

PUBLIC DISCLOSURE

June 12, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Enterprise Bank and Trust Company
Certificate Number: 27408

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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 Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Satisfactory**. The Division assigned a **High Satisfactory** overall rating. Although the agencies agree on the bank’s Community Reinvestment Act (CRA) performance, FDIC regulations do not include a High Satisfactory overall rating. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Satisfactory**			
Needs to Improve			
Substantial Noncompliance			
<p><i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i></p> <p><i>**FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests. This jointly issued public evaluation uses the term “satisfactory” in lieu of “low satisfactory” for the Lending, Investment, and Service Test ratings and for rated areas in Massachusetts as the Division does not have a “low satisfactory” rating. For institutions with rated areas outside of Massachusetts, this jointly issued public evaluation uses the terms “high satisfactory” and “low satisfactory” for the Lending, Investment, and Service Test ratings.</i></p>			

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to assessment area credit needs.
- The institution originated a high percentage of loans within its assessment areas.
- The geographic distribution of loans reflects excellent penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among business customers of different sizes and retail customers of different income levels.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution is a leader in making community development loans.

The Investment Test is rated High Satisfactory.

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community economic development needs.
- The institution rarely uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are readily accessible to all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and /or individuals.
- The institution is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

Enterprise Bank and Trust Company (Enterprise Bank), headquartered in Lowell, Massachusetts (MA), operates in Middlesex, Essex, and Worcester counties in MA and portions of Hillsborough and Rockingham counties in southern New Hampshire (NH). Enterprise Bancorp, Inc., a single bank holding company, wholly owns Enterprise Bank. The bank owns five subsidiaries, none of which engage in retail banking activities. Enterprise Bank received a High Satisfactory rating from the Division and a Satisfactory rating from the FDIC at its previous joint Performance Evaluation dated April 27, 2020, using Interagency Large Institution Examination Procedures.

The bank operates 27 full-service branches in northern Massachusetts and southern New Hampshire, which includes the North Andover, Massachusetts and Londonderry, New Hampshire branches that opened since the previous evaluation. The institution did not engage in any mergers or acquisitions during the evaluation period. Enterprise Bank offers commercial, home mortgage, and consumer loans, with a primary focus on commercial lending. Commercial lending products include commercial real estate, lines of credit, construction loans, and Small Business Administration (SBA) financing programs. For consumers, the bank offers home mortgage loans, construction to permanent financing, and personal loans. Consumer and business deposit services include checking, savings, money market deposit accounts, certificates of deposit, and individual retirement accounts. The bank also offers investment advisory and trust services.

Assets totaled \$4.4 billion as of March 31, 2023, which included total loans of \$3.2 billion and securities of \$825.5 million. Deposits totaled \$4.0 billion as of the same date. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 03/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	483,081	14.9
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	646,063	20.0
Secured by Multifamily (5 or more) Residential Properties	460,638	14.3
Secured by Nonfarm Nonresidential Properties	1,327,665	41.1
Total Real Estate Loans	2,917,447	90.3
Commercial and Industrial Loans	256,849	7.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	8,590	0.3
Obligations of State and Political Subdivisions in the U.S.	47,516	1.5
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	116	0.0
Less: Unearned Income	0	0.0
Total Loans	3,230,518	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the institution's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Enterprise Bank operates in the following three assessment areas¹:

- Boston-Cambridge-Newton, MA-NH Multistate MSA (Multistate MSA)
- Manchester-Nashua, NH MSA (Manchester-Nashua MSA)
- Worcester, MA-CT MSA (Worcester MSA)

Enterprise Bank is headquartered in the Multistate MSA assessment area, which includes 178 census tracts in portions of Middlesex County, Massachusetts; Essex County, Massachusetts; and Rockingham County, New Hampshire. The Manchester-Nashua MSA assessment area includes 79 census tracts in a portion of Hillsborough County, New Hampshire. The Worcester MSA assessment area includes 23 census tracts in a portion of Worcester County, Massachusetts. Since the previous evaluation, the bank added the towns of Ayer and Concord, Massachusetts to its Multistate MSA assessment area. The bank also added the following New Hampshire municipalities to the Manchester-Nashua MSA assessment area since the previous evaluation: Amherst, Bedford, Hollis, Litchfield, Manchester, Merrimack, and Milford.

Each of the bank's assessment areas also represents a rated area. Refer to each of the rated area sections for additional information.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated April 27, 2020, to the current evaluation dated June 12, 2023. Examiners used Interagency Large Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test (see Appendices for complete description).

As noted previously, each of the bank's assessment areas is also a rated area. The Interstate Banking and Branching Efficiency Act requires separate discussions and ratings of CRA performance in each state in which the bank maintains a branch, as well as in multistate MSAs in which the bank has branches in two or more states. Examiners used full-scope procedures to evaluate and rate the bank's performance in the Multistate MSA assessment area (MA-NH Multistate MSA rated area), the Manchester-Nashua MSA assessment area (New Hampshire rated area), and the Worcester MSA assessment area (Massachusetts rated area).

In addition, examiners assigned an overall rating. The bank's performance in the MA-NH Multistate MSA rated area carried substantial weight when assigning the overall rating, while the New Hampshire rated area carried fairly limited weight, and the Massachusetts rated area carried

¹Collectively, the bank's three assessment areas are referred to as the combined assessment area.

less weight. A substantial majority of the bank’s loan originations, branches, and deposits are in the MA-NH Multistate MSA; the bank made much fewer loans and has significantly fewer branches and deposits in the New Hampshire and Massachusetts rated areas. The following table details loan originations, deposits, and branches by rated area.

Rated Area Breakdown of Loans, Deposits, and Branches						
Rated Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
MA-NH Multistate MSA	290,671	81.8	3,291,805	81.9	21	77.8
New Hampshire	59,048	16.6	389,803	9.7	4	14.8
Massachusetts	5,732	1.6	336,835	8.4	2	7.4
Total	355,451	100.0	4,018,443	100.0	27	100.0

Source: 2022 HMDA and CRA Data; FDIC Summary of Deposits (06/30/2022)

Activities Reviewed

Examiners determined that the bank’s major product lines are small business and home mortgage loans. This conclusion considered the bank’s business strategy and the number and dollar volume of originations during the evaluation period. The evaluation did not consider small farm loans because the bank did not originate any small farm loans during the evaluation period.

The bank’s record of originating small business loans received the most weight when determining overall Lending Test conclusions. This was due to the higher number of originations during the evaluation period compared to home mortgage loans. Additionally, commercial loans, including loans secured by nonfarm nonresidential properties and commercial and industrial loans, account for the largest category of the bank’s loan portfolio by dollar amount at 49.0 percent.

The Lending Test considers all small business loans reported on the bank’s 2020, 2021, and 2022 CRA Loan Registers. The bank reported 3,196 loans totaling \$452.5 million in 2020, 1,925 loans totaling \$292.4 million in 2021, and 606 loans totaling \$135.7 million in 2022. Although the Assessment Area Concentration performance table includes small business loan activity from all three years, Geographic Distribution and Borrower Profile tables only reference 2021 and 2022 small business lending, as these years are representative of bank performance under both criteria for the full evaluation period.

In response to the COVID-19 pandemic, the bank originated 2,684 small business loans in 2020 and 1,351 small business loans in 2021 through the SBA Paycheck Protection Program (PPP); PPP lending explains the higher number of small business loan originations in 2020 and 2021. PPP loans accounted for 84.0 percent of bank small business loans in 2020 and 70.2 percent of small business loans in 2021 by number of originations.

The Lending Test also considered home mortgage loans originated in 2020, 2021, and 2022. Examiners obtained information concerning home mortgage loans from the bank’s Home Mortgage Disclosure Act (HMDA) Loan Application Registers. Enterprise Bank reported originating or purchasing 586 home mortgage loans totaling \$376.4 million in 2020, 570 loans totaling 500.6 million in 2021, and 488 loans totaling \$543.4 million in 2022. Similar to the Lending Test

presentation of small business loans, examiners presented all three years of home mortgage loans in the Assessment Area Concentration table, while Geographic Distribution and Borrower Profile performance tables only show 2021 and 2022 activity.

Examiners compared the bank's small business lending to D&B business demographic data and CRA aggregate data for each corresponding year. Examiners compared the bank's 2022 home mortgage lending to demographic data from the 2020 United States (U.S.) Census. Examiners compared the bank's 2021 and 2020 home mortgage lending to the 2015 American Community Survey (ACS) and the corresponding year of HMDA aggregate data. Examiners focused on comparisons to aggregate lending data because aggregate data better represents the level of loan demand in each assessment area. As of the evaluation date, CRA and HMDA aggregate data was only available for 2020 and 2021.

Examiners reviewed both the number and dollar volume of small business and home mortgage loans. The analysis weighed the number of originations more heavily than the dollar volume, as the number of loans more reliably indicates the number of businesses and individuals served. Furthermore, examiners reviewed retail products and services that benefit low- and moderate-income individuals or small businesses, delivery systems for providing retail-banking services, including branches and alternative delivery systems, and the impact of any branch openings and closings during the evaluation period. The evaluation considered community development loans, qualified investments, and community development services, as well as innovative and/or flexible lending practices from the prior CRA evaluation date to the current evaluation date.

Examiners obtained demographic and economic information referenced in the evaluation from the 2020 U.S. Census, 2015 ACS, D&B, Moody's Analytics, the U.S. Bureau of Labor Statistics, and FDIC data. Examiners also obtained information from the March 31, 2023 Report of Income and Condition (Call Report).

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's overall Lending Test performance is rated High Satisfactory. The bank's performance in the MA-NH Multistate MSA rated area exceeded overall performance, while performances in the New Hampshire and Massachusetts rated areas were below the overall Lending Test rating. The following sections discuss the bank's overall performance under each criterion.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. Although the volume of lending varied by rated area, lending levels reflected good responsiveness in both the MA-NH Multistate MSA and New Hampshire rated areas after taking into account the number of Enterprise Bank branches and amount of deposits. Bank performance was slightly lower in the Massachusetts rated area for this factor, but did not influence the overall conclusion. Refer to the rated area sections for detailed performance discussions, including relevant context, trends, and market share information.

Assessment Area Concentration

The bank made a high percentage of small business and home mortgage loans in the combined assessment area. The bank's home mortgage lending reflects lower percentages inside the combined assessment area than its small business lending; however, examiners placed greater weight on small business lending as it is the bank's primary lending focus and represents a larger portion of total originations by number. Please see the following table.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%		#	\$	%	\$	%
Small Business										
2020	2,770	86.7	426	13.3	3,196	371,807	82.2	80,655	17.8	452,462
2021	1,634	84.9	291	15.1	1,925	231,427	79.1	61,002	20.9	292,429
2022	464	76.6	142	23.4	606	101,270	74.6	34,434	25.4	135,704
Subtotal	4,868	85.0	859	15.0	5,727	704,504	80.0	176,091	20.0	880,595
Home Mortgage										
2020	391	66.7	195	33.3	586	219,094	58.2	157,352	41.8	376,446
2021	356	62.5	214	37.5	570	276,026	55.1	224,560	44.9	500,586
2022	298	61.1	190	38.9	488	254,181	46.8	289,239	53.2	543,420
Subtotal	1,045	63.6	599	36.4	1,644	749,301	52.8	671,151	47.2	1,420,452
Total	5,913	80.2	1,458	19.8	7,371	1,453,805	63.2	847,242	36.8	2,301,047
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment areas. Excellent performance in the more heavily weighted MA-NH Multistate MSA primarily supported this conclusion. Geographic distribution performances in the New Hampshire and Massachusetts rated areas were below overall performance. Please see the rated area sections for details.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among business customers of different sizes and retail customers of different income levels. Borrower Profile performance in the MA-NH Multistate MSA slightly exceeded overall performance, while performances in the New Hampshire and Massachusetts rated areas were consistent with the overall conclusion. Please see the rated area sections for details.

Innovative or Flexible Lending Practices

The bank uses innovative and/or flexible lending programs to serve assessment area credit needs. Programs include government-related subsidies and guarantees. All of the bank's programs, described below, are offered institution-wide or are state-specific products that benefit more than one of the rated areas. In total, Enterprise Bank made 4,852 loans totaling \$899.9 million through flexible loan programs benefitting small businesses and consumers.

Small Business Lending Programs

During the evaluation period, the bank offered flexible products through the SBA loan programs included in the following list. Excluding PPP loans, which were not available during the prior evaluation period, the bank originated 207 SBA loans totaling approximately \$142.2 million since the prior evaluation. This represents a significant increase in SBA lending when compared to the prior evaluation period's 64 SBA loans totaling \$20.7 million. The following bullets describe SBA loan programs offered by the bank.

- **SBA 7a Loan Program** – The SBA 7a Loan Program provides term loans up to \$5.0 million, with the SBA guaranteeing 85.0 percent for loans of \$150,000 or less, and 75.0 percent for loans greater than \$150,000. Small businesses that meet the SBA's size eligibility standards benefit from long-term financing options, a fixed maturity, and no prepayment penalties. The SBA's guaranty allows institutions to offer credit at more flexible terms than through conventional commercial financing. The SBA Express program, a type of 7a loan, offers a maximum loan amount of \$350,000, a maximum guarantee of 50.0 percent, and an accelerated turnaround time of 36 hours for SBA review. Enterprise Bank originated 72 SBA 7a loans totaling \$38.0 million during the current period.
- **SBA 504 Certified Development Company Program** – The SBA 504 Program is an economic development program offering small business financing focused on creating jobs and promoting job growth. Through this program, approved small businesses receive long-term, fixed-rate financing for major fixed assets while only needing to contribute 10 percent of their own funds. The bank offers these loans in partnership with certified development companies. Enterprise Bank originated 135 loans totaling \$104.2 million through this program during the current period.
- **SBA PPP** – As noted previously, Enterprise Bank participated in the temporary SBA PPP in 2020 and 2021. The PPP was created to help small businesses keep workers employed during the COVID-19 pandemic. The bank originated 4,144 loans totaling \$718.8 million through the PPP in 2020 and 2021 combined.

Enterprise Bank also made other loans to small businesses with flexible terms through the following state-specific programs.

- **MA Business Development Corporation (MBDC)** – Enterprise Bank is a participating lender for MBDC's Capital Access Program (CAP). The CAP uses cash collateral guarantees, from a loan loss reserve fund, that enable participating banks to offer loans to

small businesses that would not qualify for traditional commercial loans. Enterprise Bank provided 15 loans totaling \$4.5 million through the CAP. This product is available in both the MA-NH Multistate MSA and the Massachusetts rated areas.

- **NH Business Finance Authority (BFA)** – The NH BFA’s CAP and Loan Participation Program allow banks to provide low-cost loans with flexible underwriting to New Hampshire businesses. These programs provide guarantees or loan participations to improve a bank’s security position and reduce credit risk. This allows banks to offer affordable loans to small businesses that could not qualify for traditional commercial loans. Enterprise Bank made 25 loans totaling \$14.2 million through NH BFA programs. This product is available in both the MA-NH Multistate MSA and the New Hampshire rated areas.

Residential Lending Programs

The bank also participates in flexible residential lending programs that benefit the assessment areas. The following is a list of flexible residential loan programs.

- **MA Housing Partnership ONE Mortgage Program** – The ONE Mortgage Program offers low- and moderate-income first-time homebuyers a 3.0 percent down payment, low fixed-rated financing, and no private mortgage insurance. The bank originated 12 loans totaling \$2.9 million during the evaluation period through this program. This product is available in both the MA-NH Multistate MSA and the Massachusetts rated areas.
- **MassHousing** – MassHousing offers an affordable, fixed-rate mortgage with down payment assistance for first-time homebuyers. The program specifically benefits low-income first-time homebuyers purchasing a home in designated cities with high low- and moderate-income populations, including Fitchburg, Haverhill, Lawrence, Lowell, Leominster, and Methuen. The bank made one down payment assistance loan for \$12,500 and a first-time homebuyer (FTHB) loan for \$289,700 during the evaluation period. This product is available in both the MA-NH Multistate MSA and the Massachusetts rated areas.
- **Enterprise Bank FTHB Program** – This program provides flexible terms to borrowers who have not owned a principal residence in the prior three years. With features such as a low down payment requirement and reduced closing costs, the program reduces financing costs for first-time homebuyers. Enterprise Bank made 31 loans totaling \$11.1 million during the evaluation period through this program.

Other Programs

- **MA Save HEAT Loan Program** – Homeowners and landlords participating in the MA Save program can receive zero interest unsecured loans up to \$25,000 to make energy upgrades such as heating, cooling, insulation, or other energy-efficient improvements. The bank made 416 HEAT loans totaling \$5.9 million to both homeowners and investment property owners since the prior evaluation. This product is available in both the MA-NH Multistate MSA and the Massachusetts rated areas.

Community Development Loans

Enterprise Bank is a leader in making community development loans. The bank originated 109 community development loans for approximately \$246.0 million during the evaluation period. Of this total, 77 loans for approximately \$137.0 million directly benefitted one of the bank’s assessment areas. The bank also originated 32 loans for approximately \$109.0 million that benefitted broader statewide areas that include the bank’s assessment areas. Excellent community development lending at the institution-wide and MA-NH Multistate MSA levels support the overall conclusion. Bank performance in the New Hampshire and Massachusetts rated areas were lower than overall performance for this criterion. Furthermore, the bank’s community development loans were highly responsive to community development lending opportunities, especially within the MA-NH Multistate MSA.

The bank’s community development lending activity represents 8.1 percent of average total loans and 5.7 percent of average total assets since the prior evaluation. These ratios exceed the performance of similarly situated institutions, which examiners identified based on asset size, geographic location, and lending focus. The bank’s overall community development lending significantly increased since the prior evaluation period by both number and dollar. During the prior evaluation period, Enterprise Bank originated 86 community development loans totaling approximately \$143.1 million.

The following table illustrates the bank’s community development lending by year and purpose. Please refer to rated area sections for examples of community development loans and comments on the bank’s responsiveness to community development lending opportunities within each rated area.

Community Development Lending Assessment Area: Combined										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
2020	7	5,930	4	3,760	2	1,441	20	38,635	33	49,766
2021	11	16,164	2	675	10	17,023	7	10,950	30	44,812
2022	5	7,205	7	25,631	17	31,440	2	50,500	31	114,776
YTD 2023	3	25,950	3	6,911	8	73	1	3,740	15	36,674
Total	26	55,249	16	36,977	37	49,977	30	103,825	109	246,028

Source: Bank Records

The following are examples of community development loans that benefitted a broader statewide area that includes the bank’s assessment area:

- In 2022, the bank originated a \$16.0 million-dollar economic development loan. This loan was originated through the New Hampshire BFA to provide funding for the construction of a BFA owned facility which will be leased in efforts to encourage economic development in New Hampshire through job creation.

- The bank participated in a \$126.0 million loan for the construction of a 250 unit housing development in Boston, Massachusetts. The bank's participation amount was \$22.3 million. Of the 250 units, 50 units are deed restricted for low- or moderate-income individuals and families. Enterprise Bank received community development loan credit for a pro rata portion of the loan totaling \$4.5 million.

INVESTMENT TEST

The bank's overall Investment Test performance is rated High Satisfactory. This rating is consistent across all rated areas. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

Enterprise Bank has a significant level of qualified community development investments and donations, occasionally in a leadership position, particularly those that are not routinely provided by investors. Enterprise Bank made 531 qualified investments and donations totaling approximately \$30.2 million during the evaluation period. The bank's qualified investments and donations increased 14.9 percent by number and 55.4 percent by dollar from the prior evaluation period's total. The percentage increase in qualified investments, by dollar amount, exceeded the bank's increase in total assets of 31.9 percent.

Examiners compared the bank's investment activity to that of similarly situated institutions. Comparable institutions were selected based on asset size, geographic location, and lending focus. Enterprise Bank's investment and donation activity exceeded that of comparable institutions. The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments Assessment Area: Combined										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Prior Period	4	6,629	0	0	0	0	0	0	4	6,629
2020	0	0	0	0	0	0	0	0	0	0
2021	2	12,489	0	0	0	0	0	0	2	12,489
2022	2	4,000	0	0	0	0	0	0	2	4,000
YTD 2023	0	0	0	0	0	0	1	4,778	1	4,778
Subtotal	8	23,118	0	0	0	0	1	4,778	9	27,896
Qualified Grants & Donations	31	148	470	1,888	21	286	0	0	522	2,322
Total	39	23,266	470	1,888	21	286	1	4,778	531	30,218

Source: Bank Data

Qualified Investments

The bank holds nine qualified investments totaling \$27.9 million. Five investments totaling approximately \$21.3 million were purchased during the current evaluation period, and four

investments with current book values of approximately \$6.6 million remain from prior evaluation periods. The total dollar amount of qualified investments equates to 0.6 percent of average total assets and 3.8 percent of average total securities since the previous evaluation. The following bullets detail qualified investments that benefitted the combined assessment area or a broader statewide or regional area. Refer to the rated area sections for descriptions of qualified investments benefitting each rated area.

Prior Period Investments

- The bank holds three mortgage-backed securities (MBSs) purchased prior to the evaluation period. Collectively, these MBSs have a current book value of \$1.5 million. Each MBS primarily consists of loans to low- or moderate-income borrowers secured by homes located in low- and moderate-income geographies throughout the bank's assessment areas.

Current Period Investments

- The bank also purchased three additional MBSs totaling approximately \$13.8 million during the current evaluation period. The underlying mortgages were originated to low- and moderate-income borrowers and secured by homes throughout the bank's assessment areas.

Qualified Grants and Donations

During the evaluation period, Enterprise Bank made 522 qualified donations totaling approximately \$2.3 million. Total qualified donations increased by approximately \$544,000 from the prior evaluation period total. The majority of the bank's CRA qualified donations supported community service organizations that primarily serve low- and moderate-income individuals and families. Refer to rated area sections for examples of qualified grants and donations.

Responsiveness to Credit and Community Development Needs

Enterprise Bank exhibits good responsiveness to credit and community development needs. The bank demonstrates responsiveness to credit and community development needs through its investments in affordable housing, which community contacts identified as a primary need for the combined assessment area. By dollar volume, 77.0 percent of the bank's qualified investments and donations supported affordable housing to low- and moderate-income individuals and families.

Community Development Initiatives

Enterprise Bank rarely uses innovative and/or complex investments to support community development initiatives. The bank's investment activity consists solely of MBSs and donations, which are not innovative or complex.

SERVICE TEST

The bank’s overall Service Test is rated Outstanding. Overall bank performance is consistent with the MA-NH Multistate rated area. Performance in the New Hampshire and Massachusetts rated areas was lower than the overall. The following sections discuss the bank’s overall performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the institution’s assessment areas. Additionally, alternative delivery systems such as automated teller machines (ATMs) supplement the bank’s branches.

The bank maintains 27 full-service branches, all of which have an ATM. As noted previously, Enterprise Bank has 21 branches in the MA-NH Multistate MSA rated area, 4 in the New Hampshire rated area, and 2 in the Massachusetts rated area. The bank also maintains six remote deposit-taking ATMs, with four in Lowell, Massachusetts (MA-NH Multistate MSA rated area) and two in Fitchburg, Massachusetts (MA rated area). All Lowell ATMs are located in moderate-income census tracts, and the two Fitchburg ATMs are located in low-income census tracts. The following table shows Enterprise Bank’s branch and ATM distribution by census tract income level along with the population distribution by census tract income level for comparison.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Combined								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	43	15.4	174,602	13.1	4	14.8	6	18.2
Moderate	56	20.0	262,366	19.7	3	11.1	7	21.2
Middle	103	36.8	498,815	37.4	13	48.1	13	39.4
Upper	75	26.8	396,255	29.7	7	25.9	7	21.2
NA	3	1.1	6	0.0	0	0.0	0	0.0
Total	280	100.0	1,332,044	100.0	27	100.0	33	100.0

Source: 2020 U.S. Census Data; Bank Data

Enterprise Bank’s branch distribution in low-income census tracts is similar to demographic comparators. The bank’s ATM distribution in low-income census tracts exceeds demographic comparators. Branch distribution in moderate-income census tracts is below demographic comparators; however, ATM distribution in moderate-income tracts exceeded demographics. As mentioned previously, all remote ATMs benefit low- or moderate-income geographies, which reflects the bank’s use of alternative delivery systems to increase the accessibility of banking services to low- and moderate-income people and geographies. Further, several of the bank’s branches that are located in middle- or upper-income census tracts are accessible to adjacent moderate-income census tracts.

In addition, while other alternative delivery systems do not specifically benefit low- or moderate-income individuals or geographies, the bank’s alternative delivery systems such as online,

telephone, and mobile banking provide both businesses and consumers with remote account access. Enterprise Bank also offers remote deposit capture, Zelle money transfer, and a virtual agent service that allows retail customers to check balances, branch hours and locations, and more by using speech recognition, text-to-speech, natural language processing and machine learning. Furthermore, the bank offers multi-lingual services through its ATMs and telephone banking service. Notably, branches and ATMs in communities such as Lowell, Methuen, and Fitchburg can accommodate customers that speak Khmer or Spanish, languages commonly spoken in these communities with large low- and moderate-income populations.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing branches improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank opened two new branches in the MA-NH Multistate MSA rated area during the evaluation period. Refer to the MA-NH Multistate MSA Service Test section for a detailed discussion of bank performance under this criterion. Enterprise Bank did not close any branches during the evaluation period.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. The bank offers all of its loan and deposit products at every branch location with no variance. With minor exceptions, branch hours are consistent at each location with weekday hours of 9:00 A.M. to 5:00 P.M. and 9:00 A.M. to 12:00 P.M. on Saturdays. All locations with walk-up or drive-up services open these services 30 minutes before the branch opens. Only the Billerica and Lexington branches do not have drive-up or walk-up services, and these are located in middle- and upper-income census tracts. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

Enterprise Bank is a leader in providing community development services. The majority of service activity consisted of employees and senior management serving on the boards of local community development organizations in the bank's combined assessment area. The bank provided 13,712 hours of community development services to 149 different organizations. The organizations that the bank provided financial expertise to during the evaluation period primarily serve low- and moderate-income individuals, families, and areas. The number of hours provided to community organizations decreased since the prior evaluation period due to restrictions on in-person activities during the COVID-19 pandemic.

The following table illustrates the bank's community development service hours by year and purpose. Refer to the rated area sections for examples of the bank's community development services.

Community Development Services Assessment Area: Combined					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	353	3,580	111	111	4,155
2021	459	3,718	153	107	4,437
2022	526	3,615	237	86	4,464
YTD 2023	15	561	80	0	656
Total	1,353	11,474	581	304	13,712
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

MA-NH MULTISTATE MSA

CRA RATING FOR MA-NH MULTISTATE MSA: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: High Satisfactory

The Service Test is rated: Outstanding

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MA-NH MULTISTATE MSA

Within the MA-NH Multistate MSA rated area, Enterprise Bank has one assessment area consisting of municipalities across three counties: Middlesex County and Essex County in Massachusetts and Rockingham County in New Hampshire. A majority of the bank's branches, loans, and deposits are in this assessment area. As noted previously, the bank added the Massachusetts towns of Ayer and Concord to the Multistate MSA assessment area since the prior evaluation. The following tables reflect assessment area cities and towns by county.

Middlesex County, MA		
Acton	Concord	Pepperell
Ayer	Dracut	Shirley
Bedford	Dunstable	Tewksbury
Billerica	Groton	Tyngsboro
Burlington	Lexington	Westford
Carlisle	Littleton	Wilmington
Chelmsford	Lowell	
Essex County, MA		
Andover	Lawrence	North Andover
Haverhill	Methuen	
Rockingham County, NH		
Atkinson	Hampstead	Salem
Derry	Londonderry	Windham

Refer to the Scope of Evaluation section for data sources used for examiner analysis in this section.

Economic and Demographic Data

According to 2015 ACS data, the Multistate MSA assessment area had 171 census tracts with the following income designations:

- 34 low-income census tracts,
- 24 moderate-income census tracts,
- 63 middle-income census tracts,
- 49 upper-income census tracts, and
- 1 census tract with no income designation.

The number of assessment area census tracts increased since the prior evaluation due to the addition of Ayer and Concord, as well as updated 2020 U.S. Census data. Enterprise Bank’s Multistate MSA assessment area consists of 178 census tracts with the following income designations according to 2020 U.S. Census data:

- 30 low-income census tracts,
- 30 moderate-income census tracts,
- 63 middle-income census tracts,
- 53 upper-income census tracts, and
- 2 census tracts with no income designation.

For both 2020 U.S. Census and 2015 ACS designations, Lowell and Lawrence had the most low- and moderate-income census tracts among assessment area cities and towns. According to 2020 U.S. Census data, a substantial portion of the area’s low-income census tracts are in Lawrence (16) and Lowell (10). Lowell similarly has a significant number of moderate-income tracts (13), followed by Haverhill (5) and Methuen (5).

The following table illustrates select demographic characteristics of the Multistate MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	178	16.9	16.9	35.4	29.8	1.1
Population by Geography	893,294	14.5	18.0	35.9	31.6	0.0
Housing Units by Geography	329,129	13.4	18.0	37.4	31.1	0.0
Owner-Occupied Units by Geography	217,223	4.5	14.6	42.9	38.1	0.0
Occupied Rental Units by Geography	98,692	32.5	25.5	26.0	16.0	0.0
Vacant Units by Geography	13,214	18.1	19.0	33.2	29.8	0.0
Businesses by Geography	87,514	10.8	12.7	37.6	38.7	0.1
Farms by Geography	1,792	3.9	8.4	45.1	42.4	0.2
Family Distribution by Income Level	222,874	23.4	17.0	20.6	38.9	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Housing Value			\$421,764
Median Family Income MSA - 40484 Rockingham County-Strafford County, NH		\$107,377	Median Gross Rent			\$1,376
			Families Below Poverty Level			5.4%

*Source: 2020 U.S. Census and 2022 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.*

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing costs are relatively expensive in the assessment area as demonstrated by a median housing value of \$421,764.

Examiners used Federal Financial Institutions Examination Council (FFIEC)-updated median family incomes to analyze home mortgage lending under the Borrower Profile criterion. The following table reflects low-, moderate-, middle-, and upper-income categories in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) and the Rockingham County-Strafford County, NH MD.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
Rockingham County-Strafford County, NH Median Family Income (40484)				
2021 (\$110,600)	<\$55,300	\$55,300 to <\$88,480	\$88,480 to <\$132,720	≥\$132,720
2022 (\$122,500)	<\$61,250	\$61,250 to <\$98,000	\$98,000 to <\$147,000	≥\$147,000
<i>Source: FFIEC</i>				

According to 2022 D&B data, 87,514 non-farm businesses operate in the Multistate MSA assessment area. The following reflects gross annual revenues (GARs) for these businesses.

- 87.9 percent have \$1.0 million or less.
- 4.6 percent have more than \$1.0 million.
- 7.5 percent have unknown revenues.

Service industries represent the largest portion of businesses at 38.6 percent; followed by non-classifiable establishments (20.3 percent); finance, insurance, and real estate (10.2 percent); retail trade (9.7 percent); and construction (8.2 percent). In addition, 63.4 percent of area businesses have four or fewer employees, and 91.5 percent operate from a single location. Significant employers in the assessment area include Market Basket Supermarkets, Raytheon Technologies Corp., and several Mass General Brigham and Beth Israel Lahey health services centers located throughout Essex and Middlesex Counties.

The following table indicates county, state, and national unemployment rates during the evaluation period. The COVID-19 pandemic contributed to high unemployment rates in 2020, but unemployment rates in all areas steadily decreased throughout the rest of the evaluation period.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Middlesex County, MA	7.7	4.5	3.1
Essex County, MA	10.3	6.1	3.9
Rockingham County, NH	7.0	3.4	2.6
MA Statewide	9.4	5.5	3.8
NH Statewide	6.7	3.4	2.5
National Average	8.1	5.3	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

The bank operates in a competitive market for financial services within the Multistate MSA assessment area. According to FDIC Deposit Market Share data as of June 30, 2022, 37 financial institutions operated 227 offices in the assessment area. Bank of America, N.A. ranked 1st with a 22.2 percent market share; followed by TD Bank, N.A. with 14.1 percent; and Enterprise Bank with 10.0 percent.

Enterprise Bank faces a high level of competition for small business loans from national banks and other community banks in the assessment area. In 2021, 215 lenders originated 89,775 small business loans in Middlesex, Essex, and Rockingham counties for approximately \$3.7 billion. The top three institutions were large national banks that issue business credit cards; these lenders had average loan sizes below \$30,000 and originated 41.8 percent of all small business loans.

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2021, 514 lenders reported 56,327 originated or purchased residential mortgage loans. The three most prominent home mortgage lenders were all non-depository mortgage lenders that accounted for 14.8 percent of the total market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners contacted a representative from a Community Development Corporation (CDC) that primarily serves Lowell, MA. The contact indicated that affordable housing is the primary need within its service area. She noted that family incomes in Lowell are substantially lower than most Middlesex County communities, and that local wages are not sufficient for market rate rents. The contact also noted significant demand for a limited number of affordable units. Further, substantial construction cost increases have made developing new affordable units more difficult.

In addition, the contact mentioned that the area has many community service needs. She cited the organization's opening of a food pantry as an example. Although the organization expected to provide food to less than 100 families, it currently serves 550 families. These needs increased after many federal and state benefits offered to address food insecurity during the Covid-19 pandemic were discontinued.

The contact also cited significant revitalization and economic development needs in Lowell. Despite having restaurants and attractions, Lowell has struggled to draw residents from wealthier surrounding suburbs. The contact referred to blighted areas in Lowell's downtown and misconceptions about its safety as reasons for Lowell's difficulty in attracting more consumers. Further, local small businesses require technical assistance and support to take advantage of available grants and credit to grow to more sustainable revenues. She referenced a lack of English proficiency as a challenge for many local business owners.

In terms of credit needs, the contact referenced innovative programs for affordable homeownership. These include home purchase loan programs with low down payments, financial literacy, and closing cost assistance components. Small businesses require micro loans and technical support to document creditworthiness. Finally, the contact noted the need for product offerings allowing individuals to build and repair their credit history. The contact indicated that local financial institutions are engaged with the organization and serving the community.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing represents a primary community development need in the Multistate MSA assessment area. Specific credit needs include home mortgage products accessible to low- and moderate-income borrowers as well as financing for the construction of affordable housing units. Examiners also identified a secondary need for lending to and providing advice to small businesses, financing revitalization projects in assessment area cities, and funding community services to the area's high population of low- and moderate-income families.

Due to increased construction costs, opportunities have decreased for financial institutions to participate in affordable real estate development projects through construction loan financing. Assessment area cities with low- and moderate-income census tracts have opportunities for mixed-use developments, which serve to revitalize and stabilize these areas. Beyond funding affordable housing projects, there is additional opportunity to meet affordable housing needs by participating in homebuyer education programs, particularly those serving low- and moderate-income applicants. Opportunities also exist through lending to small businesses and providing funding to loan consortiums that offer micro loans.

SCOPE OF EVALUATION – MA-NH MULTISTATE MSA

The scope is similar to that discussed in the overall section, except that this portion of the evaluation only considers activity in the Multistate MSA assessment area. Please refer to the overall discussion for more information on products reviewed, timeframe, and weighting of products.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MA-NH MULTISTATE MSA

LENDING TEST

The bank's MA-NH Multistate MSA Lending Test performance is rated Outstanding. The sections below discuss the bank's performance in the Multistate MSA assessment area under each criterion.

Lending Activity

The bank's lending levels reflect good responsiveness to assessment area credit needs.

Small Business Loans

Enterprise Bank had the following small business lending totals in the Multistate MSA assessment area:

- 2,191 loans totaling \$292.0 million in 2020,
- 1,285 loans totaling \$179.6 million in 2021, and
- 367 loans totaling \$85.6 million in 2022.

Among CRA-reporting financial institutions, the bank ranked 10th with a 2.8 percent market share in 2020 and 15th with a 1.6 percent market share in 2021 by number of loans. Market share data reflects lending across the full counties of Middlesex and Essex in Massachusetts and Rockingham in New Hampshire. PPP lending drove high origination totals in 2020 and 2021. Enterprise Bank made 1,871 reportable PPP loans totaling \$227.7 million in 2020, representing 85.4 percent by number and 78.0 percent by dollar amount of the bank's small business lending in 2020. In 2021, the bank originated 929 reportable PPP loans totaling \$103.8 million, representing 72.3 percent by number and 57.8 percent by dollar amount of all bank small business loans.

The significant decline in small business loans during the review period did not negatively affect bank performance under this criterion. CRA aggregate data shows that the entire market had significantly less lending in 2021 compared to 2020. Additionally, the SBA discontinued its PPP in 2021 as the economic impact of the Covid-19 pandemic dissipated, which further explains the decline in volume from 2021 to 2022.

Home Mortgage Loans

The bank had the following home mortgage lending totals in the Multistate MSA assessment area:

- 308 loans totaling \$163.0 million in 2020,
- 272 loans totaling \$223.3 million in 2021, and

- 232 loans totaling \$205.0 million in 2022.

Among HMDA-reporting lenders, Enterprise Bank ranked 40th in 2020 and 45th in 2021 with a 0.5 percent market share each year. These totals and market ranks reflect good responsiveness to area credit needs, especially considering the bank’s primary focus is commercial lending.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the Multistate MSA assessment area. The bank’s excellent small business lending performance and excellent home mortgage lending performance support this conclusion. Examiners focused on the percentage of loans in low- and moderate-income census tracts by number.

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration. As shown in the following table, the bank’s lending exceeded aggregate performance and the percentage of businesses located in low- and moderate-income tracts in 2021. In 2022, the bank’s lending again exceeded demographics in both low- and moderate-income census tracts.

Geographic Distribution of Small Business Loans						
Assessment Area: Multistate MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	11.8	12.0	198	15.4	27,987	15.6
2022	10.8	--	43	11.7	12,668	14.8
Moderate						
2021	10.9	11.2	181	14.1	24,355	13.6
2022	12.7	--	59	16.1	11,515	13.4
Middle						
2021	39.2	40.2	566	44.0	77,115	42.9
2022	37.6	--	180	49.0	39,973	46.7
Upper						
2021	37.9	36.5	337	26.2	48,878	27.2
2022	38.7	--	85	23.2	21,485	25.1
Not Available						
2021	0.1	0.1	3	0.2	1,281	0.7
2022	0.1	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	1,285	100.0	179,616	100.0
2022	100.0	--	367	100.0	85,641	100.0
<i>Source: D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available</i>						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration. As shown in the following table, the bank’s 2021 lending in both low- and moderate-income census tracts exceeded aggregate performance and the percentage of owner-occupied housing units. In 2022, Enterprise Bank’s home mortgage lending again exceeded demographics in both low- and moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Multistate MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	5.5	7.4	32	11.8	19,023	8.5
2022	4.5	--	25	10.8	22,917	11.2
Moderate						
2021	13.0	13.0	39	14.3	24,401	10.9
2022	14.6	--	47	20.3	75,381	36.8
Middle						
2021	45.0	42.9	125	46.0	121,828	54.6
2022	42.9	--	79	34.1	48,868	23.8
Upper						
2021	36.6	36.7	76	27.9	58,060	26.0
2022	38.1	--	81	34.9	57,864	28.2
Totals						
2021	100.0	100.0	272	100.0	223,312	100.0
2022	100.0	—	232	100.0	205,030	100.0
<i>Source: 2015 ACS and 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

Borrower Profile

The distribution of borrowers reflects good penetration among businesses of different sizes and individuals of different income levels in the Multistate MSA assessment area. The bank’s good small business lending performance and adequate home mortgage lending performance support this conclusion. Examiners focused on the percentage of small business loans by number to businesses with GARs of \$1.0 million or less and home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of small business loans reflects good penetration among businesses of different sizes. As shown in the following table, Enterprise Bank’s lending to small businesses was significantly below aggregate performance and the percentage of businesses with GARs of \$1.0 million or less for 2021. However, as noted previously, the bank originated a large volume of PPP loans, for which revenue data is not available, in 2021. Only 27.2 percent of bank small business loans in 2021 include GAR information. Of the 350 small business loans reported in 2021 with

known revenue data, Enterprise Bank originated 48.9 percent to businesses with GARs of \$1.0 million or less, which exceeds 2021 aggregate performance and is consistent with the bank’s 2022 percentage. According to bank management, the bank experienced increased demand from larger businesses for traditional commercial loans in 2022, which adversely affected the bank’s percentage of loans to businesses with GARs of \$1.0 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Multistate MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2021	86.9	42.4	171	13.3	30,237	16.8
2022	87.8	--	179	48.8	32,659	38.1
> \$1,000,000						
2021	5.2	--	179	13.9	44,399	24.8
2022	4.7	--	186	50.7	52,147	60.9
Subtotal						
2021	92.1	--	350	27.2	74,636	41.6
2022	92.5	--	365	99.5	84,806	99.0
Revenue Not Available						
2021	7.9	--	935	72.8	104,980	58.4
2022	7.5	--	2	0.5	835	1.0
Total						
2021	100.0	--	1,285	100.0	179,616	100.0
2022	100.0	--	367	100.0	85,641	100.0

Source: D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available

As borrower revenue data is unavailable for PPP loans, examiners evaluated PPP loans using loan size as a proxy. As shown in the table below, the majority of PPP loans originated in 2021 had loan sizes less than \$100,000. Furthermore, 86.6 percent of PPP loans had loan sizes below \$250,000. The high percentage of lower loan amounts supports that the bank is helping serve the needs of small businesses in the assessment area. Refer to the following table for details.

Distribution of PPP Loans By Loan Size (2021)				
Assessment Area: Multistate MSA				
Loan Size	#	%	\$(000s)	%
< \$100,000	644	69.3	24,329	23.4
\$100,000 - \$249,999	161	17.3	24,868	24.0
\$250,000 - \$1,000,000	124	13.4	54,572	52.6
Total	929	100.0	103,769	100.0

*Source: 1/1/2021 – 12/31/2021 Bank Data
Due to rounding, totals may not equal 100.0*

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, the bank's lending to low-income borrowers was below aggregate performance and the percentage of low-income families in 2021. A low-income family in the Multistate MSA assessment area, earning less than \$60,100, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$421,764. Additionally, 5.4 percent of assessment area families have incomes below the federal poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families. The bank's lending to low-income borrowers was similar in 2022, again falling below demographic data.

The bank's lending to moderate-income borrowers was below aggregate performance and the percentage of moderate-income families in 2021. Lending increased in 2022 by number and percentage, but still fell below demographics.

The following table shows that Enterprise Bank has a significant portion of loans for which borrower income was not available. The bank's relatively high volume of non-owner-occupied investment loans explains its much higher percentage of loans with income not available compared to aggregate data. Among the universe of 2021 and 2022 bank loans with income data, the bank's lending percentages to low- and moderate-income borrowers are reasonably similar to or above aggregate data in 2021 and demographics for both years.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Multistate MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	23.8	7.8	18	6.6	4,622	2.1
2022	23.4	--	16	6.9	3,463	1.7
Moderate						
2021	16.5	20.8	30	11.0	8,222	3.7
2022	17.0	--	33	14.2	10,302	5.0
Middle						
2021	20.3	22.9	47	17.3	14,845	6.6
2022	20.6	--	23	9.9	7,820	3.8
Upper						
2021	39.4	34.5	60	22.1	28,513	12.8
2022	38.9	--	47	20.3	25,617	12.5
Income Not Available						
2021	0.0	14.0	117	43.0	167,110	74.8
2022	0.0	--	113	48.7	157,828	77.0
Total						
2021	100.0	100.0	272	100.0	223,312	100.0
2022	100.0	--	232	100.0	205,030	100.0
<i>Source: 2015 ACS Data and 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

Community Development Loans

Enterprise Bank is a leader in making community development loans in the Multistate MSA assessment area. The bank originated a majority of its qualified community development loans in this assessment area. During the evaluation period, the bank originated 62 loans for approximately \$106.8 million in the Multistate MSA assessment area. The bank's community development lending performance was similar to the previous evaluation period, during which it originated 61 community development loans for approximately \$111.3 million.

The following table illustrated the bank's community development loans in the Multistate MSA assessment area by community development purpose and year.

Community Development Lending Assessment Area: Multistate MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
4/28/2020 – 12/31/2020	2	2,062	2	3,585	1	1,421	11	23,663	16	30,731
2021	2	437	2	675	6	10,894	3	4,813	13	16,819
2022	2	2,725	4	15,631	14	12,210	1	8,500	21	39,066
YTD 2023	1	14,000	2	2,378	8	73	1	3,740	12	20,191
Total	7	19,224	10	22,269	29	24,598	16	40,716	62	106,807

Source: Bank Records

The bank originated a high volume of community development loans under each category. The bank responded to the area’s significant affordable housing needs despite limited opportunities due to high construction costs. Additionally, a significant portion of community development loans responded to revitalization and stabilization needs in the low- and moderate-income areas of Lowell and Lawrence. The following are examples of community development loans the bank originated during the evaluation period.

- In 2020, the bank originated a \$1.2 million dollar loan to a local non-profit organization that revitalized and stabilized a low-income census tract. The loan proceeds were used to purchase a commercial building that provides local artists, engineers, and entrepreneurs a shared community workshop and laboratory to promote projects related to science, technology, and art.
- In 2020, the bank originated a \$1.4 million dollar loan for the construction of four residential affordable housing units located in an upper-income census tract. The four units are deed restricted to those making less than 80.0 percent of the area median income.
- In 2022, the bank originated 15 loans to a local Community Development Financial Institution (CDFI) for the purpose of economic development. The originated loans provide much needed capital to small businesses located in low- and moderate-income communities.

INVESTMENT TEST

The bank’s Multistate MSA Investment Test performance is rated High Satisfactory. The following sections discuss the bank’s performance under each criterion.

Investment and Grant Activity

The bank had a significant level of qualified community development investments and grants in the Multistate MSA assessment area. The bank made 404 investments and donations totaling approximately \$7.0 million that benefitted the assessment area. The following table shows qualified investments by year and purpose.

Qualified Investments										
Assessment Area: Multistate MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	5,133	0	0	0	0	0	0	1	5,133
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
YTD 2023	0	0	0	0	0	0	0	0	0	0
Subtotal	1	5,133	0	0	0	0	0	0	1	5,133
Qualified Grants & Donations	26	108	360	1,557	17	199	0	0	403	1,864
Total	27	5,241	360	1,557	17	199	0	0	404	6,997
<i>Source: Bank Data</i>										

Qualified Investments

The bank maintains one prior period investment in the form of a MBS with a current book value of \$5.1 million. A 118-unit affordable housing building located in Lowell, Massachusetts collateralizes the MBS.

Qualified Donations

Most of the bank’s total qualified donations benefitted the Multistate MSA. During the evaluation period, the bank made approximately \$1.9 million in qualified donations in the Multistate MSA. Donations primarily supported organizations that provide community services to low- and moderate-income individuals and families or low- and moderate-income areas.

The following are examples of qualified donations in the Multistate MSA:

- *Caring Partners, Inc.* – Caring Partners, Inc. is a community service organization that serves Massachusetts and Southern New Hampshire by collecting and distributing clothing to low- and moderate-income children, individuals, and families. During the evaluation period, the bank made multiple donations to this organization.
- *Community Teamwork Inc.* – Community Teamwork Inc. provides services that help low-income individuals in 63 different cities and towns achieve stability and self-sufficiency. Community Teamwork, Inc. has nine program and service sites in Lowell, Lawrence, and Wakefield, Massachusetts. Programs include financial literacy, fair housing programs, employment training, and youth programs.
- *Greater Lawrence Community Action Council (GLCAC)* – The GLCAC works to address poverty in the Greater Lawrence area. GLCAC provides community services to low- and moderate-income individuals and families, with an emphasis on education, social services, childcare, and housing.

Responsiveness to Credit and Community Development Needs

Enterprise Bank exhibits good responsiveness to credit and community economic development needs. The majority of the bank’s donations benefited organizations that support community services for low- and moderate-income individuals, families, or areas. Of the bank’s total investments and donations, 74.9 percent benefitted affordable housing for low- and moderate-income individuals and families. Funding community services for low- and moderate-income populations and affordable housing were both identified as primary needs in the assessment area.

Community Development Initiatives

The bank does not use innovative and/or complex investments to support community development initiatives in the Multistate MSA assessment area. The bank’s investment activity consists of mortgage-backed securities and donations, which are common throughout the industry.

SERVICE TEST

The bank’s MA-NH Multistate MSA Service Test performance is rated Outstanding. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the assessment area. The following table shows Enterprise Bank’s branch and ATM distribution by census tract income level in the Multistate MSA assessment area, along with the population distribution by census tract income level as a comparator.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Multistate MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	30	16.9	129,912	14.5	3	14.3	3	12.0
Moderate	30	16.9	160,448	18.0	2	9.5	6	24.0
Middle	63	35.4	320,978	35.9	9	42.9	9	36.0
Upper	53	29.8	281,950	31.6	7	33.3	7	28.0
NA	2	1.1	6	0.0	0	0.0	0	0.0
Total	178	100.0	893,294	100.0	21	100.0	25	100.0

Source: 2020 U.S. Census Data; Bank Data

The bank’s branch and ATM distribution in this assessment area is similar to its overall distribution of branches and ATMs. Refer to the overall Service Test for a more detailed discussion of bank performance under this criterion.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Enterprise Bank opened two new branches during the review period, both of which are in the Multistate MSA assessment area. Both the North Andover, Massachusetts branch, opened in January 2021, and the Londonderry, New Hampshire branch, opened in May 2022, are located in middle-income census tracts. Although located in a middle-income tract, the North Andover branch is less than 2 miles from the border of Lawrence, a city with 16 low- and 2 moderate-income census tracts. Additionally, the Londonderry, New Hampshire branch borders two moderate-income census tracts in Derry, New Hampshire.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Please refer to the overall Service Test section for more information.

Community Development Services

The bank is a leader in providing community development services. The bank provided 10,976 hours, or 80.0 percent, of its total community development service hours in the Multistate MSA assessment area. The service activities were primarily related to providing community services to low- and moderate-income individuals or areas. The following are examples of community development services provided during the evaluation period.

- *Acre Family Child Care* – Acre Family Child Care supports community development needs for childcare and economic development needs for jobs in the assessment area. The organization promotes economic development by providing women the opportunity to open and operate licensed family childcare businesses at home. A bank assistant vice president serves on the organization's Board of Directors.
- *Coalition for a Better Acre* – Coalition for a Better Acre is a CDC dedicated to resident empowerment and sustainability. The organization provides community services to low- and moderate-income individuals and families in Lowell and the Merrimack Valley. Several bank employees serve in multiple capacities related to providing financial services to this organization.
- *Greater Lawrence Revolving Community Loan Fund (GLRCLF)* – The GLRCLF supports non-profit organizations in the Greater Lawrence area. The organizations provide food, shelter, housing, and educational services to low- and moderate-income individuals. A senior vice president served on the organization's Board of Directors.

NEW HAMPSHIRE

CRA RATING FOR NEW HAMPSHIRE: SATISFACTORY

The Lending Test is rated: Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW HAMPSHIRE

Within the New Hampshire rated area, Enterprise Bank has one assessment area (Manchester-Nashua MSA) consisting of municipalities across Hillsborough County. The bank has a relatively small portion of its branches, loans, and deposits in this assessment area. As noted previously, the bank added the New Hampshire towns of Amherst, Bedford, Hollis, Litchfield, Manchester, Merrimack, and Milford to the Manchester-Nashua MSA assessment area since the prior evaluation. The following table reflects Manchester-Nashua MSA assessment area cities and towns.

<i>Manchester-Nashua MSA Assessment Area</i>				
Amherst	Hollis	Litchfield	Merrimack	Nashua
Bedford	Hudson	Manchester	Milford	Pelham

Refer to the Scope of Evaluation section for data sources used for examiner analysis in this section.

Economic and Demographic Data

According to 2015 ACS data, the assessment area had 68 census tracts with the following income designations:

- 8 low-income census tracts,
- 19 moderate-income census tracts,
- 21 middle-income census tracts,
- 19 upper-income census tracts, and
- 1 census tract with no income designation.

The number of assessment area census tracts increased since the prior evaluation due to the addition of previously mentioned cities and towns and updated 2020 U.S. Census data. Enterprise Bank's Manchester-Nashua MSA assessment area consists of 79 census tracts with the following income designations using 2020 U.S. Census data:

- 9 low-income census tracts,
- 18 moderate-income census tracts,
- 30 middle-income census tracts,
- 21 upper-income census tracts, and
- 1 census tract with no income designation.

Whether using 2020 U.S. Census or 2015 ACS designations, nearly all of the assessment area’s low- and moderate-income census tracts are located in Manchester and Nashua. All of the area’s low-income census tracts are in Manchester (6) and Nashua (3). Similarly, all but 2 of the area’s moderate-income census tracts are in Manchester (11) and Nashua (5).

The following table illustrates select demographic characteristics of the Manchester-Nashua MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Manchester-Nashua MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	79	11.4	22.8	38.0	26.6	1.3
Population by Geography	341,240	8.8	21.2	37.8	32.2	0.0
Housing Units by Geography	138,023	9.6	23.2	37.6	29.6	0.0
Owner-Occupied Units by Geography	81,812	2.4	13.9	42.6	41.0	0.0
Occupied Rental Units by Geography	50,644	20.3	37.2	30.3	12.2	0.0
Vacant Units by Geography	5,567	17.3	32.5	31.3	19.0	0.0
Businesses by Geography	37,323	10.2	17.4	36.5	35.5	0.4
Farms by Geography	773	4.9	11.4	37.0	46.6	0.1
Family Distribution by Income Level	83,767	20.7	18.9	22.2	38.3	0.0
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA		\$103,238	Median Housing Value			\$281,396
			Median Gross Rent			\$1,235
			Families Below Poverty Level			5.4%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

At \$281,396, the Manchester-Nashua MSA assessment area median housing value is much lower than the \$421,764 median housing value in the Multistate MSA assessment area.

Examiners used FFIEC-updated median family incomes to analyze home mortgage lending under the Borrower Profile criterion. The following table reflects low-, moderate-, middle-, and upper-income categories in the Manchester-Nashua MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Manchester-Nashua, NH MSA Median Family Income (31700)				
2021 (\$101,900)	<\$50,950	\$50,950 to <\$81,520	\$81,520 to <\$122,280	≥\$122,280
2022 (\$114,500)	<\$57,250	\$57,250 to <\$91,600	\$91,600 to <\$137,400	≥\$137,400
<i>Source: FFIEC</i>				

According to 2022 D&B data, 37,323 non-farm businesses operate in the Manchester-Nashua MSA assessment area. The following reflects GARs for these businesses.

- 87.8 percent have \$1.0 million or less.
- 4.2 percent have more than \$1.0 million.
- 8.0 percent have unknown revenues.

Service industries represent the largest portion of businesses at 36.2 percent; followed by non-classifiable establishments (20.7 percent); finance, insurance, and real estate (11.9 percent); retail trade (10.7 percent); and construction (8.2 percent). In addition, 63.3 percent of area businesses have four or fewer employees, and 91.2 percent operate from a single location. Significant employers in the assessment area include Market Basket Supermarkets, Walmart, and BAE Systems Electronic Solutions.

The following table indicates county, state, and national unemployment rates during the evaluation period.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Hillsborough County, NH	7.0	3.5	2.6
NH Statewide	6.7	3.4	2.5
National Average	8.1	5.3	3.6
<i>Source: Bureau of Labor Statistics</i>			

Similar to employment conditions described in the Multistate MSA assessment area, the COVID-19 pandemic contributed to high unemployment rates in the Manchester-Nashua MSA in 2020. However, unemployment rates steadily decreased during the remainder of the evaluation period. New Hampshire statewide and Hillsborough County rates were lower than the national average throughout the evaluation period.

Competition

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2022, 22 financial institutions operated 81 offices in this assessment area. Citizens Bank, N.A. ranked 1st with a 35.0 percent market share; followed by Bank of America, N.A. with 23.8 percent; and TD Bank, N.A. with 19.4 percent. These three large national institutions account for a combined 78.2 percent deposit market share, indicating the substantial competition Enterprise Bank and other locally-based banks face from large national banks in the Manchester-Nashua MSA. Enterprise Bank ranked 7th with a 2.4 percent deposit market share.

Enterprise Bank faces a high level of competition for small business loans from national banks and other community banks. According to 2021 CRA aggregate data for all of Hillsborough County, 122 lenders originated 11,002 small business loans for approximately \$424.8 million. The top three

institutions were large national banks that issue business credit cards; these lenders had average loan sizes below \$35,000 and originated 37.9 percent of all small business loans.

A high level of competition for home mortgage loans also exists among banks, credit unions, and non-depository mortgage lenders. According to 2021 HMDA aggregate data, 378 lenders reported 21,068 originated or purchased residential mortgage loans in the Manchester-Nashua MSA assessment area. The three most prominent home mortgage lenders were all non-depository institutions that accounted for 15.9 percent of total market share.

Community Contact

Examiners referenced a recent community contact with an organization that provides community services to low- and moderate-income individuals in Hillsborough County. The contact identified affordable housing, health services, transportation, childcare, basic shelter and clothing, and substance abuse services as community needs for low- and moderate-income individuals. However, the contact emphasized that affordable housing is the most pressing community need, as low-income individuals cannot afford market rents and the number of affordable units cannot meet the high demand.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing is the area's primary community development need. Additionally, needs and opportunities exist to provide community services to low- and moderate-income individuals. Revitalization and stabilization needs exist in Manchester and Nashua due to their high concentration of low- and moderate-income census tracts. Home mortgage and small business lending are primary credit needs. Economic conditions caused by the COVID-19 pandemic created significant needs and opportunities to provide PPP loans guaranteed by the SBA to support business payrolls during forced business shutdowns.

SCOPE OF EVALUATION – NEW HAMPSHIRE

The scope is similar to that discussed in the overall section, except that this portion of the evaluation only considers activity in the Manchester-Nashua MSA assessment area. Please refer to the overall discussion for more information on products reviewed, timeframe, and weighting of products.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW HAMPSHIRE

LENDING TEST

The bank's New Hampshire Lending Test performance is rated Satisfactory. The following sections discuss the bank's performance in the Manchester-Nashua MSA assessment area under each criterion.

Lending Activity

The bank's lending levels reflect good responsiveness to assessment area credit needs.

Small Business Loans

Enterprise Bank had the following small business lending totals in this assessment area:

- 415 loans totaling \$57.8 million in 2020,
- 269 loans totaling \$40.7 million in 2021, and
- 78 loans totaling \$13.0 million in 2022.

Among CRA-reporting financial institutions, the bank ranked 7th with a 4.3 percent market share in 2020 and 10th with a 2.6 percent market share in 2021 by number of loans. Market share data reflects lending in all of Hillsborough County. Similar to activity in the MA-NH Multistate MSA, PPP lending drove high origination totals in 2020 and 2021 in the Manchester-Nashua MSA assessment area. Enterprise Bank made 345 reportable PPP loans totaling \$46.8 million in 2020 in this area, representing 83.1 percent by number and 81.0 percent by dollar amount of the bank's small business lending in 2020. For 2021, the bank made 171 reportable PPP loans totaling \$21.0 million, representing 63.6 percent by number and 51.6 percent by dollar amount of the bank's small business loans in the area.

As noted within the MA-NH Multistate MSA section, the discontinued SBA PPP explains the decline in small business loans in 2022; this decline did not negatively affect bank performance under this criterion.

Home Mortgage Loans

The bank had the following home mortgage lending totals in the Manchester-Nashua MSA assessment area:

- 71 loans totaling \$57.8 million in 2020,
- 65 loans totaling \$45.1 million in 2021, and
- 59 loans totaling \$46.1 million in 2022.

Among HMDA-reporting lenders, Enterprise Bank ranked 55th in 2020 and 54th in 2021 with a 0.3 percent market share each year. These totals and market ranks reflect good responsiveness to area credit needs, particularly considering the bank's commercial lending focus and relatively small branch footprint in the Manchester-Nashua MSA.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Manchester-Nashua MSA assessment area. The bank's adequate small business lending performance received greater weight than its good home mortgage lending performance in determining the overall conclusion.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration. As shown in the following table, the bank’s lending exceeded the aggregate and demographics in low-income tracts in 2021. In 2022, bank lending fell just below demographics in low-income census tracts. Bank lending in moderate-income tracts was below aggregate performance and demographics in 2021. Although the percentage of businesses in moderate-income tracts declined from 2021 to 2022, the bank’s percentage of loans in moderate-income tracts increased; however, the bank’s lending percentage still trailed demographics in 2022. The bank’s favorable comparisons to aggregate and demographic data in low-income tracts, as well as its positive trend in moderate-income tracts in 2022 support the adequate conclusion.

Geographic Distribution of Small Business Loans						
Assessment Area: Manchester-Nashua MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	9.8	9.0	40	14.9	5,654	13.9
2022	10.2	--	7	9.0	1,591	12.3
Moderate						
2021	23.4	21.3	25	9.3	4,880	12.0
2022	17.4	--	10	12.8	1,127	8.7
Middle						
2021	29.4	30.1	83	30.9	14,126	34.7
2022	36.5	--	25	32.1	4,349	33.5
Upper						
2021	37.0	39.3	120	44.6	15,908	39.1
2022	35.5	--	36	46.2	5,897	45.5
Not Available						
2021	0.5	0.4	1	0.4	121	0.3
2022	0.4	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	269	100.0	40,689	100.0
2022	100.0	--	78	100.0	12,964	100.0
<i>Source: D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available</i>						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration. As shown in the following table, the bank’s 2021 lending in low-income census tracts exceeded aggregate performance and the percentage of owner-occupied housing units; its 2022 home mortgage lending also exceeded demographics in low-income census tracts. Although 2021 lending in moderate-income census tracts was below the aggregate and demographics, 2022 lending in these tracts was similar to demographics. The bank’s strong performance in low-income tracts and its positive trend in moderate-income tracts in 2022 support the good conclusion.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Manchester-Nashua MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	2.8	4.3	8	12.3	12,100	26.8
2022	2.4	--	6	10.2	6,723	14.6
Moderate						
2021	15.8	16.6	3	4.6	1,199	2.7
2022	13.9	--	8	13.6	2,398	5.2
Middle						
2021	35.5	34.5	21	32.3	18,830	41.8
2022	42.6	--	15	25.4	24,215	52.5
Upper						
2021	45.8	44.6	33	50.8	12,968	28.8
2022	41.0	--	30	50.8	12,748	27.7
Totals						
2021	100.0	100.0	65	100.0	45,097	100.0
2022	100.0	--	59	100.0	46,084	100.0
<i>Source: 2015 ACS and 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among businesses of different sizes and individuals of different income levels in the Manchester-Nashua MSA assessment area. The bank's adequate small business lending and home mortgage lending performances support this conclusion.

Small Business Loans

The distribution of small business loans reflects adequate penetration among businesses of different sizes. As shown in the following table, Enterprise Bank's lending to small businesses was significantly below aggregate performance and the percentage of businesses with GARs of \$1.0 million or less for 2021. However, as noted previously, the bank originated a large volume of PPP loans in 2021 for which revenue data is not available. Only 36.1 percent of the bank's small business loans in 2021 include GAR information. Of the 97 small business loans in 2021 with known revenue data, Enterprise Bank originated 48.5 percent to businesses with GARs of \$1.0 million or less, which is reasonably similar to 2021 aggregate performance and is consistent with the bank's 2022 percentage.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Manchester-Nashua MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2021	87.4	49.6	47	17.5	7,445	18.3
2022	87.8	--	37	47.4	3,586	27.7
> \$1,000,000						
2021	4.5	--	50	18.6	11,881	29.2
2022	4.2	--	39	50.0	9,245	71.3
Subtotal						
2021	91.9	--	97	36.1	19,326	47.5
2022	92.0	--	76	97.4	12,831	99.0
Revenue Not Available						
2021	8.1	--	172	63.9	21,363	52.5
2022	8.0	--	2	2.6	133	1.0
Total						
2021	100.0	--	269	100.0	40,689	100.0
2022	100.0	--	78	100.0	12,964	100.0

Source: D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available

As borrower revenue data is unavailable for PPP loans, examiners evaluated PPP loans using loan size as a proxy. A majority of PPP loans originated in 2021 had loan sizes less than \$100,000. Furthermore, 87.7 percent of PPP loans had loan sizes below \$250,000. This indicates the bank is helping serve the needs of small businesses in the assessment area. Refer to the following table for details.

Distribution of PPP Loans By Loan Size (2021)				
Assessment Area: Manchester-Nashua MSA				
Loan Size	#	%	\$(000s)	%
< \$100,000	108	63.1	4,117	19.6
\$100,000 - \$249,999	42	24.6	6,646	31.6
\$250,000 - \$1,000,000	21	12.3	10,240	48.8
Total	171	100.0	21,003	100.0

*Source: 1/1/2021 – 12/31/2021 Bank Data
Due to rounding, totals may not equal 100.0*

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, the bank's lending to low-income borrowers was below aggregate performance and the percentage of low-income families in 2021. A low-income family in the Manchester-Nashua MSA assessment area, earning less than \$50,950, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$281,396.

Additionally, 5.4 percent of assessment area families have incomes below the poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families. The bank’s lending to low-income borrowers was similar in 2022, again falling well below demographic data.

The bank’s lending to moderate-income borrowers was below aggregate performance and the percentage of moderate-income families in 2021. Lending increased in 2022 by number and percentage, with the percentage of loans to moderate-income families exceeding demographics.

The following table shows that Enterprise Bank has a significant portion of loans for which borrower income was not available. The bank’s relatively high volume of non-owner-occupied investment loans explains its much higher percentage of loans with income not available compared to aggregate data. Among the universe of 2021 and 2022 bank loans with income data, the bank’s lending percentages to moderate-income borrowers are either reasonably similar to aggregate data and demographics in 2021 and more than double demographics in 2022.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Manchester-Nashua MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$ (000s)	%
Low						
2021	21.3	5.9	1	1.5	110	0.2
2022	20.7	--	1	1.7	81	0.2
Moderate						
2021	17.5	21.0	7	10.8	1,423	3.2
2022	18.9	--	16	27.1	3,973	8.6
Middle						
2021	21.4	25.4	8	12.3	2,384	5.3
2022	22.2	--	10	16.9	3,417	7.4
Upper						
2021	39.9	33.8	22	33.8	7,305	16.2
2022	38.3	--	10	16.9	3,766	8.2
Income Not Available						
2021	0.0	13.9	27	41.5	33,874	75.1
2022	0.0	--	22	37.3	34,847	75.6
Total						
2021	100.0	100.0	65	100.0	45,097	100.0
2022	100.0	--	59	100.0	46,084	100.0
<i>Source: 2015 ACS Data and 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

Community Development Loans

Enterprise Bank made an adequate level of community development loans in the Manchester-Nashua MSA assessment area. During the evaluation period, the bank originated 11 community development loans for approximately \$24.0 million in the assessment area. The number and dollar amount of community development loans increased over the prior evaluation period when the bank originated three loans for \$580,000. However, as noted previously, the bank added several cities and towns to the Manchester-Nashua MSA assessment area since the prior evaluation, resulting in additional opportunities to serve the needs of a larger community. The following table illustrates the bank’s community development loans by year and purpose.

Community Development Lending Assessment Area: Manchester-Nashua MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
4/28/2020 – 12/31/2020	0	0	1	75	0	0	3	3,896	4	3,971
2021	0	0	0	0	3	5,379	1	1,109	4	6,488
2022	1	3,000	1	3,000	0	0	0	0	2	6,000
YTD 2023	1	7,500	0	0	0	0	0	0	1	7,500
Total	2	10,500	2	3,075	3	5,379	4	5,005	11	23,959

Source: Bank Records

The following are examples of community development loans made during the evaluation period. These examples highlight the bank’s responsiveness to affordable housing needs, the primary community development need in the assessment area.

- In 2022, the bank originated a \$3.0 million loan to a non-profit affordable housing organization. The loan proceeds supported renovations and capital improvements for 101 existing low-income housing units in Manchester, New Hampshire.
- In 2023, the bank originated a \$7.5 million dollar loan to a non-profit organization for the construction and permanent financing of 45 low-income housing units located in a low-income census tract in Nashua, New Hampshire.

INVESTMENT TEST

The bank’s New Hampshire Investment Test performance is rated High Satisfactory. The following sections discuss the bank’s performance under each criterion.

Investment and Grant Activity

The bank has a significant level of qualified community development investments and donations in the Manchester-Nashua MSA assessment area. The bank made 80 investments and donations

totaling approximately \$3.3 million in the New Hampshire MSA assessment area. Please refer to the table below for the bank’s performance by year and purpose.

Qualified Investments										
Assessment Area: Manchester-Nashua MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	1	2,957	0	0	0	0	0	0	1	2,957
2022	0	0	0	0	0	0	0	0	0	0
YTD 2023	0	0	0	0	0	0	0	0	0	0
Subtotal	1	2,957	0	0	0	0	0	0	1	2,957
Qualified Grants & Donations	5	40	70	196	4	87	0	0	79	323
Total	6	2,997	70	196	4	87	0	0	80	3,280

Source: Bank Data

Qualified Investments

The bank purchased one MBS totaling approximately \$2.9 million. The investment helped promote affordable housing in the Manchester-Nashua MSA assessment area. The MBS is collateralized by 11 residential properties throughout Hillsborough County that were purchased by low- or moderate-income individuals.

Qualified Donations

During the evaluation period, the bank made approximately \$323,000 in qualified donations in the Manchester-Nashua MSA assessment area. Donations primarily supported organizations that provide community development services to low- and moderate-income individuals and families or low- and moderate-income areas.

The following are examples of qualified donations in the Manchester-Nashua MSA:

- *The Front Door Agency, Inc.* – The Front Door Agency, Inc. is a community service organization that invests in individuals and families while they transition from crisis to self-sufficiency by aiding those that are facing homelessness. The organization provides low- and moderate-income individuals and families with education and direction in breaking the cycles of poverty by assisting families with acquiring and maintaining affordable housing, and self-sufficiency. The bank made several donations to this organization during the evaluation period.
- *Marguerite’s Place* – Marguerite’s Place is a community service organization that provides transitional housing for women and their children, and early childhood education and group-based community programs for low- and moderate-income individuals and families. The

bank made several donations to this organization during the evaluation period.

Responsiveness to Credit and Community Development Needs

Enterprise Bank exhibits good responsiveness to credit and community development needs. Of the bank’s investments and donations in the Manchester-Nashua MSA, 92.1 percent by -number were to organizations that serve low- and moderate-income individuals, or families. The sole equity investment benefitted affordable housing for low- and moderate-income families, which was a primary need identified in the assessment area.

Community Development Initiatives

The bank does not use innovative and/or complex investments to support community development initiatives in the Manchester-Nashua MSA assessment area. The bank’s investment activity consists of mortgage-backed securities and donations which are common throughout the industry.

SERVICE TEST

The bank’s New Hampshire Service Test performance is rated High Satisfactory. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the assessment area. The following table shows Enterprise Bank’s branch and ATM distribution by census tract income level in the Manchester-Nashua MSA assessment area, along with the population distribution by census tract income level as a comparator. While the bank does not have any branches in the moderate-income census tracts, one branch is located in a low-income census tract. The branch is accessible to another contiguous low-income census tract and two moderate-income census tracts. An ATM also provides additional access to delivery systems in a low-income geography.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Manchester-Nashua MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	9	11.4	29,881	8.8	1	25.0	1	25.0
Moderate	18	22.8	72,479	21.2	0	0.0	0	0.0
Middle	30	38.0	129,008	37.8	3	75.0	3	75.0
Upper	21	26.6	109,872	32.2	0	0.0	0	0.0
NA	1	1.3	0	0.0	0	0.0	0	0.0
Total	79	100.0	341,240	100.0	4	100.0	4	100.0

Source: 2020 U.S. Census Data; Bank Data

Changes in Branch Locations

This criterion is not applicable for the New Hampshire rated area because Enterprise Bank did not open or close any branches in its Manchester-Nashua MSA assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Please refer to the overall Service Test Section for more information.

Community Development Services

The bank provides a relatively high level of community development services. The bank provided 2,157 hours of community development services in the Manchester-Nashua MSA assessment area. The majority of the activity was community services to low- and moderate-income individuals or areas. The following table illustrates community services provided by year and purpose.

Community Development Services Assessment Area – Manchester-Nashua MSA				
Brief Service Description	Community Development Purpose	Bank Sponsored Event, Program or Seminar	Technical Assistance or Direct Involvement by Bank Employee	Bank Product or Service
Boys and Girls Club of Greater Nashua <i>Senior Vice President serves on the Board</i>	Community Service		2020, 2021,2022,2023	
Casa of New Hampshire <i>Senior Vice President serves as a Committee Member</i>	Community Service		2020,2021,2022,2023	
NeighborWorks of Southern New Hampshire <i>Senior Vice President serves as a Committee Member</i>	Affordable Housing		2020,2021,2022	
<i>Source: Bank Data</i>				

MASSACHUSETTS

CRA RATING FOR MASSACHUSETTS: SATISFACTORY

The Lending Test is rated: Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

Within the Massachusetts rated area, Enterprise Bank has one assessment area (Worcester MSA) consisting of three municipalities in Worcester County. The Worcester MSA assessment area contains the cities of Fitchburg and Leominster and the town of Lunenburg. The assessment area has not changed since the prior evaluation. The bank has a very small portion of its branches, loans, and deposits in this assessment area.

Economic and Demographic Data

According to 2015 ACS data, the Worcester MSA assessment area had 21 census tracts with the following income designations:

- 3 low-income census tracts,
- 6 moderate-income census tracts,
- 10 middle-income census tracts, and
- 2 upper-income census tracts.

The number of census tracts in the assessment area increased since the prior evaluation due to updated 2020 U.S. Census data. Enterprise Bank's Worcester MSA assessment area now consists of 23 census tracts with the following income designations using 2020 U.S. Census data:

- 4 low-income census tracts,
- 8 moderate-income census tracts,
- 10 middle-income census tracts, and
- 1 upper-income census tract.

Whether using 2020 U.S. Census or 2015 ACS designations, Fitchburg and Leominster account for all of the assessment area's low- and moderate-income census tracts. Fitchburg contains three low- and six moderate-income census tracts. Leominster contains the one remaining low-income and two remaining moderate-income census tracts.

The following table illustrates select demographic characteristics of the Worcester MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Worcester MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	17.4	34.8	43.5	4.3	0.0
Population by Geography	97,510	15.2	30.2	50.1	4.5	0.0
Housing Units by Geography	39,171	15.8	31.9	48.5	3.8	0.0
Owner-Occupied Units by Geography	22,136	7.3	28.3	58.3	6.2	0.0
Occupied Rental Units by Geography	14,744	26.6	35.4	37.5	0.5	0.0
Vacant Units by Geography	2,291	28.1	44.4	24.6	2.9	0.0
Businesses by Geography	7,538	13.2	27.1	55.4	4.3	0.0
Farms by Geography	188	8.0	21.8	61.2	9.0	0.0
Family Distribution by Income Level	23,052	28.9	19.2	21.3	30.5	0.0
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$96,860	Median Housing Value			\$239,224
			Median Gross Rent			\$1,001
			Families Below Poverty Level			9.2%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

At \$239,224, the Worcester MSA assessment area median housing value is lower than the median housing values in both the Multistate MSA assessment area and the Manchester-Nashua MSA. The area's 9.2 percent poverty rate is 70.4 percent higher than the poverty rates for the other two assessment areas, reflecting a higher proportion of families with very low-incomes.

The following table reflects low-, moderate-, middle-, and upper-income categories in the Worcester MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Worcester MSA Median Family Income (49340)				
2021 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
2022 (\$107,900)	<\$53,950	\$53,950 to <\$86,320	\$86,320 to <\$129,480	≥\$129,480
<i>Source: FFIEC</i>				

According to 2022 D&B data, 7,538 non-farm businesses operate in the Worcester MSA assessment area. The following reflects GARs for these businesses.

- 86.0 percent have \$1.0 million or less.
- 4.5 percent have more than \$1.0 million.
- 9.5 percent have unknown revenues.

Service industries represent the largest portion of businesses at 35.8 percent; followed by non-classifiable establishments (17.8 percent); retail trade (12.7 percent); construction (9.8 percent); and finance, insurance, and real estate (9.5 percent). In addition, 63.8 percent of area businesses have four or fewer employees, and 90.0 percent operate from a single location. Significant employers in the assessment area include Fitchburg State University, UMass Memorial HealthAlliance, and Market Basket Supermarkets.

The following table illustrates county, state, and national unemployment rates during the review period.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Worcester County, MA	9.2	5.7	3.9
MA Statewide	9.4	5.5	3.8
National Average	8.1	5.3	3.6
<i>Source: Bureau of Labor Statistics</i>			

Similar to employment conditions described in the other assessment areas, the COVID-19 pandemic contributed to high unemployment rates in the Worcester MSA in 2020. However, unemployment rates steadily decreased during the remainder of the evaluation period, with Massachusetts statewide and Worcester County rates slightly higher than the national average.

Competition

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2022, 10 banks operated 20 offices in this area. Rollstone Bank & Trust ranked 1st with a 20.6 percent market share; followed by Fidelity Co-Operative Bank with 19.7 percent, and TD Bank, N.A. with 15.6 percent. Enterprise Bank ranked 4th with a 14.4 percent deposit market share. These totals do not reflect deposits held in locally-based credit unions such as Workers Credit Union and Leominster Credit Union, which add to competition in the area.

Enterprise Bank faces a high level of competition for small business loans from national banks and other community banks. According to 2021 CRA aggregate data for all of Worcester County, 145 lenders originated 19,689 small business loans for approximately \$685.7 million. The top three institutions were large national banks that issue business credit cards; these lenders had average loan sizes below \$27,000 and originated 37.0 percent of all small business loans.

A high level of competition for home mortgage loans also exists among banks, credit unions, and non-depository mortgage lenders. According to 2021 HMDA aggregate data, 273 lenders reported 5,044 originated or purchased residential mortgage loans. The top two home mortgage lenders were non-depository institutions that accounted for 12.9 percent of total market share, followed by two locally-based credit unions that captured a combined 8.3 percent of the market.

Community Contact

Examiners referenced a recent contact with a representative from an organization focused on affordable housing and neighborhood development in Worcester County. The organization works closely with financial institutions and local communities to assist low- and moderate-income families. The contact stated that due to relatively low incomes and low housing vacancy rates, the area needs more affordable housing. The contact further explained that the COVID-19 pandemic made conditions worse. Often times, investors purchase available properties before low-income borrowers can obtain needed financing. In response to this, the contact said that community banks are doing a good job of expediting loan closings. In addition, increased construction costs have negatively affected all homebuyers. The contact noted that overall, financial institutions are willing to work with the organization and are responsive to the area credit and community development needs.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data, information from the community contact, and discussions with bank management, examiners identified affordable housing as the area's greatest need; however, significant revitalization and stabilization needs exist in Fitchburg and Leominster's low- and moderate-income census tracts. Community service needs and opportunities exist due to the area's high poverty level. Further, the vast majority of assessment area businesses have GARs under \$1.0 million, reflecting economic development needs and opportunities.

Home mortgage and small business lending are the primary credit needs. Similar to conditions in the two other assessment areas, the COVID-19 pandemic created significant needs and opportunities to provide SBA PPP loans to support business payrolls during forced business shutdowns.

SCOPE OF EVALUATION – MASSACHUSETTS

The scope is similar to that discussed in the overall section, except that this portion of the evaluation only considers activity in the Worcester MSA assessment area. Please refer to the overall discussion for more information on products reviewed, timeframe, and weighting of products.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS

LENDING TEST

The bank's Massachusetts Lending Test performance is rated Satisfactory. The sections below discuss the bank's performance in the Worcester MSA assessment area under each criterion.

Lending Activity

The bank's lending levels reflect adequate responsiveness to assessment area credit needs.

Small Business Loans

Enterprise Bank had the following small business lending totals in this assessment area:

- 164 loans totaling \$22.1 million in 2020,
- 80 loans totaling \$11.1 million in 2021, and
- 19 loans totaling \$2.7 million in 2022.

Among CRA-reporting financial institutions, the bank ranked 20th with a 1.3 percent market share in 2020 and 28th with a 0.7 percent market share in 2021 by number of loans. Market share data reflects lending in all of Worcester County. Similar to activity in the other two assessment areas, PPP lending drove high origination totals in 2020 and 2021 in the Worcester MSA assessment area. Enterprise Bank made 142 reportable PPP loans totaling \$16.4 million in 2020 in this area, representing 86.6 percent by number and 74.0 percent by dollar amount of the bank's small business lending in this area in 2020. For 2021, the bank made 66 reportable PPP loans totaling \$7.2 million, representing 82.5 percent by number and 64.6 percent by dollar amount of the bank's small business loans in the area.

As noted within the other rated area sections, the discontinued SBA PPP explains the decline in small business loans in 2022. This decline did not negatively affect bank performance under this criterion.

Home Mortgage Loans

The bank had the following home mortgage lending totals in the Worcester MSA assessment area:

- 12 loans totaling \$5.5 million in 2020,
- 19 loans totaling \$7.6 million in 2021, and
- 7 loans totaling \$3.1 million in 2022.

Among HMDA-reporting lenders, Enterprise Bank ranked tied for 64th in 2020 with a 0.3 percent market share, and 49th in 2021 with a 0.4 percent market share.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Worcester MSA assessment area. The bank's adequate small business lending performance received greater weight than its good home mortgage lending performance in determining the overall conclusion.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration. Despite unfavorable comparisons to aggregate performance and demographics in low-income census tracts, the bank's favorable performance in moderate-income tracts supports the adequate conclusion. As shown in the following table, the bank's lending was below the aggregate in 2021 and below demographics for both years in low-income tracts. Bank lending in moderate-income tracts exceeded aggregate performance and demographics in 2021. Although the percentage of businesses in moderate-income tracts declined from 2021 to 2022, the bank's 2022 percentage of loans in moderate-income tracts increased, more than doubling demographics.

Geographic Distribution of Small Business Loans						
Assessment Area: Worcester MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	10.7	10.8	3	3.8	161	1.4
2022	13.2	--	1	5.3	13	0.5
Moderate						
2021	30.0	29.7	32	40.0	4,034	36.3
2022	27.1	--	11	57.9	1,828	68.6
Middle						
2021	51.8	53.0	42	52.5	6,150	55.3
2022	55.4	--	6	31.6	803	30.1
Upper						
2021	7.5	6.5	3	3.8	777	7.0
2022	4.3	--	1	5.3	21	0.8
Totals						
2021	100.0	100.0	80	100.0	11,122	100.0
2022	100.0	--	19	100.0	2,665	100.0
<i>Source: D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available</i>						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration. As shown in the following table, the bank's 2021 lending in low-income census tracts exceeded aggregate performance and the percentage of owner-occupied housing units; its 2022 home mortgage lending also exceeded demographics in low-income census tracts. Enterprise Bank's lending exceeded aggregate performance for lending in moderate-income census tracts in 2021 and exceeded demographics for both years.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Worcester MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	5.0	8.1	5	26.3	2,082	27.3
2022	7.3	--	1	14.3	649	21.2
Moderate						
2021	25.8	23.9	6	31.6	2,701	35.5
2022	28.3	--	4	57.1	1,689	55.1
Middle						
2021	58.8	59.4	5	26.3	1,463	19.2
2022	58.3	--	2	28.6	729	23.8
Upper						
2021	10.3	8.6	3	15.8	1,373	18.0
2022	6.2	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	19	100.0	7,618	100.0
2022	100.0	--	7	100.0	3,067	100.0
<i>Source: 2015 ACS and 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among businesses of different sizes and individuals of different income levels in the Worcester MSA assessment area. The bank's adequate small business lending and home mortgage lending performances support this conclusion.

Small Business Loans

The distribution of small business loans reflects adequate penetration among businesses of different sizes. As shown in the following table, Enterprise Bank's lending to small businesses was significantly below aggregate performance and the percentage of businesses with GARs of \$1.0 million or less for 2021. However, as noted previously, the bank originated a large volume of PPP loans in 2021 for which revenue data is not available. Only 17.5 percent of bank small business loans in 2021 include GAR information. Of the 14 small business loans in 2021 with known revenue data, Enterprise Bank originated 28.6 percent to businesses with GARs of \$1.0 million or less, which is still below 2021 aggregate performance. Although still below demographics, the bank's 2022 percentage increased significantly.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Worcester MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2021	84.7	36.8	4	5.0	1,564	14.1
2022	86.0	--	8	42.1	763	28.6
> \$1,000,000						
2021	5.1	--	10	12.5	2,372	21.3
2022	4.5	--	11	57.9	1,902	71.4
Subtotal						
2021	89.8	--	14	17.5	3,936	35.4
2022	90.5	--	19	100.0	2,665	100.0
Revenue Not Available						
2021	10.2	--	66	82.5	7,186	64.6
2022	9.5	--	0	0.0	0	0.0
Total						
2021	100.0	--	80	100.0	11,122	100.0
2022	100.0	--	19	100.0	2,665	100.0

Source: D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available

As borrower revenue data is unavailable for PPP loans, examiners evaluated PPP loans using loan size as a proxy. A majority of PPP loans originated in 2021 had loan sizes less than \$100,000. Furthermore, 83.4 percent of PPP loans had loan sizes below \$250,000. This indicates the bank is helping serve the needs of small businesses in the assessment area. Refer to the following table for details.

Distribution of PPP Loans By Loan Size (2021)				
Assessment Area: Worcester MSA				
Loan Size	#	%	\$(000s)	%
< \$100,000	44	66.7	2,021	19.6
\$100,000 - \$249,999	11	16.7	1,473	31.6
\$250,000 - \$1,000,000	11	16.7	3,692	48.8
Total	66	100.0	7,186	100.0

*Source: 1/1/2021 – 12/31/2021 Bank Data
Due to rounding, totals may not equal 100.0*

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, the bank made no loans to low-income borrowers. A low-income family in the Worcester MSA assessment area, earning less than \$53,950, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$239,224. Additionally, 9.2 percent of assessment area families have incomes below the poverty level.

The bank’s lending to moderate-income borrowers was below aggregate performance but above the percentage of moderate-income families in 2021. Although the bank made no loans to moderate-income borrowers in 2022, none of the seven loans originated in 2022 had available borrower income. The bank’s relatively high volume of non-owner-occupied investment loans explains its much higher percentage of loans with income not available compared to aggregate data. Among the universe of 2021 bank loans with income data, the bank’s lending percentage to moderate-income borrowers exceeded aggregate data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Worcester MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	29.0	7.3	0	0.0	0	0.0
2022	28.9	--	0	0.0	0	0.0
Moderate						
2021	17.8	25.3	4	21.1	1,016	13.3
2022	19.2	--	0	0.0	0	0.0
Middle						
2021	20.6	26.1	2	10.5	336	4.4
2022	21.3	--	0	0.0	0	0.0
Upper						
2021	32.6	23.3	6	31.6	2,492	32.7
2022	30.5	--	0	0.0	0	0.0
Income Not Available						
2021	0.0	17.9	7	36.8	3,774	49.5
2022	0.0	--	7	100.0	3,067	100.0
Total						
2021	100.0	100.0	19	100.0	7,618	100.0
2022	100.0	--	7	100.0	3,067	100.0

Source: 2015 ACS Data and 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available

Community Development Loans

Enterprise Bank has made an adequate level of community development loans in the Worcester MSA assessment area. The bank originated four community development loans for \$6.3 million during the evaluation period. The bank’s community development lending decreased from the prior evaluation period, during which the bank originated eight loans for \$9.2 million that benefitted the Worcester MSA assessment area.

In 2022, the bank originated a \$2.0 million loan to a community service organization that provides low-cost healthcare to the underserved populations of North Central Massachusetts. The bank also originated a \$275,000 dollar loan in 2021 for the construction of three affordable housing units that are deed restricted to those making less than 80 percent of the area median income in a middle-

income census tract in Leominster, MA. In 2020, the bank originated two SBA PPP loans in low- and moderate-income census tracts for a total of \$4.0 million.

INVESTMENT TEST

The bank's Massachusetts Investment Test performance is rated High Satisfactory. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

The bank has a significant level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The bank made 41 investments and donations totaling approximately \$4.8 million in the Worcester MSA assessment area.

Qualified Investment

During the evaluation period, the bank invested in a New Market Tax Credit totaling approximately \$4.8 million. This investment revitalized and stabilized a moderate-income tract. In addition, this tax credit will be used to provide community services through medical services in the bank's Worcester MSA assessment area. This facility is open to the public and serves all populations including low- and moderate-income populations.

Qualified Donations

During the evaluation period, the bank made approximately \$134,000 in qualified donations in the Worcester MSA assessment area. Donations primarily supported community development services to low- and moderate-income individuals and families or low- and moderate-income areas.

The following are examples of qualified donations in the Worcester MSA:

- *Making Opportunity Count, Inc.* – Making Opportunity Count, Inc. is a community service organization that alleviates poverty through services that include childcare, education, workforce development, nutrition, health, and housing support for low- and moderate-income individuals and families.
- *NewVue Communities* – NewVue Communities is a community service organization that uses a holistic approach to stabilizing communities through leadership and civic engagement, affordable housing development, homeownership, and small business development. The organization primarily serves low- and moderate-income individuals and families throughout North Central Massachusetts.

Responsiveness to Credit and Community Development Needs

Enterprise Bank’s qualified investments reflect good responsiveness to credit and community development needs. The bank’s donations in the Worcester MSA, benefitted organizations that serve low- and moderate-income individuals or families. Additionally, the investment helps to revitalize and stabilize a moderate-income geography by providing a critical need in the assessment area.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives in the Worcester MSA assessment area. The bank’s investment activity includes a New Market Tax Credit, a relatively complex investment that requires more expertise to obtain compared to routine investments.

SERVICE TEST

The bank’s Massachusetts Service Test performance is rated High Satisfactory. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the assessment area. Both bank branches in the Worcester MSA assessment area are in moderate-income tracts in Fitchburg and Leominster. The Fitchburg branch is also accessible to three contiguous moderate-income census tracts and in close proximity to three low-income census tracts. The Leominster branch is also accessible to a contagious low-income census tract. Additionally, the bank has two standalone ATMs in low-income census tracts in Fitchburg. The following table shows Enterprise Bank’s branch and ATM distribution by census tract income level in the Worcester MSA assessment area, along with the population distribution by census tract income level as a comparator.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Worcester MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	4	17.4	14,809	15.2	0	0.0	2	50.0
Moderate	8	34.8	29,439	30.2	2	100.0	2	50.0
Middle	10	43.5	48,829	50.1	0	0.0	0	0.0
Upper	1	4.3	4,433	4.5	0	0.0	0	0.0
Total	23	100.0	97,510	100.0	2	100.0	4	100.0

Source: 2020 U.S. Census Data; Bank Data

Changes in Branch Locations

This factor is not applicable for the MA rated area because Enterprise Bank did not open or close any branches in its Worcester MSA assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Please refer to the overall Service Test Section for more information.

Community Development Services

The bank provides an adequate level of community development services. The bank provided 579 hours of community development services in the Worcester MSA assessment area. The majority of services supported community services to low- and moderate-income individuals or areas. The following table illustrates community services provided by year and purpose.

Community Development Services Assessment Area: Worcester MSA				
Brief Service Description	Community Development Purpose	Bank Sponsored Event, Program or Seminar	Technical Assistance or Direct Involvement by Bank Employee	Bank Product or Service
Making Opportunity <i>A Vice President serves on the Board of Directors</i>	Community Service		2021, 2022	
Homebuyers Seminar – NewVue Communities		2021, 2022, 2023		
Dress for Success <i>A Senior Vice President served on the Board of Directors</i>	Community Service		2021	
<i>Source: Bank Data</i>				

APPENDICES

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

MINORITY APPLICATION FLOW

The bank's HMDA LARs for 2021 and 2022 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2020 US Census Data, the bank's assessment area contained a total population of 1,332,044 individuals. The minority population represented is 3.8 percent Black/African American, 8.1 percent Asian, 0.3 percent American Indian, 15.7 percent Hispanic or Latino, and 16.8 percent other.

In 2021, the bank received 482 HMDA reportable loan applications within its assessment area. Of these applications, 18 or 3.7 percent were received from minority applicants, 7 or 39.0 percent of which resulted in originations. The aggregate received 12.9 percent of its applications from minority consumers, of which 63.7 percent of which were originated. For the same period, the bank received 26 or 5.4 percent of all applications from ethnic groups of Hispanic origin within its assessment area of which 10 or 38.5 percent were originated. The aggregate received 10.1 percent of loan applications from Hispanic origin with a 62.0 percent origination rate.

In 2022, the bank received 384 HMDA reportable loan applications within its assessment area. Of these applications, 19 or 5.0 percent were received from minority applicants, of which 7 or 36.8 percent resulted in originations. For the same period, the bank received 20 or 5.2 percent of all applications from ethnic groups of Hispanic origin within its assessment area, of which 13 or 65.0 percent were originated.

The bank's level of lending in 2021 was compared with that of the 2021 aggregate's lending performance. The bank's level of lending in 2022 was analyzed for lending trends. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

Considering the demographic composition of the assessment area, comparisons to aggregate data in 2021, the bank’s level of applicants with race and ethnicity not available, 2021 Market Share data, and the bank’s primary business focus, the bank’s minority application flow is adequate.

MINORITY APPLICATION FLOW					
RACE	Bank 2021 HMDA		2021 Aggregate Data	Bank 2022 HMDA	
	#	%	%	#	%
American Indian/ Alaska Native	1	0.2	0.2	2	0.5
Asian	14	2.9	8.1	13	3.4
Black/ African American	0	0.0	3.0	3	0.8
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	1	0.2	0.1	0	0.0
Joint Race (White/Minority)	2	0.4	1.4	1	0.3
Total Racial Minority	18	3.7	12.9	19	5.0
White	216	44.8	61.5	170	44.3
Race Not Available	248	51.4	25.6	195	50.7
Total	482	100.0	100.0	384	100.0
ETHNICITY					
Hispanic or Latino	20	4.2	8.8	17	4.4
Joint (Hisp/Lat /Not Hisp/Lat)	6	1.2	1.3	3	0.8
Total Ethnic Minority	26	5.4	10.1	20	5.2
Not Hispanic or Latino	201	41.7	65.4	173	45.1
Ethnicity Not Available	255	52.9	24.5	191	49.7
Total	482	100.0	100.0	384	100.0
<i>Source: 2020 US Census Data, HMDA Aggregate Data 2021, HMDA LAR Data 2021 and 2022</i>					

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Enterprise Bank and Trust Company	
Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated areas: Boston-Cambridge-Newton, MA-NH MSA Assessment Area; State of New Hampshire: Manchester-Nashua, NH MSA Assessment Area; State of Massachusetts: Worcester, MA MSA Assessment Area	
Time Period Reviewed:	04/27/20 to 06/12/23
Products Reviewed: Home Mortgage Loans: (01/01/20 – 12/31/22) Small Business Loans: (01/01/20 – 12/31/22)	

List of Assessment Areas and Type of Evaluation			
Assessment Area	Type of Evaluation	Branches Visited	Other Information
Boston-Cambridge-Newton, MA-NH MSA	Full-scope	Main Office	None
Manchester-Nashua, NH MSA	Full-scope	None	None
Worcester, MA MSA	Full-scope	None	None

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
MA-NH Multistate MSA	Outstanding	High Satisfactory	Outstanding	Outstanding
New Hampshire	Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Massachusetts	Satisfactory	Satisfactory	High Satisfactory	Satisfactory

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.