

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

Written Agreement by and between

CAMPELLO BANCORP  
Brockton, Massachusetts

and

FEDERAL RESERVE BANK OF  
BOSTON  
Boston, Massachusetts

Docket No. 09-122-WA/RB-HC

WHEREAS, Campello Bancorp, Brockton, Massachusetts (“Campello”), a registered bank holding company, owns and controls The Community Bank, a Massachusetts Cooperative Bank, Brockton, Massachusetts (the “Bank”), a state chartered nonmember bank, and a nonbank subsidiary;

WHEREAS, it is the common goal of Campello and the Federal Reserve Bank of Boston (the “Reserve Bank”) to maintain the financial soundness of Campello so that Campello may serve as a source of strength to the Bank;

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

WHEREAS, on October 26, 2009, the board of directors of Campello, at a duly constituted meeting, adopted a resolution authorizing and directing David M. Curtis to enter into this Agreement on behalf of Campello, and consenting to compliance with each and every

provision of this Agreement by Campello and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, Campello and the Reserve Bank agree as follows:

### **Dividends and Distributions**

1. (a) Campello shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation (the “Director”) of the Board of Governors of the Federal Reserve System (the “Board of Governors”).

(b) Campello shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank.

(c) Campello and its nonbank subsidiary shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank and the Director.

(d) All requests for prior approval shall be received by the Reserve Bank at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All requests shall contain, at a minimum, current and projected information on Campello’s capital, earnings, and cash flow; the Bank’s capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, Campello must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors’ Policy Statement

on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323).

### **Debt and Stock Redemption**

2. (a) Campello and any nonbank subsidiary shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank. All requests for prior written approval shall 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.

(b) Campello shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

### **Affiliate Transactions**

3. (a) Campello shall take all necessary actions to ensure that the Bank complies with sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) and Regulation W of the Board of Governors (12 C.F.R. Part 223) in all transactions between the Bank and its affiliates, including but not limited to Campello and its nonbank subsidiary.

(b) Campello and its nonbank subsidiary shall not cause the Bank or any other depository institution subsidiary of Campello to violate any provision of sections 23A and 23B of the Federal Reserve Act or Regulation W of the Board of Governors.

### **Cash Flow Projections**

4. Within 60 days of this Agreement, Campello shall submit to the Reserve Bank a written statement of Campello's planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for the remainder of 2009. Campello

shall submit to the Reserve Bank a Cash Flow Projection for each calendar year subsequent to 2009 at least one month prior to the beginning of that calendar year.

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

5. (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, Campello shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*).

(b) Campello 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**

6. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall 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, a report of changes in stockholders' equity.

### **Communications**

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

(a) Mr. Robert Augusta, Jr.  
Vice President  
Supervision, Regulation & Credit Department  
Federal Reserve Bank of Boston  
600 Atlantic Avenue, Floor H-3  
Boston, Massachusetts 02210

- (b) Mr. David W. Curtis  
President and Chief Executive Officer  
Campello Bancorp  
1265 Belmont Street  
Brockton, Massachusetts 02301

**Miscellaneous**

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

9. The provisions of this Agreement shall be binding upon Campello and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

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

11. 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 Campello, the Bank, any nonbank subsidiary of Campello, or any of their current or former institution-affiliated parties and their successors and assigns.

12. 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 11th day of November, 2009.

CAMPELLO BANCORP

FEDERAL RESERVE BANK OF  
BOSTON

By: /s/ David W. Curtis  
David W. Curtis  
President and Chief Executive Officer

By : /s/ Robert Augusta, Jr.  
Robert Augusta, Jr.  
Vice President