



## **PUBLIC DISCLOSURE**

June 22, 2015

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

The Ephrata National Bank  
Charter Number 2515

31 East Main Street  
Ephrata, PA 17522

Office of the Comptroller of the Currency

1150 Northbrook Drive Suite 303  
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, 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.

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>2</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>3</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>7</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>8</b>
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>10</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>11</b>
LENDING TEST .....	11
INVESTMENT TEST.....	15
SERVICE TEST.....	16
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS.....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

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

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

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

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

The major factors that support this rating include:

- The Ephrata National Bank’s (“ENB” or “the bank”) lending levels reflect excellent responsiveness to the credit needs of its assessment areas (AAs), given the bank’s size, resources, and competition within the marketplace;
- During the evaluation period, ENB originated a substantial majority of its loans within their AAs;
- The distribution of home mortgage loans and small loans to farms among borrowers of different income levels is excellent and the distribution of small loans to businesses and consumer loans among borrowers of different income levels is good;
- ENB uses innovative and flexible lending practices to address the specific credit needs of the community;
- ENB has an excellent level of qualified investments, donations, and grants;
- Service delivery systems are accessible to individuals and geographies of different income levels within the bank’s AAs;
- ENB provides a good 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/AA.

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

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

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

Activities that revitalize or stabilize-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

ENB is an intrastate community bank with total assets of \$857 million as of December 31, 2014. ENB is a full service bank offering a wide range of commercial and personal banking products within their Pennsylvania (PA) market. The bank offers a variety of commercial, consumer, agriculture, and real estate loans to suit their customer's needs. ENB is wholly owned by ENB Financial Corp., a one-bank holding company with consolidated assets of \$857 million. Both ENB and ENB Financial Corp. are located in Ephrata, PA. ENB has 10 full service branches, one limited service drive-through branch, and one standalone ATM. All branches offer extended Friday evening and Saturday morning hours. ENB has opened two additional branches since the prior CRA evaluation. The first branch was opened in Leola, Lancaster County, PA in May 2013 and the second was opened in Myerstown, Lebanon County, PA in November 2013. The bank has not closed any of their branches during this time. ENB's primary service area is the northern portion of Lancaster County, PA and the southeastern portion of Lebanon County, PA.

As of December 31, 2014, net loans and leases totaled approximately \$465 million or 54.2 percent of total assets. Total deposits were \$700 million. Tier 1 Capital as of December 31, 2014 was \$91 million. The loan portfolio is composed of:

Loan Category	Residential Mortgage Loans	Commercial Real Estate Loans	Agricultural Loans	Commercial Loans (non-real estate)	Other
\$ amount (in thousands)	\$163,883	\$103,534	\$156,818	\$31,331	\$16,108
% of total loans	34.74%	21.95%	33.24%	6.64%	3.42%

Numbers as of December 31, 2014

The bank's primary strategy is to meet the credit needs of the community and originate small business and farm loans as well as real-estate loans to individuals and families. ENB is located in a highly competitive marketplace. Competition includes larger community, regional, and national financial institutions, as well as non-bank financial institutions and mortgage companies. ENB's primary competitors include Wells Fargo Bank, Fulton Bank, PNC Bank, Susquehanna Bank, JPMorgan Chase Bank, and Northwest Savings Bank.

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

ENB was rated "Outstanding" at its last CRA Performance Evaluation dated May 7, 2012.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The evaluation period for the Lending Test covers January 1, 2012 through December 31, 2014. The scope of our review included home mortgage loans, small loans to businesses, small loans to farms, and consumer loans. Multi-family loans were not included due to the negligible volume of originations.

The evaluation period for CD loans, investments, and services is from May 7, 2012 through June 22, 2015. This represents the time period between the start of the bank's last and the current CRA evaluation. The Investment Test included a review of investments, grants, and donations made in the bank's AAs that meet the definition of CD. Any qualified investments originated in prior periods and still outstanding at June 22, 2015, were given appropriate consideration. The Service Test included a review of retail and CD services provided in the bank's AAs.

### **Data Integrity**

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

CD loans, investments, and services submitted by management were also verified to ensure that they met the regulatory definition for CD.

### **Selection of Areas for Full-Scope Review**

We performed a full-scope examination of the bank's Lancaster County AA, since the majority of loan originations, branches, and deposits are within the AA. During the evaluation period, approximately 96 percent of the bank's evaluated AA loans were made in the Lancaster County AA. As of June 30, 2014, 98 percent of the bank's deposits were in the Lancaster County AA (according to the most recent FDIC market share data). As of the examination date, 91 percent of the bank's branches were in this AA.

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

### **Ratings**

ENB's overall rating is based primarily on the review of the bank's full-scope AA, the Lancaster County AA. As previously mentioned, the vast majority of the bank's loans, deposits, and branches were located within the Lancaster County AA as of the evaluation date.

The Lending Test was more heavily weighted than the Service or Investment Test. Home mortgage loans were also more heavily weighted than small loans to businesses, small loans to farms, and consumer loans. This was due to the higher volume of home mortgage loan originations, both by number and dollar amount. The geographic distribution of the loan portion of the lending test was not performed as the bank's AAs contain no low- or moderate-income census tracts.

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

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

## **Other**

In conducting the assessment of the bank's performance, we contacted a local, non-profit organization that provides shelter and CD services to low- and moderate-income individuals and families. The contact indicated that there is a need for affordable housing and flexible banking products to support low- and moderate-income individuals and families throughout Lancaster County. However, the contact felt that local community banks were receptive to meeting the credit needs of the area overall.

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

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the Lending Test is rated **Outstanding**. Based on the full-scope review, the bank's performance in the Lancaster County AA is excellent.

#### Lending Activity

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

ENB's home mortgage lending activity reflects excellent responsiveness to AA credit needs, especially when taking into consideration the strong competition from larger regional and nation-wide institutions.

ENB has nine full service branches and one limited-service drive-through branch within the Lancaster County AA. Based on the June 30, 2014 FDIC Deposit Market Share Report, ENB ranked 5<sup>th</sup> out of 20 institutions with a 6.6 percent market share in Lancaster County. Institutions ranked ahead of ENB include Susquehanna Bank, Fulton Bank, PNC Bank, and Wells Fargo Bank.

ENB also ranked very well among mortgage lenders in their Lancaster County AA. Based on the 2012 market share data for all mortgage lending, the bank ranked 7<sup>th</sup> out of 338 lenders with a 3.0 percent market share by number of loans. This is considered an excellent level of penetration given the competition. The six lenders ahead of ENB are large nationwide banks and mortgage companies. Collectively, these six larger institutions capture 47.1 percent of the market with market shares ranging from 3.4 percent to 22.2 percent.

Based on this same 2012 HMDA aggregate data, ENB ranked 8<sup>th</sup> out of 184 lenders in the AA with a 2.6 percent market share in home purchase lending, 1<sup>st</sup> out of 70 lenders in the AA with a 17.7 percent market share in home improvement lending, and 7<sup>th</sup> out of 262 lenders in the AA with a 3.5 percent market share in home refinance lending.

Based upon the 2013 peer small business aggregate data, ENB ranked 14<sup>th</sup> out of 60 lenders in the AA for small loans to businesses with a market share of 2.0 percent based upon the number of loans and ranked 7<sup>th</sup> based on the total dollar amount of loans with a market share of 4.8 percent. This level of penetration is considered excellent given the fierce competition for small business loans from larger national, regional, and credit card banks. The top five lenders accounted for over 54 percent of the market by number of loans originated.

Based upon the same 2013 peer small business aggregate data, ENB ranked 3<sup>rd</sup> out of 18 lenders in the AA for small loans to farms with a 9.3 percent market share by loan count (10.8 percent by dollar amount). The top two lenders are larger, regional institutions who collectively capture 64 percent of the market. ENB's level of penetration reflects excellent responsiveness to the small farm credit needs in the Lancaster County AA.

## Distribution of Loans by Income Level of the Geography

Since ENB does not have any low- or moderate-income census tracts within either of its AAs, this portion of the lending test was not performed.

## Lending Gap Analysis

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

## Inside/Outside Ratio

During the evaluation period, ENB originated a substantial majority of its loans in its two AAs (84.2 percent by count and 79.0 percent by dollar volume).

During the evaluation period from January 1, 2012 to December 31, 2014, the number and dollar amount of each individual loan product are as follows:

Type of Loan	% within AAs (by count)	% within AAs (by dollar)
Home Purchase	69.9	72.4
Home Refinance	89.3	85.6
Home Improvement	91.8	84.8
Small Loans to Businesses	81.4	86.8
Small Loans to Farms	66.2	64.3
Consumer Loans	88.0	79.2

## Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of loans is excellent. The distribution of home mortgage loans and small loans to farms among borrowers of different income levels is excellent and the distribution of small loans to businesses and consumer loans among borrowers of different income levels is good. More weight was placed on home mortgage lending as this represents the majority of the bank's overall lending during the evaluation period by both number and dollar.

## Home Mortgage Loans

Refer to Table 8: Borrower Distribution of Home Purchase Loans, Table 9: Borrower Distribution of Home Improvement Loans, and Table 10: Borrower Distribution of Refinance Loans in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

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

During the evaluation period, the weighted average of median housing value for the Lancaster County AA was \$202,450 and a low-income individual or family earned less than \$34,750. Further, 6.3 percent of the households within the AA were below the poverty level and are considered very low-income.

### **Home Purchase Lending**

The borrower distribution of home purchase loans is excellent. While the percent of loans originated to low-income borrowers is slightly lower than the percent of low-income families in the AA; the percent of loans to moderate-income borrowers significantly exceeds the percent of moderate-income families in the AA. ENB's market share for moderate-income families also exceeds their overall market share.

### **Home Improvement Lending**

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

### **Home Refinance Lending**

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

The reasonable market shares for all types of home mortgage loans to low- and moderate-income families when compared to ENB's overall market share shows the bank's willingness to lend to low- and moderate-income families and individuals.

### **Small Loans to Businesses**

Refer to Table 11: Borrower Distribution of Small Loans to Businesses 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. The percent of small loans to businesses with gross annual revenues of \$1 million or less is somewhat lower than the percent of businesses with gross annual revenues of \$1 million or less within the AA. However, ENB's market share of lending to small businesses exceeds its overall market share. In addition, the distribution by size of loan shows that over 85 percent of the loan originations are for \$250 thousand or less. This is another indication that ENB's business lending is primarily to small businesses.

### **Small Loans to Farms**

Refer to Table 12: Borrower Distribution of Small Loans to Farms 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 loans to farms is excellent. The percent of small loans to farms with gross annual revenues of \$1 million or less is near to the percent of farms with gross annual revenues of \$1 million or less within the AA. ENB's market share of lending to small farms exceeds its overall market share. In addition, the distribution by size of loan shows that over 86 percent of the loan originations are for \$250 thousand or less. This is another indication that ENB's agricultural lending is primarily to small farms.

## **Consumer Loans**

Refer to Table 13: Geographic and Borrower Distribution of Consumer Loans in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The borrower distribution of consumer loans is good. The percent of consumer loans originated to low- and moderate-income borrowers is near to the percent of low- and moderate-income households in the AA.

## **Community Development Lending**

Refer to Table 1: Lending Volume in appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5: Geographic Distribution of Multi-Family Loans includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank's CD lending has a neutral impact on the bank's rating. During the evaluation period, ENB originated one CD loan totaling \$175 thousand in the Lancaster County AA. The loan was to a local non-profit organization that provides temporary housing and supportive services to LMI individuals. The purpose of the loan was for the organization to purchase the building they were previously renting.

## **Product Innovation and Flexibility**

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

Many low- and moderate-income individuals have a need to borrow money in small amounts, and pay it back in installments over a period of time. While most banks set a minimum loan amount of \$1,000 or more, ENB has no minimum loan amount requirements for consumer installment loans. During the evaluation period, the bank originated approximately 196 consumer loans of small amounts under \$1,500, some with original loan amounts as low as \$250.

ENB also offers a first-time homebuyer program titled “Great Start” that is targeted specifically to low- and moderate-income individuals and families. This product allows higher loan to value ratios (up to 97 percent), no minimum credit score requirements, and minimal required contributions from the borrowers’ own funds.

The bank is also a participant in the “Bank-On Lancaster” program. This program is an offering for unbanked or underbanked customers as well as consumers that need a second chance to obtain and manage their own checking account.

The bank does not impose a pre-payment penalty on small loans to businesses, secured by mortgages, when the loans are paid off in advance. The bank’s philosophy is that debt reduction should be rewarded and not punished by penalty payment.

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

Based on a limited-scope review, the bank’s performance under the Lending Test in the Lebanon County AA is not inconsistent with the bank’s performance in the full-scope area. However, this did not impact the bank’s overall Lending Test rating given the small size of the AA and the small percentage of overall bank lending within the AA during the evaluation period. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank’s performance under the Investment Test is rated **Outstanding**. Based on the full-scope review, the bank’s performance in the Lancaster County AA is excellent. Refer to Table 14: Qualified Investments in Appendix C for the facts and data used to evaluate the bank’s level of qualified investments.

The bank has an excellent level of qualified CD investments, which demonstrated excellent responsiveness to credit and CD needs in the Lancaster County AA, especially when considering the fierce competition for such investment products. During the current evaluation period, ENB made a total of \$4.25 million in qualified investments and grants. Current investments combined with \$1.77 million in prior period investments still outstanding, represent 6.6 percent of the bank’s Tier 1 Capital.

Current period investments include \$3.83 million invested in a CRA-qualified SBA fund which loans money to small businesses located within the Lancaster County AA. ENB also made 90 grants, contributions, and donations during the evaluation period, for a total of \$867 thousand to numerous organizations that provide economic development, affordable housing, and community services to low- and moderate-income individuals within the Lancaster County AA.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank’s performance under the Investment Test in the Lebanon County AA is weaker than the bank’s performance in the full-scope area as no qualified investments, grants, or donations were made during the evaluation period. However, this test did not receive much weight given the small size and limited investment opportunities contained within the AA. Therefore,

the results of the limited-scope AA had a neutral impact on the bank's overall rating under the Investment Test. Refer to Table 14: Qualified Investments in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated **High Satisfactory**. Based on the full-scope review, the bank's performance in the Lancaster County AA is good.

### **Retail Banking Services**

Refer to Table 15: Distribution of Branch Delivery System and Branch Openings/Closings in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

ENB's service delivery systems are readily accessible to all portions of the AA. The bank operates nine full service and one limited service drive-through branch locations within the AA. Nine (90 percent) of the branch locations are in middle-income census tracts, and one (10 percent) is in an upper-income census tract. The bank does not have any low- or moderate-income census tracts within its AA. Services offered within the branches to all customers are consistent with, and do not preclude convenient access to low- and moderate-income individuals living within the AA. All of the branches have extended evening hours at least one evening per week, and all have Saturday morning hours. All branches are equipped with ATMs and drive-up facilities. The bank also has one remote ATM located at Martin's Trailside Express.

ENB also has an assortment of products that assist low- and moderate-income individuals and families. The bank offers a variable rate IRA product that requires a minimum of \$10 to open, with minimum deposits of \$10. This allows low- and moderate-income individuals and families the ability to begin a retirement plan without large initial deposits. In addition, the bank offers free checking accounts to both individuals and businesses. Only \$50 is required to open a personal account and \$100 for the business account. There are no minimum balance requirements associated with either account. Also, ENB offers agricultural related services to their substantial customer base that relies on farm income as a primary source of income. Some of these services include structured loan repayment schedules that correspond with cyclical farm income and on-farm loan closing and counseling to reduce the time for travel for the customer.

### **Community Development Services**

ENB provides a good level of CD services within the Lancaster County AA. During the evaluation period 12 employees provided financial expertise and leadership services to seven different qualifying CD organizations serving the Lancaster County AA. The organizations included those that provide affordable housing to LMI individuals, provide community services and financial counseling to LMI individuals, as well as promoting small businesses and economic development within the AA.

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

Based on a limited-scope review, the bank's performance under the Service Test in the Lebanon County AA was not inconsistent with the bank's performance in the Lancaster County AA. The service test performance in the limited-scope AA did not impact the rating arrived at for the full-scope AA. Refer to Table 15: Distribution of Branch Delivery System and Branch Opening/Closings in Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/12 to 12/31/14) Investment and Service Tests and CD Loans: (05/07/12 to 06/22/15)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Ephrata National Bank (ENB), Ephrata, PA	Home mortgage loans, small loans to businesses, small farm loans, consumer loans, CD loans, investments, and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of AAs and Type of Examination</b>		
<b>AA</b>	<b>Type of Exam</b>	<b>Other Information</b>
Lancaster County AA	Full Scope	AA consists of Northern portion of Lancaster County, PA only.
Lebanon County AA	Limited Scope	AA consists of Southeastern portion of Lebanon County, PA only.

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

### Lancaster County AA

Demographic Information for Full-Scope Area: Lancaster County AA (Part of Lancaster, PA MSA # 29540)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	40	0.0%	0.0%	85.11%	14.89%	0.0%
Population by Geography	260,137	0.0%	0.0%	85.71%	14.29%	0.0%
Owner-Occupied Housing by Geography	70,797	0.0%	0.0%	83.69%	16.31%	0.0%
Businesses by Geography	26,497	0.0%	0.0%	84.19%	15.81%	0.0%
Farms by Geography	1,301	0.0%	0.0%	89.47%	10.53%	0.0%
Family Distribution by Income Level	70,424	14.04%	19.17%	24.48%	42.31%	0.0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	20,017	0.0%	0.0%	90.09%	9.91%	0.0%
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below the Poverty Level	= \$64,672 = \$69,500 = 6.3%				Median Housing Value = \$202,450 Unemployment Rate = 4.2%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2012 HUD updated MFI.

ENB's Lancaster County AA is made up of the northern portion of the Lancaster, PA Metropolitan Statistical Area (MSA), #29540. The AA contains 40 contiguous census tracts in the northern portion of Lancaster County. The AA complies with the CRA guidelines and does not arbitrarily exclude low- and moderate-income (LMI) geographies.

According to the 2010 U.S. Census Data, there are 40 census tracts in this AA. There are no low- or moderate-income tracts, 34 middle-income tracts, and six upper-income tracts.

The 2010 U.S. Census Data reported the total population of the AA at 260,137. This population was comprised of 95,498 households and 70,424 families. There are 99,010 housing units. Owner-occupied housing is 71 percent, rental-occupied housing is 25 percent, and vacant housing is four percent. The median housing cost is \$202,450.

The median family income was \$64,672 and the HUD updated MSA median family income is \$69,500. Approximately six percent of the households are below the poverty level. Approximately 14 percent of the families in the AA are low-income, 19 percent are moderate-income, 25 percent are middle-income, and 42 percent are upper-income.

Based on the housing values and the median family income, there is lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$202,450, and a low-income individual or family earns less than \$34,750.

The primary industries in the AA are agriculture, tourism, healthcare, and manufacturing. Major employers in the AA include Lancaster General Hospital, Mutual Assistance Group, R. R. Donnelley, Manheim Remarketing, and the state of Pennsylvania. The unemployment rate not seasonally adjusted, as of March 2015, for Lancaster County is 4.2 percent, compared to the national unemployment rate of 5.6 percent.

There are a total of 9 full-service branches and one limited service drive through branch located in the Lancaster County AA, accounting for 91 percent of the total number of ENB's branches. All branches offer extended evening hours of operation at least one day a week as well as Saturday morning hours. In addition, all branches are equipped with ATMs and drive-through facilities. A full line of traditional banking products and services are offered at all locations.

Based on the June 30, 2014 FDIC Deposit Market Share Report, ENB ranked 5<sup>th</sup> out of 20 institutions with a 6.6 percent market share in Lancaster County. Competition for both loans and deposits is strong in this area, particularly from larger regional and multi-state financial institutions. According to the June 30, 2014 deposit data, the major competitors are Susquehanna Bank, ranking 1<sup>st</sup> with a 25.4 percent market share; Fulton Bank, ranking 2<sup>nd</sup> with a 25.1 percent market share; PNC Bank, ranking 3<sup>rd</sup> with a 12.3 percent market share; and Wells Fargo Bank, ranking 4<sup>th</sup> with a 8.0 percent market share. Based upon the 2012 HMDA peer mortgage data, ENB ranked 7<sup>th</sup> out of 338 lenders with 3.0 percent market share by number of loans in the AA. The top four lenders in the AA, consisting of Wells Fargo Bank, Fulton Bank, JPMorgan Chase Bank, and Susquehanna Bank, account for over 40 percent of the market share by number of loans.

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

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

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

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. CD loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. 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 AA.
- 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 AA.
- 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/AA. 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/AA.

**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 AA. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

Table 1. Lending Volume

LENDING VOLUME		Geography: PENNSYLVANIA						Evaluation Period: 01/01/12 to 12/31/14				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Lancaster County AA	94.73	1,169	116,541	334	45,876	185	22,673	1	175	1,689	185,265	98.66
<b>Limited Review:</b>												
Lebanon County AA	5.27	37	6,033	15	2,649	42	4,151	0	0	94	12,833	1.34

\* Loan Data as of December 31, 2014. Rated area refers to either the State or multi-State MA rating area.

\*\* The evaluation period for Community Development Loans is 05/13/12 to 06/22/15.

\*\*\* Deposit Data as of June 30, 2014. Rated Area refers to either the State, multi-State MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: PENNSYLVANIA								Evaluation Period: 01/01/12 to 12/31/14				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Lancaster County AA	95.60	1,650	144,035	39	5,686	189	9,256	62	853	0	0	47	284	98.66
<b>Limited Review:</b>														
Lebanon County AA	4.40	76	10,096	1	275	7	271	1	9	0	0	0	0	1.34

\* Loan Data as of December 31, 2014. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 1, 2012 to December 31, 2014.

\*\*\* Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: PENNSYLVANIA		Evaluation Period: 01/01/12 to 12/31/14	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Lancaster County AA	493	2,511	820	125,445	
<b>Limited Review:</b>					
Lebanon County AA	17	44	50	9,497	

(\*)The evaluation period for Optional Product Line(s) is from January 1, 2012 to December 31, 2014.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: PENNSYLVANIA								Evaluation Period: 01/01/12 to 12/31/14					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	282	94.63	0.00	0.00	0.00	0.00	83.69	96.45	16.31	3.55	2.43	0.00	0.00	2.93	0.29
<b>Limited Review:</b>															
Lebanon County AA	16	5.37	0.00	0.00	0.00	0.00	100.0	100.0	0.00	0.00	1.59	0.00	0.00	1.59	0.00

\* Based on 2012 Peer Mortgage Data: (US-PR)

\*\* 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 2010 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: PENNSYLVANIA								Evaluation Period: 01/01/12 to 12/31/14					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	360	97.83	0.00	0.00	0.00	0.00	83.69	98.06	16.31	1.94	21.43	0.00	0.00	25.50	0.00
<b>Limited Review:</b>															
Lebanon County AA	8	2.17	0.00	0.00	0.00	0.00	100.0	100.0	0.00	0.00	4.65	0.00	0.00	4.65	0.00

\* Based on 2012 Peer Mortgage Data: (US-PR)

\*\* 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 2010 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: PENNSYLVANIA								Evaluation Period: 01/01/12 to 12/31/14				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	519	97.56	0.00	0.00	0.00	0.00	83.69	97.11	16.31	2.89	4.27	0.00	0.00	5.11	0.63
<b>Limited Review:</b>															
Lebanon County AA	13	2.44	0.00	0.00	0.00	0.00	100.0	100.0	0.00	0.00	1.05	0.00	0.00	1.05	0.00

\* Based on 2012 Peer Mortgage Data: (US-PR)

\*\* 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 2010 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: PENNSYLVANIA								Evaluation Period: 01/01/12 to 12/31/14				
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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	8	100.0	0.00	0.00	0.00	0.00	90.72	100.0	9.28	0.00	16.67	0.00	0.00	17.39	0.00
<b>Limited Review:</b>															
Lebanon County AA	0	0.00	0.00	0.00	0.00	0.00	100.0	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2012 Peer Mortgage Data: (US-PR)

\*\* 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 2010 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: PENNSYLVANIA								Evaluation Period: 01/01/12 to 12/31/14				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	334	95.70	0.00	0.00	0.00	0.00	84.19	97.01	15.81	2.99	2.02	0.00	0.00	2.52	0.45
<b>Limited Review:</b>															
Lebanon County AA	15	4.30	0.00	0.00	0.00	0.00	100.0	100.0	0.00	0.00	0.78	0.00	0.00	0.78	0.00

\* Based on 2013 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 (2013).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: PENNSYLVANIA								Evaluation Period: 01/01/12 to 12/31/14					
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	185	81.50	0.00	0.00	0.00	0.00	89.47	91.35	10.53	8.65	9.27	0.00	0.00	9.04	13.43
<b>Limited Review:</b>															
Lebanon County AA	42	18.50	0.00	0.00	0.00	0.00	100.0	100.0	0.00	0.00	14.74	0.00	0.00	14.74	0.00

\* Based on 2013 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 (2013).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: PENNSYLVANIA								Evaluation Period: 01/01/12 to 12/31/14				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	282	94.63	14.04	9.06	19.18	27.92	24.48	29.43	42.31	33.58	2.51	1.68	2.64	2.79	2.31
<b>Limited Review:</b>															
Lebanon County AA	16	5.37	15.51	0.00	20.60	46.67	27.10	0.00	36.79	53.33	1.29	0.00	1.27	0.00	2.78

\* Based on 2012 Peer Mortgage Data: (US-PR)

\*\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 6.3% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: PENNSYLVANIA										Evaluation Period: 01/01/12 to 12/31/14				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families ***	% BANK Loans***	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Lancaster County AA	360	97.83	14.04	10.83	19.18	21.65	24.48	29.34	42.31	38.18	21.90	20.93	24.75	22.60	20.35	
<b>Limited Review:</b>																
Lebanon County AA	8	2.17	15.51	0.00	20.60	12.50	27.10	37.50	36.79	50.00	4.88	0.00	0.00	0.00	9.52	

\* Based on 2012 Peer Mortgage Data: (US-PR)

\*\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 2.5% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: PENNSYLVANIA								Evaluation Period: 01/01/12 to 12/31/14				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lancaster County AA	519	97.56	14.04	7.35	19.18	19.39	24.48	31.84	42.31	41.43	4.54	5.76	3.99	5.32	4.12
<b>Limited Review:</b>															
Lebanon County AA	13	2.44	15.51	0.00	20.60	7.69	27.10	30.77	36.79	61.54	1.18	0.00	0.00	0.87	2.54

\* Based on 2012 Peer Mortgage Data: (US-PR)

\*\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.6% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: PENNSYLVANIA			Evaluation Period: 01/01/12 to 12/31/14				
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****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Lancaster County AA	334	95.70	70.37	57.19	66.17	19.46	14.37	2.02	2.23
<b>Limited Review:</b>									
Lebanon County AA	15	4.30	72.35	53.33	53.33	26.67	20.00	0.78	1.41

\* Based on 2013 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 - 2013).

\*\*\*\* 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 1.50% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS				Geography: PENNSYLVANIA			Evaluation Period: 01/01/12 to 12/31/14		
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 \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Lancaster County AA	185	81.50	96.64	90.27	64.32	22.16	13.51	9.27	10.67
<b>Limited Review:</b>									
Lebanon County AA	42	18.50	97.87	85.71	66.67	26.19	7.14	14.74	16.52

\* Based on 2013 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 - 2013).

\*\*\*\* 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 0.0% of small loans to farms originated and purchased by Bank.

Table 13. Geographic and Borrower Distribution of Consumer Loans

Geographic and Borrower Distribution: CONSUMER LOANS										Geography: PENNSYLVANIA					Evaluation Period: 01/01/12 to 12/31/14			
MA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans
<b>Full Review:</b>																		
Lancaster County AA	1,611	95.55	0.00	0.00	0.00	0.00	85.47	97.58	14.53	2.42	17.72	11.48	16.60	12.10	21.25	15.89	44.43	57.98
<b>Limited Review:</b>																		
Lebanon County AA	75	4.45	0.00	0.00	0.00	0.00	100.0	100.0	0.00	0.00	19.69	2.67	15.94	8.00	24.73	13.33	39.64	74.67

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

\*\* Percentage of Households is based on the 2010 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: PENNSYLVANIA				Evaluation Period: 05/07/12 to 06/22/15			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Lancaster County AA	4	1,767	94	4,251	98	6,018	100.0	0	0
<b>Limited Review:</b>									
Lebanon County AA	0	0	0	0	0	0	0.0	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: PENNSYLVANIA				Evaluation Period: 05/07/12 to 06/22/15					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Lancaster County AA	98.66	10	90.91	0.00	0.00	90.00	10.00	1	0	0	0	+1	0	0.00	0.00	61.29	17.52
<b>Limited Review:</b>																	
Lebanon County AA	1.34	1	9.09	0.00	0.00	100.0	0.00	1	0	0	0	+1	0	0.00	0.00	15.89	33.18