



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**November 25, 2003**

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

**Enterprise Bank, National Association  
Charter Number 22233**

**12800 West Center Road  
Omaha, NE 68144**

**Office of the Comptroller of the Currency  
Omaha South Field Office  
13710 FNB Parkway, Suite 110  
Omaha, NE 68154**

**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 **Needs to Improve.**

Enterprise Bank, National Association (Enterprise) does not meet the credit needs of its assessment area (AA).

- The bank's loan distribution by income does not meet standards for a satisfactory rating. The loan distribution reflects poor penetration among families of different income levels, and reasonable penetration among businesses of different sizes.
- The bank's geographic distribution of loans does not meet standards for a satisfactory rating. The loan distribution reflects poor dispersion throughout the AA for secondary market residential real estate loans, and reasonable dispersion for business loans.
- The bank's quarterly average loan-to-deposit ratio since the last CRA examination is reasonable.
- The bank originated a majority of its loans in the AA.
- The bank did not receive any complaints about its performance in helping to meet AA credit needs during the evaluation period.
- We found no evidence of illegal discrimination or other illegal credit practices.

Examiners reviewed a sample of loans originated from January 1, 2001 to October 31, 2003. Loans originated in 2001 and 2002 were compared to 1990 U.S. Census data. Loans originated in 2003 were compared to 2000 Census data.

## **DESCRIPTION OF INSTITUTION**

Enterprise is a \$113 million institution located in Omaha, Nebraska. Enterprise has a main office located at 12800 West Center Road and a branch located at 210 Regency Parkway in Omaha. The bank offers a full range of credit products within its AA including consumer, commercial, and real estate loan products. The bank's primary loan products by both number and dollar amounts were secondary market real estate loans and commercial loans. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. Enterprise received a "Satisfactory" rating at the prior CRA examination, dated June 8, 1998.

Enterprise closed one branch and sold one branch in Colorado during the evaluation period. The bank closed a branch in Broomfield, Colorado in September 2000, and sold a branch in Louisville, Colorado in November 2003. This results in Enterprise only having locations in Omaha, and our analysis was based on loans originated from the Omaha locations.

*Please refer to Enterprise's CRA public file for more information about the institution.*

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's AA encompasses all of Douglas County and is located within the Omaha Metropolitan Statistical Area (MSA). Both 1990 and 2000 U.S. Census data shows this AA contains low- and moderate-income (LMI) geography tracts. Census data from 1990 shows the

AA has 108 census tracts with 48 LMI tracts, and 2000 Census data shows the AA has 146 census tracts with 50 LMI tracts. These LMI tracts are generally in the eastern section of the city of Omaha. Enterprise's corporate office and branch are located in the western sections of Omaha, so this may affect management's ability to generate loans in the LMI tracts. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any LMI areas.

Examiners reviewed previous contacts with community representatives and contacted a local government office during this review. Contacts stated the most pressing need in the community was the availability of affordable housing. Housing prices have steadily increased and this has resulted in a shortage of homes that are affordable to LMI persons. Contacts were complimentary of local banks' responsiveness to area credit needs.

*Please refer to Enterprise's CRA public file for more information about the AA.*

## **DETERMINATION OF PRIMARY LOAN PRODUCTS**

The table lists the outstanding balance of the bank's major loan products as of October 31, 2003.

<b>Enterprise Bank Loan Portfolio as of October 31, 2003</b>				
Loan Type	Number	Percentage	Dollar*	Percentage
Secondary Market Residential Real Estate	533	41	83,365,540	52
Commercial	291	22	46,730,555	29
Residential Real Estate	210	16	12,446,891	8
Consumer	145	11	4,823,447	3
Stock Secured	128	10	13,630,032	8
Total	1,307	100	160,996,465	100

*\*Origination amount was used for secondary market residential real estate loans*

The table shows the bank's two primary loan products by both number and dollar amount are secondary market residential real estate loans and commercial loans. Secondary market residential real estate loans are the largest loan type by both number and dollar amount, so this loan type received more weight in the analysis.

Enterprise entered into a lending relationship in 2003 with an entity that provides housing to individuals that may not qualify for traditional bank lending. Enterprise loans money to this entity and the proceeds are used to purchase housing. The entity then sells the housing to individuals and finances the sale. If the individuals make timely payments for a period of time, they then may qualify for other financing. Although this is not exclusive to LMI individuals or LMI tracts, many of these loans benefit these individuals or geographies. Enterprise has originated approximately 35 loans totaling \$1.9 million through this program in 2003. Although these loans were not part of our primary product analysis, this reflects positively on Enterprise's CRA performance.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

A comparison of the two primary loan types reveals that Enterprise's loan distribution by income does not meet standards for a satisfactory rating. Enterprise has poor loan penetration among families of different income levels, and reasonable penetration among businesses of different sizes. The following explains the results for each loan sample taken.

#### Lending to Residential Real Estate Borrowers of Different Income Levels

The following table displays the bank's lending practices based on the sample of secondary market residential real estate borrowers.

<b>Borrower Distribution of Secondary Market Residential Real Estate Loans in Douglas County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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	% of AA Families
2001 and 2002 Sample <sup>1</sup>	3	18	12	18	25	24	60	40
2003 Sample <sup>2</sup>	0	18	10	19	30	23	60	40

Demographic Data Source : <sup>1</sup> 1990 U.S. Census  
<sup>2</sup> 2000 U.S. Census

Enterprise has a weak record of lending to borrowers of different income levels for both samples. The above table shows 15% of Enterprise's residential real estate borrowers in 2001 and 2002 have LMI levels. This compares poorly to 1990 U.S. Census data that shows 36% of families in the assessment area have LMI levels. The table also reveals that 10% of Enterprise's residential real estate borrowers in 2003 have LMI levels. This compares poorly to 2000 U.S. Census data that shows 37% of families in the assessment area have LMI levels.

#### Lending to Businesses of Different Sizes

The following table displays the bank's lending practices based on our sample of 2001 and 2002 business borrowers.

<b>Borrower Distribution of 2001 and 2002 Loans to Businesses in Douglas County</b>		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	76	9
% of Bank Loans in AA by #	53	47
% of Bank Loans in AA by \$	56	44

Demographic Data Source: Dunn and Bradstreet  
 \* 15% of AA businesses did not report revenue data

The table reveals 53% of the number of Enterprise’s 2001 and 2002 business borrowers generated gross annual revenues of \$1 million or less. This compares reasonably to Dunn and Bradstreet data that reveals 76% of reporting businesses had gross annual revenues of \$1 million or less.

The following table displays the bank’s lending practices based on our sample of 2003 business borrowers.

<b>Borrower Distribution of 2003 Loans to Businesses in Douglas County</b>		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	63	9
% of Bank Loans in AA by #	64	36
% of Bank Loans in AA by \$	42	58

*Demographic Data Source: Dunn and Bradstreet*  
*\* 28% of AA businesses did not report revenue data*

The table reveals 64% of the number of Enterprise’s 2003 business borrowers generated gross annual revenues of \$1 million or less. This adequately compares to Dunn and Bradstreet data that reveals 63% of reporting businesses had gross annual revenues of \$1 million or less.

We consider the bank’s overall record of lending to families of different income levels throughout the AA as weak. We placed more weight on the bank’s record of providing residential real estate loans, since secondary market residential real loans represent the largest percentage of the bank’s lending. The satisfactory performance of providing business loans throughout the AA does not compensate for the bank’s poor record of providing residential real estate loans to LMI families.

## **GEOGRAPHIC DISTRIBUTION OF LOANS**

A comparison of the two primary loan types reveals that Enterprise’s geographic distribution of loans throughout the AA does not meet standards for a satisfactory rating. The loan distribution reflects poor dispersion throughout the AA for secondary market residential real estate loans, and reasonable dispersion for business loans. As mentioned previously, more weight was given to secondary market residential real estate loans in the analysis, due to the larger volume of originated loans in this category.

### **Geographic Distribution of Residential Real Estate Loans**

The following table displays the geographic distribution of the bank’s lending practices based on the sample of secondary market residential real estate borrowers.

<b>Geographic Distribution of Secondary Market Residential Real Estate Loans in Douglas County</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of Number of Loans	% of AA Owner Occupied Housing						
2001 and 2002 Sample <sup>1</sup>	0	4	0	20	27	42	73	34
2003 Sample <sup>2</sup>	2	4	0	20	27	45	71	31

Demographic Data Source: <sup>1</sup> 1990 U.S. Census

<sup>2</sup> 2000 U.S. Census

Enterprise has a very poor record of lending in LMI tracts. The above table reveals there were no loans originated in LMI tracts in 2001 and 2002. This compares to 1990 U.S. Census data that shows 24% of owner-occupied housing units in the AA were located in LMI tracts. The table also reveals that in 2003, 2% of the number of Enterprise's secondary market residential real estate loans were originated in LMI tracts. This compares to 2000 U.S. Census Data that shows 24% of owner-occupied housing units in the AA are located in LMI tracts. The geographic distribution of the bank's secondary market residential real estate loans is very weak as compared to the U.S. Census data.

### **Geographic Distribution of Business Loans**

The following table displays the bank's geographic lending practices based on our sample of business borrowers.

<b>Geographic Distribution of Loans to Businesses in Douglas County</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of Number of Loans	% of AA Businesses						
2001 and 2002 Sample	0	5	12	14	23	38	65	43
2003 Sample	0	6	19	21	42	48	39	25

Demographic Data Source: *Dunn and Bradstreet*

The table reveals that 12% of the number of Enterprise's commercial borrowers in 2001 and 2002 were located in LMI tracts. This reasonably compares to 2002 Dunn and Bradstreet data that shows 19% of businesses in the AA were located in LMI tracts. The table also reveals 19% of Enterprise's commercial borrowers in 2003 were located in LMI tracts. This reasonably compares to 2003 Dunn and Bradstreet data that shows 27% of businesses in the AA were located in LMI tracts.

We consider the bank's overall record of providing loans throughout the AA, including the LMI tracts, as weak. Enterprise's two office locations are in generally middle to upper income tracts, so this restricts management's ability to generate loans in LMI tracts. In addition, Enterprise's performance in providing business loans throughout the AA was satisfactory. However, this does not compensate for the bank's poor record of originating secondary market residential real estate loans in LMI tracts. As mentioned above, we placed more weight on the bank's record of providing residential real estate loans, since secondary market residential real loans represent the largest percentage of the bank's lending. In addition, community contacts revealed a need for affordable housing loans. Therefore, we conclude the bank's overall geographic distribution record is weak.

## **LENDING IN THE ASSESSMENT AREA**

Enterprise satisfactorily originates a majority of its loans in its assessment area. Examiners found 85% of the number and 75% of the dollar volume of loans were originated within Enterprise's AA. This is based on our samples of secondary market residential real estate loans and commercial loans.

## **LOAN TO DEPOSIT RATIO**

Enterprise's average quarterly loan-to-deposit ratio over the past twenty quarters is reasonable at 84%. The twenty-quarter average of the similarly situated financial institutions chartered in the bank's assessment area is 85%, with a range of 67% to 100%.

## **RESPONSE TO COMPLAINTS**

Enterprise did not receive any consumer complaints regarding its CRA performance during the assessment period.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

We found no evidence of illegal discrimination or other illegal credit practices.