

**AGREEMENT BY AND BETWEEN
STEEL VALLEY BANK, N.A.
DILLONVALE, OHIO
AND
THE OFFICE OF THE COMPTROLLER OF THE CURRENCY**

Steel Valley Bank, N.A., Dillonvale, Ohio (Bank) and the Comptroller of the Currency of the United States of America (Comptroller) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller, through his/her National Bank Examiner, has examined the Bank, and his/her findings are contained in the Report of Examination, June 4, 2001 (ROE).

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (Board), and the Comptroller, through his/her authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a "written agreement entered into with the agency" within the meaning of 12 U.S.C. §1818(b)(1).

(2) This Agreement shall be construed to be a "written agreement between such depository institution and such agency" within the meaning of 12 U.S.C. §1818(e)(1) and 12 U.S.C. §1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. §5.51(c)(6)(ii). See 12 U.S.C. §1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. §1818(u).

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller James M. Calhoun
Comptroller of the Currency, Pittsburgh Field Office
4075 Monroeville Boulevard, Suite 300
Monroeville, PA 15146

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within fifteen (15) days, the Board shall appoint a Compliance Committee of at least four (4) directors, of whom none shall be an employee of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Agreement.

(2) The Compliance Committee shall meet at least monthly.

(3) Within thirty (30) days of the appointment of the Committee and monthly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) actions taken to comply with each Article of this Agreement; and
- (b) the results of those actions.

(4) The Board shall forward a copy of the progress report, with any additional comments by the Board, to the Assistant Deputy Comptroller.

ARTICLE III

ACTION PLAN

(1) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written action plan detailing the Board's assessment of what needs to be done to improve the Bank, specifying how the Board will implement the plan, and setting forth a timetable for the implementation of the plan.

(2) Upon completion of the plan, the Bank shall submit the plan to the Assistant Deputy Comptroller for review. The Board shall establish appropriate procedures for the implementation of the plan.

(3) In the event the Assistant Deputy Comptroller recommends changes to the action plan, the Board shall immediately incorporate those changes into the plan.

(4) The plan shall be implemented pursuant to the time frames set forth within the plan unless events dictate modifications to the plan. Where the Board considers modifications appropriate, those modifications shall be submitted to the Assistant Deputy Comptroller for review and prior determination of no supervisory objection.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

ARTICLE IV

STRATEGIC PLAN

(1) Within ninety (90) days, the Board shall review, update, implement, and thereafter ensure Bank adherence to a written strategic plan for the Bank covering at least a three-year period. The strategic plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, reduction in the volume of nonperforming assets, product line development and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives and, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) an assessment of the Bank's present and future operating environment; the development of strategic goals and objectives to be accomplished;
- (c) an identification of the Bank's present and future product lines (assets and liabilities) that will be utilized to accomplish the strategic goals and objectives established in (1)(c) of this Article;
- (d) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives developed under (1)(c) of this Article;
- (e) a management employment and succession program to promote the retention and continuity of capable management;
- (f) control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment;

- (g) specific plans to establish responsibilities and accountability for the strategic planning process, new products, growth goals, or proposed changes in the Bank's operating environment;
- (h) systems to monitor the Bank's progress in meeting the plan's goals and objectives.

(2) Upon adoption, a copy of the plan shall be forwarded to the Assistant Deputy Comptroller for review and prior determination of no supervisory objection.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

ARTICLE V

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) Within sixty (60) days, the Board shall ensure that the Bank has in its Senior Loan Officer position competent management on a full-time basis to carry out the Board's policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Prior to the appointment of any individual(s) to an executive officer position, the Board shall submit to the Assistant Deputy Comptroller the following information:

- (a) the information sought in the "Changes in Directors and Senior Executive Officers" booklet of the Comptroller's Corporate Manual, together with a legible fingerprint card for the proposed individual;
- (b) a written statement of the Board's reasons for selecting the proposed officer; and
- (c) a written description of the proposed officer's duties and responsibilities.

(3) The Assistant Deputy Comptroller shall have the power of veto over the employment of the proposed executive officer. However, the failure to exercise such veto power shall not constitute an approval or endorsement of the proposed officer.

(4) The requirement to submit information and the prior veto provisions of this Article are based on the authority of 12 U.S.C. 1818(b)(6)(E) and do not require the Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

(5) If a position mentioned in Paragraph (1) of this Article is vacant now or in the future, including if the Board realigns an existing officer's responsibilities and a position mentioned in paragraph (1) of this Article becomes vacant, the Board shall within 15 days of such vacancy appoint a capable person to the vacant position who shall be vested with sufficient executive authority to ensure the Bank's compliance with this Agreement and the safe and sound operation of functions within the scope of that position's responsibility.

ARTICLE VI

CREDIT RISK MANAGEMENT PROGRAM

(1) Within one-hundred twenty (120) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to reduce the high level of credit risk in the Bank. The program shall include, but not be limited to:

- (a) a plan to strengthen credit underwriting and administration in the commercial, subprime indirect automobile, leasing and residential mortgage loan portfolios;
- (b) a plan to ensure uniform and comprehensive credit analysis, which would include a full disclosure of all significant aspects of the proposed credit and an assessment of the risks involved, prior to extending the credit, directly or indirectly, or

renewing or extending credit, as part of the Bank's ongoing monitoring of significant credits;

(c) a plan to strengthen management of lending operations and to obtain and maintain an adequate number of qualified staff in all lending functional areas;

(d) a plan to strengthen problem loan workout and documentation efforts as described under Article VII;

(e) procedures to ensure timely identification and rating of loans and leases based on lending officer submissions;

(f) establishing appropriate lending policies as described under Article IX; and

(g) maintaining adequate loan loss reserves as described under Article XII.

(2) The Board shall submit a copy of the program to the Assistant Deputy Comptroller.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

ARTICLE VII

CRITICIZED ASSETS

(1) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to eliminate weaknesses of criticized assets described in the ROE, any subsequent Report of Examination, any internal or external loan review, any list provided to management by the National Bank Examiners during any examination, or any list maintained by the Bank of assets designated "doubtful," "substandard," or "special mention." This program shall include, at a minimum:

(a) the development of written actions plans for each criticized borrower with an

aggregate outstanding balance of one hundred thousand dollars (\$100,000) or more or when total exposure on SBA guaranteed loan balance is one hundred thousand dollars (\$100,000) or more. At a minimum, these action plans should include those items outlined in the ROE as well as the following:

- (i) an identification of the expected sources of repayment;
 - (ii) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
 - (iii) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
 - (iv) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.
- (b) the development of a process whereby the Board, or a designated committee, shall conduct a review, on at least a quarterly basis, to determine:
- (i) the status of each criticized asset or criticized portion thereof that equals or exceeds one hundred thousand dollars (\$100,000);
 - (ii) management's adherence to the program adopted pursuant to this Article;
 - (iii) the status and effectiveness of the written program; and
 - (iv) the need to revise the program or take alternative action.

(2) Upon adoption, a copy of the written program for all criticized assets equal to or exceeding one hundred thousand dollars (\$100,000) shall be forwarded to the Assistant Deputy Comptroller.

(3) On a quarterly basis, a copy of each written action plan for every criticized asset equal to or exceeding one hundred thousand dollars (\$100,000) shall be forwarded to the Assistant Deputy

Comptroller.

(4) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed one hundred thousand dollars (\$ 100,000) only if each of the following conditions is met:

- (a) the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and
- (b) a comparison to the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(5) A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

ARTICLE VIII

SUBPRIME INDIRECT AUTOMOBILE LENDING

(1) Within sixty (60) days the Board shall adopt, implement and thereafter ensure Bank adherence to a written program for the Bank's indirect automobile lending program which includes, at a minimum,

(a) written policies and procedures which include, at a minimum:

- (i) a description of acceptable types of indirect loans;
- (ii) a provision that current and satisfactory credit information will be obtained on each borrower;
- (iii) a maturity schedule related to the anticipated source of repayment, and the useful life of the collateral;
- (iv) a maximum ratio of loan value (including any add-ons such as credit life, credit disability, force placed insurance and service contracts) to asset value;
- (v) collection procedures, to include follow-up efforts, that are systematically and progressively stronger;
- (vi) charge-off of all indirect automobile loans which are past due by one hundred twenty (120) days or more;
- (vii) a prohibition on the renewal or extension of any loans without the written approval of the Senior Loan Officer or of the Board or

designated committee, who shall review the borrower's past repayment history and current ability to repay and document how the extension will enhance collecting of the credit;

(viii) disposition policies and procedures for repossessed automobiles;

(ix) a limitation on aggregate outstanding indirect automobile loans in relation to other balance sheet accounts or per dealer;

(x) guidelines to insure that the Bank's indirect automobile loans are written in compliance with all applicable laws, rules and regulations; and

(xi) the Assistant Deputy Comptroller has made a prior determination of no supervisory objection to the Bank's written indirect automobile lending policies, after which the Bank shall implement and adhere to the policies and procedures developed pursuant to this Article.

(b) the identification and establishment of management information systems necessary to monitor adherence to established policies, procedures and objectives for the subprime indirect automobile program. Management information systems shall include the following, at a minimum:

(i) reports that segment the portfolio to reflect delinquencies, debt-to-income ratios, credit scores loan-to-values, and losses by portfolio and by dealer.

(c) the completion of comprehensive due diligence of all available information on the automobile dealers the Bank currently does business with as well as prior to signing any new dealer contracts. This due

diligence shall be performed at least annually or more frequently as needed, and include the following, at a minimum:

- (i) the collection of available information on the dealer's business reputation, compliance, and litigation status;
- (ii) an analysis of the financial condition of the company and significant principals;
- (iii) an analysis of the qualifications, backgrounds, reputation of the company principals; and,
- (iv) if applicable, a review of marketing materials to determine how the Bank's name will be associated with the product.

- (d) assessment of the Bank's capital adequacy, at a minimum, on a quarterly basis in accordance with OCC Bulletin 2001- 6. "Expanded Guidance for Subprime Lending Programs."

(2) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies developed pursuant to this Article.

ARTICLE IX

LENDING POLICIES

(1) Within one-hundred twenty (120) days, the Board shall review, revise, and adhere to the Bank's written loan policies. In revising these policies, the Board shall refer to the Loan Portfolio Management booklet, A-LPM, of the Comptroller's Handbook. For all loans, including but not limited to, indirect automobile loans, commercial loans and residential mortgages, these policies

shall incorporate, but not necessarily be limited to, the following:

- (a) a description of acceptable types of loans;
- (b) a provision that current and satisfactory credit information will be obtained on each borrower;
- (c) establishing minimum requirements for uniform and comprehensive credit analysis, including a full disclosure of all significant aspects of the proposed credit and an assessment of the risks involved, prior to credit approval;
- (d) collection procedures, to include follow-up efforts, that are systematically and progressively stronger;
- (e) maturity scheduling related to the anticipated source of repayment, the purpose of the loan, and the useful life of the collateral;
- (f) maximum ratio of loan value to appraised value or acquisition costs of collateral securing the loan;
- (g) a definition of the Bank's trade area;
- (h) guidelines and limitations for loans originating outside of the Bank's trade area;
- (i) a limitation on aggregate outstanding loans in relation to other balance sheet accounts;
- (j) distribution of loans by category;
- (k) limitations on participation loans by aggregate dollar and

individual institution;

- (l) guidelines and limitations on concentrations of credit;
- (m) a limitation on the type and size of loans that may be made by loan officers without prior approval by the Board or a committee established by the Board for this purpose;
- (n) guidelines designed to improve Board oversight of the loan approval process, specifically with regard to credits exhibiting significant risk and shall, at a minimum:
 - (i) establish dollar limits on extensions of credit to any one borrower, above which the prior approval of the Board, or a committee thereof, would be required;
 - (ii) establish dollar limits on aggregate extensions of credit to any one borrower, above which any new extensions of credit to that borrower, regardless of amount, would require the prior approval of the Board, or a committee thereof; and
 - (iii) require that all credits which deviate from the Bank's normal course of business, including all credits which deviate from the Bank's written strategic plan, receive the prior approval of the Board, or a committee thereof;
- (o) guidelines consistent with Banking Circular 255, "Troubled Loan Workouts and Loans to Borrowers in Troubled Industries,"

setting forth the criteria under which renewals of extensions of credit may be approved, and shall, at a minimum:

- (i) ensure that renewals are not made for the sole purpose of reducing the volume of loan delinquencies; and
 - (ii) provide guidelines and limitations on the capitalization of interest.
- (p) charge-off guidelines, by type of loan or other asset, including Other Real Estate Owned, addressing the circumstances under which a charge-off would be appropriate and ensuring the recognition of losses within the quarter of discovery;
- (q) guidelines for periodic review of the Bank's adherence to the revised lending policy;
- (r) a pricing policy that takes into consideration costs, general overhead, probable loan losses, while providing for a reasonable margin of profit;
- (s) guidelines for loans to insiders, including a statement that such loans will not be granted on terms more favorable than those offered to similar outside borrowers;
- (t) guidelines for appraising and/or evaluating collateral; and
- (u) measures to correct deficiencies in the Bank's lending procedures noted in any ROE.

(2) Upon adoption, a copy of this policy shall be forwarded to the Assistant Deputy Comptroller for review.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

ARTICLE X **LEASING ACTIVITIES**

(1) Within one-hundred twenty (120) days, the Board shall review, revise, and thereafter ensure Bank adherence to the written lease policy. This policy shall, at a minimum:

- (a) require written approval by the Board, or its designated committee, prior to the purchase of any lease above a Board-specified dollar threshold based on the Bank's larger risk exposure.
- (b) require the Bank to develop a list of equipment acceptable for lease purchase activities;
- (c) develop guidelines for out-of-territory lease purchase activities;
- (d) require appraisal or evaluation of leased equipment for assets over a certain dollar value;
- (e) require appraisal or re-evaluation of leased equipment values from significant collateral pools within the lease portfolio on some periodic basis consistent with the risk;
- (f) require maintenance of sufficient insurance on leased equipment;
- (g) require lessees to furnish the Bank with current and satisfactory credit information prior to the purchase of any lease and for those leases above a certain dollar

threshold furnish current credit information on a periodic basis; and

(h) establish for the Bank's credit analysis policies uniform procedures and minimum requirements for lessees prior to lease approval.

(2) Upon adoption, a copy of this policy shall be forwarded to the Assistant Deputy Comptroller for review.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

ARTICLE XI

INTERNAL LOAN REVIEW

(1) The Board shall within thirty (30) days employ or designate a sufficiently experienced and qualified person(s) or firm to ensure the timely and independent identification of problem loans and leases.

(2) Within forty-five (45) days, the Board shall establish an effective, independent loan review system to periodically review the Bank's loan and lease portfolios to assure the timely identification and categorization of problem credits and provide an assessment of the overall condition of the loan and lease portfolios. The system shall provide for a written report to be filed with the Board after each review and shall use a loan and lease grading system consistent with the guidelines set forth in the Rating Credit Risk booklet, A-RCR, of the Comptroller's Handbook.

These reports shall, at a minimum, include conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) credit and collateral documentation exceptions;
- (c) the identification and status of credit related violations of law,

rule or regulation;

- (d) the identity of the loan officer and/or participating financial institution who originated each loan reported in accordance with subparagraphs (a) through (c) of the Article as well as the adequacy of loan officer credit analyses;
- (e) loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank;
- (f) loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies;
- (g) the adequacy of allowance for loan and lease loss allocations; and
- (h) the adequacy of written action plans for criticized borrowers as outlined in Article VII.

(3) At least annually, such report, also shall include conclusions on, at a minimum:

- (a) the overall quality of the loan and lease portfolios;
- (b) concentrations of credit; and
- (c) the adequacy of management's documentation supporting the allowance for loan and lease loss methodology and as well as the methodology's compliance with regulatory guidance.

(4) The Board shall evaluate the internal loan and lease review report(s) and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report(s).

(5) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be maintained in the Bank.

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

ARTICLE XII

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses (Allowance) and shall establish a program for the maintenance of an adequate Allowance. This review and program shall be designed in light of the comments on maintaining a proper Allowance found in the Allowance for Loan and Lease Losses booklet, A-ALLL, of the Comptroller's Handbook as well as OCC Bulletin 2001-37, and shall focus particular attention on the following factors:

- (a) results of the Bank's internal and/or external loan review;
- (b) an estimate of inherent loss exposure on each significant credit;
- (c) loan loss experience;
- (d) trends of delinquent and nonaccrual loans;
- (e) concentrations of credit in the Bank;
- (f) present and prospective economic conditions; and
- (g) participations purchased from other financial institutions.

(2) The program shall provide for a review of the Allowance by the Board at least once each

calendar quarter. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

ARTICLE XIII

CAPITAL PLAN AND HIGHER MINIMUMS

(1) The Bank shall achieve by September 30, 2002 and thereafter maintain the following capital levels (as defined in 12 C.F.R. Part 3):

(a) Total risk based capital at least equal to fourteen percent (14%) of risk-weighted assets;

(b) Tier 1 capital at least equal to nine percent (9%) of adjusted total assets.¹

(2) The requirement in this Agreement to meet and maintain a specific capital level means that the Bank may not be deemed to be “well capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(3) Within sixty (60) days of the adoption of the Strategic Plan required in Article IV, the Board shall develop, implement, and thereafter ensure Bank adherence to a three-year capital program, which shall include:

(a) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1);

¹ Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total asset figure used for Call Report purposes minus end-of-quarter intangible assets. As further noted in 12 C.F.R. § 3.2(a), a bank may be required to compute and

- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative methods should the primary source(s) under subparagraph (d) above not be available; and
- (f) a dividend policy that permits the declaration of a dividend only:
 - (i) when the Bank is in compliance with its approved capital program;
 - (ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
 - (iii) with the prior determination of no supervisory objection by the Assistant Deputy Comptroller.

(4) Upon completion, the Bank's capital plan shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and ensure the Bank's adherence to the plan.

maintain its leverage ratio on the basis of actual, rather than average total assets. This language would have to be modified to reflect that change.

(5) The Board shall review and update the Bank's capital program on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

ARTICLE XIV

PROFIT PLAN

(1) Within thirty (30) days of the adoption of the Strategic Plan required in Article IV, the Board shall continue to develop and implement a written profit plan to improve and sustain the earnings of the Bank. This plan shall include, at minimum, the following elements:

- (a) identification of the major areas in and means by which the Board will seek to improve the Bank's operating performance;
- (b) realistic and comprehensive budgets, including projected balance sheets and year-end income statements; and
- (c) a budget review process to monitor both the Bank's income and expenses, and to compare actual figures with budgetary projections.

(2) The budgets and related documents required in paragraph (1) above for (2003) shall be submitted to the Assistant Deputy Comptroller upon completion. The Board shall submit to the Assistant Deputy Comptroller annual budgets as described in paragraph (1) above for each year this Agreement remains in effect. The budget for each year shall be submitted on or before November 30, of the preceding year.

(3) The Board shall ensure that the Bank has processes, personnel, and control

systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

ARTICLE XV

LOAN SALES

(1) The Board shall notify the Assistant Deputy Comptroller at least twenty (20) days before all portfolio type loan sales not in the ordinary course of business. The information reported shall, at a minimum, include the following:

- (a) the name of the borrower;
- (b) the origination date;
- (c) the original amount;
- (d) the original terms;
- (e) the original interest rate;
- (f) the original collateral, value and basis for value;
- (g) the present status: outstanding balance, days past due, accrual status, collateral and value;
- (h) the current risk rating and date of rating; and
- (i) the terms of the sale.

(2) The Board shall ensure the submission of proposed loan sales(s) to the Assistant Deputy Comptroller for review and prior determination of no supervisory objection.

ARTICLE XVI

PROGRESS REPORTING - MONTHLY

(1) The Board shall submit monthly progress reports to the Assistant Deputy Comptroller, Pittsburgh Field Office, Corporate One Office Park, 4075 Monroeville Boulevard, Building 2, Suite 300, Monroeville, PA 15146. These reports shall set forth in detail:

- (a) actions taken since the prior progress report to comply with each Article of the Agreement;
- (b) results of those actions; and
- (c) a description of the actions needed to achieve full compliance with each Article of this Agreement.

(2) The progress reports should also include any actions initiated by the Board and the Bank pursuant to the criticisms and comments in the Report of Examination or in any future Report of Examination.

(3) The first progress report shall be submitted to the Assistant Deputy Comptroller within thirty (30) days of the Agreement's effective date. Subsequent progress reports must be submitted within fifteen (15) days after the last day of each month.

(4) The Assistant Deputy Comptroller has the discretion to amend reporting frequency and content based on the level of bank progress.

ARTICLE XVII

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or approval, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall: (i) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement; (ii) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement; (iii) follow-up on any non-compliance with such actions in a timely and appropriate manner; and (iv) require corrective action be taken in a timely manner of any non-compliance with such actions.

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

(4) The Board shall submit all new and/or revised plans, policies, and procedures stipulated in this Agreement to the Assistant Deputy Comptroller for review. Any revisions, additions, deletions, or nonacceptance of said plans, policies, and/or procedures shall be at the discretion of the Assistant Deputy Comptroller. However, the failure to exercise such revision and veto powers shall not constitute an approval or endorsement of the proposed plan, policy, and/or procedure.

(5) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(6) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in

writing by the Comptroller.

(7) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plans developed pursuant to this Agreement.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his/her hand on behalf of the Comptroller.

/s/ James M. Calhoun

7/12/2002

James M. Calhoun
Assistant Deputy Comptroller
Pittsburgh Field Office

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

_____ Gerald Benson	_____ Date
Signed	7/12/02
_____ George S. Hazlett	_____ Date
Signed	7/12/02
_____ Gerald Jelinek	_____ Date
Signed	7/12/02
_____ Steve Norman	_____ Date
Signed	7/12/02
_____ Roger Perkins	_____ Date
Signed	7/12/02
_____ Joseph Weir	_____ Date
Signed	7/12/02
_____ John Witt	_____ Date
_____	_____ Date
_____	_____ Date
_____	_____ Date