



Public Disclosure

June 8, 1998

Community Reinvestment Act Performance Evaluation

ENTERPRISE BANK, NATIONAL ASSOCIATION
Charter No. 22233

*12800 West Center Road
Omaha, Nebraska*

**Office of the Comptroller of the Currency
Omaha North Field Office
11606 Nicholas Street, Suite 201
Omaha, Nebraska 68154**

Note: 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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Enterprise Bank, National Association** prepared by The Office of the Comptroller of the Currency, as of **June 8, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated Satisfactory.

- The bank's record of lending to low- and moderate-income borrowers since the last CRA examination is adequate. The bank's real estate related and auto loan originations since the November 1995 CRA examination adequately reflect the bank's Assessment Area (AA) demographics. We sampled six of the bank's primary loan products to reach our conclusions.
- The bank's lending efforts to businesses of different sizes is reasonable.
- The majority of the number of loans originated from January 1, 1996 to May 31, 1998 were within the bank's AA. The dollar volume of loans originated within the AA is less than a majority.
- The bank's loan-to-deposit ratio is reasonable when compared to ten similarly situated banks in the area.

Description of Institution

Enterprise Bank has a main office located at 12800 West Center Road and a branch located at 210 Regency Parkway in Omaha. The bank also owns four automated teller machines (ATMs) located in the western portion of Omaha. The bank's total assets as of March 31, 1998 were \$71 million.

The bank offers a variety of credit products. The majority of the bank's lending since the last examination was focused on loans secured by equity market securities. The bank made 145 loans secured by equity market securities totaling \$52,308,000 within its AA from January 1, 1996 to May 31, 1998. A portion of the bank's equity market security lending is a result of a unique relationship established with a local company since the last CRA examination. The company, as a benefit to its employees, offers a stock purchase plan. Enterprise Bank offers the employees financing to purchase the company's stock. The large majority of the employees purchasing stock are in the upper- and middle-income categories. The stock purchase program is not available to the general public. The company has employees located in Omaha and around the world.

The equity market security lending was considered in our analysis because it did represent the majority of new lending since the prior examination. However, the total portfolio of new stock lending was excluded from our rating of lending to borrowers of different income levels because of the unique nature of this new business relationship as described above.

The result of this unique arrangement between the company and Enterprise Bank is reflected in the bank's balance sheet. As shown in the following table, the bank's assets have nearly doubled since December 31, 1995.

Enterprise Bank Asset Growth				
(millions)	03/31/98	12/31/97	12/31/96	12/31/95
Total Assets	71	65	50	38
Gross Loans	50	47	27	22
Total Deposits	61	55	39	31

Source: Enterprise Bank FFIEC Financial Report of Condition. In addition to loans on this bank's balance sheet, the bank has participated an additional \$75 million in loans to other financial institutions as of March 31, 1998.

This table lists the outstanding balance of the bank's major loan products as of March 31, 1998.

Enterprise Bank Loan Portfolio as of March 31, 1998				
	Number	Percentage	Dollar **	Percentage
Loans Secured by Equity Securities	143	11%	\$30,414,000	60%
Commercial Loans	97	8%	\$8,832,000	18%
Home Equity Lines of Credit	82	7%	\$3,363,000	7%
1-4 Fam. Residential Real Estate Loans	35	3%	\$3,115,000	6%
Junior Liens on Residential Real Estate	65	5%	\$2,089,000	4%
Auto Loans	107	8%	\$740,000	1%
Personal Loans	78	6%	\$562,000	1%
Credit Card Loans	512	41%	\$373,000	1%
Miscellaneous Loans	141	11%	\$817,000	2%
Total	1,260	100%	\$50,305,000	100%

** Dollar volume of loans outstanding on the bank's balance sheet; does not include portions participated to other financial institutions.

Enterprise Bank received a "Satisfactory" rating during the prior CRA examination. There are no legal or financial impediments which preclude the bank from its obligation under the CRA.

Description of Enterprise Bank's Assessment Area

Enterprise Bank's designated AA includes 30 census tracts located primarily in western Omaha, generally an area west of 72nd Street, north of Harrison Street, east of 180th Street and south of Fort Street. Please refer to the bank's public file for an exact description and a list of census tracts included in its AA. The AA does not arbitrarily exclude any low- or moderate-income areas

and meets the legal requirements of the CRA.

The AA population according to 1990 census data was 178,325 people. The Omaha Metropolitan Statistical Area (MSA) population for 1990 was 556,952. The AA has 10 middle-income and 20 upper-income census tracts. The census lists 48,154 families within the AA. The 1998 MSA median family income according to the United States Department of Housing and Urban Development (HUD) is \$52,200. The census also reports that 4% of those families report income below the poverty level (30% of the median income or \$15,660).

The first column in the following table indicates the number of census tracts in each income category within the bank's AA. The second column indicates the percentage of families within each income category in the AA.

Low-Income (<50% of median income)	0	8%
Moderate-Income (50-79%)	0	12%
Middle-Income (80-119%)	10	23%
Upper-Income (>120%)	20	57%

The west and southwest portions of the Omaha MSA are experiencing a high level of population growth. The majority of growth is in the middle- and upper-income categories. The Omaha economy offers diverse employment opportunities in finance, information processing, and agriculture related businesses. The largest single employer in the Omaha area is First Data Resources.

According to the 1995 U.S. Bureau of Labor Statistics, the largest employers in the Omaha MSA are Services and Retail trade businesses (185,000 people). The next largest employers are government (49,000) and manufacturing (38,000). The unemployment rate for the AA in 1997 was 1.30%.

1990 census information listed the weighted average of median housing as \$78,430 with the median house built in 1972. The census indicates 64% of the housing is owner occupied.

The examiners' community contacts identified residential real estate lending as the primary credit need in the area. Contacts did not have any comments about Enterprise Bank's performance as related to the Community Reinvestment Act.

Conclusions with Respect to Performance Criteria

Loan Sample

We sampled originations for six of the bank's loan products: loans secured by equity market

securities, commercial loans, 1-4 family residential real estate loans (HMDA reportable), home equity lines of credit, secondary market 1-4 family residential real estate loans, and auto loans. This sample was used to assess the bank's level of lending within its assessment area as well as the distribution of lending to borrowers of different incomes and businesses of different sizes. An analysis of the bank's geographic distribution is not meaningful because the bank does not have low- or moderate-income geographies in its AA. Our sample included 508 loans originated between January 1, 1996 and May 31, 1998. A summary of our sample is included below.

Sample of Loan Originations *			
Loan Type	Total # of loans originated	Sample reviewed by examiners (#)	Sample reviewed by examiners (\$ volume)
Loans secured by equity market securities	252	252	\$141,391,000
Commercial Loans	97**	46***	\$8,067,000
Secondary Market Res. RE	52	52	\$6,626,000
HMDA Reportable Loans	48	48	\$6,354,000
Auto Loans	93	93	\$932,000
Home Equity Lines of Credit	73**	17***	\$930,000
Total	615	508	\$164,300,000

* Sample includes loans originated by the bank and subsequently sold. **Represents total # of loans on the bank's books as of 3/31/98. ***Sample reviewed by examiners included only loans originated between January 1, 1996 and March 31, 1998.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The bank's record of real estate related lending and auto lending is adequate. A review of commercial loan originations revealed reasonable distribution of lending to businesses of different sizes.

Residential Real Estate and Auto Loans

The following table details the lending performance in real estate related lending and auto loans. The percentage of families in each income category within the bank's AA is shown in the top row of the table. The numbers in the bottom portion of the table represent the percentage of loans originated by both number and dollar amount within the bank's AA.

Instalment Lending Distribution by Dollar Amount and Number of Loans												
	Upper		57 %	Middle		24 %	Moderate		12 %	Low		8 %
	#	\$		#	\$		#	\$		#	\$	
Lines of Credit Secured by Residential Real Estate (HELOC)*	79%	97%		14%	3%		0%	0%		7%	1%	
HMDA** Reportable Loans	63%	89%		28%	8%		6%	3%		3%	0%	
Residential Real Estate Loans Sold on Secondary Market.	55%	62%		20%	19%		20%	17%		5%	3%	
Auto Loans	42%	42%		22%	25%		20%	18%		17%	14%	

* Home Equity Lines of Credit ** Home Mortgage Disclosure Act
percentages may total more or less than 100 due to rounding.

Equity Market Security Loans

Loans secured by equity market securities represent 60% of the bank's loan portfolio and a majority of the loan volume originated since the last CRA examination. The following table represents equity market security lending to borrowers of different income categories within the bank's AA. The bank made 145 loans secured by equity market securities totaling \$52,308,000 within its AA from January 1, 1996 to May 31, 1998. The percentage figure listed in the AA% row of the table represents the HUD data distribution of low-, moderate-, middle-, and upper-income families within the bank's AA. As indicated in the *Description of the Institution* section of this evaluation, all equity market security loan originations were included in our overall analysis. However, they were excluded from our rating of lending to borrowers of different income levels because they are a unique product that is not available to the general public.

Loans secured by equity market securities within the bank's assessment area								
Income Level	Upper		Middle		Moderate		Low	
AA%	57%		23%		12%		8%	
Number of loans	93%		6%		1%		0%	
Dollar amount of loans	99%		1%		0%		0%	

Commercial Lending

As indicated in the table below, our sample of commercial loans shows a reasonable dispersion of loans to businesses among five revenue categories. The commercial loan portfolio represents 18% of the bank's loan portfolio. The 23 loans listed in the following table represent only those loans in our sample originated within the bank's AA.

Commercial Loans within the Assessment Area				
Revenue	Number	Percent*	Dollar	Percent*
0-\$249,999	8	35%	\$320,000	8%
\$250,000-\$499,999	2	9%	\$35,000	1%
\$500,000-\$749,999	2	9%	\$72,000	2%
\$750,000-\$999,999	2	9%	\$1,340,000	32%
>\$1,000,000	9	39%	\$2,486,000	58%

* Total percentage equals 101% due to rounding

Comparison of Credit Extended Inside and Outside the Assessment Area

Enterprise Bank originates a majority of the number of loans within its AA. Our sample indicated that from January 1, 1996 to May 31, 1998, the bank originated 63% of the number of loans and 40% of the dollar volume of loans inside the AA. The bank originated one loan for \$38 million that significantly affects the

dollar amount of loans outside the AA. Excluding this loan, the dollar volume of loans inside the AA is 53%.

Loan-to-Deposit Ratio Analysis

Enterprise Bank's loan-to-deposit (LTD) ratio is reasonable given the size, financial condition, and AA demographics. Enterprise Bank's LTD has steadily increased from 64.6% on March 31, 1996 to the current level of 82%. This bank's LTD ratio currently ranks fourth when compared to ten similarly situated banks in the area. Since December 31, 1995, the bank's LTD ratio quarterly average was 70%. During the same time period, the ten banks in the area had an average LTD of 76.5%. The median LTD ratio for the ten banks was 78%.

Compliance with Anti-discrimination laws and CRA related complaints

The bank complies with anti-discrimination laws and regulations. We performed a fair lending review in conjunction with this CRA evaluation. Our review compared female auto loan applicant denials with similarly situated male auto loan applicant approvals. We did not identify any evidence of discrimination or other illegal credit practices. The bank has not received any written CRA-related complaints since our prior examination.