

SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made and is effective this 28th day of January, 2001 (the Effective Date), by and between Ben Franklin Bank of Illinois (Ben Franklin or the Institution), OTS Docket No. 15152, a federally chartered savings bank, having its main office located at 14 North Dryden Place, Arlington Heights, Illinois 60004, and the Office of Thrift Supervision (OTS), an office within the United States Department of the Treasury, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C. 20552, acting through its Central Regional Director or his designee (Regional Director). It is understood and agreed that this Agreement is a written agreement entered into with the OTS within the meaning of 12 U.S.C. Sections 1818(b)(1) and (i)(2)¹.

WHEREAS, the OTS is the regulator of Ben Franklin; and

WHEREAS, based on the Report of Examination dated November 4, 2000 (Report of Examination), the OTS is of the opinion that Ben Franklin has engaged in acts and practices which are considered to be unsafe and unsound; and

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of administrative proceedings against Ben Franklin; and

WHEREAS, the OTS is of the view that it is appropriate to take measures intended to ensure that Ben Franklin will: (i) comply with all applicable laws and regulations, and (ii) engage in safe and sound practices; and

WHEREAS, Ben Franklin, acting through its Board of Directors (the Board), without admitting or denying any violations of laws or regulations and/or unsafe and unsound practices, wishes to cooperate with the OTS and to evidence the intent to: (i) comply with all applicable laws and regulations, and (ii) engage in safe and sound practices.

NOW THEREFORE, in consideration of the above premises and the mutual undertakings set forth herein, the parties hereto agree as follows:

MANAGEMENT

(1) A. Within thirty (30) days of the Effective Date, the Board shall develop a succession plan for the Board of Directors of the Institution. The plan shall, at a minimum, include a detailed plan for the addition of qualified candidates to the Board.

¹ All references to the United States Code (U.S.C.) are as amended, unless otherwise indicated.

D. On a quarterly basis, beginning with the first calendar quarter after the adoption of the Business Plan, the Board shall compare actual operating results to projected amounts set forth in the Business Plan and provide detailed written variance analyses to the Regional Director within forty-five (45) days of the close of each calendar quarter. Each quarterly variance report shall include, but not be limited to, a comparison of the actual results to the projected balance sheet, income statement and capital requirements.

SENSITIVITY TO MARKET RISK

(4) Interest Rate Risk Management Plan

A. Within sixty (60) days of the Effective Date, the Board shall develop, adopt and implement an Interest Rate Risk Management Plan (IRR Plan) for the purpose of reducing and managing the Institution's level of interest rate risk. At a minimum, the IRR Plan shall comply with the provisions of OTS Thrift Bulletin 13a (TB 13a) and contain the following:

- (i) Specific strategies and objectives for reducing and managing the Institution's level of interest rate risk;
- (ii) Target estimates of the Institution's interest rate risk measurements including the base-case and post-shock Net Portfolio Value ratios, interest rate risk sensitivity measures, and TB 13a measurements; and
- (iii) A description of the interest rate assumptions that form the basis for the target interest rate risk measurements.

B. Within seventy (70) days of the Effective Date, the Board shall forward copies of the IRR Plan required under paragraph (4)A. to the Regional Director for review and non-objection.

C. Once the IRR Plan required under paragraph (4)A. has been implemented by the Board, the Institution shall adhere to it in all material respects.

D. On a quarterly basis, beginning with the first calendar quarter after the adoption of the IRR Plan, the Board shall compare actual interest rate risk measurements to target estimates set forth in the IRR Plan and provide detailed written variance analyses to the Regional Director within forty-five (45) days of the close of each quarter.

(5) Director Responsibility

Notwithstanding the requirements of this Agreement that the Board submit various matters to the OTS for consideration, non-objection or notice of acceptability, such regulatory oversight does not derogate or supplant each individual director's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Institution at all times, including compliance with the determinations of the OTS as required by this Agreement.

(6) Compliance with Agreement

A. The Board and officers of the Institution shall take immediate action to cause the Institution to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Institution to continue to carry out the provisions of this Agreement.

B. The Board, on a quarterly basis, shall adopt a board resolution (the Compliance Resolution) formally resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding calendar quarter, Ben Franklin has complied with each provision of this Agreement currently in effect, except as otherwise stated.

The Compliance Resolution shall: (i) specify in detail how, if at all, full compliance was found not to exist; and (ii) identify all notices of exemption or non-objection issued by the Regional Director that were outstanding as of the date of its adoption.

C. The minutes of the meetings of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution: (i) the identity of each director voting in favor of its adoption; and (ii) the identity of each director voting in opposition to its adoption or abstaining from voting thereon, setting forth each such director's reasoning for opposing or abstaining.

D. The Board shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Agreement.

MISCELLANEOUS

(7) Definitions

All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of this Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, Home Owners' Loan Act (HOLA), Federal Deposit Insurance Act (FDIA) or OTS Publications. Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Publications shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

(8) Successor Statutes, Regulations, Guidance, Amendments

Reference in this Agreement to provisions of state and federal statutes, regulations, and OTS Publications shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

(9) Notices

A. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by this Agreement to be made upon, given or furnished to, delivered to, or filed with:

(i) OTS, by the Institution, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to Mr. David J. Kalina, Assistant Director, Office of Thrift Supervision, Department of the Treasury, 1 South Wacker Drive, Suite 2000, Chicago, Illinois 60606 or telecopied to (312) 917-5002 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

(ii) The Institution, by OTS, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid, or sent via overnight delivery service or physically delivered, in each case addressed to Ben Franklin Bank of Illinois, 14 North Dryden Place, Arlington Heights, Illinois 60004 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

B. Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this Agreement, then, in the event such notice was sent by the United States mail, there shall be a presumption that the notice was received two business days after the date of the postmark on the envelope in which the notice was enclosed.

(10) Duration, Termination or Suspension of Agreement

A. This Agreement shall become effective upon its execution by the OTS, through its authorized representative whose signature appears below. The Agreement shall remain in effect until terminated, modified, or suspended, in writing by the OTS, acting through its Director, Regional Director or other authorized representative.

B. The Regional Director in his or her sole discretion, may, by written notice, suspend any or all of the provisions of this Agreement.

(11) Time Limits

Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

(12) Effect of Headings

The section and paragraph headings herein are for convenience only and shall not affect the construction hereof.

(13) Separability Clause

In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determine otherwise.

(14) No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted

Nothing in this Agreement shall be construed as: (i) allowing the Institution to violate any law, rule, regulation, or policy statement to which it is subject, or (ii) restricting or estopping the OTS from taking any action(s) that it believes are appropriate in fulfilling the responsibilities placed upon it by law.

(15) Successors in Interest/Benefit

The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto, and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

(16) Integration Clause

This Agreement represents the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to the subject matter.

(17) Enforceability of Agreement

Ben Franklin represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding

obligation of the Institution. Ben Franklin acknowledges that this Agreement is a written agreement entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. § 1818.

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director, and Ben Franklin hereby execute this Agreement as of the Effective Date.

Office of Thrift Supervision

/S/
By: _____
Ronald N. Karr
Regional Director
Central Region

Ben Franklin Bank of Illinois

/S/
By: _____
Joseph J. Gasior
Director

/S/
By: _____
Robert E. DeCelle
Director

/S/
By: _____
Bernadine V. Dziedzic
Director

/S/
By: _____
Edward J. Lodzick
Director

By: _____
Thomas J. Nowicki
Director

/S/
By: _____
Charles E. Schuetz
Director