



## **PUBLIC DISCLOSURE**

JULY 29, 2019

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

**ENTERPRISE BANK  
RSSD# 1836701**

**12800 WEST CENTER ROAD  
OMAHA, NEBRASKA 68144**

**Federal Reserve Bank of Kansas City  
1 Memorial Drive  
Kansas City, Missouri 64198**

**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.

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## INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Enterprise Bank (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit (NLTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A reasonable dispersion of loans occurs throughout the bank's AA.
- Lending reflects a poor penetration among businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's only AA, the Douglas County Metropolitan AA. The following data was reviewed:

- The bank's 16-quarter average NLTD ratio.
- The bank's small business lending performance was reviewed.
- The review period was from January 1, 2018 through December 31, 2018.
- A sample of 73 loans was selected from a universe of 113 small business loans.

## DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Omaha, Nebraska. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Enterprise Holding Company (the company).
- Neither the bank nor the company have any subsidiaries nor affiliates.
- The bank has total assets of \$285.4 million as of December 31, 2018.
- In addition to its main office in Omaha, the bank has one additional office also located in Omaha, Nebraska.
- The bank has two full-service automated teller machines (ATMs), one at each branch location. The bank also has one stand-alone cash-only ATM.
- The bank's primary business focus is commercial lending.

**TABLE 1  
COMPOSITION OF LOAN PORTFOLIO  
AS OF DECEMBER 31, 2018**

Loan Type	\$(000)	%
Commercial	219,256	86.6
Residential Real Estate	21,047	8.3
Other	9,005	3.6
Consumer	3,029	1.2
Agricultural	1,353	0.5
<b>Gross Loans</b>	<b>253,690</b>	<b>100.0</b>

*Note: Percentages may not total 100.0 percent due to rounding.*

The bank was rated Satisfactory under the CRA at its May 18, 2015 performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

## DESCRIPTION OF ASSESSMENT AREA

The bank's AA is comprised of Douglas County, Nebraska, in its entirety (see Appendix A for an AA map). Douglas County is part of the Omaha-Council Bluffs, Nebraska-Iowa Metropolitan Statistical Area (MSA).

- The AA is comprised of 156 census tracts (27 low-, 38 moderate-, 52 middle-, and 39 upper-income census tracts). This is a change from the last examination which consisted of 28 low-, 34 moderate-, 51 middle-, 42 upper-, and 1 unknown-income tract.
- According to the June 30, 2018 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranked 12<sup>th</sup> out of 33 FDIC-insured institutions in the AA, with a deposit market share of 1.0 percent. Approximately 183 FDIC-insured offices are located within the AA.
- Two community contacts were utilized during the examination. Both contacts were members of local organizations that assist with small business development.

**TABLE 2  
POPULATION CHANGE**

Area	2010 Population	2015 Population	Percent Change
Douglas County, Nebraska	517,110	537,655	4.0
Omaha-Council Bluffs, Nebraska-Iowa MSA	865,350	895,919	3.5
State of Nebraska	1,826,341	1,869,365	2.4

*Source: 2010 U.S. Census Bureau Decennial Census  
2011-2015 U.S. Census Bureau: American Community Survey*

- Since the last CRA evaluation, the bank's AA has experienced an overall higher population growth rate than both the Omaha-Council Bluffs, Nebraska-Iowa MSA and state-wide population growth figures.

**TABLE 3  
MEDIAN FAMILY INCOME CHANGE**

Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Douglas County, Nebraska	67,666	71,291	5.4
Omaha-Council Bluffs, Nebraska-Iowa MSA	69,538	73,632	5.9
State of Nebraska	61,888	67,225	8.6

Source: 2006-2010 U.S. Census Bureau; American Community Survey  
2011-2015 U.S. Census Bureau; American Community Survey

- The median family income figure in the AA for 2015 was comparable to the MSA figure and was slightly above the Nebraska state-wide figures.

**TABLE 4  
HOUSING COSTS CHANGE**

Area	Median Housing Value		Percent Change	Median Gross Rent		Percent Change
	2010	2015		2010	2015	
Douglas County, Nebraska	141,400	145,900	3.2	725	812	12.0
Omaha-Council Bluffs, Nebraska-Iowa MSA	143,373	148,241	3.4	730	810	11.0
State of Nebraska	123,900	133,200	7.5	648	726	12.0

Source: 2006-2010 U.S. Census Bureau; American Community Survey  
2011-2015 U.S. Census Bureau; American Community Survey

- The AA experienced a lower percentage increase in the median housing value compared to the Nebraska state-wide figure.

**TABLE 5  
UNEMPLOYMENT RATES**

Region	2014	2015	2016	2017	2018
Douglas County, Nebraska	3.7	3.4	3.5	3.1	3.1
Omaha-Council Bluffs, Nebraska-Iowa MSA	3.7	3.3	3.4	3.0	2.9
State of Nebraska	3.3	3.0	3.2	2.9	2.8

Source: Bureau of Labor Statistics; Local Area Unemployment Statistics

- The overall unemployment rate from 2014 to 2018 is comparable for the AA, MSA, and state of Nebraska.
- The primary industries in the AA include government, healthcare, transportation, and warehousing sectors. Some of the major employers include Offutt Air Force Base,

Catholic Health Initiatives, Methodist Health, Nebraska Medicine, Union Pacific Railroad, and Warner Enterprises.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, portfolio make-up, market share, and area where they are located. The bank's NLTD ratio is considered reasonable.

TABLE 6 COMPARATIVE NLTD RATIOS			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			16-Quarter Average
Enterprise Bank	Omaha, Nebraska	285,421	94.0
First Westroads Bank	Omaha, Nebraska	266,457	90.3
Dundee Bank	Omaha, Nebraska	282,963	99.3
Premier Bank	Omaha, Nebraska	270,732	89.5

### Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A majority of the bank's loans, by number and dollar, are originated inside the AA.

TABLE 7 LENDING INSIDE AND OUTSIDE THE AA								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Small Business Loans	56	9,417	76.7	61.6	17	5,866	23.3	38.4
Total Loans	56	9,417	76.7	61.6	17	5,866	23.3	38.4

*Note: Percentages may not add to 100.0 percent due to rounding.*

### Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts. The bank's geographic distribution of loans reflects reasonable dispersion among the different census tracts within the AA.

### Small Business Lending

The geographic distribution of small business lending is reasonable. No significant gaps or lapses in lending are present within the AA. While the bank did not originate any loans in the low-income tracts, the bank's lending in the moderate-income tracts was above area demographics. The bank's lending to businesses in the moderate-income census tracts at 26.8 percent by number was above demographics, at 18.3 percent.

There are limited businesses located in the low-income tracts, and the closest low-income tract is over six miles away from the closest bank location. Additionally, the bank has only two offices, while 181 competitor bank offices are also located within the AA. A community contact indicated that businesses in the low-income tracts depend on the equity in their homes for capital rather than traditional commercial loans. The bank's lending in the middle-income tracts was above the area demographics while lending in the upper-income tracts was below area demographics.

**TABLE 8  
DISTRIBUTION OF 2018 SMALL BUSINESS LENDING  
BY INCOME LEVEL OF GEOGRAPHY**

Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	7.8
Moderate	15	3,245	26.8	34.5	18.3
Middle	28	4,239	50.0	45.0	43.7
Upper	13	1,934	23.2	20.5	30.1

Source: 2018 FFIEC Census Data  
2018 Dun & Bradstreet Data  
2011 – 2015 U.S. Census Bureau: American Community Survey  
NOTE: Percentages may not add up to 100.0 percent due to rounding.

### **Lending to Businesses of Different Sizes**

This performance criterion evaluates the bank's lending to businesses of different revenue sizes. The bank's lending has a poor penetration among businesses of different sizes.

### Small Business Lending

The borrower distribution of small business lending is poor. The bank's lending to small businesses in the AA with revenues of \$1 million (MM) or less is significantly below the demographic figure of small businesses in the AA with less than \$1 MM in annual revenues. Bank management indicated that it was possible that several of the bank's business customers experienced growth since the last examination, with current revenues over \$1MM, whereas at the last examination, such customers had revenues below \$1MM. A community contact indicated that banks have opportunities to lend to small businesses through several innovative lending programs; however, such programs may require non-traditional funding methods, and many banks are less interested in such underwriting methods.

**TABLE 9  
DISTRIBUTION OF 2018 SMALL BUSINESS LENDING  
BY REVENUE SIZE OF BUSINESSES**

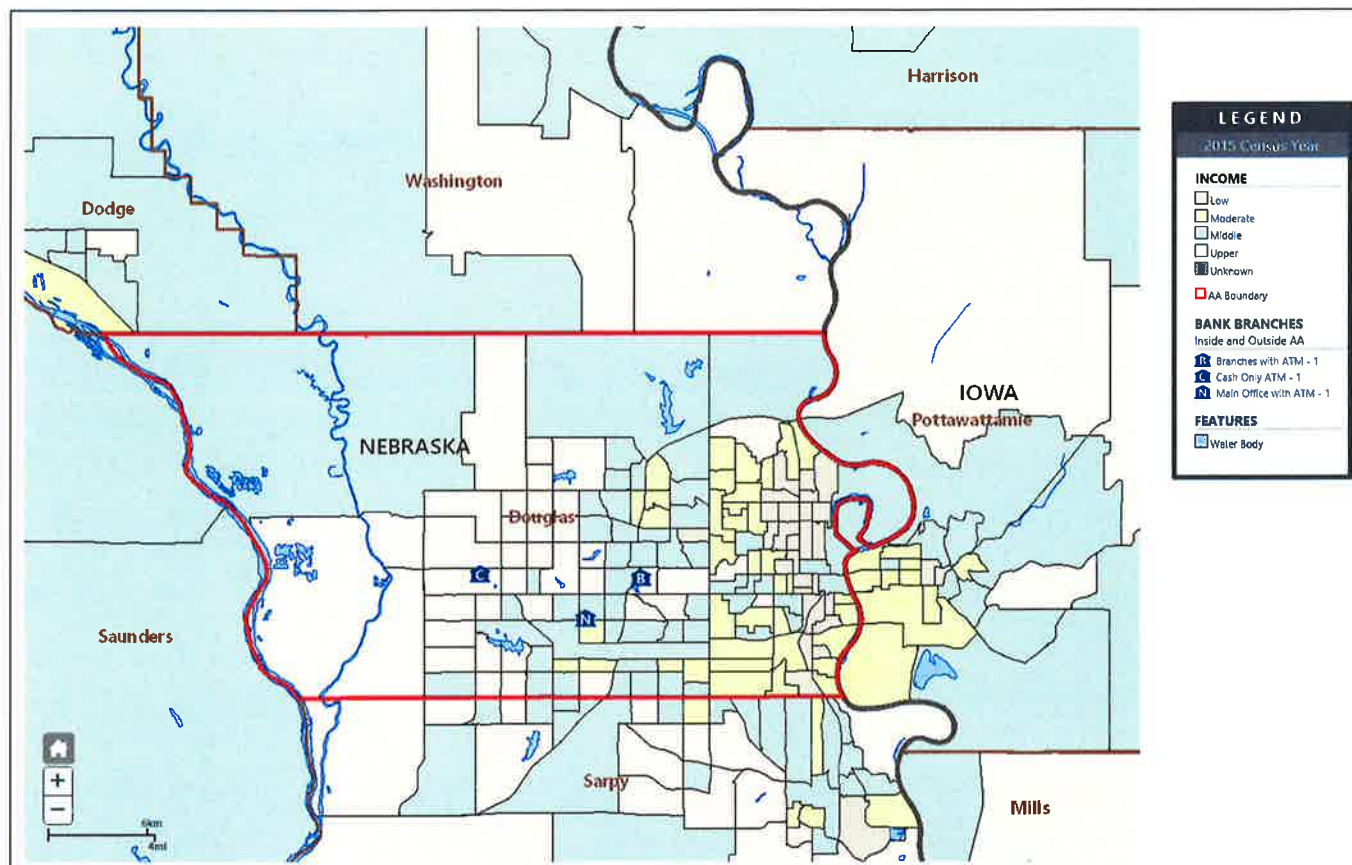
	Bank Loans				Total Businesses
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	14	3,248	25.0	34.5	88.4
Over \$1 Million	40	6,129	71.4	65.1	10.7
Not Known	2	40	3.6	0.4	0.9
<b>Total</b>	<b>56</b>	<b>9,418</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
By Loan Size					
\$100,000 or less	29	1,486	51.8	15.8	
\$100,001 – \$250,000	18	2,872	32.1	30.5	
\$250,001 – \$1 Million	9	5,060	16.1	53.7	
<b>Total</b>	<b>56</b>	<b>9,418</b>	<b>100.0</b>	<b>100.0</b>	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	8	370	57.1	11.4	
\$100,001 – \$250,000	2	339	14.3	10.4	
\$250,001 – \$1 Million	4	2,539	28.6	78.2	
<b>Total</b>	<b>14</b>	<b>3,248</b>	<b>100.0</b>	<b>100.0</b>	
Source: 2018 FFIEC Census Data 2018 Dun & Bradstreet Data 2011 – 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 percent due to rounding.					

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.



APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

TABLE B-1 2018 DOUGLAS COUNTY METROPOLITAN AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	27	17.3	15,164	11.8	5,142	33.9	29,655	23.0
Moderate	38	24.4	29,304	22.7	4,521	15.4	22,963	17.8
Middle	52	33.3	45,232	35.1	2,909	6.4	25,439	19.7
Upper	39	25.0	39,338	30.5	919	2.3	50,981	39.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	156	100.0	129,038	100.0	13,491	10.5	129,038	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	31,350	9,848	7.6	31.4	16,696	53.3	4,806	15.3
Moderate	56,054	28,062	21.8	50.1	23,634	42.2	4,358	7.8
Middle	82,835	47,698	37.0	57.6	30,058	36.3	5,079	6.1
Upper	54,807	43,173	33.5	78.8	9,372	17.1	2,262	4.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	225,046	128,781	100.0	57.2	79,760	35.4	16,505	7.3
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,995	7.8	1,737	7.7	244	8.9	14	6.0
Moderate	4,666	18.3	4,154	18.4	483	17.7	29	12.4
Middle	11,146	43.7	9,607	42.7	1,423	52.1	116	49.6
Upper	7,676	30.1	7,021	31.2	580	21.2	75	32.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	25,483	100.0	22,519	100.0	2,730	100.0	234	100.0
Percentage of Total Businesses:				88.4		10.7		0.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	7	2.8	7	2.9	0	0.0	0	0.0
Moderate	24	9.7	24	10.0	0	0.0	0	0.0
Middle	104	41.9	99	41.3	4	57.1	1	100.0
Upper	113	45.6	110	45.8	3	42.9	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	248	100.0	240	100.0	7	100.0	1	100.0
Percentage of Total Farms:				96.8		2.8		0.4
Source: 2018 FFIEC Census Data 2018 Dun & Bradstreet data 2011 – 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.								

## APPENDIX C – GLOSSARY

**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 metropolitan area/assessment area.

**Census tract:** 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 statistical 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:** 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, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

**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 nonrelatives 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-scope review:** Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**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-scope review:** Performance is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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) 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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.

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