

SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement or Supervisory Agreement) is entered into and made effective this 31st day of October, 2006 (Effective Date), by and between **Dryades Bancorp, Inc., New Orleans, Louisiana** (OTS Docket No. H-2246) (Dryades Bancorp or Holding Company), a registered savings and loan holding company that owns and controls Dryades Savings Bank, FSB, New Orleans, Louisiana (OTS Docket No. 11884) (Dryades or Bank), a federally chartered stock savings bank, and the Office of Thrift Supervision (OTS), a bureau of the United States Department of the Treasury, acting through its Midwest Regional Director or his designee (Regional Director).

WHEREAS, pursuant to 12 U.S.C. §§ 1467a(g) and 1818, OTS has the statutory authority to enter into and enforce supervisory agreements to ensure the establishment and maintenance of appropriate safeguards in the operations of entities that it regulates, such as Dryades Bancorp and the Bank;

WHEREAS, based on the May 30, 2006 Report of Examination (ROE) and ongoing monitoring of Dryades Bancorp, OTS is of the opinion that Dryades Bancorp has engaged in unsafe and unsound practices by failing (i) to maintain sufficient capital for its operations and (ii) to adopt and maintain adequate financial management policies;

WHEREAS, OTS is of the opinion that it has grounds to initiate an administrative proceeding against Dryades Bancorp pursuant to 12 U.S.C. §§ 1467a(g) and 1818;

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

WHEREAS, Dryades Bancorp wishes to cooperate with OTS and to evidence its intent to: (i) comply with all applicable laws and regulations and (ii) engage in safe and sound practices; and

WHEREAS, Dryades Bancorp, acting through its Board of Directors (Board), enters into this Agreement, without admitting or denying that such grounds exist to initiate an administrative proceeding.

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

1. Capital

Dryades Bancorp shall take steps to ensure that at all times Dryades continues to meet the capital requirements to satisfy the well capitalized category as defined in 12 C.F.R. § 565.4(b)(1).

2. Debt Notification

- A. Dryades Bancorp shall obtain the prior written notice of non-objection of the Regional Director at least **30 days** prior to: issuing, renewing, or rolling over any debt; increasing any current lines of credit; guaranteeing the debt of any entity; or entering into a commitment for debt. For purposes of this Paragraph 2, the term “debt” includes hybrid capital instruments such as subordinated debt or trust-preferred securities. For purposes of this Paragraph 2, the term “debt” does not include liabilities incurred in the normal course of business to acquire goods and services that are normally recorded as accounts payable.
- B. Dryades Bancorp shall not issue any preferred stock without the prior written notice of non-objection of the Regional Director.

3. Operations

Dryades Bancorp shall not enter into any new line of business or services without the prior written notice of non-objection of OTS.

4. Transactions Involving Insured Subsidiary

The Board shall cause Dryades Bancorp to take all necessary actions, consistent with the Bank’s separate corporate existence, to facilitate the Bank’s compliance with all applicable laws, regulations, OTS policies, and any outstanding enforcement action with OTS.

5. Corporate Governance

- A. Dryades Bancorp shall comply with 12 C.F.R. § 563.560, regarding the employment or designation of senior executive officers, the appointment or replacement of any director, or a change in responsibilities of a senior executive officer.
- B. Dryades Bancorp shall not make any “golden parachute payments” (as that term is defined in 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359), except as permitted under 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359.
- C. The Board shall ensure that the minutes of its Board meetings and any Committee meetings clearly reflect all deliberations and actions taken by the Board or any Committee thereof. Each director shall review the minutes for accuracy and adequacy prior to a vote on the adoption of the minutes for the prior meeting.

6. Compliance with Supervisory Agreement

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

- B. By the **fifteenth (15th) calendar day** after the end of each **month** beginning with the month ending **November 30, 2006**, the Board shall adopt, and submit to OTS a certified copy of, a board resolution (Compliance Resolution), formally resolving that, following a diligent inquiry of relevant information (including management reports), to the best of its knowledge and belief, during the immediately preceding month, Dryades Bancorp has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall (1) specify in detail how, if at all, full compliance was found not to exist; and (2) identify all notices of exemption or non-objection issued by OTS that were outstanding as of the date of its adoption. In the event that one or more directors do not agree with the representations set forth in a Compliance Resolution, such disagreement shall be noted in the Compliance Resolution.
- C. This Agreement requires Dryades Bancorp to receive approval, notice of non-objection, or notice of acceptability from OTS for certain Board actions. The Board affirms that such regulatory oversight does not derogate or supplant each individual member's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of Dryades Bancorp, at all times, including compliance with OTS's determinations as required by this Agreement.

7. Definitions

- A. 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 the 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.
- B. For purposes of this Agreement, nothing shall be deemed "acceptable" to OTS unless the Regional Director, or the assigned Regional Deputy Director or Assistant Director, has stated, in writing, that it is acceptable or has provided a written notice of objection or non-objection to it.

8. Successor Statutes, Regulations, Guidance, Amendments

Reference in this Agreement to provisions of 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 of this Agreement and references to successor provisions as they become applicable.

9. **Notices**

- A. Except as otherwise provided herein, any request, demand, authorization, directive, 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:
1. OTS, by Dryades Bancorp, shall be addressed to the Assistant Director, Office of Thrift Supervision, Department of the Treasury, 225 East John Carpenter Freeway, Suite 500, Irving, Texas 75062-2327 or telecopied to (972) 277-9500; and
 2. Dryades Bancorp, by OTS, in each case shall be addressed to the Chairman of the Board or the Board of Dryades Bancorp, at 233 Carondelet Street, New Orleans, Louisiana 70130 or telecopied to (504) 598-7233.
- B. Such delivery shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid, sent via overnight delivery service, physically delivered, or means of electronic transmission. 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 United States mail, there shall be a presumption that the notice was received two (2) business days after the date of the postmark on the envelope in which the notice was enclosed.

10. **Effect of Headings**

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

11. **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 sole discretion, determines otherwise.

12. **No Violations Authorized of Law, Rule, Regulation, or Policy Statement; OTS Not Restricted**

Nothing in this Agreement shall be construed as: (a) allowing Dryades Bancorp to violate any law, rule, regulation, or policy statement to which it is subject, or (b) restricting or estopping OTS from taking any action(s), including without limitation any type of supervisory enforcement or resolution action that OTS determines to be appropriate in fulfilling the responsibilities placed upon it by law.

13. **Time Limits**

The Regional Director, or the assigned Regional Deputy Director or Assistant Director, may extend any time limits set forth in this Agreement by a written notice that expressly provides for such extension.

14. **OTS Review of Actions Required**

The Regional Director, or the assigned Regional Deputy Director or Assistant Director, may request additional information or provide a written notice of objection of non-objection with respect to any submission to OTS required by this Agreement.

15. **Duration, Termination or Suspension of Supervisory Agreement**

A. This Agreement shall (1) become effective upon its execution by OTS, through its authorized representative whose signature appears below; and (2) remain in effect until terminated, modified or suspended in writing by OTS, acting through its Director or the Regional Director (including any authorized designee thereof).

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

16. **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.

17. **Integration Clause**

This Agreement represents the final written agreement of the parties with respect to the corrective actions set forth herein, and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such corrective actions.

18. **Enforceability of Agreement**

Dryades Bancorp 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 Dryades Bancorp. Dryades Bancorp acknowledges that this Agreement is a "written agreement" entered into with OTS within the meaning of 12 U.S.C. § 1818.

19. Counterparts

This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

20. Signature of Directors

Each Director signing this Agreement attests, by such act, that she or he voted in favor of a Board resolution authorizing the execution of this Agreement by Dryades Bancorp to evidence Dryades Bancorp's agreement with every provision of the Agreement. A copy of the resolution of the Board of Directors authorizing the execution of the Agreement shall be delivered to OTS along with the executed original of the Agreement.

IN WITNESS WHEREOF, OTS, acting by and through the Regional Director and Dryades Bancorp, in accordance with a duly adopted resolution of its Board, hereby executes this Supervisory Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

By:

/s/
Frederick R. Casteel
Midwest Regional Director

Effective Date 10-31-06

FC

DRYADES BANCORP, INC., NEW ORLEANS, LOUISIANA

Accepted by a majority of its directors:

By:

Virgil Robinson, Jr., President, Chief Executive Officer, and Director

Charles C. Teamer, Sr., Chairman of the Board and Director

Leander J. Foley, III, Director

/s/
Clinton J. Jenkins, Director

Sandra R. Duncan, Director