



PUBLIC DISCLOSURE

December 6, 2021

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**Quontic Bank
Charter Number 717974**

1 Rockefeller Plaza
9th Floor
New York, NY 10020

Office of the Comptroller of the Currency

340 Madison Avenue
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New York, NY 10173

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, and should not 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.

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Overall CRA Rating

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:

- The Lending Test rating is based on the bank's performance in the State of New York, which includes reasonable distribution of loans to individuals of different income levels, a majority of lending conducted within the bank's assessment area (AA), excellent geographic distribution of home mortgage loans, and a more than reasonable loan-to-deposit (LTD) ratio.
- The Community Development (CD) Test rating is based on the bank's performance in the State of New York, which reflects adequate responsiveness to community development needs through CD activities.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio is more than reasonable.

In the 12 quarters (the first quarter of 2018 to the fourth quarter of 2020) since the prior CRA evaluation, the bank's quarterly LTD ratio averaged 138.36 percent. During this period, the bank's LTD ratio fluctuated from a low of 88.66 percent (September 30, 2019) to a high of 293.28 percent (December 31, 2020). The bank's median LTD ratio during this period was 101.40 percent. The bank's LTD ratio increased significantly in 2020 due to its participation in Paycheck Protection Program lending.

The bank's average LTD ratio of 138.36 percent compares favorably in relation to that of peer banks. The Office of the Comptroller of the Currency (OCC) selected a peer sample of nine community banks located in or within reasonable proximity to the New York metropolitan area, with one-to-four family residential loan concentrations, and generally similar asset sizes. The peer average LTD ratio was 92.00 percent.

Lending in Assessment Area

A majority of the bank's loans are inside its AA.

The bank originated and purchased 60 percent of its total loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. By number and dollar amount, a majority of the loan originations, refinances, and purchases were inside the bank's AA, with the exception of the number of loans originated and purchased in 2020. The bank expanded home mortgage lending outside of the AA during 2020.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	367	60.1	244	39.9	611	198,857	70.1	84,877	29.9	283,735
2019	433	58.0	313	42.0	746	221,602	65.5	116,890	34.5	338,492
2020	456	45.5	546	54.5	1,002	229,078	50.7	222,324	49.3	451,401
Subtotal	1,256	53.2	1,103	46.8	2,359	649,537	60.5	424,091	39.5	1,073,628
Total	1,256	53.2	1,103	46.8	2,359	649,537	60.5	424,091	39.5	1,073,628

*Source: Bank Data
Due to rounding, totals may not equal 100.0%*

Bank performance in lending inside its AA was considered in the geographical distribution of loans. This performance was given moderate weight when determining the overall rating. Thus, the bank's performance in lending inside its AA sufficiently met their overall capacity to lend.

Description of Institution

Quontic Bank is an intrastate bank currently headquartered in New York City, NY. The bank was formed in 2009 and is a Community Development Financial Institution (CDFI) that specializes in residential mortgage lending. In 2015, Quontic Bank became a CDFI, which allows the bank to help the historically underserved achieve access to homeownership. Quontic Bank is owned by Quontic Bank Acquisition Corp. and has no subsidiaries or affiliates.

Quontic Bank has one AA in the state of New York, which is located in the New York-Newark-Jersey City, NY-NJ-PA multi-state metropolitan statistical area (MMSA) AA (MMSA #35620) (NY MMSA AA). The NY MMSA AA consists of two metropolitan divisions (MDs), which include portions of the New York-Jersey City-White Plains, NY-NJ MD (MD #35614) and the Nassau County-Suffolk County, NY MD (MD #35004). During the review period, the bank expanded its AA to include New York City (Manhattan) and Bronx Counties. The bank's one AA now consists of New York City, Kings, Queens, Bronx, Suffolk, and Nassau Counties.

Quontic Bank operates one full-service branch located in Queens, NY. The bank offers its depositors surcharge-free Automated Teller Machine (ATM) services through Citibank and Capital One branches, ATM providers, SUM, MoneyPass, and AllPoint. The bank also operates a total of five loan production offices. They are located in Astoria, NY, Flushing, NY, Melville, NY, Carmel, IN, Indianapolis, IN, and Miami, FL. There were no mergers or acquisitions during the review period. The bank did not open or close any branch offices during the evaluation period.

Although Quontic Bank's market area includes New York City, Brooklyn, Queens, Bronx, Suffolk, and Nassau Counties, more recently, it has pivoted to operating primarily online. Quontic Bank's lending products consist of one-to-four family residential, commercial real estate, and multifamily loans. The bank also offers money market accounts, time deposit accounts, and checking accounts. The bank

specializes in residential mortgage lending and generates a significant number of non-qualified mortgages for sale to private secondary market investors. The bank's loan products are directed towards self-employed individuals, immigrants, and other persons that are unable to document their income sufficiently to meet Fannie Mae and Freddie Mac requirements.

The bank had total assets of \$1.4 billion as of December 31, 2020. Net loans and leases of approximately \$1.3 billion represented 91 percent of total assets. Real estate and commercial loans were the primary loan categories, which presented 31.1 percent and 68.5 percent of net loans and leases, respectively. Total deposits were \$427.5 million or 31 percent of total assets. The bank's tier 1 capital was \$54.2 million.

There were no financial or legal impediments to hinder the bank's ability to help meet the credit needs of the communities it services. The bank's CRA performance was rated "Satisfactory" in the last Public Evaluation dated December 3, 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for this performance evaluation is January 1, 2018 through December 31, 2020. The OCC's review entailed an analysis of the bank's home mortgage loans, specifically one-to-four family residential mortgage loans, originated during the review period.

This performance evaluation is an assessment of Quontic Bank's ability to meet the credit needs of its AA. The OCC evaluated Quontic Bank using the Intermediate Small Bank evaluation procedures, which include a 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 evaluates the bank's responsiveness to community development needs of its AA through qualified lending, investments and donations, and services.

To evaluate performance under the Lending Test, the OCC reviewed home mortgage loan originations between January 1, 2018 and December 31, 2020. The bank's primary loan product over the evaluation period was home mortgage loans. The primary review period included all three years, 2018, 2019, and 2020. Although the bank has small business lending, there was not a sufficient number of loans to conduct a meaningful analysis, and therefore, the OCC omitted small business lending from this review.

In assessing performance with respect to the Community Development Test, the OCC evaluated the bank's loans, investments and donations, and services that satisfied the definition of CD made between January 1, 2018 and December 31, 2020. The primary review period included all three years, 2018, 2019, and 2020. The analysis took into consideration the economic, financial, and environmental factors that impact the bank's CRA performance.

Selection of Areas for Full-Scope Review

The bank defines its AA as New York, Bronx, Kings, Queens, Nassau and Suffolk Counties in NY. The New York, Bronx, Kings, and Queens Counties fall in MD #35614. Nassau and Suffolk Counties fall in MD #35004. Both MDs fall within MMSA #35620. The six counties are contiguous. The AA meets

regulatory requirements and does not arbitrarily exclude any low- and moderate-income (LMI) census tracts. The OCC completed a full-scope review for the AA with the two MDs combined.

Ratings

The bank's overall rating is based on the bank's one AA that is receiving a full-scope review in New York.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this bank engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the bank's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of New York

CRA rating for the State of New York¹: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- The distribution of loans to individuals of different income levels is reasonable.
- A majority of the bank's loans were originated within the AA.
- The geographic distribution of home mortgage loans is excellent.
- The bank's LTD ratio is more than reasonable.
- CD lending reflects adequate responsiveness to the CD needs of the bank's AA.

Description of Institution's Operations in New York

Quontic Bank has one AA, the NY MMSA AA, within the state of New York during the evaluation period consisting of portions of two MDs, the NY-Jersey City-White Plains, NY-NJ MD and the Nassau County-Suffolk County, NY MD. The AA includes all census tracts within Kings, Queens, New York City, Bronx, Nassau, and Suffolk Counties. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies.

Of the 2,664 census tracts, 298 (11.2 percent) are designated as low-income tracts, 658 (24.7 percent) are designated as moderate-income tracts, 965 (36.2 percent) are designated as middle-income tracts, and 670 (25.2 percent) are designated as upper-income tracts. In addition, there are 77 census tracts (2.7 percent) that do not report data and are listed as unknown. There are a significant number of LMI families in the AA. Based on a total family count of 2,447,961, low- and moderate-income families account for 29.8 percent and 16.9 percent of total families, respectively.

The AA has a total population of 10,810,247 as of the 2015 census data. Of the total population, 1,473,115 (13.6 percent) reside in low-income census tracts, 2,918,508 (27.0 percent) reside in moderate-income census tracts, 3,748,543 (34.7 percent) reside in middle-income census tracts, and 2,635,563 (24.4 percent) reside in upper-income census tracts.

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

Based on the housing value and the FFIEC adjusted Median Family Income, there is a lack of affordability for low-income individuals and families to purchase a home. The 2015 U.S. Census data reported the weighted average median family income was \$67,560 in the New York-Jersey City-White Plains, NY-NJ MD, and \$108,193 in the Nassau County-Suffolk County, NY MD, while the median housing cost is \$523,390. Due to high housing costs, 55.3 percent of housing units are rented, compared to 38 percent being owner occupied. The weighted average monthly gross rent is \$1,365, and 32.5 percent of renters have a monthly rental cost above 27.3 percent of income. Vacancies make up 9.3 percent of the housing units.

According to the June 30, 2020 FDIC Summary of Deposit report, Quontic Bank's deposit market share is 0.02 percent in Kings, Queens, New York City, Bronx, Nassau, and Suffolk Counties. The bank ranked 69 out of 116 banks in the six counties located in the State of New York in terms of deposits. The New York-Jersey City-White Plains NY-NJ MD and Nassau County-Suffolk County, NY MD banking market is highly competitive. The deposit market is dominated by large multi-national institutions. Quontic Bank's major competitors include JP Morgan Chase Bank, NA.; the Bank of New York Mellon; Goldman Sachs Bank, USA; HSBC Bank USA; Bank of America, NA; Citibank, NA; and Capital One, NA. These major competitors have an established presence in the AA and provide strong competition to the bank.

Based on 2020 Peer Mortgage Data, Quontic Bank achieved a 0.35 percent market share of home mortgage loans, ranking 68th of the 460 reporting lenders. The top five mortgage lenders in this AA have a combined total market share of 33.22 percent and include Wells Fargo Bank (10.20 percent market share), JPMorgan Chase Bank (8.84 percent market share), Quicken Loans (6.20 percent market share), Citibank (4.70 percent market share), and Bethpage Federal Credit Union (3.28 percent market share).

Economic Data

Data from the December 2020 report from Moody's Analytics indicates that the New York-Jersey City-White Plains, NY-NJ AA strengths include being the financial capital of the world, high per capita income, limited exposure to manufacturing, and strong international immigration. The weaknesses include high costs, such as taxes, housing, office rents, and energy; a rapidly aging infrastructure; and a deteriorating fiscal health amid COVID-19 recession and population losses. Although the economy is out of recession, joblessness remains high; and payrolls are much farther below pre-COVID-19 levels than they are nationally. The report also indicates the AA faces a lengthy trek back to normalcy due to the COVID-19 pandemic, which has negatively impacted tourism, consumer spending, residential real estate, and commercial real estate.

As for the Nassau County-Suffolk County AA, Moody's Analytics indicates a robust healthcare sector, the linkage with New York City that contributes to high per capital income, and the highly skilled workforce as strengths. The report indicates that the high cost for residents and firms due to tax burden and elevated house prices, lack of developable land, and poor demographics are weaknesses. The Nassau County-Suffolk County AA labor market is slow to recover due to COVID-19; however, it will prove to be less severe than in most places. The report indicates there has been a shift of residents towards suburban areas, strengthening housing and consumer industries.

Top industries in the area providing the most employment are hospitals and national banks. Major employers in the MMSA include Montefiore Health System, Mount Sinai Health System, JPMorgan

Chase & Co., Bank of America, New York-Presbyterian Healthcare System, Northwell Health, Henry Schein Inc., Cablevision Systems Corp., CA Inc., and Pall Corp.

According to the U.S. Bureau of Labor Statistics, there was a significant increase in the unemployment rate in the New York-Jersey City-White Plains NY-NJ MD and Nassau County-Suffolk County, NY MD. The average unemployment rate in the counties in which the bank operates increased from 4.6 percent in January 2018 to 10.9 percent in December 2020. The average unemployment rate in the bank’s counties was above the State of New York unemployment rate of 8.7 percent and the national average of 6.7 percent.

Community Contacts

As part of the CRA evaluation, the OCC reviewed information from three community contacts within the bank’s AA to determine local economic conditions and community needs. The first community contact, located in New York County, was a non-profit organization that focuses on affordable housing, small business lending, and social services for LMI residents. The second community contact, located in Kings County, works to provide job readiness training to students with the aim of preparing them to enter the workforce. The third community contact, which serves both Nassau and Suffolk Counties, was established in 1969 and assists in attracting and expanding new businesses in both counties. They offer a variety of programs and resources; specifically, for small businesses (both startup and existing) with the purpose of enhancing economic opportunities for Nassau and Suffolk Counties. These contacts identified affordable housing, small business financing, first-time homebuyer programs, sustainable employment, and improving LMI access to banking services as community needs.

According to the Federal Reserve Bank of New York’s white paper published in December 2020, the COVID-19 pandemic has further exacerbated New York City’s housing affordability and stability in both the residential and commercial arena. Given the increase in joblessness and recession, the federal government will need to provide resources to private sector, public sector, and philanthropists who can play key roles in mitigating the crises related to affordable housing, evictions, and household financial stability.

The following table provides demographic data for the New York-Newark- Jersey City, NY-NJ-PA MSA.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Quontic AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,664	11.2	24.7	36.2	25.2	2.7
Population by Geography	10,810,247	13.6	27.0	34.7	24.4	0.3
Housing Units by Geography	4,281,539	12.4	25.0	33.1	29.2	0.2
Owner-Occupied Units by Geography	1,623,517	2.7	16.1	46.5	34.6	0.2
Occupied Rental Units by Geography	2,258,723	19.9	31.7	24.0	24.1	0.3
Vacant Units by Geography	399,299	8.8	23.9	30.7	36.3	0.3
Businesses by Geography	1,125,303	6.8	19.0	31.3	40.9	2.1
Farms by Geography	9,646	3.8	20.0	45.3	30.2	0.7
Family Distribution by Income Level	2,447,961	29.8	16.8	17.5	35.9	0.0
Household Distribution by Income Level	3,882,240	30.6	15.0	16.2	38.2	0.0
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		\$67,560	Median Housing Value			\$523,390
Median Family Income MSA - 35004 Nassau County-Suffolk County, NY		\$108,193	Median Gross Rent			\$1,365
			Families Below Poverty Level			14.1%
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in New York

Quontic Bank's state rating is based on the bank's home mortgage lending and CD activities in its AA. The evaluation of lending performance is weighted equally for all years.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW YORK STATE

LENDING TEST

The bank's performance under the Lending Test in New York is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the state of New York is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent distribution of loans to different geographies within the full-scope AA.

Home Mortgage Loans

Refer to Table O in the “MMSA” section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank’s home mortgage loan originations and purchases.

During the review period, the proportion of bank loans to borrowers in low-income census tracts was stronger than the proportion of owner-occupied housing units in low income geographies. The proportion of bank loans to borrowers in moderate-income census tracts was stronger than the proportion of owner-occupied housing units in moderate-income geographies. The bank’s home mortgage lending during the period was stronger than the aggregate distribution of loans in LMI geographies.

Lending Gap Analysis

The OCC reviewed supervisory data and other summary reports and did not find any unexplained conspicuous gaps in the bank’s lending.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels. While the bank specializes in residential mortgage lending, the bank generates a significant number of higher cost, non-qualified mortgages for sale to private secondary market investors. The bank’s loan products are directed towards self-employed individuals, immigrants, and other persons that are unable to document their income sufficiently to meet government agency requirements. In underwriting these loans, the bank will consider several types of post-closing assets, some of which are typically not attainable by LMI borrowers.

Home Mortgage Loans

Refer to Table P in the “State Rating” section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank’s home mortgage loan originations and purchases.

During the review period, the proportion of bank loans to low-income borrowers was weaker than the proportion of low-income families in the AA. The proportion of bank loans to moderate-income borrowers was reasonable to the proportion of moderate-income families. The bank’s home mortgage lending was reasonable to the aggregate peer distribution of loans to LMI borrowers.

Responses to Complaints

The bank did not receive any CRA-related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of New York is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on the full-scope review, the bank exhibited adequate responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AA.

Number and Amount of Community Development Loans

Based on a full-scope review, the bank exhibits adequate responsiveness to CD needs in the state through CD loans. Refer to the Community Development Loan table below for the facts and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
NY AA CD	5	0.2	6,093	8.3
NY AA PPP	1,100	54.9	38,286	52.0
NY CSA PPP	908	44.9	29,273	39.7
TOTAL	2,023	100.0	73,653	100.0

The bank originated five CD loans totaling \$6.09 million within the AA. Additionally, the bank purchased 1,100 PPP loans totaling \$38.29 million within the AA and 908 PPP loans totaling \$29.27 million in the NY CSA. The five CD loans and the purchased PPP loans made limited use of innovative, flexible lending practices that addressed the needs of LMI individuals and geographies. The five CD loans originated by the bank totaled 5.85 percent of tier 1 capital. Total qualified CD lending, which included the purchased PPP loans, within in the AA totaled \$44.38 million, or 42.59 percent of tier 1 capital as of December 31, 2020.

Examples of the bank initiated qualified CD lending activities in the AA include:

- A \$2.75 million loan to a non-profit, which provides food pantry services within the AA and provides 12 non-profit jobs.
- A \$1.00 million loan for the refinance of a multifamily residential property with affordable housing units in a low-income census tract within the New York CSA.
- A \$2.3 million loan to a local business for economic development, helping to ensure employee jobs were able to be retained through a PPP loan.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
New York AA	0	0	53	948.1	53	100%	948.1	100%	0	0
NY Statewide	0	0	4	1,000	4	100%	1,000	100%	0	0
TOTAL	0	0	57	1,948.1	57	100%	1,948.1	100%	0	0

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

During the evaluation period, Quontic Bank made qualifying investments and donations totaling \$1.95 million. Specifically, the bank made qualifying investments totaling \$1.75 million in the form of time deposits at five CDFIs. The bank also made 52 qualifying donations totaling \$198,110. Organizations benefiting from the bank's investments and donations are primarily focused on providing affordable housing, health services, and education to individuals in LMI geographies.

Of the total \$1.95 million amount, \$948,000 directly benefited organizations within the bank's AA, or 0.91 percent of tier 1 capital as of December 31, 2020. \$1.00 million directly benefited organizations within the New York Statewide area that included the bank's AA. These CD investments and donations were 1.40 percent of tier 1 capital as of December 31, 2020.

Examples of the qualified investments include:

- A \$250,000 investment through a certificate of deposit in a regional CDFI that provides financing for affordable co-op housing.
- A \$10,000 donation to an organization that provides affordable housing development and other community services within the bank's AA.
- A \$3,000 donation to an organization that provides resources and community services to in-need individuals through food pantries, shelters, and related services within the bank's AA.

Extent to Which the Bank Provides Community Development Services

During the evaluation period, bank employees provided a total 1,523 service hours for the benefit of various CD-eligible organizations in the New York AA. The bank allocated service hours to organizations whose objectives include promoting financial literacy, encouraging entrepreneurship among LMI individuals, and providing the youth with academic resources. Bank employees also played a key role in teaching local community members about the mortgage process in partnership with various organizations that seek to make homeownership a reality for local residents. Some examples of services include:

- A bank board director was part of a local advisory board committee for an organization dedicated to promoting entrepreneurship among students in LMI geographies through several programs.
- A bank executive is a board member at a local development fund that is a subsidiary of an organization that provides after school programs, summer programs, among other community services designed to help children realize their full potential.
- Bank officers taught a course to assist LMI individuals in obtaining a home mortgage loan.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope.”

Time Period Reviewed:	01/01/2018 to 12/31/2020	
Bank Products Reviewed:	<ul style="list-style-type: none"> • Home mortgage • Community development loans, qualified investments, community development services 	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	Not Applicable	Not Applicable
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MMSA(s)		
New York-Newark- Jersey City, NY-NJ-PA Metropolitan Statistical Area	Full-Scope	Full Counties consisting of New York, Kings, Queens, Bronx, Suffolk, and Nassau.

Appendix B: Summary of MMSA and State Ratings

	RATINGS		Quontic Bank
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Quontic Bank	Satisfactory	Satisfactory	Satisfactory
MMSA or State:			
New York	Satisfactory	Satisfactory	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/AA. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this performance evaluation.

The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/AA. The table also presents aggregate peer data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2018-20
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Quontic AA	1,256	649,537	100.0	199,075	2.7	4.9	2.9	16.1	21.2	15.1	46.5	49.1	48.6	34.6	24.8	33.2	0.2	0.1	0.1	
Total	1,256	649,537	100.0	199,075	2.7	4.9	2.9	16.1	21.2	15.1	46.5	49.1	48.6	34.6	24.8	33.2	0.2	0.1	0.1	

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																				2018-20
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Quontic AA	1,256	649,537	100.0	199,075	29.8	1.9	2.8	16.8	10.4	13.1	17.5	23.4	21.6	35.9	46.7	47.1	0.0	17.6	15.4	
Total	1,256	649,537	100.0	199,075	29.8	1.9	2.8	16.8	10.4	13.1	17.5	23.4	21.6	35.9	46.7	47.1	0.0	17.6	15.4	

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*