#2012-021
Also Terminates **#2009-177**

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of:	)	Supersedes and Terminates
Eagle National Bank	)	OCC 2009-177
Upper Darby, Pennsylvania	)	

CONSENT ORDER

The Comptroller of the Currency of the United States of America ("Comptroller"), through his National Bank Examiner, has supervisory authority over Eagle National Bank, Upper Darby, Pennsylvania ("Bank").

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated February 6th, 2012, that is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order ("Order"), which supersedes and terminates the Formal Agreement (OCC 2009-177) entered into between the Comptroller and the Bank on October 15, 2009.

Pursuant to the authority vested in it by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the date of this Order, the Board shall appoint a Compliance 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. 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 Order.

(2) The Compliance Committee shall meet at least monthly.

(3) Within thirty (30) days of the date of this Order, and on the same day every month 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 Order;

(b) actions taken to comply with each Article of this Order; 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 II

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) The Board shall ensure that the Bank has competent management in place on a full-time basis in the Chief Credit Officer and Chief Executive Officer positions to carry out the Board’s policies, ensure compliance with this Order, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner. The Board shall assess the need for a Chief Lending Officer and ensure that any person appointed to that position

meets the same standards as applicable to the Chief Credit Officer and Chief Executive Officer. The Comptroller acknowledges that in furtherance of the requirements of this subsection (1) the Board submitted Notices of Change in Senior Executive Officer for Chief Executive Officer and President, for Chief Credit Officer and for Chief Financial Officer and received letters of intent not to disapprove such changes as of December 14, 2011, January 6, 2012 and August 23, 2010, respectively.

(2) The Board shall continue to assess the capabilities of the Bank's management to perform present and anticipated duties and shall assess the need for any additions to existing management.

(3) 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 forty-five (45) days thereafter develop and implement a written program, with specific time frames, to improve the officer's supervision and management of the Bank. At a minimum the written program shall include:

(a) an education program designed to ensure that the officer has skills and abilities necessary to supervise effectively;

(b) a program to improve the effectiveness of the officer;

(c) objectives by which the officer's effectiveness will be measured; and

(d) a performance appraisal program for evaluating performance according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

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

(4) If a position mentioned in Paragraph (1) of this Article is vacant now or in the future, including if the Board realigns an existing officer's responsibilities and a position mentioned in Paragraph (1) of this Article becomes vacant, the Board shall within ninety (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 Order and the safe and sound operation of functions within the scope of that position's responsibility.

(5) 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 (unless a fingerprint card is not required under the Comptroller policies set forth in such Manual);

(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.

(6) 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.

ARTICLE III

STRATEGIC PLAN

(1) The Board submitted a three year strategic plan to the Assistant Deputy Comptroller for review and determination of supervisory non-objection on October 28, 2011. Such determination will be made within thirty (30) days of this Order. Within thirty (30) days of receiving a determination of supervisory non-objection, the strategic plan shall be implemented. Thereafter the Board shall ensure Bank adherence to the strategic plan.

(2) The strategic plan must establish objectives for the Bank's retention and recruitment of competent management, reducing the Bank’s overall risk profile, improving earnings performance, managing 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, including an assessment of whether the sale, merger, or liquidation of the Bank is in the best interests of the Bank, its shareholders, and its depositors;

(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 (2)(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 (2)(c) of this Article;

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

(g) product line development and market segments that the Bank intends to promote or develop;

(h) an action plan to improve bank earnings and accomplish identified strategic goals and objectives, including individual responsibilities, accountability and specific time frames;

(i) 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;

(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.

(3) The Bank must give the Assistant Deputy Comptroller at least sixty (60) days’ advance, written notice of its intent to deviate significantly from the strategic plan.

(a) For purposes of this Article, changes that may constitute a significant deviation from the strategic plan include, but are not limited to, any significant deviations from marketing strategies, marketing partners, acquisition channels; underwriting practices and standards, account management strategies and test programs; collection strategies, partners or operations; fee structure, pricing, or fee application methods; accounting processes and practices; funding strategy; or any other changes in personnel, operations or external factors that may have a material impact on the Bank's operations or financial performance.

(b) Prior to making any changes that significantly deviate from the Bank's strategic plan, the Board shall perform an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls and written policies and procedures to identify, measure, monitor, and control the risks associated with the product or service. The evaluation shall include an assessment of the impact of such change on the Bank's condition, including a profitability analysis.

(4) If the OCC determines, in its sole judgment, that the Bank has failed to submit an acceptable strategic plan as required by paragraphs (1) and (2) of this Article or has failed to implement or adhere to the Bank’s specific, measurable, and verifiable objectives included in the

strategic plan, for which the OCC has taken no supervisory objection pursuant to paragraph (1) of this Article, then within forty-five (45) days of receiving written notice from the OCC of such fact, the Board shall develop and shall submit to the OCC for its review and prior determination of no supervisory objection a revised strategic plan, which shall detail the Bank's proposal to correct deficiencies resulting in the Bank's failure and to adhere to the Bank's original strategic plan.

(a) After the OCC has advised the Bank that it does not take supervisory objection to the revised strategic plan, the Board shall immediately implement, and shall thereafter ensure adherence to, the terms of the revised strategic plan.

(b) Failure to submit a timely, acceptable revised strategic plan may be deemed a violation of this Order, in the exercise of the OCC's sole discretion.

(5) 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 IV

INTERNAL AUDIT

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program sufficient to:

(a) detect irregularities and weak practices in the Bank's operations;

(b) determine the Bank's level of compliance with all applicable laws, rules and regulations;

(c) assess and report the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;

(d) evaluate the Bank's adherence to established policies and procedures, with particular emphasis directed to the Bank's adherence to its loan policies concerning underwriting standards and problem loan identification and classification;

(e) engage an independent third party to opine, within thirty (30) days of filing, whether regulatory reports beginning with the quarter ended September 30, 2011, contain "material misstatements;"

(f) adequately cover all areas of the bank; and

(g) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

(2) As part of this audit program, the Board shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

(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.

(4) The Board shall ensure that the audit function is supported by an adequately staffed department or outside firm, with respect to both the experience level and number of the individuals employed.

(5) The Board shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program described above shall report directly to

the Board, which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party.

(6) All audit reports shall be in writing. The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(7) The audit staff shall have access to any records necessary for the proper conduct of its activities. National bank examiners shall have access to all reports and work papers of the audit staff and any other parties working on its behalf.

ARTICLE V

PROFIT PLAN

(1) The Board submitted a written profit plan to the Assistant Deputy Comptroller on October 28, 2011 as part of the strategic plan referenced in Article III(1) above for review and determination of supervisory non-objection. Such determination will be made within thirty (30) days this Order. Immediately upon receiving a determination of supervisory non-objection, the profit plan shall be implemented. Thereafter the Board shall ensure Bank adherence to the profit plan.

(2) The profit plan must 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) realistic and comprehensive budgets, including projected balance sheets and year-end income statements;

(c) a budget review process to monitor both the Bank's income and expenses, and to compare actual figures with budgetary projections; and

(d) a description of the operating assumptions that form the basis for major projected income and expense components.

(3) The Board shall submit to the Assistant Deputy Comptroller annual budgets as described in paragraph (2) above, for each year this Order remains in effect. The budget for each year shall be submitted on or before November 30 of the preceding year.

(4) The Board shall forward comparisons of its balance sheet and profit and loss statement to the profit plan projections to the Assistant Deputy Comptroller on a quarterly basis.

(5) 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 VI

CAPITAL PLAN AND HIGHER MINIMUMS

(1) Effective immediately the Bank shall maintain the following capital levels (as defined in 12 C.F.R. Part 3):

(a) Total risk based capital equal to thirteen percent (13%) of risk weighted assets;

(b) Tier 1 capital at least equal to eleven percent (11%) of risk-weighted assets;

(c) Tier 1 capital at least equal to nine percent (9%) of adjusted total assets.

(2) The requirement in this Order to meet and maintain a specific capital level means that the Bank may not be deemed to be "well capitalized" for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(3) The Board submitted a three year capital program to the Assistant Deputy Comptroller for review and determination of supervisory non-objection on October 28, 2011. The program must 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 will 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 program;

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

   (iii) with the prior written determination of no supervisory objection by the Assistant Deputy Comptroller. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the dividend policy.

(4) 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.

(5) 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 VII

CREDIT RISK

(1) Within sixty (60) days, the Board shall develop, adopt, and thereafter ensure adherence to, a credit risk management process to ensure satisfactory control systems and address any findings noted in the ROE or any subsequent ROE. The program shall include, but not be limited to:

(a) revision of the Bank's procedures to ensure accuracy of risk ratings and proper and timely problem loan identification, including non-accrual loans;

(b) revision of the Bank's procedures to ensure quality financial analysis and documentation for existing and renewed credits;

(c) an underwriting analysis for new loans, along with the periodic review of existing credits, that includes an appropriate stress testing of the credit's key variables;

(d) revision of the Bank’s procedures to ensure ongoing guarantor analysis, to include a review of the borrower’s or guarantor’s global cash flow analysis and analysis of contingent liabilities;

(e) revision or development of systems that will capture and aggregate loans by amortization terms and report them as percentages of total loans and capital;

(f) procedures to evaluate delinquent loans to ensure classifications and charge-offs adhere to OCC Bulletin 2000-20 and GAAP;

(g) procedures to strengthen management of criticized assets, including resolution strategies and specific factors for risk rating and conducting impairment analysis of criticized assets;

(h) training for bank personnel in credit administration, loan officers and credit analysts on Rating Credit Risk, as referred to in the Comptroller’s Handbook; and

(i) the revision of the loan policy to delineate between loan classification definitions and attendant factors that trigger downgrades.

(2) Within sixty (60) days, the Board shall establish an effective, independent and on-going Loan Review system to review the Bank's loan and lease portfolios to assure the timely identification and categorization of the loan portfolio. The system shall provide for a written report to be filed with the Board after each review and shall use a loan and lease grading system consistent with the guidelines set forth in Section 215 of the <u>Comptroller’s Handbook for National Bank Examiners</u>. Such reports shall, at a minimum, include conclusions regarding:

(a) the overall quality of the loan and lease portfolios;

(b) the identification, type, rating, and amount of problem loans and leases;

(c) the identification and amount of delinquent loans and leases;

(d) credit and collateral documentation exceptions;

(e) the identification and status of credit related violations of law, rule or regulation;

(f) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (b) through (e) of the Article;

(g) concentrations of credit;

(h) loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank; and

(i) loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank’s lending and leasing policies.

(3) The Board shall submit a copy of the credit risk management program and the loan review system 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.

(4) At least quarterly, the Board shall prepare a written assessment of the bank’s credit risk, which shall evaluate the Bank’s progress under the aforementioned program. The Board shall submit a copy of this assessment to the Assistant Deputy Comptroller the Bank shall implement and adhere to the capital program.

(5) 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

CONCENTRATIONS OF CREDIT

(1) Within sixty (60) days, the Board shall adopt a written plan detailing how it will (a) ensure that the Bank does not have an undue concentration of credit in commercial real estate; and (b) identify, monitor, measure, and control concentrations of credit, including specific controls for exposures to large borrowers, loans outside of the bank's marketplace, types of deposits, and borrowings. The written plan shall comply with *OCC Bulletin 2006-46, Concentrations in Commercial Real Estate, Sound Risk Management Practices* (December 6, 2006).

(2) The Board shall forward a copy of this plan to the Assistant Deputy Comptroller for review and prior supervisory objection immediately following completion. Upon written notice of no supervisory objection, the Board shall adopt and thereafter ensure Bank adherence to the plan. The Board shall provide written notice to the Assistant Deputy Comptroller prior to making any changes or modifications to the plan.

(3) The Board submitted a written asset and liability diversification program to the Assistant Deputy Comptroller for review and determination of supervisory non-objection on October 31, 2011. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the asset and liability diversification program. The program must include, but not necessarily be limited to, the following:

(a) a review of the bank's assets to identify significant borrower, or borrowing group, loans, geographical, industry, and property-type concentrations, and loans outside of the bank's marketing area;

(b) a review of the bank's liabilities to identify large funding concentrations or large funds providers, including large single or groups of depositors, brokered deposits and FHLB borrowings;

(c) a written analysis of any concentration of risk identified above in order to identify and assess the inherent credit, liquidity, and interest rate risk;

(d) policies, internal limits, and procedures to control and monitor concentration of risk;

(e) a process for periodic review and adjustments of internal limits, policies, and procedures;

(f) a policy on Board and management reports that show compliance with established policy guidelines and limits and provide meaningful trend analysis; and

(g) an action plan approved by the Board to reduce the risk of any concentration deemed imprudent in the above analysis.

(4) For purposes of this Article, a concentration of credit is as defined in the "Loan Portfolio Management" booklet of the Comptroller's Handbook. In addition, a funding concentration is as defined in the "Liquidity" booklet of the Comptrollers Handbook.

(5) The Board shall ensure the formulation of Board-approved commercial real estate exposure limits and sub-limits covering non-owner occupied and owner occupied properties and addressing property type, related borrower groups, and geographic location.

(6) The Board shall ensure that any future concentrations of risk are subject to the analysis required by sub-paragraph (c) of paragraph (3) in this Article and that the analysis

demonstrates that the concentration will not subject the Bank to undue credit, liquidity, or interest rate risk.

(7) The Board shall forward a copy of any analysis performed on existing or potential concentrations of risk to the Assistant Deputy Comptroller immediately following the review. The Board shall provide written notice to the Assistant Deputy Comptroller prior to making any changes or modifications to the program.

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

ARTICLE IX

LOAN PORTFOLIO MANAGEMENT

(1) The Board shall, within sixty (60) days, develop, implement, and thereafter ensure Bank adherence to a written program to improve the Bank's loan portfolio management. The program shall include, but not be limited to:

(a) procedures to ensure satisfactory and perfected collateral documentation;

(b) procedures to ensure appraisals and evaluations conform to OCC guidance in Subpart C to 12 C.F.R. Part 34 and are updated as appropriate and as required;

(c) procedures to ensure loans secured by real estate conform to the OCC Real Estate Lending Standards articulated in Subpart D to 12 C.F.R. Part 34;

(d) procedures to ensure that extensions of credit are granted, by renewal or otherwise, to any borrower only after obtaining and analyzing current and satisfactory credit information, including information on guarantors who are being relied upon by the Bank to support the extension of credit;

(e) procedures to ensure conformance with loan approval requirements;

(f) a system to track and analyze exceptions;

(g) procedures to ensure conformance with Call Report instructions;

(h) procedures to ensure the accuracy of internal management information systems;

(i) a performance appraisal process, including performance appraisals, job descriptions, and incentive programs for loan officers, which adequately consider their performance relative to policy compliance, documentation standards, accuracy in credit grading, and other loan administration matters; and

(j) procedures to track and analyze concentrations of credit, significant economic factors, and general conditions and their impact on the credit quality of the Bank's loan and lease portfolios.

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

(3) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to systems which provide for effective monitoring of:

(a) early problem loan identification to assure the timely identification and rating of loans and leases based on lending officer submissions;

(b) statistical records that will serve as a basis for identifying sources of problem loans and leases by industry, size, collateral, division, group, indirect dealer, and individual lending officer;

(c) previously charged-off assets and their recovery potential;

(d) compliance with the Bank's lending policies and laws, rules, and regulations pertaining to the Bank's lending function;

(e) adequacy of credit and collateral documentation; and

(f) concentrations of credit.

(4) Beginning March 1, 2012, on a monthly basis, management will provide the Board with written reports including, at a minimum, the following information:

(a) the identification, type, rating, and amount of problem loans and leases;

(b) the identification and amount of delinquent loans and leases;

(c) credit and collateral documentation exceptions;

(d) the identification and status of credit related violations of law, rule or regulation;

(e) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (a) through (d) of this Article and Paragraph;

(f) an analysis of concentrations of credit, significant economic factors, and general conditions and their impact on the credit quality of the Bank's loan and lease portfolios;

(g) the identification and amount of loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank; and

(h) the identification of loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies.

(5) Within sixty (60) days the Board shall assess the quality and number of staff in the lending area and ensure that staffing levels and staffing skill-sets are sufficient to ensure the safe and sound operation of the Bank's lending functions and to properly identify the credit risk within the Bank's loan portfolio.

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

ARTICLE X

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board submitted a written program for the maintenance of the Bank's Allowance for Loan and Lease Losses ("Allowance") to the Assistant Deputy Comptroller for review and determination of supervisory non-objection on September 30, 2011. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the program to maintain the Bank's Allowance.

(2) The program should be designed in light of OCC Bulletin 2006-47, *Interagency Policy Statement on the Allowance for Loan and Lease Losses*, and must focus particular attention on the following factors:

(a) results of the Bank's internal loan review;

(b) results of the Bank's external loan review;

(c) an estimate of inherent loss exposure on each credit that is risk-rated as "classified" by the Bank;

(d) an impairment analysis that conforms to GAAP;

(e) policy guidance for selecting loans for impairment testing;

(f) well supported ASC 450-20 qualitative factors;

(g) historic loan loss experience;

(h) trends of delinquent and nonaccrual loans;

(i) concentrations of credit in the Bank;

(j) present and prospective economic conditions; and

(k) a separate liability account that includes an allowance to absorb losses in connection with off-balance sheet items.

(3) The Board shall review the Allowance 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.

(4) 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 XI

LIQUIDITY RISK MANAGEMENT

(1) The Board submitted a written Liquidity Risk Management program and a written Contingency Funding Plan (CFP) to identify and reduce the bank's liquidity risk exposures to the Assistant Deputy Comptroller for review and determination of supervisory non-objection on October 31, 2011. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the Liquidity Risk Management program and the CFP.

(2) The liquidity plan must address, at a minimum:

(a) the establishment of rollover risk limits whereas the volume of deposits and borrowings maturing within the next twelve months is limited to prudent levels;

(b) evaluation of the bank's funding strategy to identify ways to ensure the Bank is not dependent on wholesale and highly-price sensitive funding and to diversify funding sources, in general;

(c) the impact of the need for FDIC approval to book or renew brokered deposits, given the Bank's less than well-capitalized status within the meaning of Prompt Corrective Action;

(d) the establishment of minimum asset liquidity guidelines commensurate with the level of credit risk associated with the loan portfolio as well as significant funds providers; and

(e) the enhancements of Board and management reports that show compliance with established policy guidelines, as well as providing meaningful aggregation and trend analysis.

(3) The following items must be included when developing CFP assumptions and stress scenarios:

(a) measuring the impact of a potential or actual rise in the Bank's costs of funds during the assessment of liquidity, earnings, and capital;

(b) developing and monitoring deposit retention reports to track the trends in depositor behavior and address funding needs in a timely manner. As conditions deteriorate, the frequency of reporting will be accelerated;

(c) expanding the assumptions section to appropriately reflect the Bank's balance sheet structure, funds provider and depositor behaviors based on the severity of stressed scenario. Documented support for each assumption shall be maintained and adjusted accordingly;

(d) ensuring changes to loan portfolio cash flow assumptions and projections are reflective of credit quality deterioration, and make plans for alternative funding sources, if needed. These assumption changes should be commensurate with anticipated non-performance in the portfolios experiencing credit quality deterioration; and

(e) developing guidelines governing the frequency of assumption and scenario revisions as market conditions change.

(4) The Board shall review the Bank's liquidity on a monthly basis, or more frequently as required, to ensure adequate sources and compliance with the Liquidity Plan required by this Article.

(5) Copies of the Bank's liquidity MIS shall be submitted to the Assistant Deputy Comptroller quarterly.

ARTICLE XII

INTEREST RATE RISK POLICY

(1) The Board submitted a written interest rate risk policy to the Assistant Deputy Comptroller on October 31, 2011 as part of the asset and liability diversification program referenced in Article VIII(3) above for review and determination of supervisory non-objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the interest rate risk policy. This policy should be consistent with the "Interest Rate Risk" booklet of the Comptroller's Handbook. The policy must provide for a coordinated interest rate risk strategy and, at a minimum, address:

(a) the establishment of adequate management reports on which to base sound interest rate risk management decisions;

(b) establishment and guidance of the Bank's strategic direction and tolerance for interest rate risk;

(c) implementation of effective tools to measure and monitor the Bank's performance and overall interest rate risk profile;

(d) employment of competent personnel to manage interest rate risk;

(e) prudent limits on the nature and amount of interest rate risk that can be taken; and

(f) periodic review of the Bank's adherence to the policy.

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

ARTICLE XIII

CONSUMER COMPLIANCE PROGRAM

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure adherence to a written consumer compliance program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules and regulations. This program shall include, but not be limited to:

(a) a written description of the duties and responsibilities of the compliance officer;

(b) adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;

(c) a fair lending risk assessment that is current and updated annually;

(d) the preparation of a policies and procedures manual covering all consumer protection laws, rules and regulations for use by appropriate Bank personnel in the performance of their duties and responsibilities;

(e) semiannual updates of the written policies and procedures manual to ensure it remains current;

(f) an audit program to test for compliance with consumer protection laws, rules and regulations;

(g) procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel;

(h) the education and training of all appropriate Bank personnel in the requirements of all federal and state consumer protection laws, rules and regulations; and

(i) periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.

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

(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 XIV

<u>VIOLATIONS OF LAW</u>

(1) The Board shall take all steps to ensure that Bank management has corrected each violation of law, rule or regulation cited in the ROE and shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in any subsequent Report of Examination. The monthly progress reports required by Article I of this Order shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within sixty days (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Within thirty (30) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

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

ARTICLE XV

CLOSING

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Assistant Deputy Comptroller, 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 it by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

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

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Order 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) 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 Order;

(b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;

(c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and

(d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(7) The terms of this Order, 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.

IT IS SO ORDERED, this 6th day of February, 2012.

/s/

Emmit C. Odom, Jr.
Assistant Deputy Comptroller
Eastern Pennsylvania Field Office

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of:	)
Eagle National Bank	)
Upper Darby, Pennsylvania	)

STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER

The Comptroller of the Currency of the United States of America ("Comptroller") intends to initiate cease and desist proceedings against Eagle National Bank, Upper Darby, Pennsylvania ("Bank") pursuant to 12 U.S.C. § 1818(b) for unsafe and unsound banking practices relating to Board and management supervision, poor credit risk management and poor credit administration, inadequate Allowance for Loan and Lease Losses, weak earnings, and weak liquidity risk management.

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated February 6, 2012 ("Order"), which supersedes and terminates the Formal Agreement (OCC 2009-177) entered into between the Comptroller and the Bank on October 15, 2009.

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

Jurisdiction

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq*.

(2) The Comptroller is "the appropriate Federal banking agency" regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an "insured depository institution" within the meaning of 12 U.S.C. § 1818(b)(1).

(4) This Order shall cause the Bank to be 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, 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.

ARTICLE II

Agreement

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an "order issued with the consent of the depository institution" as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). 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(i), 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.

(3) The Bank also expressly acknowledges that no officer or employee of the Comptroller 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.

ARTICLE III

Waivers

(1) The Bank, by signing this Stipulation and Consent, hereby waives:

(a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);

(b) any and all procedural rights available in connection with the issuance of the Order;

(c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19

(d) all rights to seek any type of administrative or judicial review of the Order; and

(e) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

Other Action

(1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, it deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

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

/s/ 2/6/2012

Emmit C. Odom, Jr.
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/	2/6/2012
Donald L. Besecker, Jr.	Date
/s/	2/6/2012
Robert W. Fesnak	Date
/s/	2/6/2012
Thaddeus Fortin	Date
/s/	2/6/2012
Murray S. Gorson	Date
/s/	2/6/2012
Joseph F. Tornetta	Date