



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

March 5, 2018

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Admirals Bank  
Charter Number #713964

200 Clarendon Street, Boston MA 02116

Office of the Comptroller of the Currency

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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: This Bank is rated Satisfactory**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors supporting the Bank's ratings are:

- The Bank's level of lending as reflected by its loan-to-deposit ratio is more than reasonable.
- Overall, the Bank's record of distributing residential real estate loans among borrowers of different income levels is reasonable.
- Overall, the Bank's record of distributing residential real estate loans among geographies of different income levels is reasonable.
- The Bank demonstrates responsiveness to community development needs in its delineated assessment areas (AAs).

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 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, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**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 MA/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. 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 it and half below it.

**Metropolitan Area:** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division (MD):** 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.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Rated Area:** A rated area is a state or multi-state metropolitan 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 area, the institution will receive a rating for the multi-state metropolitan 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 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.

## Description of Institution

Admirals Bank (Bank), formerly known as Domestic Bank, is a federally chartered stock savings bank currently headquartered in Boston, MA. The Bank is wholly owned by Admirals Bancorp, Incorporated. There were no affiliate or subsidiary activities considered in this evaluation.

The Bank's primary business focus is home improvement lending. The Bank is a provider of the Federal Housing Administration (FHA) Title I Home Improvement Loan Program. This program offers home improvement loans to homeowners lacking the equity to qualify for a traditional home improvement loan product. The Bank offers these home improvement loans on a nationwide basis. The Bank also offers home purchase and home refinance loans. Deposit products offered include traditional checking, savings, money market accounts, and certificates of deposit. More information can be found on the Bank's website, <https://www.admiralsbank.com>. Deposit and loan product information can also be found in the Bank's public file.

As of December 31, 2016, the Bank reported total assets of \$393 million and tier 1 capital of \$46 million. The Bank's total deposits equaled \$340 million, and the loan portfolio equaled \$313 million, or 81 percent of total assets. The following table details the distribution of the Bank's loan portfolio.

Loan Portfolio Summary by Loan Product as of December 31, 2016	
Loan Category	% of Gross Loans and Leases
1-4 Family Residential Mortgage – Closed End	12%
Home Equity	<1%
Consumer	15%
Other Real Estate	69%
Commercial & Industrial	2%
Construction and Development	<1%
Total	100%

Source: Federal Deposit Insurance Corporation (FDIC) Call Report

The Bank operates two branch offices in separate states. Currently, one branch is in Boston, MA, and one is in Providence, RI. The Boston branch office, which opened in April 2012, is located in an upper-income geography. The Providence branch office, which opened in January 2013, is located in a moderate-income geography. The Bank does not operate automated teller machines (ATMs). Prior to the current evaluation period, as a result of strategic/business initiatives, the Bank closed and/or sold a number of branch offices. The Bank closed a third branch office early in the evaluation period that was located in a middle-income geography.

The CRA requires a bank to define its CRA AAs according to the locations of its deposit taking branch offices. The Bank's branches are situated in two separate multistate Metropolitan Statistical Areas (MSAs). Since CRA performance is analyzed at the MSA level, the Bank has delineated two separate AAs, which are each multistate MSAs and therefore analyzed as separate rating areas.



One AA encompasses the entirety of the Boston-Cambridge-Newton MA-NH multistate MSA, in which the City of Boston is located. This MSA is comprised of three Metropolitan Divisions (MDs), including: Boston MD (#14454), Cambridge-Newton-Framingham, MA MD (#15764), and Rockingham County-Strafford County, NH MD (#40484). The Boston-Cambridge-Newton, MA is comprised of Suffolk, Norfolk, and Plymouth Counties in MA. The Cambridge-Newton-Framingham, MA MD is comprised of Essex and Middlesex Counties in MA. The Rockingham County-Strafford County, NH MD is comprised of Rockingham and Strafford Counties in NH.

The other AA encompasses the entirety of the Providence-Warwick RI-MA multistate MSA, in which the City of Providence, RI is situated. This multistate MSA is the Providence-Warwick RI-MA MSA (#39300). The Providence-Warwick RI-MA MSA is comprised of five counties of Bristol, Kent, Newport, Providence, and Washington, as well as bordering Bristol County in MA. We performed a full-scope analysis of the Bank's performance in each of its two AAs. The Bank's AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income geographies.

Refer to the "Appendix C: Community Profiles for Full-Scope Areas" for information regarding deposit market share and major competitors in the Boston-Newton-Cambridge MA-NH multistate MSA and the Providence-Warwick RI-MA multistate MSA.

The Bank operates under a March 30, 2017 Consent Order with the Office of the Comptroller of the Currency (OCC) that includes capital constraints impeding the Bank's lending capacity. The Bank received a "Satisfactory" rating using Intermediate Small Bank (ISB) procedures as of the last CRA evaluation dated March 17, 2014.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The Bank's CRA performance was evaluated using ISB CRA evaluation procedures. The ISB procedures include a Lending Test and a Community Development (CD) Test.

The Lending Test evaluates the Bank's performance in meeting AA credit needs over the evaluation period, through its record of lending. The CD Test evaluates the Bank's performance in meeting AA needs over the period, through its record of engaging in qualified CD activities including CD lending, CD investments, and CD services.

The evaluation period for the Lending Test covers the Bank's performance from January 1, 2014, through December 31, 2016. The evaluation period for the CD Test covers the Bank's performance from March 17, 2014, the date of the last CRA evaluation, through December 31, 2016.

The Bank's primary loan products, based on loan originations and/or purchases during the evaluation period, are residential real estate loans. Residential real estate loans encompass home purchase, home improvement, and refinance loans. Home improvement loans represent approximately 98 percent of all loans the Bank originated and/or purchased over the evaluation

period. Accordingly, when arriving at Lending Test conclusions significant emphasis was placed upon the Bank's record of home improvement lending.

## **Data Integrity**

The Bank reports data under requirements of the Home Mortgage Disclosure Act (HMDA). HMDA data reported by the Bank for 2014, 2015, and 2016 was tested to ensure that the data was reliable for the purpose of this CRA evaluation. The activities presented for CD consideration by the Bank were also reviewed for the purpose of determining whether the activities met the regulatory definition of community development.

## **Selection of Areas for Full-Scope Review**

For the purpose of evaluating CRA performance, the CRA requires a bank to define its AA(s) according to the location of its deposit taking branches. The Bank has delineated as its AAs, the entirety of two multistate MSAs, the Boston-Cambridge-Newton, MA-NH multistate MSA (#14460) and the Providence-Warwick, RI-MA multistate MSA (#39300). The Bank's AAs do not arbitrarily exclude any low-or moderate-income geographies and meet the requirements of the regulation.

For analysis purposes, the Bank's performance is evaluated at the multistate MSA level. Both multistate MSA AAs received full-scope reviews. Refer to the "Scope" section under each multistate MSA rating section of this evaluation for further discussion.

As discussed previously, the Bank is a national lender for FHA Title I home improvement lending. As a result of this nationwide lending program, a majority of the Bank's loans were originated and/or purchased outside of its delineated AAs. According to the Federal Financial Institutions Examination Council (FFIEC) CRA Questions and Answers, under paragraph 22(b)(2) and (3), Question 4, consideration will be given for loans to low- or moderate-persons outside an institution's AAs, provided the institution has adequately addressed the needs of borrowers within its AAs.

Since the Bank adequately addressed the needs of borrowers within its delineated AAs, consideration was given to the Bank's performance in serving five segments of its national market that are situated outside of its AAs. These areas represented the market segments in which the Bank reported its highest number volume of FHA Title I home improvement lending. Refer to the "CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SUPPLEMENTAL ASSESSMENT AREAS" section of this evaluation for more information.

The five Supplemental AAs received limited-scope reviews. Refer to the table in Appendix A for more information.

## **Ratings**

The Bank's performance was assessed at the MSA level. In defining its AAs, the Bank delineated geographies encompassing two multistate MSAs. Therefore, the Bank's performance was assessed in two separate multistate MSA AAs. For purposes of this evaluation each of the two multistate MSAs was analyzed as a full-scope AA and rating area.

Federal Deposit Insurance Corporation (FDIC) Summary of Deposit Information as of 2016, reports that 47 percent and 53 percent of the Bank's deposits were derived from the Boston-Cambridge-Newton, multistate MA-NH MSA and the Providence-Warwick, RI-MA multistate MSA, respectively. Therefore, for the Lending Test, the Bank's performance in each multistate MSA AA was similarly weighted when drawing performance conclusions.

The Bank's branch presence has a longer history in Rhode Island as compared to Boston area. Therefore, for the CD Test, slightly more emphasis was placed on the Bank's performance in the Providence-Warwick RI-MA multistate MSA.

When arriving at Lending Test conclusions, significant emphasis was placed upon the Bank's record of originating home improvement loans. This emphasis resulted from the fact that, of residential real estate loans the Bank originated over the evaluation period, approximately 98 percent were home improvement loans. Additionally, of loans the Bank originated over the evaluation period, the substantial majority of approximately 96 percent were originated outside of the Bank's delineated AAs.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), in determining a bank's 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, 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 Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this Bank 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 evaluation in that subsequent performance evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Criteria

The Bank’s performance under the Lending Test is Satisfactory. The Bank’s net loan-to-deposit (LTD) ratio is more than reasonable. The Bank’s record of residential real estate lending among borrowers and geographies of different income levels is reasonable.

### Loan-to-Deposit Ratio

The Bank’s LTD ratio is more than reasonable considering the Bank’s size, financial condition, capacity, market competition, economic factors, and the credit needs of the AAs. The LTD ratio was calculated on bank-wide basis, averaging the Bank’s 12 quarter-end LTD ratios over the evaluation period. Specifically, the Bank’s LTD ratio averaged 87 percent over the evaluation period, ranging from 77 percent to 98 percent. In comparison, a peer group of seven area banks with assets between \$300 million and \$700 million, reported a combined average LTD over the quarters of 92 percent. For the peer group, this represented an average LTD range from 62 percent to 119 percent.

### Lending in Assessment Area

Over the evaluation period, residential real estate loans represented the Bank’s primary loan product. The Bank did not originate and/or purchase the majority of its residential real estate loans within its delineated AAs. The proportion of lending inside versus outside of the Bank’s delineated AAs was calculated on bank-wide basis. During the evaluation period, the Bank originated 3.57 percent by number and 4.01 percent by dollar amount in its AAs. The Bank’s lending performance within its AAs was supplemented by a review of lending performance within five selected Supplemental AAs.

The following table details the Bank’s lending within its AAs by number and dollar amount of residential real estate loans.

Lending in Admirals Bank's AAs (000's)										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	21	30.43	48	69.57	69	\$4,651	7.35	\$58,626	92.65	\$63,277
Home Improvement	450	3.33	13,062	96.67	13,512	\$8,900	3.00	\$288,192	97.00	\$297,092
Home Refinance	18	16.82	89	83.18	107	\$3,824	5.27	\$68,781	94.73	\$72,605
Totals	489	3.57	13,199	96.43	13,688	\$17,375	4.01	\$415,599	95.99	\$432,974

Source: HMDA reportable data from 1/1/2014 – 12/31/2016.

## Multistate Metropolitan Area Rating

### Boston-Cambridge-Newton, MA-NH Multistate MSA

**CRA rating for the Boston-Cambridge-Newton, MA-NH Multistate MSA<sup>1</sup>: Satisfactory**  
**The lending test is rated: Satisfactory**  
**The community development test is rated: Satisfactory**

The major factors that support this rating include:

- The Bank's overall record of distributing residential real estate loan originations to AA borrowers of different income levels reflects reasonable penetration to low- and moderate-income borrowers.
- The Bank's overall record of distributing residential real estate loan originations throughout AA geographies of different income levels reflects reasonable dispersion to low- and moderate-income geographies.
- The Bank's overall level of CD activities reflects adequate responsiveness to AA community needs.

### Description of Institution's Operations in Boston-Cambridge-Newton, MA-NH Multistate MSA

The Bank delineated the entirety of the Boston-Cambridge-Newton, MA-NH multistate MSA as one of two AAs. This MSA is comprised of three MDs, including: the Boston, MA MD; the Cambridge-Newton-Framingham, MA MD; and the Rockingham County-Strafford County, NH MD. The MSA consists of seven full counties. Three counties are located in the Boston, MA MD, two in the Cambridge-Newton-Framingham, MA MD, and two in the Rockingham County-Strafford County, NH MD. Specifically, the MSA encompasses Suffolk, Norfolk, Plymouth, Middlesex, and Essex Counties in eastern and northeastern MA, and Rockingham and Strafford Counties in southern NH. The MSA contains the principal cities of Boston (the largest city in New England), Quincy, and Cambridge MA.

Within the Boston-Cambridge-Newton, MA-NH multistate MSA, the Bank operates one branch office located in Boston, MA. The FDIC Summary of Deposit Information as of June 30, 2016 reports that the Bank derived approximately \$175 million in deposits from this AA, representing 47.34 percent of total Bank deposits. Additionally, over the evaluation period, residential real estate loans the Bank originated in this AA represented approximately 41.51 percent of its residential real estate lending in its two delineated AAs.

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<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

The AA contains 1,006 geographies or census tracts (CTs). Of the 1,006 geographies, 10.44 percent, 18.99 percent, 40.06 percent, and 28.83 percent were categorized as low-, moderate-, middle-, and upper-income CTs, respectively. The remaining geographies (1.69 percent) were not categorized for income purposes. The AA is populated by 4,552,402 residents. Of the AA population, 8.65 percent, 18.67 percent, 41.92 percent, and 29.68 percent are classified as low-, moderate-, middle-, and upper-income residents, respectively. The remaining population (.08 percent) was not categorized for income purposes. The 2016 FFIEC estimated median family income for this AA is \$90,800 with approximately 7.0 percent of AA households living below the poverty level. Refer to the "Appendix C: Community Profiles for Full-Scope Areas" for information regarding major area employers and the needs of the community including CD needs in the Boston-Cambridge-Newton, MA-NH Multistate MSA.

## **Scope of Evaluation in Boston-Cambridge-Newton, MA-NH Multistate MSA**

The scope of the evaluation in the Boston-Cambridge-Newton, MA-NH multistate MSA AA consisted of a full-scope review of this multistate MSA.

For our analysis, we assessed the Bank's performance at the multistate MSA level. FDIC Summary of Deposit Information as of 2016, reports that 47 percent and 53 percent of the Bank's deposits were derived from the Boston-Cambridge-Newton, multistate MA-NH MSA and the Providence-Warwick, RI-MA multistate MSA, respectively. Both multistate MSA AAs received full-scope reviews. As a result, for the Lending Test, the Bank's performance in each multistate MSA AA was similarly weighted when drawing performance conclusions.

For the CD Test, slightly less weight was placed on the Bank's performance in the Boston-Cambridge-Newton, MA-NH multistate MSA as compared to the Providence-Warwick RI-MA MSA. The Bank is a more recent entrant into the Boston market as compared to Providence where its branch presence has a longer history.

When arriving at Lending Test conclusions, emphasis was placed upon the Bank's record of originating home improvement loans. This emphasis resulted from the fact that approximately 96 percent of loans the Bank originated over the evaluation period were originated outside of the Bank's delineated AAs. Additionally, approximately 98 percent were home improvement loans. Refer to the "Appendix C: Community Profiles for Full-Scope Areas" for information regarding the needs of the community including community development needs in the Boston-Cambridge-Newton, MA-NH multistate MSA AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BOSTON-CAMBRIDGE-NEWTON, MA-NH MULTISTATE MSA**

### **LENDING TEST**

The Bank's performance under the Lending Test in the Boston-Cambridge-Newton, MA-NH multistate MSA AA is rated **Satisfactory**.

Over the evaluation period, the Bank's lending activity within the Boston-Cambridge-Newton MA-NH multistate MSA was limited. The Bank's record of distributing residential real estate

loans among AA borrowers and geographies of different income levels is reasonable. The analysis of the Bank’s record of residential real estate lending compared the Bank’s performance to the aggregate lending data for AA HMDA reporters. When arriving at Lending Test conclusions, emphasis was placed upon the Bank’s record of originating home improvement loans, which represented the vast majority (approximately 98 percent) of residential real estate lending by the Bank over the evaluation period.

Opportunities to originate residential real estate loans to low- and moderate-income AA borrowers and geographies may be impacted by AA demographics combined with the availability of affordable housing, competition and the Bank’s capacity. Refer to the "Appendix C: Community Profiles for Full-Scope Areas" for information regarding demographics, affordable housing, and competition in the Boston-Newton-Cambridge MA-NH multistate MSA.

**Lending to Borrowers of Different Incomes**

The Bank’s record of residential real estate lending within the Boston-Cambridge-Newton, MA-NH Multistate MSA AA reflects reasonable penetration to low- and moderate-income AA borrowers.

Of home purchase, home refinance, and most significantly home improvement loans the Bank originated to AA borrowers, the Bank did not originate any loans to low-income borrowers. However, of home purchase and home refinance loans the Bank originated to AA borrowers, the percentage of loans made to moderate-income borrowers significantly exceeds the percentage of aggregate lending to moderate-income AA borrowers.

Most significantly, of home improvement loans the Bank originated to AA borrowers, the percentage of lending to moderate-income borrowers falls within a reasonable range of the aggregate lending percentage to moderate-income AA borrowers.

The following table details the aggregate lending data for HMDA reporters within the Boston-Cambridge-Newton, MA-NH multistate MSA compared to the Bank’s distribution of residential real estate loans among borrowers of different income levels.

<b>Borrower Distribution of Residential Real Estate Loans in Boston-Cambridge-Newton, MA-NH Multistate MSA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Purchase	5.42	0.00	19.91	40.00	26.54	20.00	48.13	40.00
Home Improvement	4.61	0.00	15.01	13.76	25.52	35.98	54.86	50.26
Home Refinance	4.07	0.00	14.88	25.00	26.89	50.00	54.60	25.00

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.



## Geographic Distribution of Loans

The Bank’s record of residential real estate lending within the Boston-Cambridge-Newton, MA-NH multistate MSA AA reflects reasonable dispersion in low- and moderate-income AA geographies.

Of all home purchase and home refinance loans the Bank originated in the AA, the percentage of loans made in low-income geographies significantly exceeds the percentage of aggregate lending in low-income AA geographies.

Most significantly, of all home improvement loans the Bank originated in the AA, the percentage of the Bank’s lending in low-income geographies is slightly below the percent of aggregate lending in low-income AA geographies.

Of all home purchase loans the Bank originated in the AA, the percentage of the Bank’s lending in moderate-income geographies significantly exceeds the percentage of aggregate lending in moderate-income AA geographies.

All home purchase and most significantly, home improvement loans the Bank originated in its AA, the percent of the Bank’s lending in moderate-income geographies falls within a reasonable range to the aggregate percentage of lending in low-income AA geographies.

The following table details the aggregate lending data for HMDA reporters within the Boston-Cambridge-Newton, MA-NH multistate MSA compared to the Bank’s distribution of residential real estate loans among geographies of different income levels.

Geographic Distribution of Residential Real Estate Loans in Boston-Cambridge-Newton, MA-NH Multistate MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Purchase	4.33	20.00	15.00	20.00	47.97	20.00	32.70	40.00
Home Improvement	2.79	1.59	11.58	10.58	46.80	61.38	38.84	26.46
Home Refinance	3.14	11.11	12.53	11.11	47.03	55.56	37.29	22.22

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

## Responses to Complaints

There were no CRA complaints received by the Bank or the OCC during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

The Bank's performance under the CD Test in its Boston-Cambridge-Newton, MA-NH multistate MSA AA is rated "Satisfactory."

Over the evaluation period, the Bank demonstrated adequate responsiveness to AA community needs through its CD activities. The following qualified CD activities reflect the Bank's efforts to meet community development needs in its Boston-Cambridge-Newton, MA-NH multistate MSA AA.

### **Number and Amount of Community Development Loans**

The Bank did not directly make CD loans in its Boston-Cambridge-Newton, MA-NH multistate MSA AA during the evaluation period. However, the Bank made an equity investment in a Boston Community Development Financial Institution (CDFI), a portion of which was allocated to the capitalization of the CDFI's loan fund. The CDFI's loan fund subsequently utilized the Bank's allocation to support CD projects. The CDFI reports that 26 percent of the loan fund benefits the Boston-Cambridge-Newton, MA-NH multistate MSA. Therefore, the percentage of the Bank's allocation benefitting this AA equals \$333,000. (Refer to the Number and Amount of Qualified Investments section of this evaluation for more information.) The loan fund allocation through the CDFI equity investment was considered in determining that the Bank's CD lending activity during the evaluation period is adequately responsive to community needs.

### **Number and Amount of Qualified Investments**

Over the evaluation period, the Bank made a large CD investment totaling \$900,000 in its Boston-Cambridge-Newton, MA-NH multistate MSA AA. Additionally, over the evaluation period, the Bank also made two CD donations totaling \$70,500 that benefitted this AA.

On December 3, 2015, the Bank made a \$900,000 equity investment in a Boston CDFI. Of the \$900,000 investment, \$450,000 was allocated to capitalization of the CDFI's loan fund. The Bank receives a pro-rata allocation. Although the CDFI is situated in the Bank's Boston-Cambridge-Newton, MA-NH multistate MSA AA, approximately 26 percent of the CDFI's lending activity directly benefits Bank's Providence-Warwick RI-NH multistate MSA AA. The loan fund makes loans to support CD projects including foreclosure relief and green initiatives.

During the evaluation period, the Bank donated \$30,000 to support a Community Development Corporation (CDC). The CDC works in partnership with residents, businesses, and government institutions committed to developing and sustaining stable, healthy, and diverse communities. The CDC's mission is accomplished through the production and preservation of affordable housing for ownership and rental, homeowner services and financial education, asset management, commercial and economic development, and community building and organizing initiatives. The CDC serves communities including Jamaica, Plain, and Roxbury MA as well as surrounding areas. The CDC donation included \$10,000 for sponsorship of its annual meeting and \$20,000 for support to its LMI family, First-Time Homebuyer Classes and post-purchase counseling.

A portion equaling \$43,500 of a \$150,000 total donation made by the Bank in June 2013 was allocated to its Boston-Cambridge-Newton, MA-NH multistate MSA AA. The donation was to a community based organization that provides web-based financial literacy education to charter and public high school students in both the Bank's Boston-Cambridge-Newton, MA-NH multistate MSA AA and its Providence-Warwick RI-NH multistate MSA AA. For the 2013-2014, 2014-2015, and 2015-2016 school years, the majority of schools (approximately 80 percent) receiving this financial education were situated in low-and-moderate income geographies within the Bank's delineated AAs. For the same time period, 29 percent of the schools receiving the education were situated in the Boston-Cambridge-Newton, MA-NH multistate MSA AA. Consequently, 29 percent of this donation, equaling \$43,500 of the total was allocated to Boston-Cambridge-Newton, MA-NH multistate MSA AA. CD investment activity during the evaluation period represents adequate responsiveness to community needs.

### **Extent to Which the Bank Provides Community Development Services**

Over the evaluation period, Bank representatives participated in CD services in conjunction with a Boston area CD organization. Five Bank representatives dedicated a combined total of 20 hours of service to this community organization. Specifically, the Bank's Chief Financial Officer provided financial expertise to the community organization through serving on a board level committee. Other Bank representatives provided financial expertise through participating in committee memberships and delivering presentations for first-time homebuyer classes and post-purchase classes.

Bank representatives participated in the CD service to this organization through a volunteer program the Bank establish by providing up to two days for employees to volunteer in community activities. However, the Bank program has been impacted by a reduction in Bank staff of approximately 50 percent to approximately 75 active employees. Community organization impact and Bank employee staff reductions were considered in determining that the Bank's CD service activity during the evaluation period is adequately responsive to community needs.

The Bank operates one branch office in its Boston-Newton-Cambridge MA-NH multistate MSA. The branch is located in an upper-income AA geography.

### **Responsiveness to Community Development Needs**

Considering the Bank's capacity, identified community needs and the availability of and competition for CD opportunities, the level of the Bank's CD activities in its Boston-Cambridge-Newton, MA-NH multistate MSA AA demonstrates adequate responsiveness to AA community needs.

## Multistate Metropolitan Area Rating

### Providence-Warwick, RI-MA Multistate MSA

<b>CRA rating for the Providence-Warwick, RI-MA Multistate MSA <sup>2</sup>:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Satisfactory</b>
<b>The community development test is rated:</b>	<b>Satisfactory</b>

The major factors that support this rating include:

- The Bank's overall record of distributing residential real estate loan originations to AA borrowers of different income levels reflects reasonable penetration to low- and moderate-income borrowers.
- The Bank's overall record of distributing residential real estate loan originations throughout AA geographies of different income levels reflects excellent dispersion to low- and moderate-income geographies.
- The Bank's overall level of CD activities reflects adequate responsiveness to AA community needs.

### Description of Institution's Operations in Providence-Warwick, RI-MA Multistate MSA

The Bank has delineated the entirety of the Providence-Warwick, RI-MA multistate MSA as one of its two AAs. This MSA consists of six full counties, five in RI and one bordering county in MA. Specifically, the MSA encompasses the counties of Bristol, Kent, Newport, Providence, and Washington, which comprise the entirety of the RI and Bristol County in MA. The area contains the principal cities of Providence, RI; New Bedford, MA; Fall River, MA; Warwick, RI; and Cranston RI.

Within the Providence-Warwick, RI-MA multistate MSA, the Bank operates one branch office that is situated in the City of Providence, RI. The FDIC Summary of Deposit Information as of June 30, 2016 reports that the Bank derives approximately \$194.5 million in deposits from this AA, representing 52.65 percent of total Bank deposits. Over the evaluation period, residential real estate loans the Bank originated in this AA represent approximately 58.49 percent of total residential real estate lending in its two delineated AAs.

The Providence-Warwick, RI-MA multistate MSA AA contains 368 geographies or CTs. Of the 1,006 CTs, 12.77 percent, 20.92 percent, 37.23 percent, and 28.26 percent are categorized as low-, moderate-, middle-, and upper-income CTs, respectively. The remaining geographies (0.82 percent) were not categorized for income purposes. The AA is populated by 1,600,852 residents. Of the population of AA families 22.56 percent, 16.87 percent, 20.08 percent, and 40.49 percent are classified as low-, moderate-, middle-, and upper-income families,

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<sup>2</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

respectively. The 2016 FFIEC adjusted median family income for this MSA is \$73,100 with approximately 12.8 percent of households living below the poverty level. Refer to the "Appendix C: Community Profiles for Full-Scope Areas" for information regarding major area employers and needs of the community including CD needs in the Providence-Warwick RI-MA multistate MSA.

## **Scope of Evaluation in Providence-Warwick, RI-MA Multistate MSA**

The scope of the evaluation in the Providence-Warwick, RI-MA multistate MSA consisted of a full-scope review.

For our analysis, we assessed the Bank's performance at the multistate MSA level. FDIC Summary of Deposit Information as of 2016, reports that 53 percent of the Bank's deposits were derived from the Providence-Warwick, RI-MA multistate MSA.

When arriving at Lending Test conclusions, emphasis was placed upon the Bank's record of originating home improvement loans overall. This emphasis results from the fact that approximately 96 percent of loans originated over the evaluation period were outside of the Bank's delineated AAs. Additionally, approximately 98 percent of residential real estate loans were home improvement loans. Refer to the "Appendix C: Community Profiles for Full-Scope Areas" for information regarding the needs of the community including CD needs in the Providence-Warwick RI-MA multistate MSA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PROVIDENCE-WARWICK, RI-MA MULTISTATE MSA**

### **LENDING TEST**

The Bank's performance under the Lending Test in the Providence-Warwick, RI-MA multistate MSA AA is rated "Satisfactory."

The Bank's record of distributing residential real estate loans among AA borrowers of different income levels is reasonable and among geographies of different income levels is excellent. The analysis of the Bank's record of residential real estate lending compared the Bank's performance to the aggregate lending data for AA HMDA reporters. When arriving at Lending Test conclusions, emphasis was placed upon the Bank's record of originating home improvement loans, which represented the majority (approximately 98 percent) of residential real estate lending by the Bank over the evaluation period.

Opportunities to originate residential real estate loans to low- and moderate-income AA borrowers and geographies may be impacted by AA demographics combined with the availability of affordable housing, competition, and the Bank's capacity. Refer to the "Appendix C: Community Profiles for Full-Scope Areas" for information regarding demographics, affordable housing and competition in the Providence-Warwick RI-MA multistate MSA.

**Lending to Borrowers of Different Incomes**

The Bank’s record of residential real estate lending within the Providence-Warwick, RI-MA multistate MSA AA, reflects reasonable penetration to low- and moderate-income AA borrowers.

Of home purchase and home refinance loans the Bank originated to AA borrowers, the percentage of the Bank’s lending to low-income borrowers significantly exceeds the percentage of aggregate lending to low-income AA borrowers.

However most significantly, of home improvement loans the Bank originated to AA borrowers, the percentage of lending to low-income borrowers falls within a reasonable range below the percentage of aggregate lending to moderate-income AA borrowers.

Similarly, of home purchase and home refinance loans the Bank originated to AA borrowers, the percentage of this lending to moderate-income borrowers significantly exceeds the percentage of aggregate lending to moderate-income AA borrowers. However most significantly, of home improvement loans the Bank originated to AA borrowers, the percentage of the Bank’s lending to moderate-income borrowers falls within a reasonable range in comparison to the percentage of aggregate lending to moderate-income AA borrowers.

The following table details the aggregate lending data for HMDA reporters within the Providence-Warwick, RI-MA multistate MSA compared to the Bank’s distribution of residential real estate loans among borrowers of different income levels.

Borrower Distribution of Residential Real Estate Loans in Providence-Warwick, MA-RI Multistate MSA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Purchase	5.21	12.50	23.80	37.50	28.67	18.75	42.32	31.25
Home Improvement	5.77	3.07	16.34	15.71	25.75	24.52	52.13	56.70
Home Refinance	4.83	14.29	14.62	28.57	25.95	14.29	54.60	42.86

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

**Geographic Distribution of Loans**

The Bank’s record of residential real estate lending within the Providence-Warwick, RI-MA Multistate MSA AA, reflects excellent dispersion in low- and moderate-income AA geographies.

The Bank did not originate any home purchase or home refinance in low-income geographies in its AA. However, of home purchase, home refinance, and most significantly, home improvement loans the Bank originated in the AA, the percentage of the Bank’s lending in moderate-income geographies significantly exceeds the percentage of aggregate lending in moderate-income AA geographies.

The following table details the aggregate lending data for HMDA reporters within the Providence-Warwick, RI-MA multistate MSA compared to the Bank’s distribution of residential real estate loans among geographies of different income levels.

Geographic Distribution of Residential Real Estate Loans in Providence-Warwick, MA-RI Multistate MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Purchase	4.60	0.00	13.58	18.75	44.59	25.00	37.23	56.25
Home Improvement	2.93	6.90	11.24	16.09	42.44	34.48	43.40	42.53
Home Refinance	2.88	0.00	9.84	22.22	43.51	66.67	43.76	11.11

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

**Responses to Complaints**

There were no CRA complaints received by the Bank or the OCC during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The Bank’s performance under the CD test in its Providence-Warwick multistate MSA AA is rated “Satisfactory.”

Over the evaluation period, the Bank demonstrated adequate responsiveness to AA community needs through its CD activities. The following qualified CD activities reflect the Bank’s efforts to meet community needs in its Providence-Warwick multistate MSA AA.

**Number and Amount of Community Development Loans**

Over the evaluation period, the Bank did not directly make any CD loans in its Providence-Warwick multistate MSA AA. However, the Bank made an equity investment in a Boston CDFI, a portion of which was allocated to the capitalization of the CDFI’s loan fund. The CDFI’s loan fund subsequently employed the Bank’s allocation to support community development projects. The CDFI reports that 26 percent of the loan fund benefits the Providence-Warwick multistate MSA AA. Therefore, the percentage of the Bank’s allocation benefitting this AA equals \$117,000. (Refer to the Number and Amount of Qualified Investments section of this evaluation for more information.) The loan fund allocation through the CDFI equity investment was considered in determining that the Bank’s CD lending activity during the evaluation period is adequately responsive to community needs.

## **Number and Amount of Qualified Investments**

Over the evaluation period, the Bank made a large CD investment totaling \$450,000 in its Providence-Warwick multistate MSA AA. Over the period, the Bank also made two CD donations totaling \$556,500 that benefitted this AA.

On December 3, 2015, Admirals Bank made a \$450,000 recoverable grant to a Providence, RI neighborhood development fund. The fund provides both financial and technical assistance to CDCs. The assistance provided to CDCs includes larger capacity building grants, small technical assistance grants, group training, and roundtables as well as on-on-one technical assistance. The technical assistance grant may fund initiatives including training, technology upgrade, and/or organizational consultants.

A portion equaling \$106,500 of a \$150,000 total donation made by the Bank in June 2013 was allocated to its Providence-Warwick multistate MSA AA. The donation was to a community based organization that provides web-based financial literacy education to charter and public high school students in the Bank's Boston multistate MSA AA and Providence Multi-state MSA AA. For the 2013-2014, 2014-2015, and 2015-2016 school years, the majority of schools (approximately 80 percent) receiving this financial education were situated in low- and moderate-income geographies in the Bank's delineated AAs. For the same time period, 71 percent of the schools receiving the education were situated in the Providence-Warwick RI-NH multistate MSA. Consequently, 71 percent of this donation, equaling \$106,500 of the total, was allocated to the Providence-Warwick RI-NH multistate MSA AA. CD investment activity during the evaluation period represents adequate responsiveness to community needs.

## **Extent to Which the Bank Provides Community Development Services**

Over the evaluation period, Bank representatives participated in CD services in conjunction with a national organization that benefitted its Providence-Warwick RI-NH multistate MSA AA. Specifically, Bank representatives partnered with an organization dedicated to educating students about workforce readiness, entrepreneurship, and financial literacy through experimental hands-on programs. The Bank representative partnered with the organization to organize a volunteer, educational day at a Providence, RI elementary school locate in a moderate-income geography.

Bank representatives participated in the CD service to this organization through a volunteer program the Bank establish by providing up to two days for employees to volunteer in community activities. The Bank program has been impacted by an approximately 50 percent reduction in Bank staff to approximately 75 active employees. Community organization impact and Bank employee staff reductions were considered in determining that the Bank's CD service activity during the evaluation period is adequately responsive to community needs.

The Bank operates one branch office in its Providence-Warwick RI-NH multistate MSA. The branch is located in a moderate-income AA geography.



## **Responsiveness to Community Development Needs**

Considering the Bank's capacity, identified community needs, and the availability of and competition for CD opportunities, the level of the Bank's CD activities in its Providence-Warwick multistate MSA AA demonstrates adequate responsiveness to AA community needs.

## CONCLUSIONS WITH RESPECT TO LENDING TEST IN SUPPLEMENTAL AREAS

We performed an analysis to capture the Bank’s record of lending outside its AAs (as discussed under section "SELECTION OF AREAS FOR FULL-SCOPE REVIEW"). To capture the Bank’s lending performance, five Supplemental AAs were selected. These five AAs represented the MDs or MSAs where nationwide, during the evaluation period, the Bank originated the highest volume of FHA Title I home improvement loans. Specifically, within the Supplemental AAs, a limited scope analysis was performed relative to the Bank’s distribution of home improvement loans among borrowers and geographies of different income levels.

The Bank’s home improvement lending performance within the Riverside-San Bernardino-Ontario, CA MSA; Chicago-Naperville-Arlington Heights, IL MD; Phoenix-Mesa-Scottsdale, AZ MSA; Los Angeles-Long Beach-Glendale, CA MD; and Sacramento-Roseville-Arden-Arcade, CA MSA Supplemental AAs is not inconsistent with the Bank’s lending performance in its Boston-Cambridge-Newton, MA-NH and its Providence-Warwick RI-MA multistate MSA AAs.

The following table details the number of FHA Title I home improvement loans the Bank originated within the five Supplemental AAs during the evaluation period.

<b>Admirals Bank Supplemental AAs – Selected According to Highest # of FHA Title I Home Improvement Loans O/P by MSA/MD</b>	
<b>MSA</b>	<b># of Loans</b>
Riverside-San Bernardino-Ontario, CA MSA (#40140)	210
Chicago-Naperville-Arlington Heights, IL MD (#16974)	131
Phoenix-Mesa-Scottsdale, AZ MSA (#38060)	129
Los Angeles-Long Beach-Glendale, CA MD (#31084)	125
Sacramento-Roseville-Arden-Arcade, CA MSA (#40900)	117

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

### Riverside-San Bernardino-Ontario, CA MSA (#40140)

<b>Borrower Distribution of Home Improvement Loans in Riverside-San Bernardino-Ontario, CA MSA (#40140)</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Improvement	3.37	0.27	12.94	5.04	22.64	20.95	61.05	73.74

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

Geographic Distribution Home Improvement Loans in Riverside-San Bernardino-Ontario, CA MSA (#40140)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Improvement	1.66	1.65	14.44	12.74	36.51	37.03	47.39	48.58

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

Chicago-Naperville-Arlington Heights, IL MD (#16974)

Borrower Distribution of Home Improvement Loans in Chicago-Naperville-Arlington Heights, IL MD (#16974)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Improvement	5.91	3.76	12.75	12.90	23.12	27.96	58.23	55.38

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

Geographic Distribution Home Improvement Loans in Chicago-Naperville-Arlington Heights, IL MD (#16974)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Improvement	3.40	6.45	14.28	19.35	34.57	47.85	47.75	26.34

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

Phoenix-Mesa-Scottsdale, AZ MSA (#38060)

Borrower Distribution of Home Improvement Loans in Phoenix-Mesa-Scottsdale, AZ MSA (#38060)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Improvement	5.32	3.94	15.19	10.14	23.04	26.20	56.45	59.72

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

Geographic Distribution Home Improvement Loans in Phoenix-Mesa-Scottsdale, AZ MSA (#38060)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Improvement	1.71	0.85	13.32	11.83	38.86	51.27	46.11	36.06

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

Los Angeles-Long Beach-Glendale, CA MD (#31084)

Borrower Distribution of Home Improvement Loans in Los Angeles-Long Beach-Glendale, CA MD (#31084)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Improvement	2.35	1.01	7.55	4.38	17.46	10.77	72.63	83.84

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

Geographic Distribution Home Improvement Loans in Los Angeles-Long Beach-Glendale, CA MD (#31084)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Improvement	1.82	1.23	15.49	8.92	28.02	21.85	54.66	68.00

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

Sacramento-Roseville-Arden-Arcade, CA MSA (#40900)

Borrower Distribution of Home Improvement Loans in Sacramento-Roseville-Arden-Arcade, CA MSA (#40900)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Improvement	3.32	1.37	13.89	5.80	24.29	23.21	58.50	69.62

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

<b>Geographic Distribution Home Improvement Loans in Sacramento-Roseville-Arden-Arcade, CA MSA (#40900)</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans	% of Aggregate Data	% of Number of Loans
Home Improvement	2.89	2.10	14.96	8.11	40.14	37.24	42.00	52.55

Source: HMDA reportable data from 1/1/2014 – 12/31/2016; 2010 U.S. Census data.

# 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 metropolitan and nonmetropolitan areas 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”).

<b>Time Period Reviewed</b>	Lending Test: (01/01/14-12/31/16) Community Development Test: (03/17/14 to 12/31/16)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Admiral’s Bank Boston, Massachusetts	Residential mortgage loans, community development loans, investments, and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None reviewed		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Boston-Cambridge-Newton, MA-NH Multistate MSA	Full-Scope	
Providence-Warwick, RI-MA Multistate MSA	Full-Scope	
Riverside-San Bernardino-Ontario, CA MSA (#40140)	Limited-Scope	
Chicago-Naperville-Arlington Heights, IL MD (#16974)	Limited-Scope	
Phoenix-Mesa-Scottsdale, AZ MSA (#38060)	Limited-Scope	
Los Angeles-Long Beach-Glendale, CA MD (31084)	Limited-Scope	
Sacramento-Roseville-Arden-Arcade, CA MSA (40900)	Limited-Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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RATINGS		BANK NAME	
Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Admirals Bank	Satisfactory	Satisfactory	Satisfactory
Multistate Metropolitan Area or State:			
Boston-Cambridge-Newton, MA-NH Multistate MSA	Satisfactory	Satisfactory	Satisfactory
Providence-Warwick, RI-MA Multistate MSA	Satisfactory	Satisfactory	Satisfactory

## Appendix C: Community Profiles for Full-Scope Areas

### Boston-Cambridge-Newton MA-NH multi-state MSA

Demographic Information for Full-Scope Area: Boston-Cambridge Newton MA-NH multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,006	10.44	18.99	40.06	28.83	1.69
Population by Geography	4,552,402	8.65	18.67	42.92	29.68	0.08
Owner-Occupied Housing by Geography	1,095,696	3.05	13.88	48.05	35.01	0.01
Businesses by Geography	336,015	6.12	13.36	41.36	38.94	0.22
Farms by Geography	6,461	1.81	9.69	49.91	38.59	0.00
Family Distribution by Income Level	1,097,113	22.06	16.66	20.71	40.57	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	424,805	14.96	26.83	41.28	16.92	0.00
Median Family Income						
HUD Adjusted Median Family Income for 2016	\$87,161					
Households Below the Poverty Level	\$94,270					
	10%					
			Median Housing Value		\$407,076	
			Unemployment Rate		3.3%	

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The Boston-Cambridge-Newton MA-NH multistate MSA is comprised of Suffolk, Norfolk, Plymouth, Middlesex, and Essex Counties in eastern and northeastern MA and Rockingham and Strafford Counties in southern NH. The MSA contains the principal cities of Boston (the largest city in New England), Quincy, and Cambridge MA.

The Bank delineated the Boston-Cambridge-Newton MA-NH multistate MSA in its entirety as one of its two AAs. The Bank operates one branch office in the City of Boston, which is within the Boston-Cambridge-Newton MA-NH multistate MSA. The Bank does not operate any ATMs.

The primary business focus is home improvement lending. The Bank has been a leading national provider of the FHA Title I Home Improvement Loan Program. The FHA Title I Home Improvement Loan Program offers home improvement loans to homeowners lacking the equity to qualify for a traditional home improvement loan product. From January 1, 2014 through December 31, 2016, approximately 96 percent of the Bank's residential real estate lending volume was outside of its two delineated AAs. In contrast, over the period relatively little residential real estate lending was within the Boston-Cambridge-Newton MA-NH multistate MSA. Within the MSA, the Bank originated 203 loans and did not rank among top MSA lenders.



AA competition for both deposits and loans and deposits is strong, especially from larger multistate financial institutions. The FDIC Summary of Deposit Market Share report as of June 30, 2016 indicated that of total MSA deposits, Bank deposits represented 0.06 percent or \$175 million. The local banking environment is highly competitive with 138 FDIC-insured institutions operating 1,537 branches. State Street Bank and Trust, a custodian bank providing securities services to institutional investors, ranked first in deposit market share with 29.99 percent, followed by Bank of America with 20.03 percent, RBS Citizens with 9.86 percent, and Santander with 4.99 percent. In addition to FDIC-insured institutions, this area is served by a number of credit unions, mortgage lenders and brokers, and money service businesses.

Major area industries include healthcare, education, and financial services. The largest area employers include Brigham and Women's Hospital, Massachusetts General Hospital, Beth Israel Deaconess Medical Center, Boston University, Fidelity Investments, John Hancock Financial Services, Tufts/New England Medical Center, Harvard University, and Massachusetts Institute of Technology. Area employment also derives from growing high tech and biotech sectors. As a result, the area workforce is highly skilled and educated. The unemployment rate of 3.4 percent rate is slightly lower than the MA statewide rate of 3.8 percent.

The greater Boston area cost of living is high, and housing affordability is a community need. According to the National Association of Realtors, as of December 2016 the median sales price of an AA single family home is \$417,400. Comparatively, according to 2015 U.S. Census Bureau records, the median AA rent is \$1,236. Housing costs in most Boston neighborhoods and several nearby AA communities are high and unaffordable for low- and moderate-income households. In many Boston area communities, two and three family properties have traditionally provided a source of affordable housing for low- and moderate-income, working class families. However, these properties are being acquired by investors and cash buyers for renovation and conversion into market rate and luxury condominium units.

Numerous area opportunities exist for participation in CD activities. The area is served by multiple well-established community based organizations and CD entities. These include CDCs, CDFIs, nonprofit entities, and governmental and quasi-governmental organizations. These organizations focus on affordable housing, economic development, asset development, financial education, community services, and youth programs. These organizations and nonprofit entities are open to partnership opportunities with area financial institutions.

To better understand area credit and community needs, information garnered from community contacts was reviewed. Community contacts represented area organizations focused on affordable housing, economic development, and community services. Contacts noted high area housing costs and demand for affordable housing that exceeds the supply of available units for both rental and homeownership. Contacts advised that lower income households are being priced out of housing in much of Boston and Cambridge, resulting in relocation to communities south and north of the city. Contacts also noted a racial wealth gap. Additionally, contacts indicated that access to homeownership promotion programs would assist lower-income households to build wealth.

## Appendix C: Community Profiles for Full-Scope Areas

### Providence-Warwick multistate MSA

Demographic Information for Full-Scope Area: Providence-Warwick multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	368	12.77	20.92	37.23	28.26	0.82
Population by Geography	1,600,852	10.40	19.24	38.80	31.56	0.00
Owner-Occupied Housing by Geography	391,560	3.99	12.94	44.73	38.34	0.00
Businesses by Geography	95,251	9.04	16.50	39.71	34.67	0.10
Farms by Geography	2,587	3.52	8.16	38.11	50.21	0.00
Family Distribution by Income Level	400,698	22.56	16.87	20.08	40.49	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	158,004	18.04	27.09	36.28	18.59	0.00
Median Family Income						
HUD Adjusted Median Family Income for 2016	\$70,496					
Households Below the Poverty Level	\$73,100 13%					
			Median Housing Value		\$301,214	
			Unemployment Rate		4.9%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The Providence-Warwick RI-NH multistate MSA is comprised of Bristol County in MA and Bristol, Kent, Newport, Providence, and Washington Counties in RI. The area contains the principal cities of Providence, RI; New Bedford, MA; Fall River, MA; Warwick, RI; and Cranston RI. The Bank has designated this entire multistate MSA as one of its two AAs.

The Bank operates one branch office in the Providence-Warwick multistate MSA. The Bank's branch is situated in the City of Providence. The Bank does not operate any ATMs.

The Bank operates as a nontraditional thrift institution. The primary business focus is home improvement lending. The Bank has been a leading national provider of the FHA Title I Home Improvement Loan Program. The FHA Title I Home Improvement Loan Program offers home improvement loans to homeowners lacking the equity to qualify for a traditional home improvement loan product. The Bank offers these home improvement loans on a nationwide basis. From January 1, 2014 through December 31, 2016, approximately 96 percent of the Bank's residential real estate lending volume was outside of its two defined AAs. In contrast, over the period relatively little residential real estate lending was within the Providence-Warwick RI-NH multistate MSA.

AA competition for both deposits and loans is strong. The FDIC Summary of Deposit Market Share report as of June 30, 2016 indicates of total MSA deposits, Bank deposits represent

0.05 percent of the total, equaling \$194 million. The local banking environment is competitive with 31 FDIC-insured institutions operating 416 branches. Citizens Bank N.A. ranked first with 28.6 percent of deposit market share, followed by Bank of America with 24.30 percent, and Santander with 9.30 percent. In addition to FDIC-insured institutions, this area is served by several credit unions, mortgage lenders and brokers, and money service businesses.

Major area industries include healthcare, tourism, and manufacturing. The largest area employers include Lifespan, Care New England, CVS Health Corp, Citizens Financial Group, General Dynamics Electric Boat, and Brown University. Over the last five years, General Dynamics Electric Boat has doubled its area workforce over the most recent year adding 1,500 area jobs. Amazon also recently opened a 1 million square foot distribution center, which currently employs approximately 1,000 individuals in Fall River, MA.

As opposed to Boston, MA, the area has comparatively lower business and living costs. However, housing affordability remains a community need. According to the National Association of Realtors as of December 30, 2016, the median sales price of an AA single family home in the area is \$263,600. Comparatively, according to 2015 U.S. Census Bureau records the median AA rent is \$890.

Numerous area opportunities exist for participation in CD activities. The area is served by a number of CD and non-profit entities focused on affordable housing, economic development, and community services to LMI families and individuals. In conjunction with this evaluation, information gathered during a listening session with community contacts was reviewed. Contacts represented several non-profit and community-based organizations serving the Bristol County area of MA. These organizations focus on a variety of areas including affordable housing, educational services, social services, and small business assistance.

To better understand area credit and community needs information garnered from community contacts was reviewed. Community contacts included organizations focused on affordable housing, and community and economic development. The credit and CD needs identified by these contacts include support for job training and workforce development programs. These programs align with the needs of growing area businesses and industry sectors such as healthcare and technology. The contacts indicated area needs encompass financing and access to capital for small businesses; access to safe and affordable housing; access to traditional banking services, particularly for individuals who are non-English speaking and/or listed in the CHEX system. Additionally, contacts noted a growing need for safe and affordable rental housing particularly for households with Housing Choice vouchers, whose program participants find it increasingly more difficult to find landlords willing to accept the vouchers. Contacts emphasized a need for financial institutions to provide greater support to smaller localized projects and programs serving area LMI individuals and neighborhoods.