



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

June 28, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Eagle National Bank
Charter Number 21118

789 E. Lancaster Avenue, Suite 210
Villanova, PA 19085

Office of the Comptroller of the Currency

Eastern Pennsylvania Field Office
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Trevose, PA. 19053

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, 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.

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

- The bank's quarterly average net loan-to-deposit ratio is reasonable given the bank's size, financial condition, lending-related activities, and assessment area credit needs;
- A majority of the bank's home loan products are made outside the assessment area;
- The distribution of loans reflects reasonable penetration among borrowers of different incomes;
- The bank's geographic distribution of loans within its assessment area reflects reasonable dispersion throughout the assessment area; and
- The bank has received no complaints about its performance in helping to meet the credit needs of its assessment area.

SCOPE OF EXAMINATION

Eagle National Bank (ENB) was evaluated under the Small Bank Community Reinvestment Act (CRA) examination procedures. Our review covered the bank's CRA performance from January 1, 2008 through March 31, 2010. The bank's primary lending focus is on residential mortgage and business loans. The residential mortgage loan analysis is based upon the bank's Home Mortgage Disclosure Act- Loan Application Registers (HMDA-LAR). The HMDA-LARs were tested prior to this review and found to be reliable for the purposes of our analysis. Therefore, we used the HMDA data from January 1, 2008 through March 31, 2010 to evaluate the bank's home mortgage loan performance. To evaluate the bank's business lending performance, we selected a sample of Community Reinvestment Act (CRA) small-business loans made from January 1, 2008 through March 31, 2010.

DESCRIPTION OF INSTITUTION

ENB is a \$267 million institution headquartered in Upper Darby, Pennsylvania just west of Philadelphia. During this evaluation period four offices were opened. There are currently six offices in total. All four branches opened during the evaluation period are located in upper-income census tracts (CTs). Full service banking is provided at all locations, with the exception of the Villanova location, which is not a retail branch. This branch is for Corporate Banking. The other locations all include drive through and lobby services. Extended hours are provided on Friday at all retail branches. In addition, two locations offer limited Saturday hours during the summer months and throughout the rest of the year all retail locations offer limited Saturday hours. Automated Teller Machines (ATMs) are available at all retail locations.

The bank received its national charter on April 13, 1987. Before September 1, 2003, the bank was privately owned with one family owning 80% of the stock. On July 30, 2002, Pebblespring Holding Company was incorporated for the purpose of acquiring Eagle National Bank. Pebblespring later changed its name to Eagle National Bancorp, Inc. and acquired ENB on September 1, 2003. ENB was merged into an interim subsidiary of Eagle National Bancorp, Inc. and immediately changed its name to Eagle National Bank, a new banking company. The reorganized bank is 100% owned by, Eagle National Bancorp, Inc. On July 12, 2007 ENB established Eagle Nationwide Mortgage Company, Inc. The mortgage company is the sole subsidiary of ENB. Prior to the establishment of Eagle Nationwide Mortgage Company, Inc, ENB's primary lending product was commercial lending. Since 2007, the volume of home loan product origination has increased significantly.

As of March 31, 2010 ENB reported \$204 million in net loans, \$206 million in total deposits, and Tier One capital of \$22 million. The net loan and leases to total assets ratio was 76%. The bank's loan portfolio consists of residential real estate (13%), commercial and commercial real estate (86%) and other (1%). The bank's lending philosophy is to make credit products available to all applicants who meet their business focus in a fair and consistent manner within the confines of safe and sound banking practices.

Numerous national, state and savings banks, as well as branches of several large regional institutions provide average deposit and lending competition. According to the June 30, 2009 Federal Depository Institution Corporation's (FDIC) Deposit Market Share Report, ENB ranked 40 out of 91 institutions within the four counties included in the assessment areas, with a 0.21% deposit market share. The top five competitors in the four counties include: Wachovia Bank (19.64%); Ally Bank (15.94%); Citizen's Bank PA (11.94%); PNC Bank (9.08%) and Sovereign Bank (6.82%).

There were no legal, financial or other factors impeding ENB's ability to help meet the needs of its community. ENB's previous CRA examination was performed on December 13, 2004, and the bank was assigned an overall "Satisfactory" rating.

DESCRIPTION OF ASSESSMENT AREA(S)

ENB has defined its assessment area (AA) as Delaware and Philadelphia Counties, the southern portion of Montgomery County, and the central and eastern portions of Chester County. These counties are located in Southeastern Pennsylvania and are located within the Philadelphia, PA Metropolitan Division (MD), #37964. This MD is part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA), #37980. This AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low-or moderate-income areas. The AA consists of 746 Census Tracts (CTs). There are 121 low-income tracts (16%), 172 moderate-income tracts (23%), 206 middle-income tracts (28%) and 230 upper-income tracts (31%). In addition, there are seventeen tracts without an income designation. The counties included in the AA are not considered distressed or underserved areas.

According to 2000 US Census data, the population of the AA is 2,890,041 comprised of 711,122 families and 1,109,570 households. Approximately 15% of families are categorized as low-income, 25% as moderate-income, 28% as middle-income and 32% as upper-income. Approximately 14% or 158,904 households are below the poverty level. The 2008 HUD updated median family income was \$75,000 and the median value of a home in the AA is \$113,593. There are 1,207,366 housing units with owner-occupied units at 60%, rental occupied 32%, and vacant-housing units at eight percent in the AA.

The AA's economy has slowed down somewhat, reflective of the nation's economic slowdown. According to the Bureau of Labor Statistics, the May 2010 unemployment rate for Chester, Delaware, Montgomery and Philadelphia Counties were as follows: 7.3%, 9.1%, 7.9% and 11.8% respectively. In the same county order, unemployment rates for May 2009 were as follows: 6.2%, 7.4%, 6.7% and 9.7%, respectively. The national unemployment rate in May 2010 was 9.3% and the state unemployment rate was 9.2%. Major employers for the four counties in the AA are the following companies: Vanguard Group, QVC, United States Government, Crozer Keystone Health Systems, Jefferson Health Systems, Abington Memorial Hospital, and Siemens Medical Solutions.

During the examination to determine community credit needs, we contacted an organization that provides culturally targeted social services for immigrants, refugees, youth, and families residing in Philadelphia and Delaware Counties.

Here is a summary of some demographic information for this AA:

Demographic Information for the Chester-Delaware-Montgomery-Philadelphia AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	746	16.22%	23.06%	27.61%	30.83%
Population by Geography	2,890,041	16.23%	25.69%	27.72%	30.14%
Owner-Occupied Housing by Geography	728,646	43.65%	54.38%	62.91%	73.71%
Businesses by Geography	12,658	0%	8.48%	76.53%	14.99%
Farms by Geography	415	0%	4.34%	74.46%	21.20%
Family Distribution by Income Level	711,122	15.01%	24.88%	28.18%	31.93%
Household Distribution by Income Level	1,109,570	14.71%	25.89%	29.41%	29.98%
Census Median Family Income (MFI)		\$56,993	Median Housing Value		\$113,593
HUD-Adjusted MFI: 2008		\$75,500	Families Below the Poverty Level		14.32%
			Unemployment Rate		9.4*

Source: 2000 U.S. Census Data

* Philadelphia, PA MD 3/10 unemployment rate, not seasonally adjusted

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall lending performance is “Satisfactory”. This conclusion is based upon the results of the following lending tests used to determine if the bank is meeting the credit needs of the AA. All criteria of the specific lending tests are documented below:

Loan-to-Deposit Ratio

ENB’s net loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and AA’s credit needs. The bank’s net loan-to-deposit ratio averaged 86.65% over the last 23 quarters since the last CRA examination. This ratio ranged from a quarterly low of 65.43% to a quarterly high of 110.46% during the time period.

The bank’s net loan-to-deposit ratio compares favorably with other financial institutions of similar size, location and product offerings. The average net loan-to-deposit ratio for the national peer over the same 23 quarters was 83.93%. The peer ratio ranged from a quarterly low of 77.93% to a quarterly high of 87.27% during the time period.

Lending in Assessment Area

A majority of ENB’s primary home mortgage and home improvement loan products were made outside of the bank’s assessment area. A majority of home loans are generated from ENB’s nationwide mortgage subsidiary, Eagle Nationwide Mortgage Company, Inc. Thus, the results of the home loan product ratio are skewed. Home loans are not generated within the traditional banking sources at ENB; however, ENB’s business loans are generated within traditional banking sources. ENB originated a majority of business loans in the AA. We are giving more weight to business loans because they are the primary loan type generated by traditional banking sources. The following table details the bank’s lending within the AA by number and dollar amount of loans. Overall, 7% of the number of loans originated was made within the AAs.

Table 1 – Lending in Chester-Delaware-Montgomery-Philadelphia AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	101	7.26	1,290	92.74	1,391	19,380	7.99	223,061	92.01	242,441
Home Refinance	158	5.54	2,692	94.46	2,850	39,218	6.96	524,287	93.04	563,505
Home Improvement	9	47.37	10	52.63	19	1,543	67.06	758	32.94	2,301
Business	40	72.73	15	27.27	55	11,004	81.11	2,563	18.89	13,567
Totals	308	7.14	4007	92.86	4,315	71,145	8.67	750,069	91.33	821,214

Source: HMDA data and sampled business loan data 2008-3/31/2010

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans for the bank’s AA reflects a reasonable penetration among individuals of different income levels and businesses of different sizes. More weight

was placed on the bank’s home loan distribution due to the higher volume of loans.

Home Loans

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income level.

The percent of home purchase and home refinance loans is significantly lower than the percent of low-income families in the AA. Lending opportunities to this group are limited given the median home price in the AA of \$113,953. Low-income borrowers would have difficulty qualifying for a home purchase loan.

The percent of home purchase loans to moderate-income borrowers significantly exceeds the percent of moderate-income families in the AA. The percent of home refinance loans to moderate-income borrowers is slightly lower than the percent of moderate-income families in the AA.

The bank did not originate any home improvement loans to low- or moderate-income borrowers during the evaluation period. This is considered reasonable because ENB only originated five home improvement loans during the evaluation period and the bank has zero market shares in this loan type.

The following table shows the distribution of home loan products among borrowers of different income levels for the period of January 1, 2008 through March 31, 2010 as compared to the percent of families in each income category.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Chester-Delaware-Montgomery-Philadelphia AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	25.72	15.19	17.86	41.77	19.55	15.19	36.87	27.85
Home Improvement	25.72	0.00	17.86	0.00	19.55	20.00	36.87	80.00
Home Refinance	25.72	13.27	17.86	15.04	19.55	19.47	36.87	52.21

Source:HMDA data 1/1/2008-3/31/2010,Dunn and Bradstreet data.

Business Loans

The distribution of loans to businesses reflects more than reasonable penetration among businesses of different sizes. Eight-five percent of the number of bank loans to businesses originated and purchased during the loan sampling period was made to small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. This is considered more than reasonable compared to demographic data that shows 79% of the area’s businesses are considered small

businesses. Another indication the bank is lending to small businesses is the size of the loans. We found that 68% of the business loans in our sample were loans under \$250 thousand; and the average loan amount was \$246 thousand, which provides additional support for the more than reasonable distribution of loans to small businesses.

The following table shows the distribution of commercial loans among different sized businesses in the AA.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	79.56	4.94	15.50	100%
% of Bank Loans in AA by #	85.45	14.55	0.00	100%
% of Bank Loans in AA by \$	77.54	22.46	0.00	100%

Source: business loan data sampled from 1/1/2008-3/31/2010

Geographic Distribution of Loans

The distribution of loans for the bank’s AA reflects a reasonable dispersion throughout census tracts of different income levels. More weight was placed on the bank’s home loan distribution due to the limited number of businesses located in low- and moderate-income census tracts.

Home Loans

The bank’s geographic distribution of home loans in ENB’s AA reflects a reasonable dispersion throughout the low- and moderate-income census tracts.

The percent of lending of home purchase loans in the low and moderate-income geographies is lower than the percent of owner-occupied housing in these geographies. The percent of lending for home improvement in the low and moderate-income geographies is significantly lower than the percent of owner-occupied.

The bank did not originate any home refinance loans in low- or moderate-income geographies during the evaluation period. This is considered reasonable because ENB only originated five home improvement loans during the evaluation period and the bank has zero market share in this loan type.

Lending activities in these low- and moderate-income tracts is limited due to the composition of the income levels. Approximately, 106,763 families reside in low-income tracts of these families 60% are low-income and additional 19% are moderate-income families. Conversely, 176,912 families reside in the moderate-income tracts, of these families 37% are low-income families and an additional 24% are moderate-income families. Low- and moderate-income families have family incomes of \$28,496 and \$45,594, respectively. Thus, making home ownership difficult for families at that income level, as the median house price in the low-income geography is \$34,519 and the moderate-income geography is \$60,000. It is more affordable for families in these

geographies to rent as median monthly rent is \$462 in low-income geographies and \$559 in moderate-income geographies. Another factor is 38% of households in the low-income census tracts and 35% in moderate-income census tracts are below the poverty level.

Following is a table that details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level.

Table 3 – Geographic Distribution of Residential Real Estate Loans in Chester-Delaware-Montgomery-Philadelphia AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	11.88	8.24	23.75	18.82	29.55	35.29	34.81	37.65
Home Refinance	11.88	0.00	23.75	0.00	29.55	20.00	34.81	80.00
Home Improvement	11.88	1.69	23.75	13.56	29.55	33.05	34.81	51.69

Source: HMDA data for 1/1/2008-3/31/2010 and 2000 U.S. Census data

Business Loans

The bank’s geographic distribution of business loans reflects excellent dispersion throughout moderate-income census tracts. Loans to small businesses in moderate-income census tract significantly exceed the percent of small businesses located in moderate-income census tracts.

It is reasonable ENB originated no loans to small businesses in low-income census tracts, as 0.00% of AA businesses are located in these tracts. Therefore, opportunities for the bank to make business loans in this census tract are minimal.

Following is a table that details the bank’s performance as compared to the percentage of businesses in each census tract income level.

Table 3A - Geographic Distribution of Loans to Businesses in Chester-Delaware-Montgomery-Philadelphia AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	0.00	0.00	8.05	14.69%	76.61	22.73	15.33	62.59

Source: business loan data sampled from 1/1/2008-3/31/2010

Responses to Complaints

ENB did not receive any CRA related complaints during this evaluation period.

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.