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Comptroller of the Currency  
Administrator of National Banks

*Small  
Bank*

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

## **PUBLIC DISCLOSURE**

**April 6, 1998**

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

**Eagle National Bank  
Charter Number: 21118  
8045 West Chester Pike  
Upper Darby, PA 19082**

**Office of the Comptroller of the Currency  
Philadelphia Field Office  
3325 Street Road  
Bensalem, PA 19020**

**NOTE:** This evaluation is not, nor should it 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.

## **GENERAL INFORMATION**

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Eagle National Bank** prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of April 6, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

### **INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

This overall rating is supported by the following factors:

- The bank's average loan to deposit ratio over the past two years was 86%.
- The bank's lending performance reflects a favorable distribution of credit to borrowers of different income levels.
- The bank's lending performance reflects a favorable distribution of credit to borrowers residing in low- and moderate-income geographies.
- The bank exhibits a good record of lending to small businesses.

*The following table indicates the performance level of Eagle National Bank with respect to each of the five performance criteria.*

| <b>SMALL<br/>INSTITUTION<br/>ASSESSMENT<br/>CRITERIA</b>                       |  | <b>EAGLE NATIONAL BANK<br/>PERFORMANCE LEVELS</b>                     |   |   |
|--|--|---|---|---|
|  |  | <b>Exceeds<br/>Standards<br/>for<br/>Satisfactory<br/>Performance</b> | <b>Meets<br/>Standards<br/>for<br/>Satisfactory<br/>Performance</b> | <b>Does not<br/>meet<br/>Standards<br/>for<br/>Satisfactory<br/>Performance</b> |
| Loan to Deposit Ratio  | X  |   |   |   |
| Lending in Assessment Area   |  |   |   | X   |
| Lending to Borrowers of Different Incomes and to businesses of Different sizes |  |   | X   |   |
| Geographic Distribution of Loans   |  |   | X   |   |
| Response to Complaints   | No complaints were received by the bank since the prior examination. |   |   |   |

## **DESCRIPTION OF INSTITUTION**

Eagle National Bank (ENB) is a \$35 million institution located in Upper Darby, Pennsylvania. At present, ENB has only one branch office in Upper Darby. However, a Lansdowne Branch Office was scheduled to be opened on April 13, 1998. Both locations have proprietary automated teller machines (ATMs).

ENB's asset size has remained relatively stable over the past two years, despite tremendous loan volume, because a significant portion of the portfolio is immediately sold on the secondary market. Specifically, all residential mortgages and the guaranteed portion of all SBA loans are sold immediately. In addition, ENB processes a significant volume of small consumer loans which have an average term of two weeks. During 1997, ENB booked approximately \$86 million in loans: 56% were residential mortgages, 36% were small consumer loans, 6% were commercial loans, and 2% were other miscellaneous loans. During 1996, ENB booked approximately \$35 million in loans: 66% were residential mortgages, 10% were small consumer loans, 21% were commercial loans, and 3% were other miscellaneous loans.

Area competition includes branches of several national, state and savings institutions, including Corestates, Mellon, Bryn Mawr Trust, Keystone Bank, and Commonwealth Bank. Most of ENB's competitors are significantly larger institutions. There are no known legal or financial impediments to prevent ENB from meeting the credit needs of its community.

ENB's last CRA assessment was performed on March 28, 1996. The bank received a "Satisfactory" rating.

## **DESCRIPTION OF ASSESSMENT AREA**

ENB's assessment area consists of four whole counties: Delaware, Chester, Philadelphia, and Montgomery. The assessment area is comprised of 837 census tracts (CTs) within MSA 6160. Of the 837 CTs, 10% are designated low-income, 20% are moderate-income, 38% are middle-income, 29% are upper-income, and 3% are "not available."

The population of the assessment area is approximately 3.2 million individuals. Median family income for the area is \$42,239. Median housing value for the area is \$101,655 and median age of the housing stock is 47 years. Owner occupied housing is 62% of the total, and rental occupied housing is 30% of the total. Vacant housing units equal 7% of the total units.

The local economy is relatively stable. Major industries include manufacturing, services, and retail trade. The area's unemployment rate for 1995 was 5.92%.

Management and local organizations contacted during our examination indicated that primary credit needs in their area are small business loans, home equity products, and residential mortgages.

ENB's assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income census tracts.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

For the purposes of this analysis, the examination period covers loan activity from March 28, 1996 to December 31, 1997.

### **LOAN TO DEPOSIT RATIO**

ENB's loan to deposit ratio has averaged 86% since the last CRA exam conducted March 28, 1996. This level of lending performance far exceeds the national peer average of 66%. In the examination period, ENB originated \$71.6 million in residential mortgage loans. Although these loans are "pre-sold" at closing, they are recorded on ENB's balance sheet for approximately one month until they are transferred to the investor.

### **LENDING IN ASSESSMENT AREA**

In order to evaluate ENB's lending within its assessment area, we computed in/out ratios for the bank's three major loan products: mortgages and home improvement loans, business/commercial loans, and Cash 'Til Payday loans.

### **HMDA Reportable Loans**

We reviewed the bank's HMDA loan application register (LAR) to determine the location of loan originations. The bank has an adequate record of serving the credit needs of its community based on this review. A majority of ENB's HMDA reportable loans are originated within the assessment area, as indicated in the table below.

**TABLE 1**  
**LENDING WITHIN THE ASSESSMENT AREA (AA)**

| HMDA Loan Originations during 1996 and 1997 |            |            |            |
|---|------------|------------|------------|
| Year  | # of Loans |            | % in AA    |
|   | In AA      | Out of AA  |            |
| 1996  | 190        | 117        | 62%        |
| 1997  | 386        | 227        | 63%        |
| <b>TOTAL</b>                                | <b>576</b> | <b>344</b> | <b>63%</b> |

Most of the loans made outside the assessment area were residential mortgages that were referred to the bank by realtors and loan brokers. The majority of these applications came from geographies surrounding the assessment area including: York, Allentown, Reading, Harrisburg, Scranton, and Wilkes-Barre.

## **Business Loans**

To determine ENB's business lending patterns, we reviewed the geographic location of every business loan booked during 1996 and 1997. The significant majority of ENB's business loans were originated within the assessment area, as indicated in the table that follows.

| <b>TABLE 2</b><br><b>LENDING WITHIN THE ASSESSMENT AREA (AA)</b> |                   |                  |                |
|--|-------------------|------------------|----------------|
| <b>Business Loan Originations during 1996 and 1997</b>           |                   |                  |                |
| <b>Year</b>  | <b># of Loans</b> |                  | <b>% in AA</b> |
|  | <b>In AA</b>      | <b>Out of AA</b> |                |
| <b>1996</b>  | 62                | 7                | 90%            |
| <b>1997</b>  | 40                | 6                | 87%            |
| <b>TOTAL</b>   | 102               | 13               | 89%            |

## **Cash 'Til Payday Loans**

ENB does a significant volume of Cash 'Til Payday loans through Dollar Financial Group, Inc. The Cash 'Til Payday product was introduced in late 1995 through early 1996, with a significant increase in volume during 1997. None of these loans are made within the bank's four county assessment area. Loans have an average term of two weeks, which explains the high number of loans appearing on the table below (each renewal beyond the two week maturity is counted as a new origination). The number of loans booked during 1996 was estimated using average loan size divided by total dollar volume for the year, 1997 numbers are actual.

| <b>TABLE 3</b><br><b>LENDING WITHIN THE ASSESSMENT AREA (AA)</b> |                   |                  |                |
|--|-------------------|------------------|----------------|
| <b>Cash 'Til Payday Loan Originations during 1996 and 1997</b>   |                   |                  |                |
| <b>Year</b>  | <b># of Loans</b> |                  | <b>% in AA</b> |
|  | <b>In AA</b>      | <b>Out of AA</b> |                |
| <b>1996</b>  | 0                 | 21,619(e)        | 0%             |
| <b>1997</b>  | 0                 | 204,499          | 0%             |
| <b>TOTAL</b>   | 0                 | 226,118          | 0%             |

Despite the large number of loans booked, ENB deposit dollars used to support these loans was relatively low. During 1996, the average deposit dollars used to support the Cash 'Til Payday

portfolio averaged \$211 thousand per month. In 1997, that average increased to \$1.3 million per month. Management and the Board have established an internal limit of \$2 million in aggregate outstanding loans for the Cash ‘Til Payday product.

### **LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

The bank’s record of lending to borrowers of different income levels was evaluated using HMDA reportable loans originated in 1996 and 1997. Our review of HMDA reportable loans revealed favorable lending patterns during the examination period, and is presented within the table below.

| <b>TABLE 4</b><br><b>LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS</b> |                  |             |                  |             |                       |
|--|------------------|-------------|------------------|-------------|-----------------------|
| <b>HMDA LOANS - 1996 and 1997</b>  |                  |             |                  |             |                       |
|  | <b>1996</b>      |             | <b>1997</b>      |             |                       |
| <b>Income level</b>  | <b>\$ Amount</b> | <b># of</b> | <b>\$ Amount</b> | <b># of</b> | <b>Total Families</b> |
| <b>Low</b>   | 6%               | 13%         | 8%               | 18%         | 9%                    |
| <b>Moderate</b>  | 17%              | 25%         | 18%              | 23%         | 22%                   |
| <b>Middle</b>  | 22%              | 25%         | 21%              | 22%         | 41%                   |
| <b>Upper</b>   | 55%              | 37%         | 53%              | 37%         | 28%                   |
| <b>Total</b>   | 100%             | 100%        | 100%             | 100%        | 100%                  |

ENB’s lending to low- and moderate-income individuals during 1996 is further supported by the Lender Market Share Report generated for the Northeast Region. During 1996, ENB’s HMDA loans captured 0.18% market share in its assessment area for total number of loans originated, and 0.16% for total dollars lent. ENB’s market share was 0.27% for total number of loans originated, and 0.27% for total dollars lent to low-income borrowers in the assessment area. ENB’s market share for loans to moderate-income borrowers was 0.28% for total number of loans originated and 0.29% for total dollars lent in the assessment area.

### **Small Business Loans**

ENB is also an active SBA lender. During 1997, the bank originated \$1.1 million in SBA loans, and during 1996, SBA loan originations totaled almost \$2.5 million. An additional \$3.7 million of commercial loans were booked in 1997, and \$4.7 million of commercial loans were booked during 1996. The majority of these commercial loans were made to area small businesses, as depicted in the table that follows.

**TABLE 5**  
**LENDING TO BUSINESSES OF DIFFERENT SIZES**

| <b>Annual Revenue</b>   | <b>1996</b>       |                   | <b>1997</b>       |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
|                         | <b># of Loans</b> | <b>% of Total</b> | <b># of Loans</b> | <b>% of Total</b> |
| \$0 - \$250,000         | 37                | 54%               | 24                | 52%               |
| \$250,000 - \$500,000   | 12                | 17%               | 8                 | 17%               |
| \$500,000 - \$750,000   | 5                 | 7%                | 3                 | 7%                |
| \$750,000 - \$1,000,000 | 3                 | 5%                | 1                 | 2%                |
| <b>SBTL (Small Bus)</b> | <b>57</b>         | <b>82%</b>        | <b>36</b>         | <b>78%</b>        |
| \$1,000,000 +           | 12                | 17%               | 10                | 22%               |
| <b>TOTAL</b>            | <b>69</b>         | <b>100%</b>       | <b>46</b>         | <b>100%</b>       |

During 1996, 82% of the number of loans made were to small businesses. In 1997, 78% of the number of loans made were to small businesses. All commercial lending decreased significantly during 1997 due to an extended vacancy in the Senior Commercial Lender position at ENB. The vacancy has since been filled.

### **GEOGRAPHIC DISTRIBUTION OF LOANS**

The geographic dispersion of HMDA reportable loans throughout the bank's assessment area is reasonable as depicted in Table 6.

The demographic data shows the majority of HMDA loan penetration exists within middle-income CTs. Lending within low-income CTs is somewhat low due to the fact that the majority of the low-income CTs are not proximate to ENB's single branch location. Only 10 of the 86 low-income CTs in the assessment area are within a five mile radius of ENB's Upper Darby location. All 10 low-income CTs are located within the Philadelphia city limits, where competition for retail loan customers from regional banks is strong.

**TABLE 6**  
**GEOGRAPHIC LOAN DISTRIBUTION OF HMDA LOANS WITHIN ASSESSMENT AREA**

|                              | 1996               |            | 1997               |            |  |
|------------------------------|--------------------|------------|--------------------|------------|--|
| Income level of Census Tract | \$ Amount of Loans | # of Loans | \$ Amount of Loans | # of Loans | Geographic Distribution of Census Tracts |
| <b>Low</b>                   | 2%                 | 4%         | 3%                 | 7%         | 10%                                      |
| <b>Moderate</b>              | 16%                | 23%        | 12%                | 24%        | 20%                                      |
| <b>Middle</b>                | 50%                | 52%        | 43%                | 44%        | 38%                                      |
| <b>Upper</b>                 | 32%                | 21%        | 42%                | 25%        | 29%                                      |
| <b>N/A *</b>                 | ---                | ---        | ---                | ---        | 3%                                       |
| <b>Total</b>                 | 100%               | 100%       | 100%               | 100%       | 100%                                     |

\* Tract characteristics were not available.

ENB's lending to borrowers in low- and moderate-income census tracts during 1996 is further supported by the Lender Market Share Report generated for the Northeast Region. During 1996, ENB's HMDA loans captured 0.18% market share in its assessment area for total number of loans originated, and 0.16% for total dollars lent. ENB's market share was 0.33% for total number of loans originated, and 0.35% for total dollars lent to borrowers in low-income census tracts in the assessment area. ENB's market share for loans to borrowers in moderate-income census tracts was 0.37% for total number of loans originated and 0.43% for total dollars lent in the assessment area.

#### **COMPLIANCE WITH ANTIDISCRIMINATION LAWS**

A fair lending review performed in conjunction with this CRA examination revealed satisfactory compliance with fair lending regulations. We noted no practices intended to discourage or impede potential borrowers from applying for credit.