



Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, New York 10036

March 1, 2004

Conditional Approval #627
April 2004

Mr. Michael H. Peuler
Executive Vice President
Blue Ball National Bank
1060 Main Street
P O Box 580
Blue Ball, PA, 17506

Re: Application to charter an uninsured trust bank with the title PennRock Financial Advisors, National Association, Blue Ball, Pennsylvania (Charter #24480) and to hold it as an operating subsidiary of Blue Ball National Bank, Blue Ball, Pennsylvania.
Application Control Numbers: 2003-NE-01-0021 and 2003-NE-08-026

Dear Mr. Peuler:

The Office of the Comptroller of the Currency (“OCC”) has reviewed your application to establish a new uninsured national trust bank, which will engage solely in fiduciary activities with the title of PennRock Financial Advisors, National Association, (“Bank”) and to establish the new charter as an operating subsidiary of Blue Ball National Bank. Your charter proposal meets applicable standards and we herewith grant preliminary conditional approval. In addition, your request to establish the new bank as an operating subsidiary of Blue Ball National Bank is approved.

This approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the proposed Bank’s representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and will not be FDIC-insured.

The Bank’s initial Tier 1 capital, net of all organizational and preopening expenses, shall be no less than \$2.5 million. The manner in which capital is raised must not deviate from that described in the business plan without prior written OCC notification. If the capital for the Bank is not raised within 12 months or if the Bank is not opened for business within 18 months from the

preliminary conditional approval date, this approval expires. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the Bank to open for business as soon as possible.

This preliminary conditional approval is subject to the following conditions:

1. At all times, the Bank shall maintain a minimum of \$2.5 million in Tier 1 capital.
2. If the Bank fails to maintain Tier 1 capital in the amount of \$2.5 million, the Bank shall be deemed "undercapitalized," for the purposes of 12 U.S.C. § 1831o and 12 C.F.R. § 6, and the OCC shall have the authority to take any action authorized under all provisions of 12 U.S.C. § 1831o and 12 C.F.R. § 6 applicable to an undercapitalized national bank. For purposes of section 1831o(e)(5), an action "necessary to carry out the purpose of this section" shall include restoration of the Bank's capital so that it is not "undercapitalized," and any other action deemed advisable by the OCC to address the Bank's capital deficiency or the safety and soundness of its operations.
3. The Bank (i) shall give the OCC's Eastern Pennsylvania Field Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from the business plan or operations and (ii) shall obtain the OCC's written determination of no objection before the Bank engages in any significant deviation or change from the business plan or operations.¹
4. The Bank must notify all potential technology-related vendors in writing of the OCC's examination and regulatory authority under 12 U.S.C. § 1867(c). All final technology-related vendor contracts must stipulate that the performance of services provided by the vendors to the Bank is subject to the OCC's examination and regulatory authority. The provisions of 12 C.F.R. § 9 would be applicable to any fiduciary activities contracted out to vendors.
5. The Bank shall establish and maintain a Fiduciary Audit Committee consistent with requirements of 12 C.F.R. § 9.9 (c).
6. All transactions between the Bank and any affiliates, domestic or foreign, shall be conducted subject to the applicable provisions of 12 U.S.C. § 371c, 12 U.S.C. § 371c-1, or other applicable Federal law. The Board of Directors of the Bank annually shall review and approve the service agreements and any other transactions with domestic and foreign affiliates, including in particular any cost allocation, fee-sharing or tax-sharing provisions in such agreements or other transactions.

¹ If such deviation is the subject of an application filed with the OCC, no separate notice to the Deputy Comptroller is required.

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The conditions of this approval are conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. § 1818 and, as such, are enforceable under 12 U.S.C. § 1818.

The Bank is reminded that we expect it to maintain adequate capital and liquidity as set forth in OCC Bulletin 2000-26, dated September 28, 2000. Please be advised that the OCC is currently reviewing its capital and liquidity policy with respect to national trust banks. Should there be a change to our policy as a result of the review, we will advise you accordingly. In addition, if through future acquisitions, growth, or otherwise, the Bank's trust assets increase significantly, or if the Bank assumes additional risk, the OCC may require the Bank to hold additional capital. In acting on future applications, we would expect to raise the capital levels set forth in the above conditions if growth in trust assets or risks warrant.

Until final approval is granted, the OCC has the right to alter, suspend, or revoke conditional preliminary approval should any interim development be deemed by the OCC to warrant such action.

Please refer to the "Corporate Organization" booklet of the *Comptroller's Licensing Manual at <http://www.occ.treas.gov>* for the instructions on organizing the Bank. The booklet contains all of the steps you must take to receive your charter. As detailed in the booklet, you may establish the corporate existence of and begin organizing the Bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

Enclosed are standard requirements that must be met, as applicable, before the Bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the Board of Directors before the Bank begins operation. Applicable standard requirements also must be satisfied before the Bank will be allowed to commence business.

The OCC poses no objection to the following persons serving as executive officers and directors of the Bank as proposed in the application.

Michael H. Peuler	Director, President & CEO
Irving E. Bressler	Director
Sandra J. Bricker	Director
Lewis M. Good	Director

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Norman Hahn	Director
Elton Horning	Director
Aaron Kurtz	Director
Melvin Pankuch	Director
Robert L. Spotts	Director
Dale M. Weaver	Director
Glenn H. Weaver	Director
Robert K. Weaver	Director

You are reminded that additional executive officers to be appointed prior to opening are subject to the OCC's prior review and clearance. Also, for a period of two years after the Bank has opened for business, the Bank must seek and receive no objection from the OCC prior to any new executive officer or director assuming such position.

Approval is also granted for the Bank to receive a noncash contribution to permanent capital. The Bank's parent, Blue Ball National Bank, will contribute certain assets with an aggregate value of \$1.5 million.

If the Bank is not opened within one year from the approval date, the preliminary conditional approval will expire.

This conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

If you have any questions, please contact me at (212) 790-4055.

Sincerely,

/s/ Sandya R. Reddy

Sandya R. Reddy
Acting Licensing Manager