

OFFICE OF THRIFT SUPERVISION

APPROVAL OF HOLDING COMPANY APPLICATION;
SECTION 10(1) NOTIFICATION;
AND
OPERATING SUBSIDIARY APPLICATION

ORDER NO.: 97-7
DATE: January 17, 1997

North Shore Bank, F.S.B., Brookfield, Wisconsin ("Savings Bank") seeks approval of the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. § 1467a(e) and 12 C.F.R. §§ 574.3 and 545.81, to acquire North Shore Savings Bank, Brookfield, Wisconsin (the "State Bank"), and to hold the State Bank as an operating subsidiary of the Savings Bank. In addition, the Savings Bank requests that the State Bank be deemed a "savings association" for purposes of 12 U.S.C. § 1467a, in accordance with 12 U.S.C. § 1467a(l) (collectively, the "Applications").

The OTS has considered the Applications under the factors set forth in 12 U.S.C. §§ 1467a(e) and (l) and 12 C.F.R. §§ 545.81 and 574.7 and under the Community Reinvestment Act, 12 U.S.C. § 2901, et seq., and the OTS regulations thereunder at 12 C.F.R. Part 563e. In addition, the OTS has considered a digest by the OTS Central Regional Office, an analysis prepared by Corporate Activities, and a legal opinion issued by the Business Transactions Division. Based on the foregoing statutes, regulations, and materials, the OTS has determined that the proposed transaction would be in compliance with all of the applicable standards and criteria, provided the conditions set forth below are satisfied. Accordingly, the Applications are hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee ("Regional Director"):

1. The Savings Bank and the State Bank shall receive all required regulatory approvals prior to consummation of the proposed transactions with copies of all such approvals supplied to the OTS Central Regional Office;
2. The proposed transactions shall be consummated no later than 120 calendar days from the date of this Order;
3. On the business day prior to the date of consummation of the proposed transactions, the chief financial officers of the Savings Bank and the State Bank shall certify to the

Regional Director, in writing, that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of the Savings Bank and the State Bank, respectively, since the date of the financial statements submitted with the Applications;

4. No later than five calendar days from the date of consummation of the acquisition of the State Bank, the Savings Bank shall file with the Regional Director a certification by legal counsel stating the effective date of the acquisition, the exact number of shares of stock of the State Bank acquired and that the acquisition has been consummated in accordance with the provisions of all applicable laws and regulations, the Applications, the Agreement and Plan of Reorganization, and this Order;

5. Prior to the State Bank opening for business, the Savings Bank shall submit a revised business plan, acceptable to the Regional Director, setting forth, inter alia, the specific nature of the operations in which the State Bank intends to engage, and demonstrating that the formation and operation of the State Bank is not designed to facilitate shifts of deposits from the Savings Bank to the State Bank;

6. The Savings Bank and the State Bank shall be operated as separate legal entities so that: (1) their respective accounts and records are not intermingled; (2) each observes the procedural formalities of separate legal entities; (3) each is held out to the public as a separate enterprise; and (4) neither dominates the other to the extent that one is treated as a mere department of the other;

7. If any solicitations are communicated to the Savings Bank's depositors to close their deposit accounts in the Savings Bank and/or to open deposit accounts in State Bank, the depositors of Savings Bank must be provided disclosure (in a form approved by the OTS Regional Director) of the potential loss of (i) their priority stock subscription rights under the applicable mutual-to-stock conversion regulations in the event of a conversion of the Savings Bank to stock form, or (ii) any proceeds that would be available to depositors in the event of a voluntary dissolution of Savings Bank in accordance with regulations of the OTS. Solicitation includes all manner of communications to the Savings Bank's accountholders intended to inform the Savings Bank's accountholders of the State Bank and its products and to entice the movement of deposits to the State Bank,

including, inter alia, mailings and other transmittals of brochures and account and interest rate information, and conversations by employees of the Savings Bank or the State Bank with the Savings Bank's accountholders;

8. All dividend payments by Savings Bank must receive prior written OTS approval. Payments to management officials that the OTS deems abusive may be viewed as unsafe and unsound practices and prohibited;

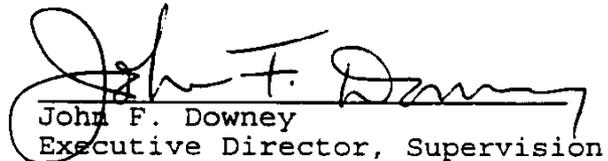
9. All distributions in connection with a voluntary dissolution by Savings Bank must receive prior written OTS approval. Payments to management officials that the OTS deems abusive may be viewed as unsafe and unsound practices and prohibited;

10. Written approval of the OTS must be obtained before any issuance of stock by the State Bank, and before any disposition of stock of the State Bank by the Savings Bank; and

11. The Savings Bank and the State Bank shall be subject to the following provisions of the OTS Mutual Holding Company Regulations as if the Savings Bank were a mutual holding company and the State Bank were a savings association subsidiary of a mutual holding company: 12 C.F.R. §§ 575.7, 575.8, 575.10(a)(1) - (a)(5), 575.10(b)(1), 575.10(b)(3) - (4), and 575.11(b) - (e).

Any time period specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days.

By Order of the Director of the Office of Thrift Supervision, or his designee, effective January 17, 1997.


John F. Downey
Executive Director, Supervision