



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.

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.

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,