



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

April 11, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Enterprise Bank, National Association
Charter Number 22233

12800 West Center Road
Omaha, NE 68144-3874

Office of the Comptroller of the Currency

Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, Nebraska 68154-5298

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

Enterprise Bank, National Association's lending performance reflects a satisfactory response to community credit needs. This conclusion is based on the following results from our review.

- The loan-to-deposit ratio exceeds the standard for satisfactory performance.
- The bank originated the majority of loans inside its assessment area.
- Lending activities represent a reasonable penetration among individuals of different income levels and businesses of different sizes.
- Geographic distribution of loans reflects reasonable dispersion throughout the census tracts of different income levels.

SCOPE OF EXAMINATION

Enterprise Bank, National Association (Enterprise) was evaluated under the Small Bank examination procedures, which include a lending test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The lending test for Enterprise covers the bank's performance from January 1, 2009 through December 31, 2010, as this is representative of the lending strategy since the previous CRA examination.

Enterprise's primary loans products are home and business loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The HMDA data was tested and found to be reliable. Therefore, HMDA data was used to evaluate the bank's home loan performance. To evaluate the bank's business lending performance, we selected a sample of 23 business loans made from January 1, 2009 through December 31, 2010.

DESCRIPTION OF INSTITUTION

Enterprise is located in Omaha, Nebraska. As of December 31, 2010, Enterprise had total assets of \$183.5 million and tier one capital of \$17.5 million. Enterprise is 87.97% owned by Enterprise Holding Company, a one-bank holding company. In addition to the main office, Enterprise operates one other full-service branch. Both offices have deposit-taking ATMs. The bank also has two other free-standing ATMs that do not take deposits. The main location is located in a middle-income census tract and the branch is located in an upper-income census tract. All offices and ATMs are in the Omaha Metropolitan Statistical Area (MSA). One branch has closed since the previous CRA examination. There have been no acquisition or merger activities related to Enterprise during the CRA evaluation period.

The bank offers a full range of deposit and loan products and services. Home and business loans are Enterprise's primary loan products. The bank originates the majority of its mortgage loans for sale on the secondary market. As of December 31, 2010, Enterprise reported net loans and leases of \$149 million and had a net loans and leases to total assets ratio of 81%. The loan portfolio composition is as follows:

Loan Portfolio Summary by Loan Product December 31, 2010	
Loan Category	% of Outstanding Dollars
Business Loans	51.3
Home Loans	33.1
Other Loans	10.6
Consumer Loans	4.8
Farm Loans	0.2

There are no legal or financial impediments to Enterprise's ability to meet the credit needs of its AA. The bank was rated Satisfactory at the previous CRA examination dated September 12, 2005.

DESCRIPTION OF ASSESSMENT AREA(S)

Enterprise has one AA which includes all of Douglas County. Douglas County is located within the Omaha MSA. According to the 2000 US Census data, the AA includes seven low-income census tracts (CTs), 43 moderate-income CTs, 59 middle-income CTs, and 37 upper-income CTs. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. The majority of the low- and moderate-income tracts are on the east side of Douglas County. The bank's main office and one branch are located in central Douglas County.

The current local economy for the AA is characterized as above average and expanding. Omaha was named as the fastest recovering city by *Forbes Magazine* in the November 2009 issue. The relatively diverse market place has helped to protect Douglas County from the recession experienced throughout the last several years. A few of the many business activities which comprise the Omaha economy are agriculture, insurance, banking, manufacturing, communications, and healthcare. Unemployment is low at 4.9% compared to the national average of 9.3% in 2009. The Gross Metropolitan Product increased by 1.3% in 2009.

Competition from other financial institutions is average. Douglas County has 31 FDIC-insured financial institutions that operate 203 offices according to the FDIC deposit market share report dated June 30, 2010. Enterprise market share has increased during the previous CRA cycle to a 1.07% share of total deposits from the AA. The top four financial institutions in the AA by deposit volume were First National Bank of Omaha, Wells Fargo Bank, N.A, US Bank, N.A., and Great Western Bank, N.A. These four financial institutions operate a total of 94 offices within the AA and had 70.46% of the total deposits. Enterprise has seven similarly situated banks in the AA that had total

assets ranging from \$59 million to \$292 million. These similarly situated banks were used for comparative purposes in our analysis.

In conducting the assessment of the bank’s performance, we contacted a local community organization. This contact indicated there is a credit need in the assessment area for small businesses. Other community contacts indicated affordable housing for low- and moderate-income individuals is also needed.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s performance under the lending test is satisfactory. The following narratives and tables support our assessment of the bank’s performance.

Loan-to-Deposit Ratio

Enterprise’s net loan-to-deposit ratio is more than reasonable given the bank’s size, financial condition, and AA credit needs. The bank’s net loan-to-deposit ratio averaged 105% over the 22 quarters since the previous CRA examination, with a quarterly low of 91% and a quarterly high of 112%.

The bank’s net loan-to-deposit ratio compares favorably with other community banks of similar size, location, and product offerings. Enterprise ranks first among eight similarly situated banks serving its AA. In addition, the bank’s loan-to-deposit ratio does not include the majority of its mortgage loans, which it sells on the secondary market. The other seven banks had net loan-to-deposit ratios averaging 86% and ranging from 58% to 104% over the previous 22 quarters.

Lending in Assessment Area

A majority of the primary loan products originated by Enterprise are to consumers within the AA. By number, 64% of primary loans products are originated inside the bank’s AA. By dollar volume, 66% are originated inside the AA. The following table details the bank’s lending by product originated during the evaluation period.

Table 1 - Lending in Douglas County										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	

Home Purchase	203	72.8	76	27.2	279	28,772	72.6	10,836	27.3	39,608
Home Refinance	445	59.9	298	40.1	743	84,293	63	49,524	37	133,817
Home Improvement	22	66.7	11	33.3	33	2,174	60.3	1,432	39.7	3,606
Business	20	87.0	3	13.0	23	4,044	84.0	770	16.0	4,814
Totals	690	64.0	388	36.0	1,077	119,283	65.6	62,562	34.4	181,845

Source: Loan sample and data reported under HMDA.

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

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes, given the bank’s product offerings and local economic conditions. Loans for affordable housing and small businesses were both identified as credit needs in the bank’s AA.

Home Loans

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels. One of the credit needs identified for this area was loans for affordable housing. The bank had excellent penetration for moderate-income families for home purchase and home refinance loans. The bank had poor penetration for low-income families for home refinance and home improvement loans, and moderate-income families for home improvement loans. The bank does not make many home improvement loans. Only 3% of the banks home loans were for home improvements. Based on this information, it is reasonable to conclude the number of home improvement loans made in comparison to the percentage of families in the AA would be well below average or poor. In addition, there is over 9% poverty rate in the AA. The credit worthiness of these families would make it extremely difficult to obtain a loan.

Borrower Distribution of Residential Real Estate Loans in Douglas County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.6	17.7	18.7	25.6	22.9	20.2	39.9	24.7
Home Refinance	18.6	9.1	18.7	22.7	22.9	13.6	39.9	50.0
Home Improvement	18.6	4.9	18.7	11	22.9	20.4	39.9	54.2

Source: Data reported under HMDA.

Business Loans

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. One of the credit needs identified for the bank’s AA was

loans to small businesses. 65% of the bank’s business loans originated and purchased during the loan sampling period were made to small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. The demographic data indicates 74.5% of the businesses in the bank’s AA are small businesses. The following table shows the distribution of commercial loans among businesses of different sizes within the AA.

Borrower Distribution of Loans to Businesses in Douglas County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	74.5	5.9	19.6	100%
% of Bank Loans in AA by #	65.0	35.0	0	100%
% of Bank Loans in AA by \$	55.7	44.3	0	100%

Source: Loan sample; Dun and Bradstreet data.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Our analysis indicates the bank is lending in all tracts.

Home Loans

Enterprise’s overall geographic distribution of home loans reflects reasonable dispersion throughout the CTs of different income levels. The percentage of loans made in low-income tracts for home improvements is excellent. The percentage of loans made in moderate-income tracts for home refinance and home improvements is poor. The locations of the bank’s two offices are in a middle- and upper-income CT, and not near any low- or moderate-income CTs. The bank does not actively market its home loans, so it would be reasonable to conclude the borrowers in low- and moderate-income CTs would be less likely to come to Enterprise to obtain a loan.

Geographic Distribution of Residential Real Estate Loans in Douglas County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.7	0.0	22.4	15.8	44.6	44.3	31.3	39.9
Home Refinance	1.7	0.5	22.4	4.5	44.6	27.9	31.3	67.2
Home Improvement	1.7	4.5	22.4	9.0	44.6	40.9	31.3	45.5

Source: Data reported under HMDA

Business Loans

The geographic distribution of Enterprise’s business loans reflects excellent dispersion in CTs of different income levels. The bank did not have any business loans to

businesses in low-income CTs. However, this is reasonable as only 2.6% of businesses in the AA are in low-income CTs. The bank has excellent distribution to businesses in moderate-income CTs with 39.1% of loans to businesses in these areas when only 20.3% of businesses are located in moderate-income CTs.

Geographic Distribution of Loans to Businesses in Douglas County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	2.6	0	20.3	39.1	44.1	52.2	33.0	8.7

Source: U.S. Census data and loan sample

Responses to Complaints

Neither the bank nor the Office of the Comptroller of the Currency has received any complaints regarding the bank’s CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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