



PUBLIC DISCLOSURE

August 7, 2023

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 bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

This institution is rated: *Satisfactory*
The Lending Test is rated: *Satisfactory*
The Community Development Test is rated: *Satisfactory*

Enterprise Bank (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria under the Lending and Community Development Tests:

- The bank's net loan-to-deposit ratio (NLTD) 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 distribution of loans occurs throughout the bank's AA.
- Lending reflects a poor distribution among businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.
- Community development (CD) activity reflects adequate responsiveness to CD needs of the bank's AA.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Intermediate Small Institutions* 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. Performance was assessed within the bank's only AA. Examiners reviewed the following data:

- The bank's 17-quarter average NLTD ratio;
- A statistical sample of 63 small business loans from a universe of 92 loans originated between January 1, 2022, and December 31, 2022; and,
- CD loans, qualified investments, and CD services from July 30, 2019, through March 31, 2023.

DESCRIPTION OF INSTITUTION

Enterprise 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).
- The bank has total assets of \$436.3 million as of March 31, 2023.
- In addition to its main office in Omaha, the bank has one additional office also located in Omaha.
- The bank has a full-service automated teller machine (ATM) at each location. The bank also operates one stand-alone cash-only ATM in a business park seven miles northwest of the main office.
- As shown in the table below, the bank’s primary business focus is commercial lending.

Table 1

Composition of Loan Portfolio as of March 31, 2023		
Loan Type	\$(000)	%
Construction and Land Development	55,104	14.6
Farmland	735	0.2
1- to 4-Family Residential Real Estate	22,362	5.9
Multifamily Residential Real Estate	44,768	11.9
Nonfarm Nonresidential Real Estate	206,327	54.6
Agricultural	0	0.0
Commercial and Industrial	37,118	9.8
Consumer	3,266	0.9
Other	8,057	2.1
Gross Loans	377,737	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its July 29, 2019 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 Douglas County AA consists of Douglas County, Nebraska, in its entirety, one of eight counties that comprise the Omaha-Council Bluffs, Nebraska-Iowa Metropolitan Statistical Area (MSA). (See Appendix A for an AA map and Appendix B for additional demographic data.)

- The delineation of the AA has not changed since the prior evaluation.
- The AA is comprised of 163 census tracts, including 16 low-, 45 moderate-, 56 middle-, and 46 upper-income census tracts. This is a change from the last examination which consisted of 27 low-, 38 moderate-, 52 middle-, 39 upper-income census tracts.

- Based on the June 30, 2022 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranked 13th out of 38 FDIC-insured institutions in the AA, with a deposit market share of 1.2 percent. Per this report, 169 FDIC-insured offices are located within the AA.
- To further augment the CRA performance evaluation, a recently conducted interview with a member of the community within the bank’s AA was reviewed to ascertain the credit needs of area communities, the responsiveness of area banks in meeting those credit needs, and current demographic characteristics. The community member represented an organization focused on economic development.

Table 2

Population Change			
Assessment Area: Douglas County			
Area	2015 Population	2020 Population	Percent Change
Douglas County	537,655	584,526	8.7
Omaha-Council Bluffs, NE-IA MSA	895,919	967,604	8.0
Nebraska	1,869,365	1,961,504	4.9
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census.</i>			

- At 12.6 percent, the proportion of the AA population age 65 and older is below the statewide figure of 15.4 percent and the MSA figure at 13.4 percent.
- However, a community member noted that the Omaha city population tends to be aging, but there are efforts underway to attract younger people to live and work in Omaha.

Table 3

Median Family Income Change			
Assessment Area: Douglas County			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Douglas County	77,891	87,064	11.8
Omaha-Council Bluffs, NE-IA MSA	80,449	87,733	9.1
Nebraska	73,448	80,125	9.1
<i>Source: 2011-2015 U.S. Census Bureau: American Community Survey 2016-2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- The growth in AA median family income has outpaced the statewide figure and the MSA figure.
- The percentage of families living below the poverty level in the AA, at 7.0 percent, is above the statewide and MSA figures at 6.6 percent and 6.1 percent, respectively.

Table 4

Housing Cost Burden						
Assessment Area: Douglas County						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Douglas County	76.1	30.5	41.5	67.9	36.0	18.4
Omaha-Council Bluffs, NE-IA MSA	74.6	28.6	39.5	64.7	32.0	17.0
Nebraska	71.0	23.4	36.8	58.9	26.4	15.8

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

- The median age of housing stock in the AA is 52 years, which is older than the statewide figure at 47 years and the MSA figure of 44 years.
- At 24.5 percent, the percentage of housing in the AA with five or more units is above the statewide figure of 15.8 percent, as well as the MSA figure of 20.2 percent.

Table 5

Unemployment Rates					
Assessment Area: Douglas County					
Area	2017	2018	2019	2020	2021
Douglas County	3.2	3.2	3.3	5.0	3.0
Omaha-Council Bluffs, NE-IA MSA	3.1	3.0	3.1	4.7	3.0
Nebraska	3.0	2.9	3.0	4.1	2.5

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- As of May 2023, the unemployment rate for Douglas County is 2.3 percent.
- The primary industries in the AA include professional and business services, healthcare, and transportation. Some of the major employers include Offutt Air Force Base, Catholic Health Initiatives, Methodist Health System, Nebraska Medicine, Union Pacific Railroad, and Children’s Hospital.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank’s overall lending test performance is Satisfactory. All performance criteria were equally weighted in the evaluation. More consideration was given to the number of loan originations than the dollar amount, as this represents the number of entities served.

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, loan portfolio composition, market conditions, and geographic proximity.

The bank’s NLTD ratio is reasonable. At 91.1 percent, the bank's 17-quarter average NLTD is within the range of other similarly situated banks whose NLTD ratios ranged from 80.9 percent to 91.9 percent.

Table 6

Comparative NLTD Ratios March 31, 2019 – March 31, 2023			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			17 Quarter Average
Enterprise Bank	Omaha, NE	436,312	91.1
Similarly Situated Institutions			
First Westroads Bank, Inc.	Omaha, NE	339,546	81.4
I3 Bank	Bennington, NE	194,319	84.5
United Republic Bank	Omaha, NE	171,933	91.9
Great Plains State Bank	Petersburg, NE	323,912	90.9
Premier Bank	Omaha, NE	334,317	80.9

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a majority of loans, by number and dollar, inside the AA.

Table 7

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Small Business	50	79.4	12,674	74.0	13	20.6	4,454	26.0
Total Loans	50	79.4	12,674	74.0	13	20.6	4,454	26.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans

throughout the AA. The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

Small Business Lending

The geographic distribution of small business lending is reasonable. As illustrated in Table 8, the concentration of small business lending among low-income census tracts is below the percent of businesses operating in these tracts (demographic figure). The distribution of small business loans in moderate-income census tracts is comparable to the demographic figure.

An analysis of the dispersion of loans was conducted and revealed conspicuous gaps and lapses in lending, although the overall conclusion was not impacted. The dispersion of lending was impacted by the distance of the bank’s two branches from Omaha’s urban core, where the large concentration of contiguous low- and moderate-income (LMI) census tracts is located and better served by financial institutions operating in and around this area. A community member also described the banking environment in Douglas County as vibrant and crowded, further affirming the competitive financial services landscape.

Table 8

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Douglas County					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	1	2.0	100	0.8	4.0
Moderate	10	20.0	2,377	18.8	22.0
Middle	16	32.0	3,143	24.8	39.8
Upper	23	46.0	7,054	55.7	34.2
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	50	100.0	12,674	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 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 reflects a poor distribution among businesses of different sizes.

Small Business Lending

The borrower distribution of small business lending is poor. The bank's lending to businesses in the AA with revenues of \$1 million or less (small businesses) is below the percentage of total businesses in the AA with revenues of \$1 million or less. Additionally, only 32.0 percent of small business loans were originated in amounts of \$100,000 or less. This figure can also serve as a proxy in gauging responsiveness to small business credit needs, as smaller entities are more likely to borrow in smaller dollar increments.

Table 9

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Douglas County					
	Bank Loans				Total Businesses
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	19	38.0	4,673	36.9	89.7
Over \$1 Million	26	52.0	6,751	53.3	9.6
Revenue Unknown	5	10.0	1,250	9.9	0.7
Total	50	100.0	12,674	100.0	100.0
By Loan Size					
\$100,000 or Less	16	32.0	1,035	8.2	
\$100,001 - \$250,000	18	36.0	3,082	24.3	
\$250,001 - \$1 Million	16	32.0	8,557	67.5	
Total	50	100.0	12,674	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	6	31.6	322	6.9	
\$100,001 - \$250,000	7	36.8	1,144	24.5	
\$250,001 - \$1 Million	6	31.6	3,207	68.6	
Total	19	100.0	4,673	100.0	
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

COMMUNITY DEVELOPMENT TEST

The CD test evaluates the bank's responsiveness to CD needs of its AA through CD loans, qualified investments, and CD services, considering the bank's capacity and the need and availability of such opportunities in the bank's AA.

The bank's overall CD test performance is Satisfactory and demonstrates adequate responsiveness. All of the CD loans were originated through the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act and implemented by the Small Business Administration in response to the Coronavirus

Disease 2019 pandemic. Additionally, a \$70,900 loan to a business operating in an LMI census tract outside the AA was also qualified. In addition to its CD loans, the bank made 12 donations totaling \$6,270 to area organizations that provide community services to LMI individuals and families. The rating is primarily based on the level of CD loans, with additional consideration given to the bank’s deposit market share and lending volume in this AA.

Table 10

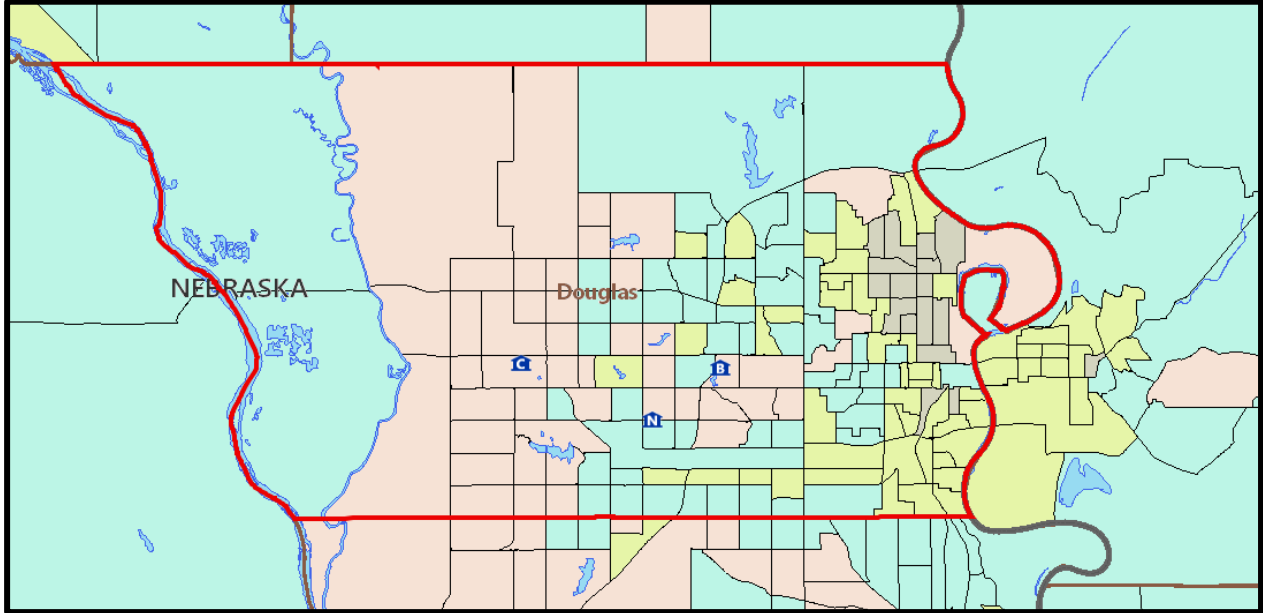
Community Development Activity									
Assessment Area: Douglas County									
Community Development Purpose	Community Development Loans		Qualified Investments						Community Development Services
			Investments		Donations		Total Investments		
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#
Affordable Housing	0	0	0	0	0	0	0	0	0
Community Services	0	0	0	0	12	6	12	6	0
Economic Development	0	0	0	0	0	0	0	0	0
Revitalization and Stabilization	38	7,756	0	0	0	0	0	0	0
Totals	38	7,756	0	0	12	6	12	6	0

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Map A-1



APPENDIX B – DEMOGRAPHIC INFORMATION

Table B-1

2022 Douglas County AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	16	9.8	8,047	5.9	2,243	27.9	27,986	20.5
Moderate	45	27.6	31,122	22.8	3,946	12.7	25,109	18.4
Middle	56	34.4	49,737	36.4	2,386	4.8	30,040	22.0
Upper	46	28.2	47,628	34.9	978	2.1	53,399	39.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	163	100.0	136,534	100.0	9,553	7.0	136,534	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	16,050	5,657	4.1	35.2	8,432	52.5	1,961	12.2
Moderate	62,499	27,254	19.8	43.6	30,282	48.5	4,963	7.9
Middle	91,366	53,188	38.7	58.2	32,309	35.4	5,869	6.4
Upper	67,021	51,336	37.4	76.6	12,993	19.4	2,692	4.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	236,936	137,435	100.0	58.0	84,016	35.5	15,485	6.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1,022	4.0	903	3.9	113	4.6	6	3.3
Moderate	5,683	22.0	5,035	21.8	617	25.0	31	17.0
Middle	10,266	39.8	9,103	39.3	1,088	44.0	75	41.2
Upper	8,829	34.2	8,105	35.0	654	26.5	70	38.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	25,800	100.0	23,146	100.0	2,472	100.0	182	100.0
Percentage of Total Businesses:				89.7	9.6		0.7	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	6	2.4	6	2.5	0	0.0	0	0.0
Moderate	19	7.7	19	7.9	0	0.0	0	0.0
Middle	91	37.0	91	37.9	0	0.0	0	0.0
Upper	130	52.8	124	51.7	6	100.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	246	100.0	240	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.6	2.4		0.0	

Source: 2022 FFIEC Census Data
 2022 Dun & Bradstreet Data
 2016-2020 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent 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, 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.

Nonmetropolitan area (NonMSA): Any area that is not located within an MSA.

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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

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 Consolidated Reports of Condition and Income (Call Report) instructions. 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.