

AGREEMENT BY AND BETWEEN
The Citizens National Bank of Meyersdale
Meyersdale, Pennsylvania
and
The Comptroller of the Currency

The Citizens National Bank of Meyersdale, Meyersdale, 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 relating to credit leadership and credit risk management at the Bank.

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) The Bank is designated as in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(6), unless otherwise informed in writing by the Comptroller. In addition, the Bank is not 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:

Michael A. Russo
Assistant Deputy Comptroller
Pittsburgh Field Office
4075 Monroeville Boulevard, Suite 300
Monroeville, Pennsylvania 15146

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within fifteen (15) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least five (5) directors, of which no more than two (2) 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. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member 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 date of this Agreement and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:
 - (a) a description of the action 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 and status of those actions.
- (4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

ARTICLE III

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) Within forty-five (45) days of the date of this Agreement, the Compliance Committee shall review Bank management and Board supervision of the Bank, including the structure, effectiveness and staffing of Bank management and the structure and effectiveness of the Board. The findings and recommendations of the Compliance Committee shall be set forth in a written report to the Board and shall include, but not be limited to, the following assessments:

- (a) what training Bank directors have received and what additional director training is needed to oversee the Bank's credit risk management activities. The assessment shall include a timetable for meeting those training needs;
- (b) what information the Board is regularly receiving and what information directors should receive from management about the condition, risks and

operation of the Bank. The assessment shall address the fiduciary responsibilities and other responsibilities under law of directors; and

- (c) what additional training shall be necessary to enable managers of the Bank's credit risk-rating process to identify risk-rating deficiencies and valuation of collateral deficiencies as well as assess risk processes of the Bank and collateral securing loans and credits so that weaknesses in financial performance of borrowers who are primary and secondary sources of repayment are properly reflected in regulatory risk ratings for those loans; and
- (d) what training Bank employees have received, what additional training is needed for Bank employees, what capabilities Bank employees must obtain, and what level of external assistance is necessary so that the Bank can comply with the requirements of Article VI-Problem Loan Management.

(2) Within ninety (90) days of the date of this Agreement, the Board shall complete its review of the report required by Paragraph (1) of this Article and forward a copy of the report to the Assistant Deputy Comptroller along with a copy of the Board resolution setting forth Board action on the findings and recommendations set forth in that report.

(3) Within ninety (90) days of the date of this Agreement, the Board shall ensure that the Bank has competent management in place on a full-time basis in its President and Loan Officer positions 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.

(4) Within ninety (90) days of the date of this Agreement, the Board shall review the capabilities of the Bank's management to perform present and anticipated duties, including duties resulting from the Articles of this Agreement, and the Board will determine whether management changes will be made, including the need for additions to or deletions from current management.

(5) For incumbent officers in the positions mentioned in Paragraph (3) of this Article, the Board shall within ninety (90) days of the date of this Agreement assess each of these officers' experience, other qualifications and performance compared to the position's description, duties and responsibilities.

(6) If the Board determines that an officer will continue in his/her position but that the officer's depth of skills needs improvement, the Board will within 30 days after the assessment required in Paragraph (5) of this Article develop and implement a written program, with specific time frames, to acquire these skills and improve the officer's supervision and management of the Bank. At a minimum the written program shall include:

- (i) an education program designed to ensure that the officer has the skills and abilities necessary to supervise and manage effectively;
- and
- (ii) performance objectives by which the officer's effectiveness will be measured.

Upon completion, a copy of the written program shall be submitted to the Assistant Deputy Comptroller.

(7) If a position mentioned in Paragraph (3) of this Article is vacant now or in the future, including if the Board realigns an existing officer's responsibilities or if a position

mentioned in Paragraph (3) of this Article becomes vacant, the Board shall within 90 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.

(8) Prior to the appointment of any individual 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" and "Background Investigations" booklets of the Comptroller's Licensing 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.

(9) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new officer. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed officer.

(10) The requirement to submit information and the prior disapproval 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.

ARTICLE IV

CREDIT RISK IDENTIFICATION AND REDUCTION

(1) Within ninety (90) days of the date of this Agreement, the Board shall require the Bank to take the following actions to address deficiencies in credit policies and reduce the high level of credit risk in the Bank:

- (a) Eliminate the deficiencies in credit policies and procedures that were identified in the February 6, 2012 Report of Examination (“ROE”);
- (b) Require management and other employees to comply with all credit policies and procedures and regulatory requirements;
- (c) Ensure management and the credit staff are held accountable for accurate and timely recognition of risk in accordance with regulatory definitions and bank policy;
- (d) Implement procedures to strengthen credit reporting and underwriting, particularly to require that management provide comprehensive and timely information to the Board about significant activities and risks; and
- (e) Maintain an adequate, qualified staff in all functional areas of credit risk management and operations.

(2) At least quarterly, the Board shall prepare a written assessment of the bank’s credit risk, which shall evaluate the Bank’s progress with regard to the aforementioned actions. The Board shall submit a copy of this assessment to the Assistant Deputy Comptroller.

(3) Within thirty (30) days of the date of this Agreement, the Board shall, subject to Paragraph (4) of this Article, employ a consultant or consultants qualified to assess the credit risk in the portion of the commercial and real estate investor loan portfolios that was not assessed by

a third party earlier this year and conduct an ongoing quarterly asset quality review of these portfolios of the Bank. The consultant shall be utilized until such time as an ongoing internal asset quality review system is developed by the Board, implemented and demonstrated to be effective.

(4) Prior to the appointment or employment of any loan review consultant or entering into any contract with a consultant, the Board shall submit the name and qualifications of the proposed consultant and the proposed terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(5) Before terminating the consultant's asset quality review services, the Board shall both certify the effectiveness of the internal asset quality review system, and receive prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(6) The requirement to submit information and the provisions for prior written determination of no supervisory objection in this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

ARTICLE V

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days of the date of this Agreement, 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 OCC Bulletin 2006-47, and shall focus particular attention on the following factors:

- (a) results of the Bank's loan review;
- (b) an estimate of inherent loss exposure on each significant credit;
- (c) an estimate of inherent loss exposure on each credit in excess of one hundred fifty thousand dollars (\$150,000);
- (d) loan loss experience;
- (e) trends of delinquent and nonaccrual loans;
- (f) concentrations of credit in the Bank;
- (g) present and prospective economic conditions;
- (h) risk rating based on identified risk factors and in accordance with regulatory risk rating definitions;
- (i) allocation of risk, with supportable narrative, for credits rated “doubtful” into loan subgroups that reflect differing loss factors appropriate for credits with higher risk of loss; and
- (j) qualitative factor adjustments in each homogeneous pool to reflect credit underwriting and management practices in place at the Bank.

(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.

ARTICLE VI

PROBLEM LOAN MANAGEMENT

(1) Within thirty (30) days of the date of this Agreement, the Bank shall take action to protect its interest in those assets criticized in the ROE, in any subsequent ROE, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) Within ninety (90) days of the date of this Agreement, the Board shall establish a Problem Loan Management Program for the purpose of restoring and reclaiming classified assets, including commercial loans, consistent with Appendix F of the Real Estate and Construction Lending Booklet of the Comptroller's Handbook (formerly OCC Banking Circular 255), and reducing the level of criticized loans of the Bank.

(3) Within one hundred and twenty (120) days of the date of this Agreement, the Problem Loan Management Program shall include the development and implementation of a written action plan for each criticized lending relationship with an aggregate exposure to the Bank exceeding one hundred fifty thousand dollars (\$150,000), each such plan to be updated at least quarterly and with action plans and updated action plans reported to the Compliance Committee;

- (4) Written action plans required by this Article shall include, at a minimum:
- (a) a summary of loan exposure, guarantors and any related debt;
 - (b) an identification of the expected source of repayment;
 - (c) summary of collateral, condition and date of valuation;
 - (d) the position of the Bank's lien on such collateral where applicable;

- (e) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
- (f) the risk rating and support for the rating,;
- (g) a list of the proposed actions to be taken to eliminate the basis of criticism and the time frame for accomplishment of each action on the list;
- (h) an analysis of whether the relationship constitutes a troubled debt restructuring under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 310-40 (pre-codification reference: Statement of Financial Accounting Standards (“FAS”) Statement No. 114); and
- (i) contact information for each borrower and guarantor.

(5) Within ninety (90) days of the date of this Agreement, the Board shall develop and implement policies and procedures governing the administration of problem loans, including but not limited to:

- (a) early intervention guidelines;
- (b) minimum workout plan requirements;
- (c) the frequency and content of reports to the Board;
- (d) guidelines for advancing funds and approving renewed or restructured loans;
- (e) establishing when collateral securing a criticized loan must be reappraised or reevaluated;
- (f) ensuring the accuracy of classifications resulting after consideration of OCC Bulletin 2000-20; and,

(g) establishing the method by which the effectiveness of loan workout efforts are reviewed and assessed by the loan review consultant engaged for periodic reviews under Article IV of this Agreement.

(6) Within thirty (30) days of the date of this Agreement, the Board shall, subject to Paragraph (7) of this Article, employ a consultant or consultants qualified to assess the effectiveness of the Problem Loan Management Program on an ongoing quarterly review. The consultant shall be utilized until such time as the Problem Loan Management Program is developed by the Board, implemented and demonstrated to be effective.

(7) Prior to the appointment or employment of any loan review consultant, loan workout specialist, or entering into any contract with a consultant or loan workout specialist, the Board shall submit the name and qualifications of the proposed consultant and the proposed terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(8) Before terminating the consultant's assessment of the effectiveness of the Problem Loan Management Program, the Board shall both certify the effectiveness of the Problem Loan Management Program, and receive prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(9) The requirement to submit information and the provisions for prior written determination of no supervisory objection in this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

ARTICLE VII

UNDERWRITING, REVIEW AND ONGOING CREDIT MONITORING

(1) Within thirty (30) days of the date of this Agreement, the Board shall obtain current and satisfactory credit, evaluation, and appraisal information on all loans lacking such information, including those listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of any examination.

(2) Within thirty (30) days of the date of this Agreement, the Board shall ensure proper collateral documentation is maintained on all loans and correct each collateral, evaluation, and appraisal exception listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of any examination.

(3) Within ninety (90) days of the date of this Agreement, the Board shall develop, implement, and thereafter adhere to a written program to improve its commercial credit underwriting and review standards. The program shall include, but not be limited to, procedures for ensuring that:

- (a) loans are underwritten with quantitative financial analysis of the borrower, including current and expected financial condition, projected and historical cash flow and repayment capacity, comparative financial ratios with prior periods and industry or peer group norms where appropriate. The analysis should address how projections vary from historical performance and assess whether the borrower is likely to achieve those projections;

- (b) the quantitative analysis required in (a) above shall include analysis of revenues, profit margins, income and cash flow, leverage, liquidity, and capitalization and should be sufficiently detailed to identify trends and circumstances that may affect borrower performance;
- (c) extensions and renewals of commercial credits are underwritten to the same standards applied generally to commercial credits;
- (d) loan files document an evaluation of the borrower's capacity to pay over the term of the loan and at every request for renewal or extension and contain sufficient financial and qualitative information to evaluate assigned risk ratings;
- (e) prior to approving any loan to be underwritten based on guarantor support, Bank management must review documentation supporting guarantor financial strength, including an analysis of liquid assets, recurring sources and uses of funds, cash flow and debt service requirements, personal living expense estimates and personal financial statements signed by the guarantor;
- (f) written global cash flow analysis is required for borrowers with multiple loans and for borrowers with multiple lenders, with that analysis including but not limited to guarantor contingent liabilities;
- (g) the underwriting of asset secured lending requires collateral valuation and valuation reviews are included with and maintained in the loan file and that updated valuations are obtained when required by regulation or when there is evidence that repayment of an underlying loan is likely to become

collateral dependent. Valuations shall include consideration whether the assets will decline in value over the loan term, including if the primary source of repayment declines or other potential weaknesses become evident;

- (h) the origination of unsecured loans are limited to borrowers that meet credit standards established by the Bank and that have a documented ability to repay the loan at maturity;
- (i) extensions of loan maturity are granted only after the Bank can document how the extension protects the interest of the Bank;
- (j) extension and renewal practices are periodically reviewed and tested through the loan review function;
- (k) renewals and extensions are monitored by management and the Board is provided with quarterly performance information;
- (l) written guidelines about acceptable and unacceptable credit structures, which include examples of indefinite or liberal repayment programs and multiple loan extensions that are unacceptable, are established to reduce to risk of origination of structurally weak credits; and
- (m) files for residential real estate investor loans include an analysis of the borrower's development expertise and a construction loan budget documenting costs, any "as is" or "as complete" appraisals or evaluations, and a report showing how disbursements of funds were linked to written inspection reports.

(4) Within ninety days (90) days of the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to address deficiencies in credit policies for commercial, residential real estate investor and farm loan relationships that exceed one hundred fifty thousand dollars (\$150,000). The program shall include, but not be limited to:

- (a) procedures to maintain and update lists of relationships required to submit financial information to the Bank;
- (b) procedures to date and track financial information received by the Bank pursuant to Bank policies; and
- (c) procedures to establish an annual review schedule, enumerating when the next annual review of the relationship will occur, and track whether management has conducted an annual review in a timely manner.

ARTICLE VIII

APPRAISALS OF REAL PROPERTY

(1) Within fifteen (15) days of the date of this Agreement, the Board shall engage the services of an independent, professionally certified, or licensed appraiser(s) to provide:

- (a) a written or updated appraisal, in accordance with 12 C.F.R. Part 34, for each parcel of real property that represents primary collateral behind any extension of credit where a violation of law was cited in the ROE and where:
 - (i) the loan was criticized in the ROE for lacking an appraisal that met the minimum appraisal standards set forth in 12 C.F.R. § 34.44(d)
- or;

(ii) the loan was criticized in the ROE for lacking an appraisal required by 12 C.F.R. § 34.43(a) or;

(iii) the loan was criticized in the ROE for lacking an appraisal conducted by an independent appraiser as required by 12 C.F.R. § 34.45(b).

(b) a written appraisal on each parcel of Other Real Estate Owned where it is needed to bring the Bank into conformity with the provisions of 12 C.F.R. Part 34.

(2) The Board shall specifically instruct the appraiser(s) to comply with the requirements of 12 C.F.R. Part 34.

(3) All such appraisals shall be completed within thirty (30) days of the date of this Agreement, and certification by the Board attesting to the completion of the appraisals shall be forwarded to the Assistant Deputy Comptroller within thirty (30) days after all such appraisals are completed.

ARTICLE IX

OTHER REAL ESTATE OWNED

(1) Within ninety (90) days of the date of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program to ensure that the Bank's management of Other Real Estate Owned ("OREO") is managed in accordance with 12 U.S.C. § 29 and 12 C.F.R. Part 34. At a minimum, the program shall:

(a) identify the Bank officer(s) responsible for managing and authorizing transactions relating to OREO properties;

- (b) contain an analysis of each OREO property which compares the cost to carry against the financial benefits of near term sale;
- (c) detail the marketing strategies for each parcel;
- (d) identify targeted time frames for disposing each parcel of OREO;
- (e) establish targeted write-downs at periodic intervals if marketing strategies are unsuccessful;
- (f) establish procedures to require periodic market valuations of each property, and the methodology to be used;
- (g) provide for reports to the Board on the status of OREO properties on at least a quarterly basis;
- (h) conform the financial treatment of OREO by the Bank to that required by generally accepted accounting principles, Reports of Condition and Income and other regulatory requirements;
- (i) ensure that the Bank personnel managing OREO account for transactions involving OREO in accordance with regulatory requirements; and
- (j) require that the accounting, regulatory compliance, monitoring and disposition of OREO be reviewed regularly as part of the Bank's internal audit or loan review work.

ARTICLE X

CONCENTRATIONS OF CREDIT

(1) Within ninety (90) days of the date of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written asset diversification program consistent with Appendix F of the Real Estate and Construction Lending Booklet of the Comptroller's Handbook (formerly OCC Banking Circular 255). The program shall include, but not necessarily be limited to, the following:

- (a) a review of the balance sheet to identify any concentrations of credit;
- (b) a written analysis of any concentration of credit identified above in order to identify and assess the inherent credit, liquidity, and interest rate risk;
- (c) policies and procedures to control and monitor concentrations of credit;
and
- (d) an action plan approved by the Board to reduce the risk of any concentration deemed imprudent in the above analysis.

(2) For purposes of this Article, a concentration of credit is as defined in the "Loan Portfolio Management" booklet of the Comptroller's Handbook.

(3) The Board shall ensure that future concentrations of credit are subjected to the analysis required by subparagraph (b) and that the analysis demonstrate that the concentration will not subject the Bank to undue credit or interest rate risk.

(4) The Board shall forward a copy of any analysis performed on existing or potential concentrations of credit to the Assistant Deputy Comptroller immediately following the review.

ARTICLE XI

CAPITAL PLAN

(1) Within one hundred five (105) days of the date of this Agreement, the Board shall revise its current capital plan in order to develop, implement, and thereafter ensure Bank adherence to a three year capital program that addresses the Bank's increased risk profile. The program shall include:

- (a) 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 and other quantitative and qualitative factors;
- (b) projections under (a) above should be developed based on normal and stress scenarios;
- (c) quantification of problem loan levels or capital levels that will require the Bank to implement an action plan to obtain additional capital;
- (d) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (e) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs and the expected volatility of those sources;
- (f) contingency plans that identify alternative methods should the primary source(s) under (e) above not be available; and
- (g) a dividend policy that permits the declaration of a dividend only:

(i) when the Bank is in compliance with its approved capital program;
and

(ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60.

(2) Upon completion, the Bank's capital program 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 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.

ARTICLE XII

STRATEGIC PLAN

(1) Within ninety (90) days, the Board shall adopt, 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;
- (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 paragraph (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 Paragraph (1)(c) of this Article;
- (f) an action plan to improve bank earnings, meet capital levels developed under Paragraph (1)(c) of this Article, control liquidity risk, reduce credit risk and accomplish identified strategic goals and objectives, including individual responsibilities, accountability and specific time frames;
- (g) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the strategic plan, which projections are consistent with projections developed under Article XI of this Agreement;
- (h) control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment;
- (i) 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;
- (j) systems to monitor the Bank's progress in meeting the plan's goals and objectives, and;

- (k) systems to monitor the accuracy of data supporting the forecasts and projections developed under Paragraph (1)(g) of this Article.

Upon adoption, a copy of the plan shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the strategic plan.

ARTICLE XIII

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written 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 Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) 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.

(4) 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.

(5) 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:

- (a) ensure that the Bank has processes, management, personnel, and control systems to effectively implement and adhere to all provisions of this Agreement; and that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities under this Agreement;
- (b) 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;
- (c) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (d) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (e) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement 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 Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his 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 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, 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 prior arrangements 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.

Michael A. Russo
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.

/s/

7/20/2012

William Boger

Date

/s/

7/20/2012

David B. Clapper

Date

/s/

7/20/2012

Charlotte Clark

Date

/s/

7/20/2012

Samuel McClure

Date

/s/

7/20/2012

Robert Philson

Date

/s/

7/20/2012

Timothy Resh

Date

/s/

7/20/2012

Harold Saylor

Date

/s/

7/20/2012

David E. Suder

Date

/s/

7/20/2012

Timothy E. Walters

Date