

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

Written Agreement by and among

CHICAGO SHORE CORPORATION  
Chicago, Illinois

SECURITY CHICAGO CORPORATION  
Chicago, Illinois

and

FEDERAL RESERVE BANK OF CHICAGO  
Chicago, Illinois

Docket Nos. 16- 025-WA/RB-HC1  
16- 025-WA/RB-HC2

WHEREAS, Chicago Shore Corporation, Chicago, Illinois (“CSC”), a registered bank holding company, owns and controls Security Chicago Corporation, Chicago, Illinois (“SCS”), a registered bank holding company;

WHEREAS, SCS directly owns and controls Delaware Place Bank, Chicago, Illinois (the “Bank”), a state-chartered nonmember bank;

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

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

WHEREAS, on October 18, 2016, the boards of directors of CSC and SCS, at duly constituted meetings, adopted resolutions authorizing and directing James W. Aldrich to enter into this Agreement on behalf of CSC and SCS, and consenting to compliance with each and every provision of this Agreement by CSC and SCS.

NOW, THEREFORE, CSC, SCS, and the Reserve Bank agree as follows:

### **Source of Strength**

1. The boards of directors of CSC and SCS shall each take appropriate steps to fully utilize CSC's and SCS'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, Division of Banking on April 8, 2016, and any other supervisory action taken by the Bank's federal or state regulator.

### **Dividends and Distributions**

2. (a) Neither CSC nor SCS shall 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) Neither CSC nor SCS shall 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) Neither CSC, SCS, nor their nonbank subsidiaries shall 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 CSC's and SCS'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, CSC and SCS 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) CSC and SCS 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) CSC and SCS shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

## **Compliance with Laws and Regulations**

4. (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, CSC and SCS shall comply with the notice provisions of section 32 of the Federal Deposit Insurance Act, as amended (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) CSC and SCS 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**

5. Within 45 days after the end of each calendar quarter following the date of this Agreement, the boards of directors of CSC and SCS shall jointly 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 parent company only balance sheets, income statements, and, as applicable, report of changes in stockholders’ equity.

## **Communications**

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

(a) Mr. Richard C. Brunskill  
Assistant Vice President  
Federal Reserve Bank of Chicago  
230 South LaSalle Street  
Chicago, Illinois 60604

(b) Mr. James W. Aldrich  
Chairman  
Chicago Shore Corporation  
Security Chicago Corporation  
190 East Delaware Place  
Chicago, Illinois 60611

## **Miscellaneous**

7. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to CSC or SCS to comply with any provision of this Agreement.

8. The provisions of this Agreement shall be binding upon CSC, SCS, 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.

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

10. 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 CSC, SCS, the Bank, or any of their current or former institution-affiliated parties and their successors and assigns.

11. 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 28<sup>th</sup> day of October, 2016.

CHICAGO SHORE CORPORATION

FEDERAL RESERVE BANK  
OF CHICAGO

By: /s/ James W. Aldrich  
James W. Aldrich  
Chairman

By: /s/ Patrick M. Wilder  
Patrick M. Wilder  
Vice President

SECURITY CHICAGO CORPORATION

By: /s/ James W. Aldrich  
James W. Aldrich  
Chairman