

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

_____))
In the Matter of:)) CONSENT ORDER
))
UNION COUNTY SAVINGS BANK))
ELIZABETH, NEW JERSEY))
_____)

TO: Union County Savings Bank
320 North Broad Street
Elizabeth, NJ 07208

WHEREAS, the Commissioner of Banking and Insurance of the State of New Jersey (“Commissioner”) is charged with the responsibility of administering and enforcing the New Jersey Banking Act of 1948, N.J.S.A. 17:9A-1 to -467 (“the Act”); and

WHEREAS, Union County Savings Bank (“Bank”) is a financial institution chartered by the Commissioner pursuant to the Act; and

WHEREAS, pursuant to N.J.S.A. 17:9A-267, the Commissioner may order a state-chartered financial institution to cease any unsafe and unsound practices; and

WHEREAS, the Commissioner and the Bank, by and through its duly elected and acting board of directors (“Board”), having agreed to enter into this Consent Order pursuant to N.J.S.A. 17:9A-267, and the Bank, without admitting or denying any charges of unsafe and sound banking practices and violations of law or regulation, hereby consent to the following provisions;

NOW THEREFORE, it is on this 29th day of MAY, 2024, ORDERED AND AGREED 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 includes 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 function and require that these personnel report the CFP and related updates to the Board at least monthly.

(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 45 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 Commissioner 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.

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 Commissioner.



Justin Zimmerman
Acting Commissioner

CONSENTED AS TO FORM, CONTENT, AND ENTRY:

Sydney Colin Neill

Sydney Colin Neill,
Chairman of the Board

Date: 5/28/24

Chris A. McPadden

Chris A. McPadden,
Acting President and CFO

Date: 5/28/2024

Nicholas Frungillo

Nicholas Frungillo

Date: 5/28/24

Joseph J. Garibaldi

Joseph J. Garibaldi

Date: 5/28/24

Doris J. Hawkins

Doris J. Hawkins

Date: 5/28/24

William D. Jones

William D. Jones

Date: 5/28/24

Peter DeMaria

Peter DeMaria

Date: 5/28/24

Thomas Ramos

Thomas Ramos

Date: 5/28/24

Teresa Soto Vega

Teresa Soto Vega

Date: 5/28/24

Kelly Watson

Kelly Watson

Date: 5/28/24