

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

Written Agreement by and between

FEDERAL ONE HOLDINGS, LLC
Milton, Massachusetts

ADMIRALS BANCORP, INC.
Boston, Massachusetts

and

FEDERAL RESERVE BANK OF
BOSTON
Boston, Massachusetts

Docket No. 17-024-WA/RB-HC

WHEREAS, Federal One Holdings, LLC, Milton, Massachusetts (“Federal One”), is a registered savings and loan holding company that owns and controls Admirals Bancorp, Inc., Boston, Massachusetts (“Admirals”); and Admirals is a registered savings and loan holding company that owns and controls Admirals Bank, Boston, Massachusetts (the “Savings Bank”), a federal savings bank, Sargent Statutory Trust I, Georgetown, Cayman Islands (“Trust I”), and another nonbank subsidiary;

WHEREAS, it is the common goal of Federal One, Admirals (collectively, the “Companies”), and the Federal Reserve Bank of Boston (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, on July 27, 2017, the boards of directors of the Companies, at duly constituted meetings, adopted resolutions authorizing and directing Susan Dufresne to enter into this Agreement on behalf of each of the Companies, and consenting to compliance with each and every provision of this Agreement by the Companies.

NOW, THEREFORE, Federal One, Admirals, 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 March 30, 2017, and any other supervisory action taken by the Savings Bank’s federal regulator.

Dividends and Distributions

2. (a) The Companies shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Supervision and Regulation (the “Director”) of the Board of Governors.

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

(c) The Companies and Trust I 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 the Companies' capital, earnings, and cash flow; the Savings 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, the Companies 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) The Companies and Trust I 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) The Companies shall not, directly or indirectly, purchase or redeem any shares of their stock without the prior written approval of the Reserve Bank.

Conflicts of Interest Policy

4. Within 90 days of this Agreement, each of the Companies shall develop a written conflicts of interests policy that shall, at a minimum, apply to all directors, officers or employees of the Companies and address the responsibilities for conduct and the avoidance of conflicts of interest, and the appearance thereof, in transactions involving affiliates.

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 2017. Each of the Companies shall submit to the Reserve Bank Cash Flow Projections for each calendar year subsequent to 2017 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, the boards 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.

Communications

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

- (a) Mr. Ronald J. Adams
Assistant Vice President
Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210
- (b) Ms. Susan Dufresne
Manager
Federal One Holdings, LLC
c/o Admirals Bank
200 Clarendon Street, 22nd Floor
Boston, Massachusetts 02116
- (c) Ms. Susan Dufresne
Director
Admirals Bancorp, Inc.
c/o Admirals Bank
200 Clarendon Street, 22nd Floor
Boston, Massachusetts 02116

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 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 28th day of July, 2017.

FEDERAL ONE HOLDINGS, LLC

FEDERAL RESERVE BANK
OF BOSTON

By: /s/ Susan Dufresne
Susan Dufresne
Manager

By: /s/ Ronald J. Adams
Ronald J. Adams
Assistant Vice President

ADMIRALS BANCORP, INC.

By: /s/ Susan Dufresne
Susan Dufresne
Director