



Comptroller of the Currency
Administrator of National Banks

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

March 22, 2005

Conditional Approval #678
April 2005

Jay W. Waldman
Attorney at Law
Mette, Evans & Woodside
1105 Berkshire Boulevard, Suite 320
Wyomissing, Pennsylvania 19610

Re: Application to convert Investors Trust Company, Wyomissing, Pennsylvania into a limited purpose national trust bank to be titled National Penn Investors Trust Company (Bank) and becoming a subsidiary of National Penn Bank, Boyertown, Pennsylvania

Control #: 2004 NE 01 0011

Charter #: 24581

Dear Mr. Waldman:

The Comptroller of the Currency (OCC) has reviewed the subject application. After a thorough review of all information available, including the representations and commitments made in the application and by the Bank's representatives, we find that your application meets the requirements for approval to convert to a national bank that will engage solely in fiduciary activities. We made our decision to grant 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.

This conditional approval is subject to the following "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.

1. The bank's initial capital shall be no less than \$2.5 million.
2. At all times, after conversion the Bank shall maintain a minimum of \$2.5 million in Tier 1 capital.

3. If the Bank fails to maintain Tier 1 capital in the amount of \$2.5 million, the Bank shall be deemed "undercapitalized," for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 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. Part 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.
4. The Bank shall obtain prior non-objection from the OCC's District Deputy Comptroller for the Northeastern District before any significant deviation or change from the proposed operating plan occurs during the Bank's first three years of operation. The bank must notify the District Deputy Comptroller for the Northeastern District at least sixty (60) days prior to any proposed significant deviation or change.
5. 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 and c-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.
6. 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. Part 9 would be applicable to any fiduciary activities contracted out to vendors.

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 the bank's future assets under management increase significantly, or if the Bank assumes additional risk, the OCC may require the Bank to hold additional capital.

The trust officers should become thoroughly familiar with "Fiduciary Activities for National Banks" at 12 C.F.R. 9 and 12 C.F.R. 5.26. Management is reminded that 12 C.F.R. 5.26 requires a national bank which already have approval to engage in fiduciary activities to provide written notice to the OCC when commencing fiduciary activities in a new state. The Bank will need to develop and implement a fiduciary audit program as required by 12 C.F.R. 9.

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

Executive Officers

Donald P. Worthington	President, Director
James D. King	EVP, Managing Director of Investment Management
James G. Hughes	SVP, Managing Director of Asset Management/Trust Services
Karen Kleffel	SVP, Managing Director of Operations
David Butterworth	VP, Managing Director of Investment Services Group

Directors

John A. Cenerazzo	John A. Koury, Jr
John J. Dau	Kenneth A. Longacre
William H. Eastburn	George Mason
T. Jerome Holleran	Raymond Neag
Bruce G. Kilroy	R. Clair Sauder

All background checks requested by the OCC have not been received yet. Although we have decided not to delay action pending receipt of those responses, continued service of the affected individuals will be dependent on satisfactory completion of the background investigation process.

You are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

1. The institution must purchase adequate fidelity bond coverage in accordance with 12 C.F.R. 7.2013, which lists four factors the directors should consider to determine adequacy.
2. If a director, officer, employee, or principal shareholder of the Bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 C.F.R. 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
3. The board of directors must adopt and have in place policies, practices, and procedures to ensure the safe and sound operation of the Bank. The board also must review those policies, practices, and procedures continually and ensure bank compliance with them.

4. The limitations of the Bank's activities must be fully enumerated in the Bank's Articles of Association. Specifically, the articles must state clearly that: 1) the business of the association will be limited to that of a national trust bank; and 2) the bank must obtain the prior written approval before amending its Articles of Association to expand the scope of its activities and services.
5. The converting institution must obtain any other required regulatory approvals. Please provide us with a copy of your application to purchase Federal Reserve Bank stock.
6. The directors must own qualifying shares in conformance with 12 U.S.C. 72 and 12 C.F.R. 7.2005.
7. The converting institution must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a "no objection" from the OCC.

Upon completion of the above steps, please submit to the Northeastern District Office a letter certifying that you have completed all the steps required to convert to a national banking association (see sample enclosed.) Your letter should include the following documents as attachments if they have not already been submitted: Secretary's Certificate certifying shareholder approval of the proposed conversion; Articles of Association; Bylaws; Organization Certificate properly signed and executed; Oath(s) of Directors; and List of Directors.

When the Bank has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgement officially authorizing the institution to commence business as a national banking association. At that time you will receive the charter certificate. If the conversion is not consummated within six months from the approval date, the approval shall automatically terminate unless the OCC grants an extension of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the *Comptroller's Licensing Manual*, which is available in electronic form on our web site:
<http://www.occ.treas.gov/corpapps/corpapplic.htm>

This 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 United States, any agency or entity of the United States, or any officer or employee of the United States, 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

Mr. Jay W. Waldman
Control Number: 2004 NE 01 0011
Page 5 of 5

waived or modified by any employee or agency of the OCC or the United States.

All correspondence regarding this application should reference the application control number noted above. If you have any questions concerning this letter, please contact Licensing Analyst Wai-Fan Chang at (212) 790-4055.

Sincerely,

-signed-

Anthony P. DosSantos
Licensing Manager

Enclosures

Cc: Bruce G. Kilroy, Acting President
Investors Trust Company