

SUPERVISORY AGREEMENT

This Agreement ("Agreement") is made and is effective this 13th day of May 1992 ("Effective Date"), by and between The Mercantile Savings Bank (OTS No. 07125), Cincinnati, Ohio ("Mercantile" or "Institution") 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 (i)(2).

WHEREAS, the OTS is of the opinion based on the results of the Report of Examination dated July 15, 1991, that grounds exist for the initiation of proceedings against Mercantile 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, Mercantile by its Board of Directors ("Board"), while neither admitting nor denying that grounds for proceedings 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:

Statutes and Regulations

1. Mercantile shall correct existing violations cited in this section and shall not knowingly initiate any action which would result in a violation of, or the aiding and abetting of any violation of 12 C.F.R. Section 563.161(b).

Compensation

2. Within 60 days from the Effective Date of this Agreement, Mercantile shall establish a salary and detailed duties for the Chairman of the Board. Such salary shall be reasonable and commensurate with duties and responsibilities and shall be acceptable to OTS. The Board shall develop a detailed job description for the Chairman which contains a requirement for the percentage of time to be devoted to Mercantile. The Board is to submit the job description and proposed salary to this office for approval prior to initiation. This set salary may not be adjusted without OTS prior written approval.

3. Mercantile shall cease the payment of a legal retainer fee to Theodore F. Burdsall, Sr.

4. Any bonuses paid to the president or chairman must receive prior written approval from the OTS.

5. Within 60 days from the Effective Date of this Agreement, the Board shall develop written job descriptions for senior officers with assigned range of salaries. These job descriptions are to be submitted to OTS for review.

Classified Assets

6. Mercantile shall develop a plan to reduce the ratio of net classified assets to tangible capital plus general valuation allowances to below 50 percent.

"Orbit 1" Property

7. Within 90 days from the Effective Date of this Agreement, Mercantile shall obtain a Market Value appraisal of the "Orbit 1 property". The appraisal must meet all statutory requirements and fully substantiate the market value of the property. In addition, within 90 days from the Effective Date of this Agreement, Mercantile shall develop and submit a plan of marketing and divestiture of this property to the Assistant Director, OTS-Cincinnati.

Retirement Package

8. Within 90 days from the Effective Date of this Agreement, the Board will establish a retirement plan for Theodore F. Burdsall, Sr., structured as follows:

(a) Commencing on the last day of the month Theodore F. Burdsall, Sr. retires, Mercantile may pay up to \$5,000 as a retirement benefit, each month until his death. Thereafter, in the event that Mr. Burdsall's spouse survives him, the retirement benefits may continue to be paid to his spouse for a period of twenty-four months after his death.

(b) Mr. Burdsall and his spouse may continue to receive medical coverage of the type being provided by Mercantile to employees as of the Effective Date of this Agreement for the remainder of his life.

(c) For a period of one year from the date of Mr. Burdsall's retirement, Mercantile may pay fees in the amount of \$100 per hour, plus reasonable expenses, for actual and reasonable consulting services rendered to Mercantile, not to exceed 100 hours. In the event Mr. Burdsall elects to relocate his residence from the Greater Cincinnati area, expenses incurred as a result of Mr. Burdsall's travel from his out-of-area residence to the Greater Cincinnati area for the performance of consulting services shall not be reimbursable.

(d) If elected, Mr. Burdsall may serve as Chairman Emeritus of the Board and receive a fixed fee of \$250 per meeting attended. Such fee shall be paid for a period of one year from the date of Mr. Burdsall's retirement. Thereafter, Mercantile shall cease payment of any such fee to Mr. Burdsall. Travel expenses from an out-of-area residence to the Greater Cincinnati area in order to attend such meetings shall not be reimbursable to Mr. Burdsall.

(e) Mr. Burdsall's retirement plan shall be established in accordance with all applicable federal and state retirement plan requirements and shall conform to all applicable savings institution statutory and regulatory requirements. The plan shall not be implemented until reviewed by the OTS.

(f) The anticipated cost of Mr. Burdsall's \$5,000 per month retirement benefit must be recognized on the institution's books during the month this Agreement is signed. The amount must be calculated using the appropriate actuarial tables.

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 Mercantile, by its Board of Directors, have executed this Agreement on the
date first above written.

THE OFFICE OF THRIFT SUPERVISION
Cincinnati, Ohio

The Mercantile Savings Bank
Cincinnati, Ohio

By: 151
Daniel T. McKee
Deputy Regional Director

By: 151
Director

By: 151
Director

By: 151
Director

By: 151
Director

By: _____
Director

By: _____
Director

By: _____
Director