

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

Written Agreement by and among

MARINER'S BANCORP  
Edgewater, New Jersey

and

FEDERAL RESERVE BANK OF NEW YORK  
New York, New York

Docket No. 12-033-WA/RB-HC

WHEREAS, Mariner's Bancorp ("Bancorp"), a registered bank holding company, owns and controls Mariner's Bank, Edgewater, New Jersey (the "Bank"), a state-chartered nonmember bank, and a nonbank subsidiary;

WHEREAS, it is the common goal of Bancorp and the Federal Reserve Bank of New York (the "Reserve Bank") to maintain the financial soundness of Bancorp so that Bancorp may serve as a source of strength to the Bank;

WHEREAS, Bancorp and the Reserve Bank have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, on May 10, 2012, the board of directors of Bancorp, at a duly constituted meeting, adopted a resolution authorizing and directing Frank R. Giancola to enter into this Agreement on behalf of Bancorp, and consenting to compliance with each and every provision of this Agreement by Bancorp 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, Bancorp and the Reserve Bank hereby agree as follows:

**Source of Strength**

1. The board of directors of Bancorp shall take appropriate steps to fully utilize Bancorp's financial and managerial resources, pursuant to section 38A of the FDI Act (12 U.S.C. § 1831o-1) and section 225.4 (a) of Regulation Y of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank, including, but not limited to, taking steps to ensure that the Bank complies with the Consent Order issued by the Federal Deposit Insurance Corporation on January 26, 2012, and any other supervisory actions taken by the Bank's federal or state regulators.

**Dividends and Distributions**

2. (a) Bancorp 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.

(b) Bancorp 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) Bancorp 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 Bancorp's capital,

earnings, and cash flow; the Bank's capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the source of funds for the proposed payment or distribution. For requests to declare or pay dividends, Bancorp 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**

3. (a) Bancorp and its 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) Bancorp shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

### **Cash Flow Projections**

4. Within 60 days of this Agreement, Bancorp shall submit to the Reserve Bank a written statement of its planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for 2012. Bancorp shall submit to the Reserve Bank a Cash Flow Projection for each calendar year subsequent to 2012 at least one month prior to the beginning of that calendar year.

### **Affiliate Transactions**

5. (a) Bancorp 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, Bancorp and its nonbank subsidiary.

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

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

(b) Bancorp 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 FDIC'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, 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, report of changes in stockholders' equity.

## **Notices**

8. All communications regarding this Agreement shall be sent to:
  - (a) Mr. Meinrad Danzer  
Examining Officer  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045
  - (b) Frank R. Giancola  
President  
Mariner's Bancorp  
935 River Road  
Edgewater, New Jersey 07020

## **Miscellaneous**

9. The provisions of this Agreement shall be binding on Bancorp and each of 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. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to Bancorp to comply with any provision of this Agreement.

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 further or other action affecting Bancorp or any of their current or former institution-affiliated parties or their successors or 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 hereto have caused this Agreement to be executed as of this 25<sup>th</sup> day of May, 2012.

MARINER'S BANCORP

FEDERAL RESERVE BANK OF  
NEW YORK

By: /s/ Frank R. Giancola  
Frank R. Giancola  
President

By: /s/ Meinrad Danzer  
Meinrad Danzer  
Examining Officer