographies of different income levels is satisfactory.

Residential Real Estate Lending

CCB’s geographic distribution of HMDA reportable real estate loans reflects reasonable dispersion, despite limited low- and moderate-income tracts in the AA. In aggregate, CCB’s loan originations of 1% are near the level of owner-occupied housing in low-income tracts in the AA. Though CCB originated zero home purchase and zero home improvement loans in low-income census tract geographies, this is reasonable given owner-occupied housing in low-income geographies is very low at 2.1%. In moderate-income tracts, dispersion is near to or exceeds the level in the AA for the three loan types.

Geographic Distribution of Residential Real Estate Loans				
Census Tract Income Level	Low	Moderate	Middle	Upper

Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	2.10%	0%	10.40%	6.76%	37.16%	32.43%	50.24%	60.81%
Home Mortgage Refinance	2.10%	1.54%	10.40%	12.31%	37.16%	33.85%	50.24%	52.31%
Home Improvement	2.10%	0%	10.40%	25%	37.16%	8.33%	50.24%	66.67%

Source: Data reported under HMDA.

Small Business Lending

The bank’s geographic distribution of business loans reflects reasonable dispersion throughout census tracts of different income levels. The bank originated 9% of their loans to businesses in moderate-income census tracts compared to 17% for the AA. While our sample indicated the bank did not originate any business loans in low-income census tracts in the AA, the results are reasonable given the low percentage of businesses in low-income census tracts. Additionally, a majority of the bank's branches are surrounded by middle- and upper-income tracts and only two of the bank's branch locations (Stamford and Norwalk) contain low-income census tracts.

Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	8%	0%	17%	9%	32%	29%	43%	62%

Source: Business Loan Data Sampled from 2005-2007 and Business Geodemographic Data.

Responses to Complaints

CCB has not received any CRA related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

CCB’s level of community development (CD) loans, investments, and services meets the standard for satisfactory performance. CD performance demonstrates adequate responsiveness

to the CD needs of its AA given the bank's capacity and the need and availability of CD opportunities in the bank's AA. Identified needs in the AA include more affordable housing and social services for low- and moderate-income individuals.

Community Development Loans

During the evaluation period, CCB originated five loans totaling \$3,043,000 to help meet the CD needs of its AA. Of the bank's five community development loans, four loans directly financed construction or renovation projects providing affordable housing for low- and moderate-income individuals and revitalization to the AA. The other community development loan directly financed a non-profit organization that provides transportation services to the disabled for primarily low- and moderate-income individuals.

Qualified Investments and Donations

Since our prior CRA examination, the bank provided an average of \$14,280 in donations per year, spread across seven organizations that provide community services to low- and moderate-income individuals within the AA.

Community Development Services

A total of three qualifying organizations are served by officers of the bank in positions of leadership. Two officers hold such positions, one of which holds a position in two organizations. The organizations served provide affordable housing assistance and community services targeted to low- and moderate-income individuals.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.