#2009-177

AGREEMENT BY AND BETWEEN
Eagle National Bank
Upper Darby, Pennsylvania
and
The Comptroller of the Currency

Eagle National Bank, Upper Darby, Pennsylvania ("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 has found unsafe and unsound banking practices, including inadequate risk management practices involving the Bank's mortgage banking operations and weaknesses in credit administration.

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 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)(1)(A).

(5) This Agreement shall cause the Bank not to be designated as an "eligible bank" for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

(6) 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
Eastern Pennsylvania Field Office
3325 Street Road, Suite 120
Bensalem, Pennsylvania 19020

ARTICLE II
RISK MANAGER – MORTGAGE BANKING

(1) Within ninety (90) days of the Effective Date of this Agreement, the Board shall develop a Mortgage Banking Risk Manager position within the Bank and, after providing written notice to and receiving non-disapproval of the Assistant Deputy Comptroller pursuant to paragraph (4) of this Article, employ, appoint or designate a competent and qualified individual to fill such position. The Mortgage Banking Risk Manager shall be independent of mortgage loan production and responsible for overseeing and effectively managing the risks in the mortgage banking operation. The individual shall report directly to the Bank's president, Audit Committee and the Board.

(2) If the Mortgage Banking Risk Manager position mentioned in paragraph (1) of this Article becomes vacant in the future, the Board shall within ninety (90) days of such vacancy, after providing written notice to the Assistant Deputy Comptroller pursuant to

paragraph (4) of this Article, employ, appoint, or designate a competent and qualified individual to the vacant position who shall be vested with the authority and responsibilities outlined in paragraph (1) of this Article.

(3) If the Board is unable to identify and employ any qualified candidates within the timeframes set forth above, the Board shall document its efforts to locate such candidates. Thereafter, the Board shall provide quarterly reports to the Assistant Deputy Comptroller summarizing its continuing efforts to locate such candidates.

(4) Within sixty (60) days of the Effective Date of this Agreement, and prior to employing, appointing or designating any individual as the Mortgage Banking Risk Manager, the Board shall submit a written notice to the Assistant Deputy Comptroller containing the individual's name and qualifications. If the individual the Board seeks to employ, appoint or designate as the Mortgage Banking Risk Manager will be a "senior executive officer" as that term is defined in 12 C.F.R. § 5.51(c)(3), then prior to the individual's employment, appointment or designation, the Board shall submit to the Assistant Deputy Comptroller, written notice, as required by 12 C.F.R. § 5.51 and in accordance with the Comptroller's Licensing Manual. The Assistant Deputy Comptroller shall have the power to disapprove the appointment, employment or designation of any proposed individual; however, the failure to exercise such veto power shall not constitute an approval or endorsement of the proposed individual. The requirement to submit information and the prior disapproval provisions of this Article are based upon the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his review and act on any such information or authority within ninety (90) days. Provided the Board is in compliance with the requirements of this paragraph (4), the Board shall not be

deemed to be in noncompliance with the requirement to employ, appoint, or designate an individual to fill the Mortgage Banking Risk Manager position within the timeframe set out in paragraph (1) above if the Board's failure to meet that timeframe is based solely on the fact that the Board has not received the Assistant Deputy Comptroller's written disapproval or non-disapproval within ninety (90) days of the Effective Date.

ARTICLE III
MORTGAGE BANKING OPERATION RISK MANAGEMENT

(1) Within forty-five (45) days of the Effective Date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and supervisory non-objection a written program to monitor and control risk in the Bank's mortgage banking operation. Upon receiving the Assistant Deputy Comptroller's supervisory non-objection to the program, the Board shall, at its next board meeting, adopt the program and thereafter ensure the Bank's implementation of and adherence to the program. The program shall address the implementation of proper operating controls for both mortgage origination activities and secondary marketing activities and shall, at a minimum, include:

(a) the establishment and implementation of quality control operating policies and procedures that are reviewed periodically by management, and annually reviewed and approved by the Board, that address:

(i) identification of parties that will perform quality control reviews and the frequency of such reviews;

(ii) how samples for quality control testing will be selected;

(iii) required testing of a specified minimum percentage of all new mortgage originations on a monthly basis;

(iv) the performance of discretionary quality control reviews, on at least a monthly basis, that include loan samples based on higher risk characteristics, such as patterns of behavior, emerging trends, potential for fraud, employee complaints, and loans originated by new mortgage loan officers and offices;

(v) the establishment of risk based parameters for periodic field audits of mortgage offices to ensure compliance with established mortgage loan policy standards and expectations;

(vi) the on-going assessment of the sufficiency of staff, in terms of both quantity and quality, to meet the Bank's needs for effective quality control reviews and field audits;

(vii) the establishment of a process for analyzing quality control and field audit findings and reporting the results, and any recommendations for corrective action with timeframes for completion, to senior management and the Board or Audit Committee, on at least a quarterly basis;

(viii) the establishment of a process for reporting to the Board or Audit Committee whether quality control reviews and field audits are being performed in accordance with schedule; and

(ix) the establishment of a process by which the Board or Audit Committee will ensure management's timely follow-up and implementation of corrective action to address any identified and reported deficiencies.

(b) the establishment and implementation of proper controls for mortgage banking secondary marketing activities, which shall, at a minimum, include:

(i) the incorporation of supervision and controls for secondary marketing activities, including hedging of the loan pipeline and warehouse, into the Bank's overall risk management function;

(ii) limits and controls for the potential exposure of earnings and capital to changes in the value and performance of mortgage banking assets under expected and stressed conditions;

(iii) specified limits or an acceptable range for the Bank's overall exposure rate to prompt a reassessment of the Bank's risk posture and hedging strategy if there is a significant change in market dynamics;

(iv) controls for the mortgage pipeline relative to the Bank's funding capacity and capital position;

(v) a process and key assumptions for evaluating and monitoring the Bank's fallout/pull-through rates;

(vi) identification of primary permissible hedging instruments and activities, and the parties authorized to engage in such activities;

(vii) identification of alternative hedging instruments, activities and strategies if primary ones become ineffective due to market events;

(viii) periodic retrospective analysis of hedging effectiveness;

(ix) documentation required to support validation of the third party vendor's hedging model;

(x) procedures to ensure appropriate accounting and reporting of commitments to originate mortgage loans held for resale and commitments to sell mortgage loans under mandatory delivery and best efforts contracts; and

(xi) expanded audit coverage of the Bank's hedging activities, including assessment of data integrity related to hedging decisions and reporting of hedge performance and trading activity; reasonableness of key assumptions used in hedging activities; and overall adequacy of the Bank's controls over secondary marketing activities.

(2) Under paragraph (1)(b)(ix) above, the Bank's program is required to include documentation to support validation of the third party vendor's hedging model. Provided the Bank has contracted to obtain an independent validation within forty-five (45) days of the Effective Date and provides to the Assistant Deputy Comptroller within sixty (60) days of the Effective Date such documentation, the Bank will be deemed to be in compliance with paragraph (1)(b)(ix) of this Article.

(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 IV
MORTGAGE BANKING COMPLIANCE RISK MANAGEMENT

(1) Within sixty (60) days of the Effective Date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and supervisory non-objection a written compliance risk management program to monitor and control compliance risk in the mortgage banking operation. Upon receiving the Assistant Deputy Comptroller's supervisory non-objection to the program, the Board shall, at its next board meeting, adopt the program and thereafter ensure the Bank's implementation of and adherence to the program. The program shall, at a minimum, provide for:

(a) the establishment of uniform standards for mortgage origination activities, including guidelines for accurate completion of consumer disclosure documents and acceptable website content;

(b) control points for monitoring compliance with the standards and guidelines required to be established under subparagraph (a) above;

(c) ongoing review and assessment of HMDA data for all reportable loans;

(d) appropriate monitoring for compliance with fair lending laws and completion of a fair lending risk self-assessment;

(e) ongoing and uniform training on consumer lending laws and regulations for all mortgage banking personnel and third party loan processors used by the Bank;

(f) audit coverage to test for compliance with consumer lending laws and regulations and the Bank's policies and procedures; and

(g) procedures to ensure that exceptions noted in audit reports are corrected and responded to by the appropriate parties.

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

ARTICLE V
STRATEGIC PLAN

(1) Within sixty (60) days of the Effective Date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and supervisory non-objection a written strategic plan for the Bank covering at least a three-year period that meets the criteria outlined below. Upon receiving the Assistant Deputy Comptroller's supervisory non-objection to the strategic plan, the Board shall, at its next board meeting, adopt the strategic plan, and thereafter ensure the Bank's implementation of and adherence to the strategic plan. 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;

(c) the development of strategic goals and objectives to be accomplished over the short and long term;

(d) 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;

(e) 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;

(f) a management employment and succession program to promote the retention and continuity of capable management;

(g) an action plan to improve Bank earnings that includes financial forecasts with projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the strategic plan;

(h) parameters for stress testing earnings projections to document changes in concentrations of earnings and the impact of such changes on the Bank’s net income;

(i) strategies to provide for sufficient earnings, capital, and liquidity in worst case scenarios analyzed in (h);

(j) control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment;

(k) 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; and

(l) systems to monitor the Bank's progress in meeting the plan's goals and objectives, and contingency plans that identify alternatives the Bank will implement should the objectives established in items (c) and (g) not be achieved, which will detail how such alternatives will be implemented and identify specific triggers, timeframes, and accountability for implementation.

(2) Prior to making any changes that may have a material impact on the strategic plan, the Bank shall give the Assistant Deputy Comptroller sixty (60) days advance written notice of such changes, and shall not implement such changes without obtaining written supervisory non-objection from the Assistant Deputy Comptroller. For purposes of this paragraph, changes that may have a material impact on the strategic plan include, but are not limited to, any significant deviations or material changes consistent with the description in Appendix G of the Charters Booklet of the Comptroller's Licensing Manual, and include, in particular, any significant deviations from or material changes to:

(a) the current business focus, including entering into or exiting from a business segment;

(b) new products or services to be offered, and any outsourcing arrangements related to such product or service;

(c) alterations or modifications, including changes in terms, to existing products or services;

(d) funding strategies and capital maintenance;

(e) marketing strategies, marketing partners, or acquisition channels;

(f) accounting processes and practices;

(g) projected capital, income, and cash flow levels; or

(h) any other changes in personnel or operations, including outsourcing arrangements, that may have a material impact on the Bank's operations or financial performance.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the strategic plan. The Bank shall not operate or conduct business in a manner inconsistent with the most recent strategic plan that has received supervisory non-objection from the Assistant Deputy Comptroller.

ARTICLE VI
CREDIT ADMINISTRATION

(1) Within sixty (60) days of the Effective Date of this Agreement, the Board shall revise the Bank's credit administration program and thereafter ensure the Bank's implementation of and adherence to the revised program, which shall, at a minimum, provide for:

(a) procedures to ensure updated collateral valuations are obtained when necessary to support the Bank's collateral position;

(b) implementation of a complete appraisal review function;

(c) periodic stress testing of the loan portfolio at defined intervals on both an individual credit and portfolio wide basis;

(d) a process to fully analyze guarantor support, including a detailed analysis of the guarantor's global financial condition, which considers the value, sufficiency and liquidity of a guarantor's net assets, actual and contingent liabilities, and cash flow, including inflows and both required and discretionary cash outflows from all activities;

(e) a system to track and update rent rolls and leases;

(f) alignment of the Bank's credit risk rating definitions with the regulatory definitions for criticized and classified assets, set forth in "Rating Credit Risk" and "Allowance for Loan and Lease Losses," booklets A-RCR and A-ALLL, respectively, of the *Comptroller's Handbook*. ; and

(g) training to ensure lending officers understand and can appropriately identify credit weaknesses and are able to risk rate credits accurately.

(2) Upon completion, a copy of the program shall be forwarded to the Assistant Deputy Comptroller.

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

ARTICLE VII
<u>ALLOWANCE FOR LOAN AND LEASE LOSSES</u>

(1) The Board shall immediately require and the Bank shall implement and thereafter adhere to a program for the maintenance of an adequate Allowance for Loan and Lease Losses ("ALLL"). The program shall be consistent with the comments on maintaining a proper ALLL found in the Interagency Policy Statement on the ALLL contained in OCC Bulletin 2006-47 (December 13, 2006) and with the "Allowance for Loan and Lease Losses," booklet A-ALLL of the *Comptroller's Handbook*, and shall incorporate the following:

(a) utilization of the Bank's risk rating levels and trends in the qualitative analysis, including management's discussion of qualitative factors;

(b) criteria for determining Financial Accounting Standard ("FAS") 5 loan pools and an analysis of those loan pools;

(c) criteria for determining which loans will be reviewed under FAS 114, how impairment will be determined, and procedures to ensure that the analysis of loans complies with FAS 114 requirements; and

(d) qualitative factors which include an analysis of the concentration of large loans in relation to the legal lending limit and the growth rate of the portfolio.

(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 and shall be available for review by National Bank Examiners.

(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 VIII
CAPITAL PLAN

(1) Within ninety (90) days of the Effective Date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and supervisory non-objection a written capital plan, covering at least a three year period, that is consistent with the strategic plan required by Article V. Upon receiving the Assistant Deputy Comptroller's supervisory non-objection to the capital plan, the Board shall, at its next board meeting, adopt the capital plan, and thereafter ensure the Bank's implementation of and adherence to the capital plan. The capital plan shall include:

(a) specific plans for the maintenance of adequate capital to support the Bank's risk profile;

(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 future needs, as set forth in the strategic plan;

(d) identification of the primary source(s) from which the Bank will maintain an appropriate capital structure to meet its needs;

(e) contingency plans that identify alternative methods to strengthen capital should the primary source(s) under (d) above not be available; and

(f) a dividend policy that permits the declaration of a dividend only: when the Bank is in compliance with its approved capital plan and would remain in compliance with its approved capital plan following the payment of any dividend; when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and with the prior written supervisory non-objection of the Assistant Deputy Comptroller.

(2) The Board shall review and update the Bank's capital plan on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted 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 plan developed pursuant to this Article.

ARTICLE IX
PROGRESS REPORTING - QUARTERLY

(1) The Board shall submit quarterly progress reports to the Assistant Deputy Comptroller. These reports shall set forth in detail:

(a) actions taken to comply with each Article of this Agreement;

(b) the 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 shall 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 for the period ending December 31, 2009 and will be due within ten (10) days of that date. Thereafter, progress reports will be due within ten (10) days after the month end.

ARTICLE X
CLOSING

(1) This Agreement shall be effective immediately upon its execution by all parties ("Effective Date") and shall remain in full force and effect until the Comptroller, in his sole discretion, through his authorized representative elects to terminate the Agreement.

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

(3) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him 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) Any time limitations imposed by this Agreement shall begin to run from the Effective Date of this Agreement, unless otherwise provided. Such time requirements

may be extended in writing by the Comptroller or his duly authorized representative for good cause upon written application by the Board.

(5) 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 or his duly authorized representative.

(6) In each instance in this Agreement in which the Board is required to act, the Board shall be obligated to take such measures within the scope of their authority necessary to accomplish such act, and, to the extent that such measures involve directions to management of the Bank, the Board shall be obligated to ensure that management of the Bank follows such directions.

(7) This Agreement is intended, 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 Comptroller or the United States of America. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations, undertaken by the Bank herein, pursuant to his supervisory powers, including pursuant to 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 Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the

Currency has statutory or other authority to bind the United States of America, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or arrangements, or negotiations between the parties, whether oral or written.

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

/s/	10/15/2009
Reggy Robinson Acting Assistant Deputy Comptroller Eastern Pennsylvania 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.

/s/	10/15/09
Donald L. Besecker, Jr.	Date
/s/	10/15/09
William H. Bromley	Date
/s/	10/15/09
Robert W. Fesnak	Date
/s/	10/15/09
Thaddeus Fortin	Date

/s/	10/15/09
Murray S. Gorson	Date
/s/	10/15/09
Richard W. Patton	Date
/s/	10/15/09
Joseph F. Tornetta	Date