



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

April 13, 2009

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Ephrata National Bank  
Charter Number: 2515

31 East Main Street  
Ephrata, PA 17522

Office of the Comptroller of the Currency

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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Outstanding**.

The following table indicates the performance level of **Ephrata National Bank (ENB)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Ephrata National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The distribution of borrowers reflects excellent penetration among retail customers of different income levels and businesses and farms of different sizes.
- During the evaluation period, ENB originated a substantial majority of its loans within their assessment area.
- ENB’s lending activity is good, given the bank’s size, resources, and competition in the bank’s major markets.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- ENB has an excellent level of qualified investments, donations, and grants considering the fierce competition for investment opportunities.
- Service delivery systems are accessible to geographies and individuals of different income levels.
- ENB provides an adequate level of community development services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Ephrata National Bank (ENB) is an intrastate community bank with total assets of \$688 million as of December 31, 2008. ENB is a full service bank offering a wide range of commercial and personal banking products within their Pennsylvania market. The bank offers a variety of commercial, consumer, agriculture, and real estate loans to suit their customer's needs. ENB is wholly owned by ENB Financial Corp., a one-bank holding company with consolidated assets of \$688 million. Both ENB and ENB Financial Corp. are located in Ephrata, PA. ENB has 8 full service branches equipped with a drive-up and ATM facility along with 2 standalone ATMs. ENB has opened 2 additional branches since the prior CRA exam. The first branch was opened in Blue Ball, PA in 2006 and the second was opened in Manheim, PA in 2008. The bank has not closed any of their branches during this time. ENB's primary service area is the northern portion of Lancaster County, Pennsylvania.

As of December 31, 2008, net loans and leases totaled \$408 million or 59.3 percent of total assets. Total deposits were \$511 million. Tier One Capital as of December 31, 2008 was \$68.5 million. The loan portfolio is composed of:

Loan Category	Residential Mortgage Loans	Commercial Real Estate Loans	Loans secured by Farmland	Commercial Loans	Other
\$ amount (in thousands)	\$175,382	\$93,608	\$50,650	\$29,609	\$62,950
% of loan portfolio	42.55%	22.71%	12.29%	7.18%	15.27%

Numbers as of 12/31/08

The bank's primary strategy is to meet the credit needs of the community and originate small business and farm loans as well as real-estate loans for affordable housing. ENB is in a highly competitive marketplace. Competition comes from larger community, regional, and national financial institutions, as well as non-bank financial institutions and mortgage companies. ENB's primary competitors include Fulton Bank, Susquehanna Bank PA, PNC Bank, Wachovia Bank, and Countrywide Home Loans.

There were no financial or legal impediments to hinder ENB's ability to help meet the community's credit needs.

ENB was rated "Outstanding" at its last CRA Performance Evaluation dated October 5, 2005.

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

All tests were evaluated using Census 2000 demographic data and the Metropolitan Statistical Area (MSA) boundaries.

The evaluation for the Lending Test covers January 1, 2005 through December 31, 2008. The scope of our review included home mortgage loans, small loans to businesses, small loans to farms, and consumer loans. Multi-family loans were not included due to negligible volume of originations.

For the CD Loans, Investment, and Service Tests, the evaluation period is from October 6, 2005 through April 13, 2009. The Investment Test included a review of investments, grants, and donations made in the bank's AA that meet the definition of community development. Any qualified investments originated in prior periods and still outstanding at April 13, 2009, were given appropriate consideration. The Service Test included a review of retail and community development services provided in the bank's AA.

## Data Integrity

ENB's publicly filed information for Home Mortgage Disclosure Act (HMDA) reportable loans, small loans to businesses, farms, and consumer loans were tested for accuracy. Results of this testing evidenced the data is sufficiently accurate for purposes of this CRA evaluation.

Community Development (CD) loans, investments and services submitted by management were also verified to ensure that they met the regulatory definition for community development.

## Selection of Areas for Full-Scope Review

The bank has one assessment area (AA): Northern Lancaster County (Lancaster County AA), which is located in South-Central Pennsylvania and is part of the greater Lancaster, PA Metropolitan Statistical Area (MSA), #29540. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income (LMI) areas.

Refer to the market profile of the Lancaster County AA located in appendix B for detailed demographics and other performance context information.

## Ratings

ENB's overall rating is comprised strictly of the full-scope review, as the bank only has one AA.

The Lending Test was more heavily weighted than the Service or Investment Test. Home mortgage loans, small loans to businesses, and consumer loans were also given more weight due to the higher volume of this type of loan, in comparison to small loans to farms. Little weight was given to the geographic distribution of loans, since the bank has extremely limited opportunity to lend in LMI census tracts. The bank does not have any low-income tracts, and

only one moderate-income tract. This single moderate-income tract contains only 1.52% of all owner-occupied housing units within the Lancaster County AA.

Our conclusions related to community development loans and qualified investments were based on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, and responsiveness to community credit needs as well as the degree to which these instruments are not routinely provided by private investors.

Our conclusions regarding community development services were based on the number of services performed, the number of people providing services, and the type of services performed.

### **Other**

In conducting the assessment of the bank's performance, we contacted a local county small business development organization which provides financial and business skills to mostly LMI entrepreneurs. The contact indicated that there is a need for small business financing as well as affordable housing throughout Lancaster County. However, the contact felt that local community banks were receptive to meeting the credit needs of the area overall.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

# Conclusions with Respect to Performance Tests

## LENDING TEST

The bank's performance under the lending test is rated "outstanding." Based upon the full-scope review, ENB's performance in the Lancaster County AA is excellent.

### Lending Activity

#### Lancaster County AA

##### *Home Mortgage Loans*

ENB's mortgage lending penetration is good in Lancaster County, especially when taking into consideration the strong competition from larger regional and nation-wide institutions. ENB's lending in the area is reflective of the credit needs of the community.

ENB has 8 full service branches within the AA. Based on the June 30, 2008 FDIC Summary of Deposits, within Lancaster County, the bank ranked 5<sup>th</sup> out of 19 institutions with a 5.78 percent market share. Banks ranked ahead of ENB include Fulton Bank, Susquehanna Bank PA, BLC Bank, NA (now PNC), and Wachovia Bank NA.

ENB also ranked very well among mortgage lenders in Lancaster County. Based on the 2007 market share data for all mortgage lending, the bank ranked 5<sup>th</sup> out of 288 lenders with 3.96 percent market share by number of loans. This is considered a good level of penetration. The four lenders ahead of ENB are large nationwide banks and mortgage companies. Collectively, these four larger institutions capture 25 percent of the market with market shares ranging from 5 percent to 8 percent.

Based on this same 2007 HMDA aggregate data, ENB ranked 14<sup>th</sup> out of 182 lenders in the AA with a 2.06 percent market share in home purchase lending, 2<sup>nd</sup> out of 89 lenders in the AA with a 13.93 percent market share in home improvement lending, and 10<sup>th</sup> out of 221 lenders in the AA with a 2.81 percent market share in home refinance lending.

The bank's lending levels reflects good responsiveness to the credit needs of the community. Among home mortgage loan originations, approximately 23 percent were home purchase loans, 47 percent were home improvement loans, and 30 percent were home refinance loans. These numbers correlate to the bank's above market share ranking with regards to the different loan purposes.

##### *Small Loans to Businesses*

Based upon the 2007 CRA aggregate data, ENB ranked 12<sup>th</sup> out of 76 lenders with a market share of 1.94 percent based upon number of loans and 4.26 percent based upon the total dollar amount. The top five national banks and credit card lenders capture 62 percent of the market share by count. The competition in ENB's AA is high; but the level of penetration is considered adequate in comparison to the bank's deposit market share of 5.96%.

### ***Small Loans to Farms***

Based on 2007 CRA aggregate data, ENB ranks 3<sup>rd</sup> overall among 20 lenders for small loans to farms with a 6.20 market share. The lending levels reflect excellent responsiveness by ENB to the small farm credit needs in the Lancaster County AA.

### ***Consumer Loans***

ENB originated 1,005 consumer loans totaling approximately \$16.3 million during 2007. Loan types included motor vehicle, home equity, and other secured and unsecured consumer loans. For the purpose of gaining perspective on ENB's consumer lending activity, originations during the 2007 evaluation period were equal to 23.8% of the bank's Tier One Capital at that time. This percentage reflects excellent responsiveness by ENB to the consumer credit needs in the Lancaster County AA. Peer data is not available for consumer loans.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans is adequate, considering ENB does not have many lending opportunities to originate and purchase home mortgage loans, small loans to businesses, small loans to farms, and consumer loans in low- and moderate-income tracts. Very little weight was given to this portion of the lending test.

Based upon the 2000 census, ENB's AA does not contain any low-income census tracts and only one moderate-income census tract. The single moderate-income census tract contains only 2.38% of the total population of the AA, and only 949 (1.52% of total AA) owner-occupied housing units are located within this CT. The population in the tract was centered in low- and moderate-income families with 23.7 percent of the families being low-income and 26.5 percent being moderate-income. In addition, 15.1 percent of the population was below the poverty level. These individuals might have difficulty qualifying for a home purchase or refinance loan based on the median housing price of \$152,400 and average median family income of \$41,639. Likewise, only 2.5 percent of all the businesses and 2.3 percent of all the farms within the bank's AA are located within this moderate-income tract.

According to the 2007 Peer Mortgage Data, there were only 51 home purchase loans, 37 home refinance loans, and 15 home improvement loans originated or purchased in the moderate-income CT. The top lender in all 3 categories is a \$9+ billion regional bank with a total market share of 20% in this census tract. All of the other lenders in this census tract originated 3 loans or less during 2007. Thus, the small pool of loans in this moderate-income tract combined with the high number of lenders competing for these loans severely limits the bank's opportunity to lend in this moderate-income geography.

### **Lancaster County AA**

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### **Home Purchase Lending**

The geographic distribution of home purchase loans is adequate. Although the bank did not originate or purchase any home purchase loans within the moderate-income tract during the evaluation period, the opportunities to lend in this single tract are severely limited, as mentioned above.

### **Home Improvement Lending**

The geographic distribution of home improvement loans is adequate. Although the bank did not originate or purchase any home improvement loans within the moderate-income tract during the evaluation period, the opportunities to lend in this single tract are severely limited, as mentioned above.

### **Home Refinance Lending**

The geographic distribution of home purchase loans is adequate. Although the percent of lending in the moderate-income geography is lower than the percent of owner occupied housing in this geography, the opportunities to lend in this single tract are severely limited, as mentioned above.

### ***Small Loans to Businesses***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is adequate. Although the percent of lending in the moderate-income geography is lower than the percent of businesses in this geography, the opportunities to lend in this single tract are severely limited, as mentioned above.

### ***Small Loans to Farms***

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of small loans to farms is adequate. Although the percent of lending in the moderate-income geography is lower than the percent of farms in this geography, the opportunities to lend in this single tract are severely limited, as mentioned above.

### ***Consumer Loans***

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of consumer loans.

The geographic distribution of consumer loans is adequate. Although the percent of lending in the moderate-income geography is lower than the percent of households in this geography, the opportunities to lend in this single tract are severely limited, as mentioned above.

## ***Lending Gap Analysis***

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in lending.

### ***Inside/Outside Ratio***

During the evaluation period, ENB originated a substantial majority of its loans in the Lancaster County AA (91.3% by count and 89.6% by dollar volume).

During the evaluation period from 2005 to December 31, 2008, the number and dollar amount of each individual loan product are as follows:

<b>Type of Loan</b>	<b>% within AA (by count)</b>	<b>% within AA (by dollar)</b>
Home Purchase	83.5	84.1
Home Refinance	91.7	89.7
Home Improvement	92.3	90.1
Small Loans to Businesses	92.9	92.2
Small Loans to Farms	82.6	78.2
Consumer Loans	92.6	90.5

## **Distribution of Loans by Income Level of the Borrower**

The overall borrower distribution of loans is excellent. The distribution of home mortgage loans, small loans to businesses, small loans to farms, and consumer loans among borrowers of different income levels is excellent. Less weight was placed on small loans to farms as this represents a less significant percentage of the bank's lending.

In our analysis, we considered the lack of affordability for a low-income individual or family to purchase a home. This lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income individuals or families.

During the evaluation period, the weighted average of median housing value for Lancaster County was \$127,474 and a low-income individual or family earned less than \$32,100. Further, 5.0 percent of the households within the AA were below the poverty level and are considered very low-income.

### **Lancaster County AA**

#### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

#### **Home Purchase Lending**

The borrower distribution of home purchase loans is good. The percent of loans originated to low-income borrowers is somewhat lower than the percent of low-income families in the AA. The percent of loans to moderate-income borrowers exceeds the percent of moderate-income

families in the AA. ENB's market share for low- and moderate-income individuals is near their overall market share.

### **Home Improvement Lending**

The borrower distribution of home improvement loans is excellent. The percent of loans originated to low-income borrowers is somewhat lower than the percent of low-income families in the AA. The percent of loans to moderate-income borrowers exceeds the percent of moderate-income families in the AA. In addition, ENB's market share for low-income individuals significantly exceeds their overall market share and their market share for moderate-income individuals exceeds their overall market share.

### **Home Refinance Lending**

The borrower distribution of home refinance lending is excellent. The percent of loans originated to low-income borrowers is somewhat lower than the percent of low-income families in the AA. The percent of loans to moderate-income borrowers exceeds the percent of moderate-income families in the AA. ENB's market share for low-income individuals exceeds their overall market share, while the bank's market share for moderate-income individuals is near their overall market share.

The high market shares for home improvement and refinance lending to low-income individuals when compared to ENB's overall market share shows the bank's willingness to lend to lower-income families and individuals.

### ***Small Loans to Businesses***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of small loans to businesses is excellent. The percent of small loans to businesses with gross annual revenues of \$1 million or less is near the percent of businesses with gross annual revenues of \$1 million or less within the AA. ENB's market share of lending to small businesses exceeds its overall market share. In addition, the distribution by size of loan shows that 77 percent of the loan originations are for \$100,000 or less. This is another indication that ENB's business lending is primarily to small businesses.

### ***Small Loans to Farms***

Refer to Table 12 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The distribution of small loans to farms is excellent. The percent of small loans to farms with gross annual revenues of \$1 million or less exceeds the percent of farms with gross annual revenues of \$1 million or less within the AA. ENB's market share of lending to small farms exceeds its overall market share. In addition, the distribution by size of loan shows that 79 percent of the loan originations are for \$100,000 or less. This is another indication that ENB's agricultural lending is primarily to small farms.

## **Consumer Loans**

Refer to Table 13 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of consumer loans.

The borrower distribution of consumer loans is excellent. The percent of consumer loans originated to low- and moderate-income borrowers significantly exceeds the percent of low- and moderate-income families in the AA.

## **Community Development (CD) Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending.

The bank's community development lending has a neutral impact on the bank's rating. During this evaluation period, ENB did not originate any community development loans. The bank may have HMDA and CRA reportable loans with community development characteristics and purposes; however, ENB does not track such loans.

## **Product Innovation and Flexibility**

ENB makes use of innovative and flexible lending practices to address the specific credit needs of the community, and as a result offers significant value to its customers. Some of the products, while not new in concept, are new and innovative to the bank's particular market. This is evident in small loans to farms. Agricultural lending is one of the primary credit needs for all of the small farmers within the bank's AA. The bank offers a wide variety of agricultural loan products for equipment purchases, crop and herd financing and land financing. Repayment of these loans may be done through flexible repayment schedules based on the seasonal cash flow of the farmer.

Many low- and moderate-income individuals have a need to borrow money in small amounts, and pay it back in installments over a period of time. While most banks set a minimum loan amount of \$1,000, ENB sets no minimum amount for installment loans. During the evaluation period the bank originated approximately 220 loans of small amounts under \$1,000, some with original loan amounts as low as \$100. This product also offers low- and moderate-income individuals an alternative to predatory "pay-day" lending.

ENB also offers first-time homebuyer loan products for low- and moderate-income borrowers through Fannie Mae's "My Community Mortgage." This product allows higher LTVs (97% to 100%), longer amortization periods (up to 40 years), accepts lower credit scores, higher debt service ratios, and requires no minimum contribution from the borrower's own funds.

The bank does not impose a pre-payment penalty on small loans to businesses, secured by mortgages, when the loans are paid off in advance. The bank's philosophy is that debt reduction should be rewarded and not punished by penalty payment. The bank makes no distinction whether the payoff funds are from working capital or refinancing.

## **INVESTMENT TEST**

The bank's performance under the investment test is rated "outstanding". Based on the full-scope review, the bank's performance in the Lancaster County AA is excellent. Total investments, grants, and donations totaled \$3.61 million or 5.27 percent of Tier One Capital.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

### **Lancaster County AA**

ENB has an excellent level of qualified investments, donations, and grants and exhibited excellent responsiveness to credit and community economic development needs. The bank did not invest in any innovative or complex investments during this evaluation period; however, they are in the process of purchasing an investment secured by loans to local small businesses within the next few months. Investment opportunities do exist in the area but are hard to come by given ENB's small size and the fierce competition for such opportunities.

The bank did not purchase any new CRA investments during the evaluation period. However, as of December 31, 2008 the bank was holding a CD investment with a book value of \$2,869,718 which represents 4.2 percent of the bank's Tier One Capital. The investment is a mortgage-backed security (MBS) secured by mortgages to LMI families within the area. A majority of the mortgages funded are located in the Lancaster, PA MSA. The mortgages within the security are continually replenished each time one is paid off so the security will constantly remain on the bank's books.

ENB also made 56 grants and donations during the evaluation period, for a total of \$738,411 to numerous organizations that provide economic development, affordable housing, and community services to low- and moderate-income individuals within the Lancaster County AA. Total grants and donations represent 1.1 percent of the bank's Tier One Capital as of December 31, 2008.

## **SERVICE TEST**

### **Lancaster County AA**

ENB's performance under the Service Test is rated "high satisfactory". Based on the full-scope review, the bank's performance in the Lancaster County AA is good.

### **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

ENB's service delivery systems are accessible to geographies and individuals of different income levels in its assessment area. Seven (88%) of the branch locations are in middle-income tracts, and one (12%) is in an upper-income tract. None of the bank's branches are

located in the single moderate-income geography within the AA; however, ENB's Hinkletown and Blue Ball Branches are located in census tracts that are adjacent to it. With only 2.12 percent of the population residing in the one moderate-income geography, the distribution of branches adjacent to the moderate-income geography significantly exceeds the percent of the population residing in that geography.

ENB delivers banking services throughout the entire AA with its 8 full service branch locations. Office hours provide convenience and reasonable access for the entire community. Services offered to all customers are consistent with, and do not preclude convenient access to low- and moderate-income individuals living within the AA. All of the branches have extended evening hours at least one evening per week, and all have Saturday morning hours. In addition, the bank's agricultural loan department is open for business at 6am in order to accommodate the needs of local farmers. All branches are equipped with ATMs and drive-up facilities. The bank also has two remote ATMs in different locations. One is located at the Ephrata Community Hospital and the other is located at Martin's Trailside Express.

ENB also has an assortment of products that assist low- and moderate-income individuals and families. The bank offers a variable rate IRA product that requires a minimum of \$10 to open, with minimum deposits of \$10. This allows low- and moderate-income individuals and families the ability to begin a retirement plan without large initial deposits. In addition, the bank offers free checking accounts to both individuals and businesses. Only \$50 is required to open a personal account and \$100 for the business account. There are no minimum balance requirements associated with either account.

### **Community Development Services**

ENB provides an adequate level of community development services within its AA. During the evaluation period four employees provided financial expertise and leadership services to four different qualifying community development organizations serving the AA. The following are the CD services provided by ENB in which employees hold key positions:

**Assets Lancaster** (*Provides training and support services to LMI entrepreneurs in Lancaster County*)

- Instructor

**Welsh Mountain Home** (*Provides healthcare services and housing for LMI individuals.*)

- Treasurer

**Habitat for Humanity** (*Provides housing by building, renovating or repairing homes in partnership with low-income families in need*)

- Board Member

**Lancaster County Cooperative Extension Service** (*Provides educational and financing opportunities for local businesses and farms*)

- Board Member

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/05 to 12/30/08) Investment and Service Tests and CD Loans: (10/06/05 to 04/13/09)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Ephrata National Bank (ENB); Ephrata, PA		Home mortgage loans, small loans to businesses, small loans to farms, consumers loans, CD loans, investments and services
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>ENB Financial Corp. Ephrata, PA</i>	Holding Company	None
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Lancaster County AA (Part of Lancaster, PA MSA #29540)	Full Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Lancaster County AA

Demographic Information for Full-Scope Area: Lancaster County AA (Part of Lancaster, PA MSA # 29540)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	42	0.0%	2.38%	83.33%	14.29%	0.0%
Population by Geography	229,560	0.0%	2.12%	80.20%	17.68%	0.0%
Owner-Occupied Housing by Geography	62,554	0.0%	1.52%	79.32%	19.16%	0.0%
Businesses by Geography	18,494	0.0%	2.52%	80.46%	17.02%	0.0%
Farms by Geography	976	0.0%	2.36%	90.98%	6.66%	0.0%
Family Distribution by Income Level	63,036	12.40%	19.36%	26.87%	41.37%	0.0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	20,017	0.0%	2.97%	84.46%	12.57%	0.0%
Median Family Income = \$52,443 HUD Adjusted Median Family Income for 2008 = \$64,200 Households Below the Poverty Level = 4,165					Median Housing Value = \$127,474 Unemployment Rate = 7.4%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2008 HUD updated MFI.

ENB's AA is made up of only a portion of the Lancaster, PA Metropolitan Statistical Area (MSA), #29540. The AA contains 42 contiguous census tracts in Northern Lancaster County. The AA complies with the CRA guidelines and does not arbitrarily exclude low- and moderate-income (LMI) geographies.

According to the 2000 U.S. Census Data, there are 42 census tracts in this AA. There are no low-income tracts, only 1 moderate-income tract, 35 middle-income tracts, and 6 upper-income tracts.

The 2000 U.S. Census Data reported the total population of the assessment area at 229,560. This population was comprised of 83,751 households and 63,036 families. There are 86,246 housing units. Owner-occupied housing is 73 percent, rental-occupied housing is 24 percent, and vacant housing is 3 percent. The median housing cost is \$127,474.

The median family income was \$52,443 and the HUD updated MSA median family income is \$64,200. Approximately 5 percent of the households are below the poverty level. Approximately 13 percent of the families in the AA are low-income, 19 percent are moderate-income, 27 percent are middle-income, and 41 percent are upper-income.

Based on the housing values and the median family income, there is lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$127,474, and a low-income individual or family earns less than \$32,100.

According to the 2008 Business Geodemographic Data, there are a total of 18,494 businesses and 976 farms. Approximately 3 percent of the businesses are located in moderate-income tracts, 80 percent are located in middle-income tracts, and 17 percent are located in upper-income tracts. Approximately 90 percent of the businesses reporting have revenues less than \$1 million and approximately 69 percent of the businesses and farms reporting had less than 10 employees.

The primary industries in the AA are agriculture, tourism, manufacturing, and healthcare. Major employers in the AA include Lancaster General Hospital, R. R. Donnelly and Sons, Mutual Assistance Group, and the county itself. The unemployment rate not seasonally adjusted, as of February 2009, for Lancaster County is 7.4 percent, compared to the national unemployment rate of 8.9 percent.

There are a total of 8 full-service branches located in the Lancaster County AA, accounting for 100 percent of the total number of ENB's branches. All branches offer extended evening hours of operation at least one day a week as well as Saturday morning hours. In addition, all branches are equipped with ATMs and drive-through facilities. A full line of traditional banking products and services are offered at all 8 branch locations.

Based on the June 30, 2008 FDIC Deposit Market Share Report, ENB ranked 5<sup>th</sup> out of 19 institutions with a 5.78 percent market share in Lancaster County. Competition for both loans and deposits is strong in this area, particularly from larger regional and multi-state financial institutions. According to the June 30, 2008 deposit data, the major competitors are Fulton Bank, ranking 1<sup>st</sup> with a 20 percent market share; Susquehanna Bank PA, ranking 2<sup>nd</sup> with a 19 percent market share; BLC Bank NA (now PNC), ranking 3<sup>rd</sup> with a 15.5 percent market share; and Wachovia Bank NA, ranking 4<sup>th</sup> with a 13 percent market share. Based upon the 2007 HMDA peer mortgage data, ENB ranked 5<sup>th</sup> out of 288 lenders with 3.96 percent market share by number of loans in the AA. The four lenders in the AA ahead of ENB were Countrywide Home Loans, Fulton Bank, Countrywide Bank FSB, and Wells Fargo Bank NA. The top four lenders had a market share of 25 percent by number of loans.

During this examination, we reviewed recent community contacts to determine the credit needs of this area. We determined there is an overall credit need for affordable housing, small and start-up business financing, as well as basic financial services to LMI individuals and families.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_\_12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses

(regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within

each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: Ephrata National Bank						Evaluation Period: January 01,2005 to December 31, 2008				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Lancaster County AA	100.00	1,878	148,262	1,622	163,735	489	38,134	0	0	3,989	350,131	100.0

\* Loan Data as of December 31, 2008. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 6, 2005 to April 13, 2009.

\*\*\* Deposit Data as of June 30, 2008. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: Ephrata National Bank								Evaluation Period: January 01,2005 to December 31, 2008				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Lancaster County AA	100.0	6,238	229,142	1,927	168,015	988	33,835	946	8,578	1	2	248	2,998	100.0

\* Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is January 1, 2005 to December 31, 2008.

\*\*\* Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: Ephrata National Bank								Evaluation Period: January 1, 2005 to December 31, 2008					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	416	100.0	0.00	0.00	1.52	0.00	79.32	98.80	19.16	1.20	2.05	0.00	0.00	2.60	0.10

\* Based on 2007 Peer Mortgage Data: Eastern Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: Ephrata National Bank								Evaluation Period: January 1, 2005 to December 31, 2008					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	768	100.0	0.00	0.00	1.52	0.00	79.32	97.79	19.16	2.21	13.96	0.00	0.00	16.51	3.05

\* Based on 2007 Peer Mortgage Data: Eastern Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: Ephrata National Bank						Evaluation Period: January 1, 2005 to December 31, 2008						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	687	100.0	0.00	0.00	1.52	0.15	79.32	98.11	19.16	1.75	2.82	0.00	0.00	3.54	0.20

\* Based on 2007 Peer Mortgage Data: Eastern Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: Ephrata National Bank						Evaluation Period: January 1, 2005 to December 31, 2008						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	1622	100.0	0.00	0.00	2.52	0.55	80.46	95.87	17.02	3.58	1.94	0.25	0.08	2.35	0.83

\* Based on 2007 Peer Small Business Data: US-PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2008).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: Ephrata National Bank						Evaluation Period: January 1, 2005 to December 31, 2008						
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	489	100.0	0.00	0.00	2.36	0.41	90.98	97.96	6.66	1.64	6.20	0.00	0.00	6.65	0.00

\* Based on 2007 Peer Small Business Data: US-PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2008).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: Ephrata National Bank								Evaluation Period: January 1, 2005 to December 31, 2008					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	416	100.0	12.40	9.70	19.36	21.39	26.87	29.60	41.38	39.30	2.18	1.90	1.69	2.34	2.39

\* Based on 2007 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.4% of loans originated and purchased by the bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: Ephrata National Bank								Evaluation Period: January 1, 2005 to December 31, 2008					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	768	100.0	12.40	8.19	19.36	21.48	26.87	36.78	41.38	33.56	13.70	20.83	14.29	14.92	11.47

\* Based on 2007 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.0% of loans originated and purchased by the bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: Ephrata National Bank								Evaluation Period: January 1, 2005 to December 31, 2008					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	687	100.0	12.40	8.35	19.36	21.85	26.87	37.18	41.38	32.63	2.97	4.12	2.73	3.34	2.63

\* Based on 2007 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 4.1% of loans originated and purchased by the bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: Ephrata National Bank			Evaluation Period: January 1, 2005 to December 31, 2008				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Lancaster County AA	1,622	100.0	65.17	63.44	76.51	12.82	10.67	1.94	3.35

\* Based on 2007 Peer Small Business Data: US-PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2008).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 7.46% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: Ephrata National Bank			Evaluation Period: January 1, 2005 to December 31, 2008				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Lancaster County AA	489	100.0	95.18	97.55	79.14	13.29	7.57	6.20	7.23

\* Based on 2007 Peer Small Business Data: US-PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2008).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.82% of small loans to farms originated and purchased by the bank.

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: Ephrata National Bank										Evaluation Period: January 1, 2005 to December 31, 2008							
MA/Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total*	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	
<b>Full Review:</b>																			
Lancaster County AA	4,311	100.0	0.00	0.00	1.71	0.14	79.76	97.49	18.53	2.37	16.42	33.52	16.91	25.68	23.16	21.46	43.50	15.98	

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of Households is based on 2000 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: Ephrata National Bank				Evaluation Period: October 6, 2005 to April 13, 2009			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Lancaster County AA	1	2,870	56	738	57	3,608	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: Ephrata National Bank							
<b>Evaluation Period:</b> October 06, 2005 to April 13, 2009																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Lancaster County AA	100.0	8	100.0	0.0	0.0	87.5	12.5	2	0	0	0	+2	0	0.00	2.12	80.20	17.68