

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

Written Agreement by and among

QUONTIC BANK ACQUISITION CORP.  
Astoria, New York

QUONTIC BANK HOLDINGS CORP.  
Astoria, New York

and

FEDERAL RESERVE BANK OF  
PHILADELPHIA  
Philadelphia, Pennsylvania

Docket No. 23-010-WA/RB-HC

WHEREAS, Quontic Bank Acquisition Corp., Astoria, New York (“Acquisition Corp.”), is a registered savings and loan holding company that owns and controls Quontic Bank Holdings Corp., Astoria, New York (“Holdings”);

WHEREAS, Holdings is a registered savings and loan holding company that owns and controls Quontic Bank, Astoria, New York (the “Savings Bank”), a federal savings bank;

WHEREAS, it is the common goal of Acquisition Corp., Holdings (collectively, the “Companies”), and the Federal Reserve Bank of Philadelphia (the “Reserve Bank”) to maintain the financial soundness of the Companies so that the Companies may serve as a source of strength to the Savings Bank;

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

WHEREAS, the boards of directors of the Companies have authorized the undersigned to enter into this Agreement on behalf of each of the Companies, and consent to compliance with each and every provision of this Agreement by the Companies.

NOW, THEREFORE, Acquisition Corp., Holdings, and the Reserve Bank agree as follows:

### **Source of Strength**

1. The boards of directors of the Companies shall take appropriate steps to fully utilize the Companies' financial and managerial resources, pursuant to section 38A of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1831o-1) and section 238.8(a) of Regulation LL of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. § 238.8(a)), to serve as a source of strength to the Savings Bank, including, but not limited to, taking steps to ensure that the Savings Bank complies with the Consent Order entered into with the Office of the Comptroller of the Currency on October 5, 2022, and any other supervisory action taken by the Savings Bank's federal regulator.

### **Capital Conservation**

2. (a) Effective immediately, the Companies shall not, directly or indirectly, declare or pay dividends, engage in share repurchases, or make any other capital distribution in respect of common shares, preferred shares, or other capital instruments, including, without limitation, any interest payments due on subordinated debentures, without the prior written approval of the Reserve Bank and the Director of Supervision and Regulation of the Board of Governors. All requests for prior approval shall be received in writing at least 30 days prior to the earlier of the proposed declaration, payment, or distribution date, or required notice of deferral, and shall contain, at a minimum, current and projected information, as appropriate, on

Acquisition Corp.'s and Holdings' respective capital, earnings, and cash flow; the Savings Bank's asset quality, earnings, and allowance for loan and lease losses; and identification of the source(s) of funding for the proposed payment or distribution.

(b) Effective immediately, the Companies shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank. All requests for prior approval shall be received at least 30 days prior to the proposed transaction date and 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.

### **Capital Plan**

3. Within 60 days of this Agreement, the Companies shall submit to the Reserve Bank an acceptable written plan to maintain sufficient capital at the Companies on a consolidated basis and to provide financial support to the Savings Bank. The plan shall include the following five items:

(a) an assessment of the expected uses and sources of capital, a detailed description of the consolidated organization's process for assessing capital adequacy, the Companies' capital policy, and a discussion of any expected changes to the Companies' business plan that are likely to have a material impact on capital adequacy or liquidity, consistent with the requirements of section 238.170(e)(2) of Regulation LL (12 C.F.R. § 238.170(e)(2));

(b) the adequacy of the Savings Bank's capital, taking into account the volume of classified credits, risk profile, the adequacy of the allowance for loan and lease losses, current and projected asset growth, and projected earnings;

(c) the source and availability of additional funds necessary to fulfill the consolidated organization's and the Savings Bank's future capital requirements on a timely basis;

(d) supervisory requests for additional capital at the Savings Bank or the requirements of any supervisory action imposed on the Savings Bank by its federal regulator; and

(e) the requirements of section 38A of the FDI Act and section 238.8(a) of Regulation LL of the Board of Governors (12 C.F.R. § 238.8(a)) that the Companies serve as a source of strength to the Savings Bank.

4. The Companies shall notify the Reserve Bank, in writing, no more than 45 days after the end of any quarter in which the Companies' capital ratios fall below the approved plan's minimum ratios. Together with the notification, the Companies shall submit an acceptable written plan that details the steps that the Companies will take to increase the Companies' capital ratios to or above the approved plan's minimums.

### **Cash Flow Projections**

5. Within 60 days of this Agreement, each of the Companies shall submit to the Reserve Bank a written statement of their planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for the remainder of 2023. Each of the Companies shall submit to the Reserve Bank Cash Flow Projections for each calendar year subsequent to 2023 at least one month prior to the beginning of that calendar year.

### **Compliance with Laws and Regulations**

6. (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, the Companies shall comply with the notice provisions of section 32

of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation LL of the Board of Governors (12 C.F.R. §§ 238.71 *et seq.*).

(b) The Companies 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**

7. Within 45 days after the end of each calendar quarter following the date of this Agreement, Acquisition Corp.'s and Holdings' boards of directors shall each 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**

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

(a) Mr. James W. Corkery, Jr.  
Assistant Vice President  
Federal Reserve Bank of Philadelphia  
10 Independence Mall  
Philadelphia, Pennsylvania 19106

(b) Mr. John Terruso  
Assistant Vice President - Legal  
Federal Reserve Bank of Philadelphia  
10 Independence Mall  
Philadelphia, Pennsylvania 19106

- (c) Ms. Sherri Silver Schnall  
Director  
Quontic Bank Acquisition Corp.  
Quontic Bank Holdings Corp.  
31-05 Broadway, 2<sup>nd</sup> Floor  
Astoria, New York 11106

**Miscellaneous**

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

10. The provisions of this Agreement shall be binding upon the Companies and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), in their capacities as such, and their successors and assigns.

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

12. 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 the Companies, the Savings Bank, any nonbank subsidiary of the Companies, or any of their current or former institution-affiliated parties and their successors and assigns.

13. 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 5<sup>th</sup> day of July, 2023.

QUONTIC BANK ACQUISITION CORP.

FEDERAL RESERVE BANK  
OF PHILADELPHIA

By: /s/ Sherri Silver Schnall  
Sherri Silver Schnall  
Director and Chairwoman

By: /s/ William T. Wisser  
William T. Wisser  
Vice President

QUONTIC BANK HOLDINGS CORP.

By: /s/ Sherri Silver Schnall  
Sherri Silver Schnall  
Director