

SUPERVISORY AGREEMENT

This Agreement ("Agreement") is made and is effective this 26th day of March 1992 ("Effective Date"), by and between First Savings and Loan Association (OTS No. 0199), Norwood, Ohio ("First" or "Institution"), for itself and the Office of Thrift Supervision ("OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. 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 (1)(2).

WHEREAS, the OTS is of the opinion based on the results of the Report of Examination dated November 12, 1991 and the Regular Compliance Report of Examination dated January 6, 1992 that grounds exist for the initiation of proceedings against First by the OTS pursuant to 12 U.S.C. Section 1818(b); and

WHEREAS, the OTS is willing to forbear at this time from the initiation of proceedings pursuant to 12 U.S.C. Section 1818(b) on the matters covered by this Agreement, for so long as the Institution is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, First, by its Board of Directors ("Board"), without admitting that grounds for proceeding pursuant to 12 U.S.C. Section 1818(b) exist, is willing to enter into this Agreement to avoid the initiation of such proceedings;

NOW, THEREFORE, in consideration of the above-stated forbearance by OTS, it is agreed between the parties hereto as follows:

1. First shall correct existing violations cited in the Report of Examination dated November 12, 1991, or the Compliance Report of Examination dated January 6, 1992, and shall not knowingly initiate any action which would result in an unsafe or unsound practice or in a violation of, or the aiding and abetting of any violation of any statutes or regulations.

IT IS FURTHER AGREED AS FOLLOWS:

Policies and Procedures

2. Within 30 days from the date of this Agreement, the Board shall formally adopt a three-year Business Plan which, at a minimum, shall implement an operating strategy that involves the proper pricing of savings deposits in relation to the investment strategy of First. The operating strategy shall ensure controlled growth in accordance with the projections contained in the Business Plan and minimize interest-rate risk.

3. On a quarterly basis, the Board shall review and compare First's actual operating performance to the projections contained in the Business Plan. The review shall be documented in the minutes of the meetings of the directors and the Assistant Director, OTS-Cincinnati, shall be provided with documented explanations for any variances in excess of 10 percent of the projections.

4. Within 30 days from the date of this Agreement, the Board shall adopt and implement an Investment Policy which will incorporate cash management strategies requiring the balancing of cash needs against the profitability of First. The Investment Policy must provide for an asset/liability structure which emphasizes profitability while maintaining sufficient cash flow to meet the demands imposed by customers, the financial markets and regulations.

5. Within 30 days from the date of this Agreement, the Board shall adopt and implement a Nondiscrimination Policy which will incorporate marketing strategies for the Institution's loan programs in its delineated community to address the concerns expressed in the Compliance Report of Examination dated January 6, 1992.

6. On a quarterly basis, the Board shall review First's activities furthering the Nondiscrimination Policy and record the Institution's progress in servicing all facets of its delineated community. The review shall be documented in the minutes of the meetings of the directors and the Assistant Director, OTS-Cincinnati, shall be provided with an analysis of this review within 30 days of the meeting.

7. A Compliance Officer shall be appropriately trained in the responsibilities accompanying this position and shall make a periodic report, at least semiannually, directly to the Board indicating First's compliance with the statutes and regulations covered by a Regular Compliance Examination. This report shall be separate and distinct from the quarterly review of the Nondiscrimination Policy. Guidelines for the Compliance Officer's review can be found in the Compliance: A Self-Assessment Guide handbook mailed to each institution as of November, 1990.

8. First shall ensure that all relevant discussions and actions by the Board regarding the operation of First shall be fully documented in the minutes of the meetings of the directors.

Closings

9. (a) Although the Board is by this Agreement required to submit certain proposed actions and programs for the review or approval of the Deputy Regional Director or his/her designee, the Board has the ultimate responsibility for proper and sound management of the Institution. In exercising and fulfilling its fiduciary duties, the Board may consider the reports of management, counsel, and other agents and consultants of the Board. Nothing contained herein shall require the Board or any member or agent thereof to take any action or omit to take any action inconsistent with his or her fiduciary duties.

(b) It is expressly and clearly understood that if, at any time, the OTS deems it appropriate in fulfilling the lawful responsibilities placed upon it by the several laws of the United States of America to undertake any lawful action affecting the Institution, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the OTS from doing so.

(c) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time limitations may be extended by the Deputy Regional Director or his/her designee for good cause upon written application by the Board.

(d) All technical words or terms used in this Agreement, for which meanings are not specified or otherwise provided by the provision of this Agreement, shall, insofar as applicable, have meanings as defined in the rules and regulations adopted by the OTS (including, without limitation, Chapter V of Title 12 Code of Federal Regulation). Any such technical words or terms used in this Agreement and undefined in said rules and regulations shall have meanings that accord with the best custom and usage in the thrift industry.

(e) 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.

(f) It is understood that the execution of this Agreement shall not be construed as an approval of any application or notices that are contemplated by the Institution.

(g) Any report or other document required by this Agreement to be submitted to the OTS shall be filed with the Office of Thrift Supervision, 525 Vine Street, Suite 700, Cincinnati, Ohio 45202, Attn: Assistant Director. All reports and other documents shall be deemed filed when received by the OTS.

(h) In the event any provision of this Agreement shall be declared invalid, illegal, or unenforceable; the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(i) The section headings used in this Agreement are for convenience of reference only and are not to affect the construction of or be taken into consideration in the interpretation of this Agreement.

(j) This Agreement shall remain in effect until terminated, modified, or suspended by the OTS, acting through the Regional Director or his designee.

IN WITNESS WHEREOF, the OTS, acting through its Deputy Regional Director, and the Institution, by its board of directors, have executed this Agreement on the date first above written.

THE OFFICE OF THRIFT SUPERVISION
Cincinnati, Ohio

By: 15/

~~Jerry M. Benham~~
Deputy Regional Director

THE FIRST SAVINGS AND LOAN
ASSOCIATION
Norwood, Ohio

By: 15/

Director

By: 15/

Director

By: 15/

Director

By: 15/

Director

By: 15/

Director