

**AMENDMENT TO THE AGREEMENT
BY AND BETWEEN
THE FIRST NATIONAL BANK OF NORTH EAST
NORTHEAST, PENNSYLVANIA
AND
THE OFFICE OF THE COMPTROLLER OF THE CURRENCY**

The First National Bank of North East, North East, PA (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, February 23, 2004 (ROE).

The Comptroller, through his authorized representative, and the Bank, by and through its duly elected and acting Board of Directors (Board), executed a Formal Agreement (Agreement) on June 25, 2003, which remains in full force and effect except as otherwise provided herein.

The Comptroller, through his authorized representative, and the Bank, by and through its Board, mutually agree that an amendment to the Agreement is now warranted. This Amendment to the Agreement (Amendment) is incorporated by reference into the Agreement as if fully set forth therein, and is agreed upon by and between the Bank and the Comptroller.

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

Article I

JURISDICTION

(1) This Amendment 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 Amendment 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 Amendment 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 Amendment shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(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
Pittsburgh Field Office
4075 Monroeville Boulevard, Room 300
Monroeville, PA 15146

Article II

CAPITAL PLAN AND HIGHER MINIMUMS

(1) The Bank shall achieve by December 31, 2004 and thereafter maintain the following capital levels (as defined in 12 C.F.R. Part 3):

(a) Tier 1 capital at least equal to twelve percent (12%) of risk-weighted assets;

(b) Tier 1 capital at least equal to eight percent (8%) of adjusted total assets.

(2) The Bank shall achieve by June 30, 2005 and thereafter maintain the following capital levels (as defined in 12 C.F.R. Part 3);

- (a) Tier 1 capital at least equal to twelve and one half percent (12.5%) of risk-weighted assets;
- (b) Tier 1 capital at least equal to eight and one half percent (8.5%) of adjusted total assets.

(3) The Bank shall achieve by December 31, 2005 and thereafter maintain the following capital levels (as defined in 12 C.F.R. Part 3);

- (a) Tier 1 capital at least equal to thirteen percent (13%) of risk-weighted assets;
- (b) Tier 1 capital at least equal to nine percent (9%) of adjusted total assets.

(4) Within one hundred and twenty (120) days, the Bank shall develop, implement, and thereafter ensure Bank adherence to a three-year capital program. The program shall include:

- (a) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1);
- (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 may strengthen its capital structure to meet the Bank's needs;

- (e) contingency plans that identify alternative methods should the primary source(s) under (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 plan;
 - (ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
 - (iii) with prior determination of no supervisory objection by the Assistant Deputy Comptroller.

(5) Upon completion, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller for approval. Upon approval by the Assistant Deputy Comptroller, the Bank shall implement and adhere to the capital program. 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 immediately upon their completion.

(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 III

PROFIT PLAN

(1) Within thirty (30) days, the Board shall develop a revised profit plan for calendar year 2005 to account for extraordinary and other expenses associated with this Agreement and any significant changes in the bank's business strategy, and to reflect realistic loan growth assumptions and loan loss provisions.

(2) Within ninety (90) days, and in consideration of the Bank's strategic plan developed in Article XI of the Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to, at minimum, a three-year written profit plan to improve and sustain the earnings of the Bank. The plan shall incorporate realistic and comprehensive budgets, including a projection of major balance sheet and income statement components, and shall provide for injections of equity capital, as necessary. This plan shall also 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) a budget review process to monitor both the Bank's income and expenses, and to compare actual figures with budgetary projections; and
- (c) a description of the operating assumptions that form the basis for major projected income and expense components.

(3) Upon completion of each plan under sections (1) and (2), the Board's profit plans 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 profit plan.

(4) The Board shall submit to the Assistant Deputy Comptroller the budgets and related documents for 2005 required in subparagraph (1) upon completion.

(5) The Board shall submit to the Assistant Deputy Comptroller annual budgets and related documents as described in subparagraph (2) above for each year this Amendment and

Agreement remains in effect. The budget and related documents for each year shall be submitted on or before November 30, of the preceding year.

(6) This article (III) hereby supersedes and nullifies Article XII of the original Agreement dated June 25, 2003.

ARTICLE IV

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) 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 Amendment shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

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

(4) The provisions of this Amendment 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 Amendment or excepted, waived, or terminated in writing by the Comptroller.

(5) This Amendment is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1),

and expressly does not form, and may not be construed to form, a contract binding on the OCC or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no OCC officer or employee has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities. The terms of this Amendment, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

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

/s/

James Calhoun
Assistant Deputy Comptroller
Pittsburgh Field Office

12-16-2004

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.

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|--------------------------------------|---------------------------|
| /s/ _____ George F. S. Bennett | 12/20/04 _____ Date |
| /s/ _____ Gary M. Brown | 12/20/04 _____ Date |
| /s/ _____ James S. Bryan | 12/20/04 _____ Date |
| /s/ _____ James S. Carr | 12/20/04 _____ Date |
| /s/ _____ Jerry E. Cass | 12/20/04 _____ Date |
| _____ Martin C. Haas | _____ Date |
| /s/ _____ Ann H. Neckers | 12/20/04 _____ Date |
| /s/ _____ Brian M. Quimby | 12/20/04 _____ Date |
| /s/ _____ Douglas C. Sceiford | 12/20/04 _____ Date |