

SUPERVISORY AGREEMENT

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This Supervisory Agreement (Agreement) is made and is effective this 2 day of August, 2000 (the Effective Date), by and between Lenox Bancorp, Inc. (the Holding Company) OTS Docket No. H-2654, a savings and loan holding company, having its main office located at 4730 Montgomery Road, Norwood, Ohio 45212 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 OTS within the meaning of 12 U.S.C. §§ 1818(b)(1) and (i)(2)¹.

WHEREAS, OTS is the primary federal regulator of the Holding Company; and

WHEREAS, based on the Holding Company Report of Examination dated December 6, 1999 (Report of Examination) and the Complaint for Declaratory Judgment and Preliminary and Permanent Injunctive Relief filed on June 9, 2000 by John Lame, *et al.*, in the Court of Common Pleas, Hamilton County, Ohio, OTS is of the opinion that the Holding Company has engaged in acts and practices that are considered to be unsafe and unsound; and

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

WHEREAS, OTS is of the view that it is appropriate to take measures intended to ensure that the Holding Company will engage in safe and sound practices; and

WHEREAS, the Holding Company, acting through its Board of Directors (the Board), without admitting or denying any unsafe and unsound practices, wishes to cooperate with OTS and to evidence the intent to 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:

(1) The Holding Company, its directors, officers, employees, and agents shall not take any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling, or aiding or abetting any unsafe or unsound practice.

(2) The Holding Company shall not, without the prior written approval of the Regional Director:

A. Enter into any contract or agreement for the purchase, sale, lease of goods, materials, equipment, supplies, or services in an amount in excess of \$ 5,000;

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

B. Make any payments pursuant to any contract or agreement for the purchase, sale, lease of goods, materials, equipment, supplies, or services in an amount in excess of \$2,000 per month; except that this provision shall not apply to any payments made by the Holding Company that are related to required regulatory filings; or

C. Incur any obligation or liability including, but not limited to, borrowing money, drawing on lines of credit, paying dividends to the Holding Company's shareholders, or repurchasing the Holding Company's stock.

(3) Nothing in paragraph 2 shall apply to payments made pursuant to the written expense allocation agreement with Lenox Savings Bank executed on September 3, 1996; the tax allocation agreement with Lenox Savings Bank executed on September 3, 1996; or the 1996 Employee Stock Ownership Plan (ESOP) loan. However, any modifications to these agreements shall require the prior written approval of the Regional Director.

(4) As required by Section 32 of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1831i, and Section 563.560 of the OTS Regulations, 12 C.F.R. § 563.560, the Holding Company shall provide at least 30 days prior written notice to OTS of any changes to its directorate or executive officer staff before the employment becomes effective.

(5) The Holding Company shall not make any "golden parachute payment" as that term is defined in Section 18(k) of the FDIA, 12 U.S.C. § 1828(k), and Part 359 of the Federal Deposit Insurance Corporation Regulations, 12 C.F.R. Part 359, unless it first (i) provides a minimum of 30 days advance notice of the proposed payment and (ii) receives a written notice of non-objection from the Regional Director.

(6) Notwithstanding the requirements of this Order that the Board submit various matters to the Regional Director or his designee for the purpose of receiving his approval, non-objection or notice of acceptability, 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 the Holding Company at all times, including compliance with the determinations of the Regional Director as required by this Order.

GENERAL

(7) Compliance with Agreement

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

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

MISCELLANEOUS

(8) 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, having meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, the Home Owners' Loan Act (HOLA), 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 having meanings that are in accordance with the best custom and usage in the savings and loan industry.

(9) 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 and references to successor provisions as they become applicable.

(10) Effective Date

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

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

(11) Effect of Headings

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

(12) 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.

By:

15/
Gail R. Behymer
Director

By:

15/
John C. Lame
Director

By:

15/
Reba St. Clair
Director