



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Bensalem, Pa 19020

## **Public Disclosure**

September 13, 2002

# **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**

**Eastern Pennsylvania Field Office  
3325 Street Road, Suite 120  
Bensalem, PA 19020**

**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 “**Satisfactory**”.

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

<b>Performance Levels</b>	<b>Ephrata National Bank</b>		
	<b>Performance Tests</b>		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
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:

- ENB’s lending levels reflect good responsiveness to community credit needs.
- The distribution of loans to borrowers of different income levels is good.
- The level of lending to small businesses and small farms reflects excellent penetration based upon the demographics and credit needs of the assessment area.
- Overall, market share data for home mortgage products and small business / farm lending reflects favorably on the bank.
- ENB made a good level of qualified community development investments and donations.
- Service delivery systems are accessible to geographies and individuals of different income levels in the assessment area.
- 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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:** 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.

**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 household 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 or a block numbering area 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 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).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

The Ephrata National Bank (ENB) is a \$456 million independent institution located in Ephrata, Pennsylvania. The bank was chartered in 1881 and remains a full service, intrastate bank offering a wide array of traditional loan and deposit products. ENB's previous CRA examination was conducted as of July 6, 1999, and the bank was assigned an overall rating of "Satisfactory." There are no operating subsidiaries of the bank. There are also no other financial or legal impediments impacting ENB's ability to help meet community credit needs.

In addition to its main office, ENB operates five full service branches all located in northern Lancaster County and within the Lancaster Metropolitan Statistical Area (MSA). This includes a new branch in Lititz, Pennsylvania that opened during the first quarter of 2002. No branches were closed during the evaluation period.

As of June 30, 2002, ENB had net loans approximating \$259 million or 57% of total assets. The composition of the loan portfolio consists of residential real estate loans at 41%, commercial and commercial real estate loans at 39%, agricultural loans at 14%, and consumer loans at 6%. Net tier one capital is \$55.8 million as of June 30, 2002.

Competition is strong, and includes several financial institutions that maintain banking offices in ENB's primary market area of northern Lancaster County. Primary competitors are Fulton Bank, Blue Ball National Bank, Bank of Lancaster County, and Waypoint Bank.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This evaluation covers HMDA, small business, and small farm lending activity for 1999, 2000, and 2001. The analysis is based on an evaluation of the bank's HMDA-Loan Activity Registers (HMDA-LARs) and small business and small farm loan registers. Specific loan products evaluated include: HMDA-reportable loans (i.e., home purchase mortgage, refinance, and home improvement loans), small business loans, and small farm loans. We evaluated community development loans and investments from July 7, 1999 through September 12, 2002. Both community development and retail services were also evaluated during this timeframe.

### Data Integrity

During June of 2002, ENB's publicly filed information on home mortgage loans was tested for accuracy. Further, we tested publicly filed data regarding small loans to both businesses and farms. Results of this testing evidenced the data is sufficiently accurate for purposes of this CRA review.

### Selection of Areas for Full-Scope Review

We conducted a full-scope review of the bank's sole assessment area, which covers parts of three MSAs: MSA 4000 – Lancaster (Lancaster County), MSA 6680 – Reading (Berks County), and MSA 3240 – Harrisburg-Lebanon-Carlisle (Lebanon County). The assessment area contains a total of 54 census tracts. Most tracts (41) are in northern Lancaster County, with the remaining tracts in the

southern portions of Berks County (7) and Lebanon County (6). There are no low- or moderate-income tracts while 87% of the tracts are designated as middle-income and the remaining 13% as upper-income.

The bank has specified only one assessment area because the small number of census tracts in both MSA 6680 and MSA 3240, which are included in ENB's assessment area, do not extend substantially beyond the border of the Lancaster MSA. The vast majority of ENB's business is generated within the Lancaster MSA. The bank's main office and all branch locations are also located within the Lancaster MSA. Regarding the Reading MSA, the 7 tracts located in MSA 6680 comprise only 9.2% of the MSA's total tracts and 11.5% of its total population. Regarding the Harrisburg-Lebanon-Carlisle MSA, the six tracts located in MSA 3240 comprise only 4.7% of the MSA's total tracts and 3.2% of its total population.

ENB's assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas. All market share data discussed in this Public Evaluation is from the year 2000, and is in reference to the bank's market share within the stated assessment area rather than in any larger geographic area.

Please refer to Appendix A for further information regarding the market profile of the assessment area.

## **Ratings**

The bank's overall rating is based on the full-scope review of its one assessment area. Small loans to businesses and farms received more weight in determining the Lending Test rating since this type of lending comprises 67% of total reported loans, with the remaining 33% being home mortgage loans. Regarding home mortgage loans, 41% of such lending is comprised of home improvement loans. In turn, this product line received more weight in determining the Lending Test rating. We also placed more weight on borrower distribution in evaluating the bank's lending performance given the lack of any low- and moderate-income geographies. Further, it should be noted lending to small businesses and small farms is a primary need in the bank's assessment area, along with lending to low- and moderate-income individuals.

## **Other**

During our examination, we contacted one community group. Our contact was a local non-profit entity, responsible for affordable housing programs and economic development. Our discussion occurred via the telephone and provided us with detailed and informative data regarding credit needs of the community, as well as general information regarding housing. During the discussion, we verified that there is a lack of housing available in the lower price ranges making home ownership difficult for low- and moderate-income individuals. In turn, a primary credit need centers around providing these individuals with affordable mortgages. Though, this is most prevalent just outside of ENB's assessment area within the city of Lancaster. With that said, our contact did specifically praise ENB's efforts in terms of financial support to its housing programs, and regarding its record of lending to low- and moderate-income individuals within the bank's assessment area.

## **Fair Lending Review**

An analysis of 1999, 2000, and 2001 HMDA data, small loans to businesses and farms, and of public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on our analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in July of 1999.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

The bank's performance under the lending test is rated "**High Satisfactory**". Based on the full-scope review, ENB's performance in their assessment area is good.

### **Conclusions for Areas Receiving Full-Scope Reviews**

#### **Lending Activity**

Refer to Table 1 - Lending Volume and Table 1 - Other in appendix C for the facts and data used to evaluate the bank's lending activity.

ENB's lending activity is good, reflecting an overall responsiveness to the credit needs of the assessment area. The bank is ranked 5<sup>th</sup> within the assessment area for all home mortgage loan products offered based on market share information. ENB is ranked 6<sup>th</sup> within the assessment area regarding loans extended to small businesses and small farms. ENB is also the highest ranked HMDA and small business / farm lender whose total assets are less than \$500 million.

#### **Home Mortgage Loans**

Among home mortgage originations during the evaluation period, approximately 28% were home purchase loans, 41% were home improvement loans, 30% were home mortgage refinance loans, and 1% were multi-family loans. Market share data for all mortgage data indicates that ENB ranks 5<sup>th out</sup> of 288 mortgage lenders with a market share of 3.1%.

ENB ranked 18<sup>th</sup> out of 209 lenders in the assessment area with a market share of 1.8% in home purchase lending. Institutions ranked above ENB include Sovereign Bank, Fulton Bank, and several large mortgage companies.

Based upon this same aggregate data, ENB ranked 2<sup>nd</sup> out of 78 lenders in home improvement lending, with a 10.1% market share. This performance is excellent given that over 40% of the bank's home mortgage originations were home improvement loans.

ENB ranked 21<sup>st</sup> out of 195 lenders in home refinancing with a 1.2% market share.

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

ENB ranks 12<sup>th</sup> out of 101 lenders in small loans to businesses with a market share of 2.6%. The top five institutions in this category are non-bank financial corporations that hold over 50% of this market.

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

ENB ranks 4<sup>th</sup> out of 18 lenders in small loans to farms with a market share of 12.7%. This performance is excellent given such lending is an identified need within the assessment area. The top three institutions in this category are much larger banks that also specialize in agricultural lending.

## **Consumer and Multi-Family Loans**

The bank chooses not to track its consumer lending. In turn, consumer lending was not considered for this evaluation. Also, the bank originates a minimal amount of multi-family loans, as such lending comprises approximately 1% of all home mortgage products. In turn, this type of lending was not considered for this evaluation.

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

As noted earlier in this evaluation, the bulk of ENB's census tracts are designated middle-income with the remaining tracts designated as upper-income. There are no low- or moderate-income tracts within the bank's assessment area. Therefore, an analysis of this information would not be meaningful.

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data regarding the geographic distribution of the bank's home mortgage loan originations and purchases.

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

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

## **Lending Gap Analysis**

No unexplained gaps were identified based upon the analysis of ENB's mortgage, small business, and small farm lending during the evaluation period.

## **Inside/Outside Ratio**

ENB originates a substantial majority of loans in its assessment area. During the evaluation period, 93.5% of the number and 93.6% of the dollar amount of total HMDA originations were within the bank's assessment area. During this timeframe, 94.6% of the number and 91.6% of the dollar amount of total small loans to businesses were within the assessment area. Regarding small loans to farms, 85.1% of the number and 78.9% of the dollar amount of total originations were within the assessment area. The inside /outside ratio analysis indicates that ENB is responsive to all income segments in the assessment area.

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

### **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.

Our analysis revealed that overall lending to low-income borrowers for all home mortgage products is below the percentage of low-income families within the assessment area. Though, we considered the lack of affordability for a low-income individual or family to purchase a home limits the bank's lending opportunities. This is evident as the median home price in the assessment area is \$97,197, while a low-income family earns just less than \$26 thousand per year. In turn, lending to low-income individuals is

considered good, particularly when factoring in favorable market share performance. ENB's lending levels to moderate-income borrowers is also considered good. Depending on the product type, lending levels either approximate or exceed the percentage of moderate-income families within the assessment area.

Home purchase loan distribution by borrower income level is good. The lending volume to low-income borrowers is below the percentage of low-income families in the assessment area. However, ENB's market share of 3.3% to low-income borrowers exceeds its overall market share of 2.1% for home purchase loans. ENB's lending to moderate-income borrowers approximates the percentage of moderate-income families within the assessment area. The bank's market share of moderate-income borrowers is close to its overall market share for this product line.

Home improvement loan distribution is excellent. The percentage of loans to low-income borrowers is below the percentage of low-income families in the assessment area, however, ENB ranks 4<sup>th</sup> with a market share 9.6% to such borrowers. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families residing in the assessment area. Further, ENB ranks 1<sup>st</sup> with a market share of 13.1% to moderate-income borrowers.

Home refinance loan distribution by borrower income level is adequate. The percentage of loans to low-income borrowers is below the percentage of low-income families in the assessment area, while the percentage of loans to moderate-income borrowers approximates the percentage of such families within the assessment area. ENB's market share to both low- and moderate-income borrowers is relatively low at fewer than 2%, though related lending levels do slightly exceed its overall market share for home refinance lending.

### **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/purchase of small loans to businesses.

The distribution of small loans to businesses is good. ENB originated 77.6% of its small loans to small businesses, which is close to the 84.6% figure of businesses considered small businesses within the assessment area. The bank's market share of lending to small businesses exceeds its overall business loan market share. The distribution by size of loan reflects that a significant majority (83.0%) of loan originations during the evaluation period were less than \$100,000.

### **Small Loans to Farms**

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

The distribution of small farm lending is excellent. The percentage of loans made to small farms exceeds the percentage of small farms in the assessment area. The bank's distribution by loan size indicated that the vast majority (88.1%) of originations were less than \$100,000. ENB's market share is just over its overall small farm loan market share.

## Community Development Lending

ENB originated two small business loans during the evaluation period that have community development purposes. These loans are included in ENB's CRA small business loan data. Although activity is limited, the lack of community development lending is not a regulatory concern and deemed adequate due to limited opportunities within the assessment area. This is mainly attributed to the lack of any low- or moderate-income geographies within the bank's assessment area. This assertion was also validated during our interview with the community contact, and by discussions with bank management.

During the first quarter of 2002, ENB extended a \$30 thousand term loan to a non-profit organization located in Manheim Township within Lancaster County. Further, ENB extended an \$80 thousand line of credit for working capital purposes to this same organization in April of 1999. Though this extension was originally funded during the prior evaluation period, the loan is renewed on an annual basis and thus qualified for the current evaluation period. This organization addresses the needs of low- and moderate-income individuals within the community by offering programs that facilitate socioeconomic growth, self-sufficiency, and family life education.

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.

## Product Innovation and Flexibility

ENB employs flexible lending practices on a limited basis in order to serve the credit needs of its assessment area. As noted earlier in this evaluation, small farm lending is considered a primary credit need within the bank's assessment area. The bank occasionally offers special loan programs to farmers, which feature low, fixed-rate agricultural loans.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "**High Satisfactory**". Based on a full-scope review, the bank's performance in the Lancaster MSA (#4000) is good. During the evaluation period, ENB made qualified investments and donations totaling approximately \$732 thousand.

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

We determined through our community contact and our internal research that investment opportunities exist, but are limited within ENB's assessment area. The bank has a good level of qualified community development investments and grants considering there are limited opportunities within ENB's assessment area. This is largely due to the lack of any low- and moderate-income geographies. Many projects that do exist are funded via government programs, and competition is high for the limited amount of low-income housing tax credits that are available.

In February of 1999, ENB committed to a \$207 thousand equity investment in a low-income housing project located within the Borough of Ephrata. This project has since been completed. The

organization, a limited partnership, was formed for the purpose of owning, developing, and rehabilitating eleven residential units solely for low- and moderate-income families. In order to qualify, each families' respective income level must fall within HUD guidelines. During the prior evaluation period, ENB only contributed \$333 of the aforementioned total. The remaining \$206,667 was contributed within this evaluation period and during the year 2000.

In January of 2000, the bank purchased a \$500 thousand municipal revenue bond from the state of Pennsylvania's Housing Finance Agency. Proceeds benefit and support low-income housing initiatives on a statewide basis. The bond was subsequently sold during May of 2001, largely for accounting reasons because it was the only taxable municipal bond in the bank's portfolio. Given the bond's rather short-term lifespan within ENB's portfolio and because it did not directly benefit the bank's assessment area, this bond received less weight when determining the bank's Investment Test rating.

ENB has extended \$25,750 in qualified donations during the evaluation period. These funds were donated to two organizations whose programs support providing housing and services for low- and moderate-income individuals, as well as providing support to small businesses and small farms in and around the bank's assessment area. Specifically, they provide consumer credit and housing counseling services, business training, and mentoring to low- and moderate-income entrepreneurs. Both entities are located within the city of Lancaster, which is outside of ENB's assessment area. However, their programs and services benefit all of Lancaster County.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

ENB's performance under the Service Test is rated "**Low Satisfactory**". Based on this full-scope review, ENB's performance in the assessment area is adequate.

### **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, branch openings and closings.

The bank's branch delivery systems are considered accessible to geographies and individuals of different income levels in the assessment area. ENB provides banking services throughout the assessment area with five branch locations, which are all located in northern Lancaster County and within middle-income census tracts. This includes the new office in Lititz, Pennsylvania that opened during early 2002. The bank offers ATMs at all branches, including the main office. A remote ATM is also offered at Ephrata Community Hospital in an attempt to better serve the community. Drive-through facilities are provided at all locations. No branches were closed during the evaluation period.

Office hours meet the convenience and needs of the entire community and include extended weekday and Saturday hours at all locations. During this evaluation period, ENB also altered its longstanding history of closing at noon on every Wednesday. Extended Wednesday hours are now offered at all locations in an effort to better serve the community.

All low- and moderate-income families reside within middle- and upper-income census tracts. Low- and moderate income families comprise 32.5% of total families residing within middle-income census

tracts, and 20.1% of total families living in upper-income census tracts. Based on our review, services do not vary in any way that inconvenience low- and moderate-income individuals living within the assessment area.

The bank offers a standard array of products and services that has evolved during this evaluation period, and is considered appropriate for an institution of its size and capacity. Consumer products include various demand deposit and savings plans priced to meet the needs of a variety of customers. ENB provides alternative systems for delivering retail banking services to its community, including the implementation of full-service Internet banking during July of 2002. The bank continues to offer bank-by-phone, bank-by-mail, and ATMs. PC banking, also known as Wisdom Direct, offers the following services: bill payment; balance inquiries; verification of deposits credited; verification of checks paid; transfer of funds; check re-orders; reconciliation of accounts; deposit and loan rate inquiries; ability to print bank statements; and the ability to e-mail directly to a customer service representative. In evaluating ENB's services, significant weight was not placed on the bank's alternative delivery systems because they do not track how well these systems actually reach and meet the needs of low- and moderate-income individuals.

ENB continues to offer a free regular checking account that would certainly appeal to low- and moderate-income customers. This non-interest bearing product has no minimum balance requirements. Such an account can be opened with an initial deposit as small as \$25. Loan products include fixed-rate unsecured and secured consumer loans with no minimum loan amount.

### **Community Development Services**

ENB provides an adequate level of community development services within its assessment area. Specifically, three members of senior management lend their financial expertise through involvement with the Lancaster Housing Opportunity Partnership (LHOP), Lancaster County Hospital Authority (LCHA), and Assets. LHOP facilitates and promotes the expansion of affordable housing in Lancaster County. An assistant vice president of the bank serves on the finance committee and assists in preparing budgets, reviewing financial statements, and working with other members to recommend financial decisions. The LCHA provides low interest loans to local health care providers, while also serving the needs of the high concentration of low- and moderate-income individuals residing within the city of Lancaster. The bank's senior loan officer serves on the Board of LCHA and assists in various financial capacities, including dealings with assisted living facilities, health-care providers, and preparing budgets. Assets provides business training and supporting services tailored towards giving low- and moderate-income individuals a realistic chance of success and self-sufficiency. The bank's president serves on the Board of this organization, and assists with various financial aspects of this entity's initiatives.

On July 25, 2002, two members of senior management participated in a farming open house at a dairy farm in Lititz, Pennsylvania. They provided guidance and technical information, and answered questions from attending farmers throughout the day. Further, they provided information regarding available agricultural loan products at ENB.

## 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 non-metropolitan 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): (01/01/99 to 12/31/01) Investment and Service Tests and CD Loans: (07/07/99 to 09/12/02)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Ephrata National Bank (ENB) Ephrata, Pa		Home Mortgages, Small Loans to Businesses and Farms, and CD Loans.
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Includes portions of Lancaster MSA 4000, Reading MSA 6680, and Harrisburg-Lebanon-Carlisle MSA 3240.	Full-Scope	None

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

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#### Market Profiles for Areas Receiving Full-Scope Reviews

Lancaster MSA 4000, Reading MSA 6680, and Harrisburg-Lebanon-Carlisle MSA 3240.....	B-2
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Lancaster MSA 4000, Reading MSA 6680, and Harrisburg-Lebanon-Carlisle MSA 3240 – Geographies within ENB’s assessment area.

Demographic Information for Full-Scope Area: Lancaster MSA 4000, Reading MSA 6680, and Harrisburg-Lebanon-Carlisle MSA 3240 – Geographies within ENB’s assessment area.						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	54	0	0	87.04	12.96	0
Population by Geography	255,118	0	0	82.01	17.99	0
Owner-Occupied Housing by Geography	68,235	0	0	80.61	19.39	0
Businesses by Geography	13,101	0	0	82.61	17.39	0
Farms by Geography	1,159	0	0	93.96	6.04	0
Family Distribution by Income Level	71,211	11.69	18.56	28.51	41.24	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	21,539	0	0	87.55	12.45	0
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$37,742 = \$51,359 =4.63%	Median Housing Value Unemployment Rate				= \$97,197 = 1.37%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

ENB’s assessment area includes parts of three MSAs: MSA 4000 – Lancaster (Lancaster County), MSA 6680 – Reading (Berks County), and MSA 3240 – Harrisburg-Lebanon-Carlisle (Lebanon County). The assessment area contains a total of 54 contiguous census tracts, with the vast majority (41) located in northern Lancaster County. The remaining census tracts are located in the southern portions of Berks (7) and Lebanon (6) counties. Within its assessment area, ENB is ranked 7<sup>th</sup> for market share of deposits and has 7.4% of total deposits. ENB operates five full service branches, all with ATMs and drive-up facilities, and one additional remote ATM. Banking competition is heavy for both loans and deposits in the AA. Competition exists from both larger regional institutions and community banks. Major competitors are: Fulton Bank ranked 1<sup>st</sup> in deposit share with 17.05% share and 21 branches; Farmers First Bank ranked 2<sup>nd</sup> in deposit share with 11.86% share and 18 branches; and Blue Ball National Bank ranked 3<sup>rd</sup> in deposit share with 11.30% share and 10 branches.

The bank offers a traditional line of banking products for both loans and deposits. Economic conditions within the bank’s market area are considered stable, and unemployment rates within the assessment area remain well below state and national averages. Major employers include Ephrata Community Hospital, Denver Cold Storage, Acme Warehouse, county governments, school districts, and numerous small farming and manufacturing operations.

We determined through our community contact and our internal research that opportunities for community development lending, investments, and services exist within the assessment area, but are limited given the lack of any low- and moderate-income geographies. Also, there is strong competition for existing opportunities from both regional and other community banks operating in the area.

During our examination, we contacted one community group. Our contact was a local non-profit entity, responsible for affordable housing programs and economic development. Our discussion occurred via the telephone and provided us with detailed and informative data regarding credit needs of the community, as well as general information regarding housing. During the discussion, we verified that there is a lack of housing available in the lower price ranges making home ownership difficult for low- and moderate-income individuals. In turn, a primary credit need centers around providing these individuals with affordable mortgages. Though, this is most prevalent just outside of ENB's assessment area within the city of Lancaster. With that said, our contact did specifically praise ENB's efforts in terms of financial support to its housing programs, and regarding its record of lending to low- and moderate-income individuals within its assessment area.

## 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: 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. Tables without data are not included in this PE.

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. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- 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 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- 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. When such investments exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Qualified Investments” column.
- 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.

Institution ID: 1000002515 EPHRATA NATIONAL BANK

**Table 1. Lending Volume**

LENDING VOLUME		Geography: EPHRATA NB				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001						
MA/Assessment Area (2001):	% 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>												
ENB 2002 AA	92.52	986	61,267	1,481	106,320	504	27,333	0	0	2,971	194,920	NA

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From July 7, 1999 to September 12, 2002.

\*\*\* Deposit Data is not available (NA) as the bank does not track this information.

**Table 1. Other Products**

LENDING VOLUME		Geography: EPHRATA NB				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001								
MA/Assessment Area (2001):	% 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>														
ENB 2002 AA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	NA

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 01, 1999 to December 31, 2001.

\*\*\* ENB does not track deposit data. Thus, this information is not available (NA).

**Table 1. Other Products**

LENDING VOLUME		Geography: EPHRATA NB		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001	
MA/Assessment Area (2001):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
ENB 2002 AA	0	0	0	0	0

\* The evaluation period for Optional Product Line(s) is From January 01, 1999 to December 31, 2001.

Institution ID: 10000002515 EPHRATA NATIONAL BANK

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE															
Geography: EPHRATA NB															
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001															
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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ENB 2002 AA	277	100.00	0.00	0.00	0.00	0.00	80.61	99.64	19.39	0.36	1.83	0.00	0.00	2.33	0.00

\* Based on 2000 Peer Mortgage Data: Northeast 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 1990 Census information.

Institution ID: 1000002515 EPHRATA NATIONAL BANK

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: EPHRATA NB				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
ENB 2002 AA	405	100.00	0.00	0.00	0.00	0.00	80.61	99.01	19.39	0.99	10.14	0.00	0.00	11.97	0.80

\* Based on 2000 Peer Mortgage Data: Northeast 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 1990 Census information.

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**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: EPHRATA NB				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
ENB 2002 AA	291	100.00	0.00	0.00	0.00	0.00	80.61	98.97	19.39	1.03	1.17	0.00	0.00	1.44	0.00

\* Based on 2000 Peer Mortgage Data: Northeast 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 1990 Census information.

Institution ID: 1000002515 EPHRATA NATIONAL BANK

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY																
Geography: EPHRATA NB																
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001																
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid
<b>Full Review:</b>																
ENB 2002 AA	13	100.00	0.00	0.00	0.00	0.00	69.95	100.00	30.05	0.00	35.71	0.00	0.00	41.67	0.00	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

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

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Institution ID: 1000002515 EPHRATA NATIONAL BANK

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: EPHRATA NB				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
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>																				
ENB 2002 AA	1,481	100.00	0.00	0.00	0.00	0.00	82.61	98.58	17.39	1.42	2.56	0.00	0.00	3.31	0.34					

\* Based on 2000 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 (2001).

Institution ID: 1000002515 EPHRATA NATIONAL BANK

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS															Geography: EPHRATA NB					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
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>																								
ENB 2002 AA	504	100.00	0.00	0.00	0.00	0.00	93.96	98.02	6.04	1.98	12.68	0.00	0.00	12.75	18.75									

\* Based on 2000 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 farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).

Institution ID: 10000002515 EPHRATA NATIONAL BANK

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: EPHRATA NB					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share*				
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****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
ENB 2002 AA	277	100.00	11.69	8.30	18.56	17.33	28.51	32.49	41.24	41.88	2.12	3.27	1.59	2.30	2.12	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 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.

Institution ID: 1000002515 EPHRATA NATIONAL BANK

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: EPHRATA NB					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
ENB 2002 AA	405	100.00	11.69	8.40	18.56	19.75	28.51	32.84	41.24	39.01	10.39	9.57	13.10	11.06	9.06	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* 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.

Institution ID: 1000002515 EPHRATA NATIONAL BANK

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: EPHRATA NB				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers						
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ENB 2002 AA	291	100.00	11.69	6.55	18.56	17.59	28.51	26.21	41.24	49.66	1.34	1.63	1.41	1.05	1.46

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.34% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* 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.

Institution ID: 1000002515 EPHRATA NATIONAL BANK

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES									
				Geography: EPHRATA NB			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001		
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>									
ENB 2002 AA	1,481	100.00	84.64	77.58	82.98	10.94	6.08	2.56	4.98

\* Based on 2000 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 - 2001).

\*\*\*\* 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 1.89% of small loans to businesses originated and purchased by the bank.

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**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: EPHRATA NB			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
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>									
ENB 2002 AA	504	100.00	93.27	97.22	88.10	8.13	3.77	12.68	12.74

\* Based on 2000 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 farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.79% of small loans to farms originated and purchased by the bank.

Institution ID: 10000002515 EPHRATA NATIONAL BANK

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
			Geography: EPHRATA NB		Evaluation Period: JULY 7, 1999 TO SEPTEMBER 12, 2002				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(NOT 000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
ENB 2002 AA	1	333	9	732	10	732	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 NB				Evaluation Period: JULY 7, 1999 TO SEPTEMBER 12, 2002									
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>																	
ENB 2002 AA	NA	5	100.00	0.00	0.00	100.00	0.00	1	0	0	0	+ 1	0	0.00	0.00	82.01	17.99

\* Deposit Data not available (NA).



