

#2009-252

**AGREEMENT BY AND BETWEEN
FIRST NATIONAL BANK OF CHESTER COUNTY
WEST CHESTER, PENNSYLVANIA
AND
THE OFFICE OF THE COMPTROLLER OF THE CURRENCY**

The First National Bank of Chester County, West Chester, Pennsylvania (“Bank”) is a national bank subject to the limitations on controlling or holding an interest in financial subsidiaries set forth in 12 U.S.C. § 24a and 12 C.F.R. § 5.39.

The Comptroller of the Currency of the United States (“Comptroller”), through his National Bank Examiners, has examined the Bank, and his findings are contained in the OCC Report of Examination for the exam commencing February 18, 2009. Based on this examination, the OCC downgraded the Bank's composite and management ratings to a “3” and thus the Comptroller has concluded that the Bank does not meet the definition of “well managed” for purposes of 12 C.F.R. § 5.39.

On November 4, 2009, the OCC delivered written notification to the Bank informing the Bank that it was not in compliance with the requirements set forth in 12 U.S.C. § 24a(a)(2)(C) and 12 C.F.R. § 5.39(g)(1) that it and each of its depository institution affiliates be well managed (“Notice”). Accordingly, the Bank is required to execute an agreement with the Comptroller. 12 U.S.C. § 24a(e)(2 and 3) and 12 C.F.R. §§ 5.39(j)(1)(ii) and (iii).

In consideration of the above, 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 is entered into pursuant to 12 U.S.C. § 24a(e)(2) and (3) and 12 C.F.R. §§ 5.39(j)(1)(ii) and (iii).

(2) This Agreement shall not be deemed to be a “formal written agreement” for the purposes of 12 C.F.R. Part 5 and Part 24.

(3) Unless notified otherwise by the Assistant Deputy Comptroller, all reports, plans and written assessments which the Bank has agreed to, or will need to, submit pursuant to this Agreement shall be forwarded by overnight mail to:

Reggy Robinson
Acting Assistant Deputy Comptroller
Eastern Pennsylvania Field Office
Office of the Comptroller of the Currency
4 Greenwood Square, Suite 120
3325 Street Road
Bensalem, PA 19020

ARTICLE II
DEFINITIONS

(1) The phrase “effective date” shall mean the date that this Agreement is executed by the Comptroller or by his duly authorized representative.

(2) The term “well managed” shall be defined as that term is defined at 12 U.S.C. § 24a(g)(6) and 12 C.F.R. § 5.39(d)(12)(1).

ARTICLE III

COMPLIANCE COMMITTEE STATUS REPORT

(1) Within ten (10) days of the effective date of this Agreement, the Board shall appoint a Committee of at least three (3) directors, of which no more than one (1) shall be an employee or controlling shareholder 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.

(2) The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement.

(3) The Compliance Committee shall submit a written status report to the Board setting forth in detail:

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

(4) The first status report shall be submitted to the Board within thirty (30) days of the effective date of this Agreement. A copy of the Compliance Committee’s first status report, with any additional comments by the Board, shall be forwarded to the Assistant Deputy Comptroller upon completion. Thereafter, status reports to the Board will be due monthly. The Board shall forward a copy of the Compliance Committee’s status report, with any additional comments by the Board, to the Assistant Deputy Comptroller within seven (7) days after the end of each month.

ARTICLE IV

ACTION PLAN

(1) Not later than one hundred eighty (180) days after receipt of the Notice, the Board shall complete all steps necessary to cause the Bank to comply with all requirements set forth in 12 U.S.C. § 24a and 12 C.F.R. § 5.39 for a national bank that has established or maintains a financial subsidiary.

(2) Within Thirty (30) days of the effective date of this Agreement, the Board shall adopt a written action plan:

- (a) explaining the specific actions that Bank management will take to comply with the obligation described in paragraph (1) of this Article;
- (b) specifying how the Board will ensure Bank management's implementation of the plan; and
- (c) setting forth a timetable for the implementation of each action.

(3) Upon completion of the plan, the Board shall submit the plan to the Assistant Deputy Comptroller for prior written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall immediately implement and adhere to 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 prior written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the revised plan.

ARTICLE V

LIMITATIONS ON ADDITIONAL ACTIVITIES INVOLVING FINANCIAL SUBSIDIARIES

(1) Upon the effective date of this Agreement, the Bank shall not, directly or indirectly, acquire control of, or hold an interest in, any new financial subsidiary, or commence a new activity in its existing financial subsidiary, unless: (i) the OCC has made a written determination that the Bank has corrected the conditions which led to the issuance of Notice and this Agreement, including becoming well managed; (ii) the Assistant Deputy Comptroller has made a written determination of no objection to the proposed activity or acquisition of control; and (iii) the Bank has obtained the OCC's written approval through the procedures set forth in 12 C.F.R. § 5.39(i).

ARTICLE VI

REQUIRED DIVESTITURE OF FINANCIAL SUBSIDIARY

(1) If, after one hundred eighty (180) days following receipt of the Notice, the OCC determines, in its sole discretion, that the deficiencies identified in the Notice have not been corrected, the Bank agrees, if it is directed to do so by the OCC, to: (i) divest control of its financial subsidiary, and/or (ii) comply with any additional limitations or conditions on the conduct of the Bank, its affiliates, and/or its financial subsidiary.

ARTICLE VII
CONCLUDING PROVISIONS

(1) 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.

(2) 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 Comptroller or his duly authorized representative for good cause upon written application by the Board.

(3) The provisions of this Agreement 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.

(4) To the extent that any of the provisions of this Agreement conflict with the terms found in any existing agreement between the Comptroller and the Bank, the provisions of this Agreement shall control.

(5) This Agreement 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(i), 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 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/

Reggy Robinson
Acting Assistant Deputy Comptroller
Eastern Pennsylvania Field Office

11/04/2009

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/

Brian K. Campbell

11/19/2009

Date

/s/

M. Robert Clarke

11/19/2009

Date

/s/

Clifford E. DeBaptiste

11/19/2009

Date

/s/

James M. Deitch

11/19/2009

Date

/s/

John A. Featherman, III, Esquire

11/19/2009

Date

/s/

John S. Halsted, Esquire

11/19/2009

Date

/s/

J. Carol Hanson

11/19/2009

Date

/s/

Lynn Marie Johnson-Porter

11/19/2009

Date

/s/

Edward A. Leo

11/19/2009

Date

/s/

Matthew S. Naylor

11/19/2009

Date

/s/

David L. Peirce

11/19/2009

Date

/s/

John B. Waldron

11/19/2009

Date