

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

Written Agreement by and between

FOSTER BANKSHARES, INC.  
Rolling Meadows, Illinois

and

FEDERAL RESERVE BANK OF  
CHICAGO  
Chicago, Illinois

Docket No. 12-064-WA/RB-HC

WHEREAS, Foster Bankshares, Inc., Rolling Meadows, Illinois (“FBI”), a registered bank holding company, owns and controls The Foster Bank, Chicago, Illinois (the “Bank”), a state-chartered nonmember bank;

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

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

WHEREAS, on September 25, 2012, the board of directors of FBI, at a duly constituted meeting, adopted a resolution authorizing and directing Paul B. Kim to enter into this Agreement on behalf of FBI, and consenting to compliance with each and every provision of this Agreement by FBI 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, FBI and the Reserve Bank agree as follows:

**Source of Strength**

1. The board of directors of FBI shall take appropriate steps to fully utilize FBI’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 entered into with the Federal Deposit Insurance Corporation and the State of Illinois Department of Financial and Professional Regulation on May 16, 2012, and any other supervisory action taken by the Bank’s federal or state regulator.

**Dividends and Distributions**

2. (a) FBI 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) FBI 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) FBI 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 FBI'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, FBI 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) FBI 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) FBI 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, FBI 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 2013. FBI shall submit to the Reserve Bank a Cash Flow

Projection for each calendar year subsequent to 2013 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, FBI 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) FBI 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, report of changes in stockholders' equity.

### **Communications**

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

(a) Ms. Joan Fischmann  
Assistant Vice President  
Regional Director – Illinois  
Federal Reserve Bank of Chicago  
230 S. LaSalle Street  
Chicago, Illinois 60604

(b) Mr. Kurt C. Felde  
Executive Vice President and Chief Financial Officer  
Foster Bankshares, Inc.  
5005 Newport Drive  
Rolling Meadows, Illinois 60008

**Miscellaneous**

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

9. The provisions of this Agreement shall be binding upon FBI 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 FBI, the Bank, any nonbank subsidiary of FBI, 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 5<sup>th</sup> day of November, 2012.

FOSTER BANKSHARES, INC.

FEDERAL RESERVE BANK  
OF CHICAGO

By: /s/ Paul B. Kim  
Paul B. Kim  
President & CEO

By: /s/ Mark H. Kawa  
Mark H. Kawa  
Vice President