

PUBLIC DISCLOSURE

February 14, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Enterprise Bank and Trust Company
Certificate Number: 27408

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Lowell, Massachusetts 01825

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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 **High Satisfactory** by the Division and **Satisfactory** by the FDIC. FDIC regulations do not include a **High Satisfactory** 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		
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

The Lending Test is rated High Satisfactory.

- Overall, the bank’s lending reflects good responsiveness to assessment area credit needs.
- The bank originated a high percentage of loans in the overall assessments area.
- The geographic distribution of loans reflects good dispersion throughout the assessment area.
- The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes
- The bank exhibits a good record of serving the credit needs of the economically disadvantaged areas of its assessment area, low-income individuals, and small businesses, consistent with safe and sound banking practices.
- The institution is a leader in making community development loans.

- The institution makes use of innovative and flexible lending practices in order to serve assessment area credit needs. The bank increased their innovative and flexible products since the last evaluation.

The Investment Test is rated Satisfactory.

- The institution has an adequate level of qualified community development investments and donations. The bank's qualified donations increased by approximately \$100,000 since the previous evaluation. The bank has a low level of equity investments.
- The bank exhibits adequate responsiveness to credit and community economic development needs.
- The institution rarely uses innovative and complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- The bank's delivery systems are readily accessible to all portions of the institution's assessment area.
- To the extent that 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 to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The institution is a leader in providing community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated December 9, 2013, to the current evaluation dated February 14, 2017. Examiners used the Interagency Large Institution Examination Procedures to evaluate Enterprise Bank and Trust Company's (EBTC, Enterprise, or Enterprise Bank) Community Reinvestment Act (CRA) performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test.

The Lending Test considered the institution's performance according to the following criteria.

- Assessment area concentration
- Geographic distribution
- Borrower profile
- Responsiveness to credit needs of highly disadvantaged areas, individuals, or/ or businesses
- Innovative and flexible lending practices
- Community development loans

The Investment Test considered the following criteria.

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria.

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating small business loans contributed more weight to overall conclusions due to the larger loan volume when compared to home mortgage lending during 2015. Other product lines such as small farm loans, consumer loans, and other loan types were not considered due to the low volume of originations and the overall small portion of the loan portfolio represented by these loan types. Therefore, they provided no material support for conclusions or ratings and they are not presented. This evaluation considered all small business loans reported on the bank's CRA Loan Register in 2015 and 2016. In 2015, the bank reported

1,068 small business loans totaling \$199 million. In 2016, the bank reported 732 loans totaling \$116 million.

This evaluation presents information for 2015, the most recent year for which aggregate data is available, and 2016 data for trends, for both small business and Home Mortgage Disclosure Act (HMDA) loans. This evaluation considered all home mortgage entries on the bank’s 2015 and 2016 HMDA Loan Application Registers (LARs). In 2015, the bank reported 1,527 loans totaling \$363 million. In 2016, the bank reported 1,247 loans totaling \$333 million.

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans. The number of loans is a better indicator of the number of businesses and individuals served. The geographic distribution and borrower profile criteria only include analysis of loans extended within the bank’s assessment area.

Examiners reviewed community development loans, investments and services, as well as innovative and/or flexible lending practices from the prior evaluation date of December 9, 2013, through the current evaluation date of February 14, 2017. Examiners will use tables to present data throughout all three tests. For purposes of this evaluation, the year 2013 will be presented in the tables; however, that year will only represent one month of data.

In addition to the review of the bank’s overall assessment area, the Interstate Banking and Branching Efficiency Act (IBBEA) requires separate discussions and ratings of CRA performance in each Multi-State Metropolitan Statistical Area (MSA) and each State in which the bank maintains a branch. The bank maintains 23 branches throughout the entire assessment area. Specifically, the bank has 17 branches in the Boston-Cambridge-Newton, MA-NH Multi-State MSA. The bank also maintains four branches in the Manchester-Nashua, NH MSA and two branches in the Worcester, MA-CT MSA. For the purposes of this evaluation, examiners will evaluate and provide an overall CRA rating, and ratings for the Multi-State MSA; State of NH; and, State of MA. The following table illustrates the distribution of small business loans, home mortgage loans, and branches.

Assessment Area Breakdown of Small Business Loans, HMDA Loans, and Branches						
Assessment Area	Small Business Loans		HMDA Loans		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Multi-State	180,800	75.8	200,900	90.8	17	73.9
NH	32,800	13.8	13,500	6.1	4	17.4
MA	24,800	10.4	6,900	3.1	2	8.7
Total	238,400	100.0	221,300	100.0	23	100.0

Source: Bank Records

Considering the significant majority of operations in the Multi-State MSA, examiners assigned more weight to performance in this assessment area when arriving at overall ratings and conclusions.

DESCRIPTION OF INSTITUTION

Background

Enterprise Bank is headquartered in Lowell, MA, and operates in the Merrimack Valley area of Massachusetts and southern New Hampshire. Chartered in 1989, the bank is headquartered and maintains an operations building in Lowell, MA.

The institution received a “High Satisfactory” rating from the Division and a “Satisfactory” rating from the FDIC as a result of its prior joint evaluation using Interagency Large Institution Examination Procedures.

Operations

In addition to the main branch in Lowell, the bank operates sixteen full-service branches in Massachusetts located in Acton, Andover, Billerica, two in Chelmsford, Dracut, Fitchburg, Lawrence, Leominster, Lowell, Methuen, North Billerica, two in Tewksbury, Tyngsboro, and Westford. There are six New Hampshire branches with locations in Derry, Hudson, Pelham, Salem and two in Nashua.

Enterprise emphasizes commercial banking, and offers a variety of products and services including commercial, home mortgage, and consumer loans, primarily focusing on commercial lending. Business lending products include EZ Business cash reserves, EZ credit, EZ business, SBA loans, real estate mortgage loans, revolving lines of credit, term loans, leases, letters of credit, and construction loans. Consumer lending products include home mortgage loans, home equity lines of credit, cash reserve line, auto loans, secured and unsecured loans, and Heat loans. Consumer deposit services include a variety of checking, savings, money market deposit accounts, certificates of deposit, and individual retirement account savings. The bank also offers investment advisory and trust services. Alternative banking services include online bill pay, mobile banking deposit, Popmoney, external transfer, business online banking and bill pay, business mobile banking and deposits, and automated teller machines (ATMs). Additionally, the bank offers many cash management and other services including drive-up services at most branches. The bank opened two new branches in Nashua, NH, since the previous evaluation.

Ability and Capacity

As of December 31, 2016, the bank had total assets of \$2.5 billion, which included total loans of \$2.0 billion or 78.8 percent of total assets. The bank’s net loan-to-deposit ratio, as of the same date, was 87.7 percent.

Enterprise Bank is primarily a commercial lender. Collectively, loans secured by non-farm non-residential properties and commercial and industrial loans represent approximately 61.6 percent of the portfolio. Loans secured by 1-4 family residential properties represent 20.3 percent. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/2016		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	206,836	10.2
Secured by Farmland	-0-	0.0
Secured by 1-4 Family Residential Properties	411,409	20.3
Secured by Multi-Family (5 or more) Residential Properties	104,967	5.2
Secured by Non-farm Non-residential Properties	802,906	39.7
Agricultural Production and Other Loans to Farmers	-0-	0.0
Commercial and Industrial Loans	423,490	20.9
Consumer	10,909	0.5
Obligations of States and Political Subdivisions in the United States	63,675	3.2
Other Loans	-0-	0.0
Lease Financing Receivables (net of unearned income)	107	0.0
Total Loans and Leases	2,024,299	100.0
<i>Source: 12/31/2016 Call Report</i>		

There were no significant financial or legal impediments identified that would limit the bank's ability to help meet the credit or community development needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The bank has three separate assessment areas (all contiguous), which meet the technical requirements of the regulation. Examiners analyzed the bank's performance within the overall assessment area and for each of the three individual assessment areas.

Economic and Demographic Data

The overall assessment area includes 182 census tracts located in 30 cities and towns in Middlesex, Essex, and Worcester Counties in MA and Rockingham and Hillsborough Counties in NH. The table below details the overall assessment area by county.

Assessment Area Cities and Towns	
Middlesex County, MA	
Acton	Littleton
Billerica	Lowell
Carlisle	Pepperell
Chelmsford	Shirley
Dracut	Tewksbury
Dunstable	Tyngsboro
Groton	Westford
Essex County, MA	
Andover	Methuen
Lawrence	North Andover
Worcester County, MA	
Fitchburg	Lunenburg
Leominster	
Hillsborough County, NH	
Hudson	Nashua
Pelham	
Rockingham County, NH	
Atkinson	Londonderry
Derry	Salem
Hampstead	Windham

The towns in Middlesex County are located in the Cambridge-Newton-Framingham, MA MD (15764). The towns in Essex County are in the Peabody, MA MD (37764), and the towns in Rockingham Counties are in the Rockingham County-Strafford County, NH MD (40484). All three MDs are part of the greater Boston-Cambridge-Newton, MA-NH MSA (14460). The towns in Hillsborough County are located in the Manchester-Nashua, NH MSA (31700), and the towns in Worcester County are located in the Worcester, MA-CT MSA (49340).

The 182 census tracts reflect the following income designations according to the 2010 U.S. Census:

- 27 low-income tracts,
- 35 moderate-income tracts,
- 72 middle-income tracts,
- 47 upper-income tracts, and
- 1 census tract with no income designation.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	182	14.8	19.2	39.7	25.8	0.5
Population by Geography	855,544	12.0	18.4	44.1	25.5	0.0
Housing Units by Geography	333,254	12.3	19.8	44.3	23.6	0.0
Owner-Occupied Units by Geography	217,311	4.5	14.1	50.7	30.7	0.0
Occupied Rental Units by Geography	95,266	28.4	31.6	31.0	9.0	0.0
Vacant Units by Geography	20,677	19.7	26.0	39.3	15.0	0.0
Business by Geography	54,714	11.5	13.2	46.5	28.6	0.2
Family Distribution by Income Level	219,203	22.9	17.7	21.5	37.9	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD	\$90,625	Median Housing Value		\$311,508		
		Median Gross Rent		\$963		
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA	\$81,794	Families Below Poverty Level		6.8%		
Median Family Income MSA - 40484 Rockingham County-Strafford County, NH MD	\$85,547					
Median Family Income MSA - 49340 Worcester, MA-CT MSA	\$77,128					

Source: 2010 U.S. Census and 2016 D&B data
 (*) The NA category consists of geographies that have not been assigned an income classification.

According to 2016 D&B data, there were 54,714 businesses in the assessment area. Gross Annual Revenues (GARs) for these businesses are as follows:

- 83.4 percent have \$1 million or less
- 6.9 percent have more than \$1 million
- 9.7 percent have unknown revenues

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Business demographics indicate that the majority of businesses in the overall assessment area are small businesses with four or fewer employees. Specifically, 71.5 percent of area businesses have four or fewer employees, and 88.6 percent operate from a single location. Service industries represent the largest portion of businesses at 48.4 percent; followed by retail trade at 12.9 percent; construction at 9.8 percent; and finance, insurance and real estate at 7.9 percent.

The 2015 FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the low-, moderate-, middle- and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD (15764) Median Family Income				
2015 (\$101,700)	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040
Manchester-Nashua, NH MSA (31700) Median Family Income				
2015 (\$89,700)	<\$44,850	\$44,850 to <\$71,760	\$71,760 to <\$107,640	≥\$107,640
Rockingham County-Strafford County, NH MD (40484) Median Family Income				
2015 (\$89,200)	<\$44,600	\$44,600 to <\$71,360	\$71,360 to <\$107,040	≥\$107,040
Worcester, MA-CT MSA (49340) Median Family Income				
2015 (\$81,500)	<\$40,750	\$40,750 to <\$65,200	\$65,200 to <\$97,800	≥\$97,800
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Only 4.5 percent of owner-occupied housing units in the overall assessment area are located in low-income census tracts and 14.1 percent are located in moderate-income census tracts. Data obtained from the U.S. Bureau of Labor and Statistics indicates that as of December 2016, the seasonally adjusted unemployment rate in MA was 2.8 percent, and the unemployment rate in NH was 2.6 percent. The unemployment rate in MA has significantly decreased throughout the evaluation period, from a high of 6.2 percent in December 2013. Similarly, the unemployment rate in NH steadily decreased throughout the evaluation period from a high of 4.7 percent in December 2013.

Competition

The assessment area is competitive in the market for financial services. According to 2015 Peer Deposit Data, there were 56 financial institutions that operated 247 full-service branches within the overall assessment area. Of those institutions, Enterprise Bank and Trust ranked 4th with a 9.5 percent deposit market share.

There is a high level of competition for small business loans among several banks, credit unions, and non-depository lenders in the overall assessment area. In 2015, the bank ranked 15th out of 166 lenders in the assessment area, with a market share of 1.3 percent. All of the lenders that ranked ahead of Enterprise Bank were large national banks and credit card banks. The top five lenders accounted for 60.5 percent of total market share by number, but only 21.2 percent by dollar.

There is also a high level of competition for home mortgage loans in the overall assessment area. In 2015, the bank ranked 26th out of 461 lenders in the assessment area with a market share of 1.0 percent. The majority of financial institutions that ranked ahead of Enterprise were large national banks or mortgage companies.

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 of the community. This information helps examiners determine whether local financial institutions are responsive to those needs.

Examiners conducted three community contacts in conjunction with this evaluation.

Multi-State MSA

Examiners conducted a community contact with a representative of a non-profit organization that focuses on promoting sustainable affordable housing initiatives in Greater Lowell. The organization provides down payment and home rehabilitation assistance, as well as financial literacy and first-time homebuyer training. The contact noted that housing stock has been particularly challenging for low- and moderate-income residents, as many properties were purchased by investors during the lowest point of the market. Individuals are being priced out of the markets, in terms of both rentals and home purchases. The contact noted that there was a significant need for more support for affordable housing developers such as Coalition for a Better Acre and Habitat for Humanity, and local 40b projects, which help sustain affordable housing. The contact mentioned that local institutions have been very supportive of their services, including Enterprise Bank. The contact indicated there was opportunity for more flexible lending programs that include a financial education component, and for institutions to further reach out to underbanked and unbanked populations.

Manchester-Nashua, NH MSA

Examiners conducted a community contact with a community action agency in southern New Hampshire that provides a variety of services to assist low- and moderate-income individuals to secure and retain employment, attain an adequate education, and learn financial management skills. The organization also seeks to meet individuals' immediate needs including health, nutrition, housing, and employment-related assistance. The contact expressed several needs specific to the greater Nashua area. The contact noted a lack of resources and services for low- and moderate-income individuals, the high cost of living, and needs for childcare, indicating a need for social services as well as additional affordable housing options. The contact also specified difficulty for refugees in the area to obtain meaningful employment, indicating a need for employment skills training.

Worcester MA-CT MSA

Examiners conducted a community contact with an economic development agency in North Central Massachusetts that strategizes development of small businesses within the region. The contact noted that a number of residential and commercial properties are foreclosed or vacant near the main street of Fitchburg, which only accelerates the decay. More support is needed to attract entrepreneurs and provide capital for storefronts. A number of local institutions have assisted in strategizing for the economic development of North Central Massachusetts, through purchase/rehabilitation programs, and investment in local loan pools. The contact specifically noted Enterprise Bank as a visionary in establishing a plan for Fitchburg, and taking steps to bring more opportunities for development.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that support for low- and moderate-income individuals and economic development represent primary credit and community development needs of the overall assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's overall Lending Test performance is rated High Satisfactory. The sections below discuss the bank's performance under each criterion.

Lending Activity

This performance criterion considers the volume of Enterprise Bank's lending in relation to its financial condition and resources. The bank's lending levels reflect good responsiveness to assessment area credit needs. In 2015 and 2016, EBTC originated 1,800 small business loans, totaling approximately \$314.6 million, and 974 home mortgage loans totaling approximately \$381.4 million. Of this total, 1,413 small business loans totaling approximately \$238.4 million, and 615 home mortgage loans totaling approximately \$221.4 million, were inside the assessment area.

In 2015, the bank ranked 15th out of 166 lenders that originated or purchased at least one small business loan in the counties in which the bank designated its assessment area. The market share was 1.3 percent by number and 6.4 percent by dollar volume. The highest ranked small business lenders were credit card companies, including American Express, FSB; Bank of America N.A.; Capital One Bank (USA), N.A.; and Citibank, N.A. Enterprise Bank & Trust Company was the 2nd highest ranked state-chartered institution.

In 2015, the bank ranked 26th out of 461 lenders that reported originating or purchasing at least one home mortgage loan in the assessment area. The bank's market share was 1.0 percent by number and dollar volume. Among the higher ranked lenders were larger financial institutions and mortgage companies that operate on a regional or national basis, including JPMorgan Chase Bank, NA; Wells Fargo Bank, NA; Quicken Loans; Loandepot.com, LLC; and Guaranteed Rate INC. The only state-chartered financial institutions ranked above EBTC were Leader Bank and Sage Bank.

Market rank information for 2016 was not available as of the evaluation date.

Assessment Area Concentration

The bank made a high percentage of home mortgage and small business loans, by number and dollar volume, within its assessment area. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2015	824	77.2	244	22.8	1,068	146,467	73.7	52,320	26.3	198,787
2016	589	80.5	143	19.5	732	91,946	79.4	23,891	20.6	115,837
Subtotal	1,413	78.5	387	21.5	1,800	238,413	75.8	76,211	24.2	314,624
Home Mortgage										
2015	285	62.1	174	37.9	459	76,310	46.4	88,094	53.6	164,404
2016	330	64.1	185	35.9	515	145,087	66.9	71,878	33.1	216,965
Subtotal	615	63.1	359	36.9	974	221,397	58.1	159,972	41.9	381,369
Total	2,028	73.1	746	26.9	2,774	459,810	66.1	236,183	33.9	695,993

Source: 2015 and 2016 HMDA LARs and CRA Loan Registers

Geographic Distribution

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

Small Business Loans

The geographic distribution of small business loans reflects good dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. In 2015, the bank's performance in low-income census tracts is slightly above aggregate. Additionally, the bank increased lending in low-income census tracts in 2016 by 2.8 percentage points. The bank's level of lending in moderate-income areas in 2016 exceeded aggregate, at 6.1 percentage points higher. This comparison reflects good performance. While the level of lending in moderate-income tracts declined in 2016, it exceeded demographic data.

Market share data further supported the bank's good performance. In 2015, the bank ranked 12th out of 50 lenders in originating loans in low-income census tracts, with a 2.2 percent market share. The bank ranked 14th out of 50 lenders in originating loans in moderate-income census tracts, with a 1.7 percent market share.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	11.1	9.1	79	9.6	14,770	10.1
2016	11.5	--	73	12.4	14,419	15.7
Moderate						
2015	13.1	12.0	149	18.1	25,229	17.2
2016	13.2	--	93	15.8	13,935	15.2
Middle						
2015	46.7	48.4	388	47.1	67,171	45.9
2016	46.5	--	278	47.2	39,695	43.1
Upper						
2015	28.9	30.3	208	25.2	39,297	26.8
2016	28.6	--	145	24.6	23,897	26.0
Not Available						
2015	0.2	0.2	0	0.0	0	0.0
2016	0.2	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	824	100.0	146,467	100.0
2016	100.0	--	589	100.0	91,946	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, "--" data not available.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. The following table shows that the bank’s performance of lending in the low-income census tracts in 2015 substantially exceeded aggregate. Lending in low-income census tracts also significantly increased by number and overall percentage in 2016. This comparison and trend reflects excellent performance. In 2015, the bank’s performance of lending in moderate-income tracts exceeded aggregate. The bank also increased its lending in moderate-income tracts in 2016.

Market share data further supported the bank’s excellent performance. In 2015, the bank ranked 14th out of 167 lenders in originating loans to low-income census tracts with a 1.9 percent market share. The bank was ranked 17th out of 267 lenders with a 1.3 percent market share, in lending to moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	4.5	5.5	31	10.9	7,655	10.0
2016	4.5	--	61	18.5	13,527	9.3
Moderate						
2015	14.1	12.5	49	17.2	11,402	14.9
2016	14.1	--	60	18.2	15,907	11.0
Middle						
2015	50.7	49.2	120	42.1	32,084	42.0
2016	50.7	--	132	40.0	73,350	50.6
Upper						
2015	30.8	32.8	85	29.8	25,169	33.0
2016	30.8	--	77	23.3	42,303	29.2
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	285	100.0	76,310	100.0
2016	100.0	--	330	100.0	145,087	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among businesses of different sizes and individuals of different income levels. The bank’s good performance of small business and home mortgage lending supports the conclusion. Examiners focused on the percentage of small business loans to businesses with GARs of \$1 million or less, and on the percentage of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of small business loans reflects good penetration of loans to small businesses. In 2015, the bank made 54.1 percent of its loans to businesses with GARs of \$1 million or less, which exceeded aggregate by 8.1 percent. While the overall volume of small business lending decreased in 2016, the bank made a similar percentage of loans to businesses with GARs of \$1 million or less (51.4 percent).

Market share data further supported the bank's good performance. In 2015, the bank ranked 10th out of 78 lenders in originating loans to businesses with GARs of \$1 million or less, with a market share of 1.5 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	77.9	46.0	446	54.1	53,312	36.4
2016	83.4	--	303	51.4	33,317	36.2
>1,000,000						
2015	5.9	--	371	45.0	92,438	63.1
2016	6.9	--	272	46.2	57,199	62.2
Revenue Not Available						
2015	16.2	--	7	0.9	717	0.5
2016	9.8	--	14	2.4	1,430	1.6
Totals						
2015	100.0	100.0	824	100.0	146,467	100.0
2016	100.0	--	589	100.0	91,946	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data; "--" data not available.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects good penetration. Examiners focused on the comparison to aggregate data.

In 2015, the bank's performance of lending to low-income borrowers, at 11.6 percent, exceeded aggregate data of 8.0 percent. A low-income family in the assessment area, with an average income of less than \$45,262, would not likely qualify for a mortgage under the conventional underwriting standards, especially considering the median housing value of \$311,508. Therefore, the demand and opportunity for lending to low-income families is relatively limited. This helps explain the difference between bank performance to low-income families and the 22.9 percent of families of this income level. Lending to low-income borrowers increased, by number and percentage, in 2016.

The bank's performance of lending to moderate-income borrowers in 2015, at 16.8 percent, is slightly below aggregate at 19.8 percent and is similar to demographic data. Lending to moderate-income individuals decreased slightly in 2016.

Market share data further supported the bank's good performance under this criterion. In 2015, the bank ranked 19th in lending to low-income borrowers with a 1.4 percent market share. The bank ranked 31st in lending to moderate-income borrowers with a 0.8 percent market share.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	22.9	8.0	33	11.6	5,604	7.3
2016	22.9	--	52	15.8	6,814	4.7
Moderate						
2015	17.7	19.8	48	16.8	10,133	13.3
2016	17.7	--	40	12.1	7,478	5.2
Middle						
2015	21.5	22.3	33	11.6	7,504	9.8
2016	21.5	--	40	12.1	10,061	6.9
Upper						
2015	37.9	29.4	70	24.6	18,360	24.1
2016	37.9	--	81	24.5	26,930	18.6
Not Available						
2015	0.0	20.4	101	35.4	34,709	45.5
2016	0.0	--	117	35.5	93,804	64.7
Totals						
2015	100.0	100.0	285	100.0	76,310	100.0
2016	100.0	--	330	100.0	145,087	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Innovative or Flexible Lending

Examiners evaluate the institution's innovative and flexible lending practices pursuant to the following criteria: (1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period. This criterion includes all innovative and flexible lending activities since the prior evaluation, covering the period from December 9, 2013, through February 14, 2017.

The bank makes use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The majority of programs involve government-related subsidies and guarantees, in addition to limited internal programs. Examiners noted that the bank created special programs to meet specific needs of low- or moderate-income individuals or areas. The table below illustrates the bank's innovative and flexible lending programs.

Innovative or Flexible Lending Programs												
Type of Program	2013		2014		2015		2016		2017		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
SBA 7a Loan Program	0	0	26	7,885	27	4,079	34	6,639	0	0	87	18,603
SBA 504 Loan Program	0	0	16	7,147	21	8,829	22	10,058	0	0	59	26,034
MASSCAP	2	104	6	577	2	287	5	390	0	0	15	1,358
NH BFA CAP	0	0	17	2,003	18	1,991	15	1,167	2	40	52	5,201
Subtotal Commercial Programs	2	104	65	17,612	68	15,186	76	18,254	2	40	213	51,196
MHP	0	0	4	874	3	628	2	473	0	0	9	1,975
Mass Housing	0	0	11	2,187	8	1,766	7	1,561	1	161	27	5,675
First-Time Homebuyer	0	0	6	985	0	0	0	0	0	0	6	985
Habitat for Humanity	0	0	0	0	0	0	10	250	0	0	10	250
MASS Heat	0	0	303	3,422	270	3,544	164	1,705	0	0	737	8,671
FHLB Equity Builder	0	0	2	304	3	628	0	0	0	0	5	932
Subtotal Residential Programs	0	0	326	7,772	284	6,566	183	3,989	1	161	794	18,488
Total	2	104	391	25,384	352	21,752	259	22,243	3	201	1,007	69,684

Source: Bank Records

The following highlights the various innovative and flexible loan programs offered by the bank.

Small Business Lending Programs

In addition to its standard commercial loan programs, the bank also offers the following flexible small business loan programs, in cooperation with a number of federal and state government organizations. These include the Small Business Administration (SBA), the Massachusetts Capital Access Program, and the New Hampshire Business Finance Authority Capital Access Program.

- *SBA 7a Loan Programs* – This is the most common program within the SBA. The maximum loan amount is \$5 million, and the SBA guarantees 75.0 percent of the value of most loans. The majority of the loans originated under the program were Small Loan Advantage products, designed specifically to assist small businesses in underserved markets. This also demonstrates the bank’s commitment to making credit accessible to small and startup businesses, a need mentioned by a community contact.

- *SBA 504 Loan Program* – This loan program provides long-term fixed asset financing made through a Certified Development Company (CDC). Generally, the loan structure includes a 10.0 percent equity investment by the small business, 40.0 percent participation from the CDC, and 50.0 percent participation by the bank.
- *Massachusetts Capital Access Program (MassCAP)* – The bank participates in the MassCAP, which is designed to help small businesses with less than \$5 million in revenues throughout Massachusetts obtain loans from participating banks. Using cash collateral guarantees from a loan loss reserve fund, this program enables banks to make loans they might otherwise be unable to grant.
- *New Hampshire Business Finance Authority Capital Access Program (NH BFA CAP)* – This program provides alternatives for small New Hampshire companies considered to have more than conventional risk. The Capital Access Program (CAP) allows these businesses, which are typically starting-up or expanding, to obtain loans of up to \$200,000 through participating banks. The program is open to both existing and new companies with annual sales of less than \$5 million. The BFA recognizes that banks often face higher risks with loans to emerging or thinly capitalized companies, so it has created CAP, a program that gives banks incentives to issue small business loans by establishing a loan loss reserve, known as the CAP Fund. Businesses interested in obtaining a loan through CAP must apply through a participating bank. CAP is open to all New Hampshire banks.

Home Mortgage Lending Programs

Enterprise Bank and Trust Company offered several home mortgage loan products over the evaluation period.

- *Massachusetts Housing Partnership (MHP) Mortgage Products* – Enterprise Bank is a participating lender in the ONE Mortgage Program, which has 15 member lenders in the state. ONE Mortgage “features low, fixed-rate financing and a state-backed reserve that relieves homebuyers from the cost of private mortgage insurance.” This program is targeted toward first-time homebuyers of low- and moderate-income. ONE Mortgage is the successor to the SoftSecond Loan Program. The ONE Mortgage program was launched in 2013, following the end of the SoftSecond Loan Program which ran from 1991 through 2013. Borrowers must meet income guidelines in order to qualify for this reduced-rate financing.
- *MassHousing Mortgage* – An affordable 30-year fixed-rate loan for first-time or repeat homebuyers, this product is primarily geared to assist low- and moderate-income borrowers. It has income limits based on property location. Along with a reduced rate, the product offers a low down payment as well as flexible underwriting and payment protection services. The program goes by the official name of “RightRate Loan.” This program also offers mortgage insurance with MI Plus, which is MassHousing’s mortgage insurance product.

- *Massachusetts HEAT Loan Program* – The bank participates in the Mass Save Residential HEAT Loan Program. Residential customers are eligible to apply for no interest loans of \$25,000 or less with terms up to seven years. The HEAT Loan is available to help with the cost of installing qualified energy-efficient improvements in homes or rental properties. Eligible improvements may include the installation of high efficiency heating and domestic hot water equipment; solar hot water systems; ENERGY STAR® qualified replacement windows; and weatherization measures.
- *First-Time Homebuyer* – The First-Time Homebuyer program is an internal program offered by the bank. The key feature of the program is a reduced down payment for both adjustable- and fixed-rate mortgages, as well as flexible underwriting standards and reduced costs. These first mortgages assist low- and moderate-income borrowers with their first home purchase.
- *The Federal Home Loan Bank of Boston's Equity Builder Program* – The bank participates in the Federal Home Loan Bank (FHLB) of Boston's Equity Builder Program (EBP). Through the EBP program, Enterprise Bank provides grants of up to \$11,000 to eligible applicant/s with incomes at or below 80 percent of the area median income. The grants are used toward a down payment, closing-costs, or home-buyer counseling. These grants are provided in conjunction with the bank's Affordable Housing first mortgage products as described above.
- *Collaboration with Greater Merrimack Valley Habitat for Humanity* – The bank has maintained a long-term relationship with the Greater Merrimack Valley Habitat for Humanity. In connection with that partnership, EBTC provided/sponsored Federal Home Loan Bank Affordable Housing Program grants. In fall 2016, the bank and Habitat collaborated to creatively structure an arrangement in conjunction with the grant for long-term financing (30-year fixed term). As part of this arrangement, the bank provided first mortgage loans to low-income borrowers. These loans were originated using flexible underwriting criteria that included combined loan-to-value ratios of up to 100 percent.

Community Development Lending

Examiners evaluated the bank's community development lending activities pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

EBTC is a leader in community development lending. During the evaluation period, the bank originated 55 community development loans totaling approximately \$72 million. The number and dollar volume of loans exceeds the number made during the prior evaluation period by more than two times. The current level of activity represents 3.3 percent of average total assets and 4.1 percent of average total loans since the prior CRA evaluation. Demonstrating its responsiveness to the credit and community development needs of the overall assessment area, the bank originated 44 community development loans, totaling approximately \$66 million, inside

the assessment area. Given this responsiveness to the needs of the assessment area, the bank also receives credit for community development loans outside the assessment area.

Two community contacts stated that Enterprise Bank has been very responsive to community needs with its lending efforts. EBTC is the primary bank for multiple community service providers in the assessment area, and works with these organizations to find the most advantageous lending products available. Additionally, the bank made a number of loans for the construction of multi-family complexes. These complexes increase the amount of affordable rental units, and government assisted rental units, in and around the assessment area. The table below details the bank’s community development lending by purpose and year.

Community Development Lending												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2013	0	0	0	0	0	0	0	0	0	0	0	0
2014	7	12,856	2	252	0	0	1	4,920	0	0	10	18,028
2015	8	2,538	5	10,704	0	0	5	7,285	0	0	18	20,527
2016	8	11,805	10	13,875	2	2,505	7	5,270	0	0	27	33,455
YTD 2017	0	0	0	0	0	0	0	0	0	0	0	0
Total	23	27,199	17	24,831	2	2,505	13	17,475	0	0	55	72,010

Source: Bank Records

The following table illustrates the bank’s community development loans by rated area and purpose.

Community Development Lending by Rated Area												
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Multi-State MSA	15	22,707	11	13,818	1	1,280	11	17,398	0	0	38	55,203
Massachusetts	0	0	4	9,452	0	0	0	0	0	0	4	9,452
New Hampshire	0	0	0	0	1	1,225	0	0	0	0	1	1,225
Regional Activities	1	80	0	0	0	0	0	0	0	0	1	80
Outside Assessment Area	7	4,412	2	1,561	0	0	2	77	0	0	11	6,050
Total	23	27,199	17	24,831	2	2,505	13	17,475	0	0	55	72,010

Source: Bank Records

The following list illustrates an example of the bank’s community development loans:

- In 2015, the bank originated a \$500,000 term note to provide bridge financing for renovations to a building in Lowell, which serves as a licensed large group and/or school age child care program. The facility primarily serves low- and moderate-income

individuals and families. The organization is a non-profit real estate business that provides professional services to municipalities, non-profit organizations, developers, and end users to develop, buy, maintain, and retain affordable housing for low- and moderate-income individuals and families.

- In 2016, the bank originated a \$400,000 revolving line of credit to a non-profit organization that provides services to low-income residents of Lawrence, MA and the Lower Merrimack Valley. In cooperation with local, state, and federal governments and private agencies, the organization focuses on developing and operating programs in education, social services, childcare, health, housing, youth employment, and related fields.
- In 2016, the bank originated a \$4,750,000 loan to a Limited Liability Corporation to purchase and renovate an old mill building located in a low-income census tract of Lawrence, MA. The building will be renovated into a mixed use of commercial spaces and residential units. The project will attract and retain new businesses and residents to the area.
- In 2014, the bank increased a working capital line of credit by \$150,000 to a development corporation that develops new affordable housing for low- and moderate-income individuals and families in the Greater Lowell area.
- In 2016, the bank participated in a loan of \$13,500,000 to refinance an existing commercial mortgage. The bank's portion of the loan is \$6,500,000. The purpose of the loan is to develop vacant land in Londonderry, NH, in accordance with NH Workforce Housing Regulations. The Workforce Housing rentals (majority of the units) are designated as affordable housing for individuals or families with incomes below 60 percent the median area income.

INVESTMENT TEST

The bank’s overall Investment Test performance is “Satisfactory.” The sections below discuss the bank’s performance under each criterion.

Investment Activity

The bank made an adequate level of qualified investments, at \$3.4 million. This total includes two equity investments of approximately \$2.4 million and 332 donations of approximately \$1 million. Of the two equity investments, the bank made one new investment during the evaluation period for approximately \$2.1 million. One investment, made prior to the evaluation period, remains outstanding with a current book value of \$349,744. The total dollar amount of equity investments equates to 0.1 percent of average total assets and 1.4 percent of average investments since the previous evaluation. The following list illustrates the two equity investments:

GNMA Mortgage-Backed Securities – The bank invested \$2.1 million in a GNMA mortgage-backed security during evaluation period. A majority of the underlying collateral comprises mortgages to LMI borrowers in the assessment area.

Towne School Partnership – This investment is outstanding from the prior evaluation period. The investment supports the conversion of the former Acton High School into 15 units of affordable housing. The project is composed of a partnership between the Massachusetts Housing Investment Corporation and local lenders.

The bank made a significant level of qualified donations throughout the evaluation period. A substantial majority of donations were to organizations that provide community services targeted toward low- and moderate-income individuals in the overall assessment area. The bank’s significant donation activity demonstrates a commitment to the needs of low- and moderate-income individuals in the bank’s assessment area. This support for social services is responsive to the needs in the community. The following tables illustrate the bank’s community development donations by rated area, purpose, and year.

Qualified Donations by Rated Area

Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
New Hampshire	1	5,000	15	19,950	0	0	0	0	0	0	16	24,950
Massachusetts	2	3,000	23	43,535	2	15,000	1	1,000	0	0	28	62,535
Multi-State MSA	21	90,700	209	654,318	18	101,450	11	26,500	0	0	259	872,968
Regional Activities	3	30,000	18	39,700	0	0	0	0	0	0	21	69,700
Outside Assessment Area	1	1,000	7	9,500	0	0	0	0	0	0	8	10,500
Total	28	129,700	272	767,003	20	116,450	12	27,500	0	0	332	1,040,653

Source: Bank Records

Qualified Donations by Year

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
2014	12	42,100	79	239,280	6	33,500	5	9,500	0	0	102	324,380
2015	10	56,400	99	254,021	6	38,250	3	9,500	0	0	118	358,171
2016	6	31,200	94	273,702	8	44,700	4	8,500	0	0	112	358,102
Total	28	129,700	272	767,003	20	116,450	12	27,500	0	0	332	1,040,653

Source: Bank Records

Below are notable examples of the bank’s qualified donations:

- The bank made annual donations of \$40,000 to the Greater Lowell Community Foundation, which aims to improve the quality of life for people in the greater Lowell area by connecting donors with non-profit organizations and charities that primarily benefit low- and moderate-income individuals and families. The Foundation serves many towns in the bank’s assessment area including Billerica, Carlisle, Chelmsford, Dracut, Dunstable, Groton, Littleton, Lowell, Pepperell, Shirley, Tewksbury, Tyngsboro, and Westford.
- The bank made a \$5,000 donation to the International Institute of New England, a non-profit organization serving refugees and other vulnerable populations in the metro Boston area. The Institute has invested in the revitalization of low- and moderate-income communities throughout New England by supporting the workforce through education, job training, and job placement. Other services include an on-site food pantry in Boston, supplementing the nutrition and food security needs of Boston area immigrants and LMI population. This donation benefits the bank’s assessment area as well as the broader statewide area.
- Throughout the evaluation period, the bank made several donations to the Boys and Girls Clubs of Fitchburg and Leominster, Greater Lowell, and Lawrence, all of which primarily serve low- and moderate-income individuals. For example, the Boys & Girls Club of Lawrence operates two facilities, both in walking distance from public housing complexes in Lawrence. The goal of the club is to help as many children as possible break the cycle of poverty.
- In 2015, the bank began their 20 Weeks of Giving campaign, donating \$1,000 each week to a deserving, local, non-profit organization. The bank sought out nominations for non-profits from area residents, and each week presented three finalists for community members to vote on. Several of the organizations that received a \$1,000 donation during the 20 Weeks of Giving Campaign benefitted LMI individuals or geographies in the bank’s assessment area.

Responsiveness to Credit and Community Development Needs

The institution exhibited adequate responsiveness to credit and community development needs. As noted previously, community development services are a primary need for low- and moderate-income individuals in the assessment area. The bank made a significant majority, or 81.9 percent, of donations to organizations that provide community services to low- and moderate-income individuals in the assessment area. Many of the bank's donations were to organizations that work to prevent homelessness, another primary issue in the assessment area given the high cost of homeownership and lack of affordable rental units. The bank's equity investment and several donations also address this need by supporting affordable housing initiatives in the assessment area. A community contact also stated that Enterprise Bank is a partner in addressing and preventing homelessness.

Innovativeness or Complexity of Qualified Investments

The bank rarely uses innovative or complex investments to support community development initiatives. An example of innovation is the bank's 20 Weeks of Giving campaign as noted above. The bank developed this program to solicit and respond to direct input from the community concerning the area's most pressing community development needs.

SERVICE TEST

The bank's Service Test performance is rated "Outstanding." The sections below 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 bank's locations are distributed in such a way that no portion of the assessment area is inconvenienced, particularly with regard to low- and moderate-income areas. Alternative delivery systems supplement the bank's branches.

Distribution of Branches

In addition to its main office in Lowell, EBTC operates 16 full-service branches located in Massachusetts, and 6 in New Hampshire in the following communities: Acton; Andover; Billerica; Chelmsford (2); Dracut; Fitchburg; Lawrence; Leominster; Lowell; Methuen; North Billerica; Tewksbury (2); Tyngsborough; and Westford; Derry; Hudson; Nashua (2); Pelham; and Salem. Branches are open Monday through Saturday, with extended evening hours on Thursdays and Fridays. Some branches with drive-up tellers open an hour earlier. All branches offer the bank's complete line of loan products and each offers either a walk-up or drive-up ATM. The following table illustrates distribution of branches by census tract income level.

Branch and ATM Distribution by Geography Income Level						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	27	14.8	102,925	12.0	3	13.0
Moderate	35	19.2	157,778	18.4	4	17.4
Middle	72	39.6	377,517	44.1	10	43.5
Upper	47	25.8	217,324	25.5	6	26.1
NA	1	0.6	0	0.0	0	0.0
Total	182	100.0	855,544	100.0	23	100.0
<i>Source: 2016 U.S. Census & Bank Records</i>						

Automated Teller Machines (ATMs)

The bank operates ATMs at each of its branches, providing 24-hour account access. In addition, the bank has four free-standing ATMs (one in a low-income geography, two ATMs in moderate-income geographies, and one in a middle-income geography).

In addition to the branch network and ATMs, the institution also provides a variety of alternative delivery systems. These alternatives allow consumers easier access to the bank's various retail services and include:

Online Banking – Available to consumers and businesses free of charge, this service allows customers to view account balances, transfer funds, and perform online bill payments among other services through the bank's website. An additional aspect of the online banking experience includes *LinkLive*, which allows customers to chat live with a

customer service representative via a secure real-time chat session.

Debit Cards –Customers can use the card to pay for purchases at merchant locations that accept Mastercard and have the funds deducted directly from their checking account at no charge. The card can be used at any ATM that is part of the NYCE or Cirrus networks.

Mobile Banking – Consumers and business customers can access account information through a smartphone or tablet to make mobile deposits, view check images, transfer funds between accounts, and other services. Services have expanded to incorporate the Enterprise Bank Debit Card; *Digital Wallet* allows customers to make in-store or in-app purchases with Apple Pay, Android Pay and Samsung Pay. Additionally, *PopMoney* eases person-to-person payments through mobile devices.

Telephone Banking – The bank operates a 24/7 automated phone banking system that allows customers to access account information, check balances, transfer funds between accounts, and make loan payments. The service is free of charge.

Multi-lingual Services – The bank provides multi-lingual support for retail services. The bank provides fluent Spanish services at the telephone banking level and uses employees to provide translation services for Southeast Asian customers on a transactional basis. EBTC provides banking brochures in Spanish. Eight ATMs provide a Spanish option and three are available in Khmer, which considers specific area demographics.

Changes in Branch Locations

The bank’s record of opening branches improved the accessibility of its delivery systems to low- and moderate-income geographies and individuals in its assessment area. The bank opened two branches in Nashua, NH, since the previous evaluation; one in a low-income geography, and the other in a middle-income geography. The bank did not close any branches since the previous evaluation.

Reasonableness of Business Hours and Services

Overall, business hours do not vary in a way that might inconvenience certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Branch hours generally are consistent at each location with weekday hours generally from 9:00 A.M. to 4:00 P.M. on Mondays through Wednesday; 9:00 A.M. to 6:00 P.M. Thursdays, 9:00 A.M. to 5:00 P.M. Fridays; and 8:30 A.M. to 12:30 P.M. Saturdays. Hours vary slightly with earlier morning start times at a few locations. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

The bank was a leader in providing community development services in the assessment area during the evaluation period. The bank provided 745 instances of community development services to dozens of organizations, often on an ongoing basis. The amount of time providing

services to these organizations was also notable, exceeding 17,000 hours. The bank acted as the principal financial institution in many instances of providing these community development services. Finally, the bank’s variety of involvement covered community development opportunities in the area, from board involvement with local organizations, to financial education and technical assistance provided directly to individuals. The table below summarizes the bank’s community development services by year and purpose.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization Projects	Totals
	#	#	#	#	#	#
2014	21	205	22	1	0	249
2015	33	180	13	3	0	229
2016	24	208	29	6	0	267
Total	78	593	64	10	0	745
<i>Source: Bank records</i>						

Below are notable examples of the bank’s involvement in community organizations:

Employee Involvement

The bank devotes time and resources to assisting with community development initiatives within its assessment area by having representatives serve in leadership roles in community-based organizations. The following are examples of the organizations in which bank officers are involved. These examples demonstrate the bank’s leadership in responding to the most critical community development needs in the assessment area.

- The Nashua Micro-Loan Fund provides loans to start-up enterprises that may not qualify for traditional financing. The aim of the program is to act as a catalyst for projects leading to job creation. A Commercial Lending Officer serves on the Loan Review Committee.
- The Fitchburg Plan aims to revitalize the city through cultivating livable neighborhoods and a vibrant downtown area, a majority of which is composed of low- and moderate-income geographies. The plan was created upon the same template as the Lowell and Lawrence Plan: Community leadership from businesses, financial institutions and non-profits forge an economic development path. The Community Banking Director is a co-founder of the Fitchburg Plan and has been instrumental in meeting the developmental needs identified by several community contacts.
- The Cleghorn Neighborhood Center is a non-profit organization that aims to develop the most vulnerable populations in Fitchburg as cultural and economic strengths. The organization attempts to achieve this goal through a variety of services, including HiSET preparation, workforce development, free legal services, and financial education. These

services are targeted toward low- and moderate-income individuals. A Community Bank Director serves in an advisory capacity to the Executive Director.

- Coalition for a Better Acre (CBA) is a Community Development Corporation that provides economic and real estate development of affordable housing for low-income families. CBA serves the City of Lowell and surrounding areas, providing foreclosure prevention services, affordable housing advocacy, and neighborhood revitalization. A Senior Vice President (SVP) serves this organization in multiple capacities, including seats on the Real Estate Committee, the Finance Committee, and the Board of Directors.
- Greater Lawrence Family Health Center (GLFHC). This organization provides quality health care and assistance to low- and moderate-income individuals, particularly the indigent and working poor, in Lawrence and surrounding areas. GLFHC attempts to alleviate health disparities in the community through an integration of social programs and clinical services. A SVP serves on the advisory board.
- The Massachusetts Housing Partnership is a public agency that works with the State Department of Housing and Community Development to increase the supply of affordable housing. The organization focuses on community assistance, rental development, and homeownership in order to pursue its mission. The Chief Executive Officer (CEO) is on the Board of Directors, and served as the Chairman of the Audit Committee.
- The Upper Room is a social service organization providing low- and moderate-income, at-risk youth and families with educational resources. The organization operates in Derry, NH, and provides a variety of services. Programs include substance abuse prevention, rehabilitation for juvenile defenders, support for young parents, and HiSET preparation. The Chief Risk Officer serves on the Finance Committee.
- The Citizen's Advisory Commission of Nashua appoints several subcommittees to review funding requests for human service agencies. These non-profit organizations provide critical services low- and moderate-income individuals and families. A Commercial Lending Officer served as a member of one subcommittee in 2015, and provided his technical expertise in determining the allocation of city grants.
- The Habitat for Humanity of North Central Massachusetts is based in Leominster and aims to increase homeownership of low- and moderate-income residents in its region. This organization builds and renovates homes, and runs a facility to sell new and used building supplies, appliances, and furniture. A Commercial Lending Officer served on the Board of Directors in 2015.
- The United Way of North Central Massachusetts is located in Leominster and aims to bolster opportunities for all within their region. The goals of the organization are established upon improving the areas of education, income and health. A bank officer performed a 2014 site visit on behalf of the United Way as a means of assessing the Fitchburg High School Afterschool program, to ensure that funds were meeting the goals.

Fitchburg High School is predominately attended by students from low- and moderate-income families.

- The Plus Company is a Nashua-based non-profit entity geared to meet the needs of individuals with developmental disabilities. A majority of those served by this entity receive federal subsidies, and are within the low- and moderate-income categories. The organization provides additional support in the areas of housing and skills development, employment opportunities, and cultivating options for financial independence and integration. The SVP of Human Resources serves on the Business Advisory Board.
- The Lowell Plan, Inc. is a non-profit organization established in 1980. The main goal of the organization is to cultivate a dialogue through public and private organization partnership in order to meet community development challenges facing the city. The organization is instrumental in initiating projects in the areas of small business and downtown revitalization, homeownership opportunities, and infrastructure development. The CEO serves on the Board of Directors as Secretary.

Technical Education and Support

Enterprise Bank regularly provided assistance and education geared toward seniors, small businesses, at-risk youths, and first-time homebuyers. Below are notable examples of financial education.

- In 2016, the bank provided two financial literacy classes to the Lawrence Family Development and Education Fund. The program was based on the FDIC Money Smart Financial education program. The goal of the sessions was to assist students from the Lawrence area in making good financial decisions.
- In 2016, a Senior Human Resource Business Partners lead a two-hour seminar on job search techniques at the Adult Learning Center. The Adult Resource Center is a Nashua-based organization that provides individuals with essential workforce training and basic high school equivalency education.
- The bank provided an identity theft protection class in concert with ACT Lawrence in 2016. The goal of the class was to provide basic tips to protect financial and non-public personal information. A majority of the population of Lawrence is either low- or moderate-income.
- The bank worked alongside the Career Center of Lowell in 2015 to provide job exposure for those considering work in the financial field. The aim of the Career Center is strong workforce development, particularly toward area youths who may not have completed high school. Additionally, the bank organized a tour of a Lowell office, showing students the different facets of a working bank branch.
- In 2015, the bank provided basic financial literacy in concert with Casa Nueva Vida. Based in Lawrence, Casa Nueva Vida provides support for homeless or near homeless

families. In addition to helping families obtain shelter and eventually permanent housing, the organization provides services to meet their goal of stabilizing vulnerable populations and equipping them with education necessary to remain in their homes. The financial literacy program is an essential portion of this strategy.

- The bank worked alongside the Junior Achievement program in 2015 providing education to fourth graders at the Lowell Community Charter Public School. The majority of students attending this school qualify for reduced-price lunch, an indicator that their families are designated as low- or moderate-income. The purpose of the class is to provide basic information on business and entrepreneurship throughout the school day.
- EforAll is a small business accelerator which aims to foster entrepreneurial growth in mid-sized cities. In 2014, a bank employee provided guidance to entrepreneurs in Lowell on how to develop their business plans to compete for funds within the program.
- The Andover Housing Trust Fund focuses on creation and retention of affordable housing for low- and moderate-income individuals and families. Alongside housing development, the program also administers homebuyer education. The bank participated in a workshop in 2014.
- Lawrence Community Works (LCW) is a Community Development Corporation that promotes equitable development and economic justice for Lawrence families. The majority of those served by LCW are of low- or moderate-income levels. In 2014, a bank employee presented a First-Time Homebuyer seminar in Spanish.

Ongoing Services

- Enterprise Bank developed a Non-Profit Collaborative program to assist non-profits throughout the assessment area. The aim of the initiative is to strengthen the non-profit organizations, many of which are integral to meeting community needs. The Non-Profit Collaborative includes a series of educational forums covering various topics, including strategic planning, social media, financial management, and fundraising. During the evaluation period, the bank conducted over 20 sessions. The leadership displayed by the bank through developing this collaborative is noteworthy.
- Several employees are mentors in the Budget Buddies Program. The program assists low-income individuals in cultivating their money management skills. Individuals were involved over the entire period as mentors regularly meeting one-on-one with clients in reviewing bills, bank statements, and savings schedules.
- The bank has produced a basic financial literacy program “Dollars and Sense” for cable access television across several municipalities. The program covers topics raising awareness around financial fraud, including identity theft, elder financial abuse, and local scams and fraud prevalent in the community. This provides critical information for vulnerable populations, including elders and low-income families.

MULTI-STATE METROPOLITAN AREA

CRA RATING FOR BOSTON-CAMBRIDGE-NEWTON, MA-NH MSA: Satisfactory.

The Lending Test is rated: High Satisfactory.

The Investment Test is rated: Satisfactory.

The Service Test is rated: Outstanding.

SCOPE OF EVALUATION

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers activity within the Boston-Cambridge-Newton, MA-NH MSA #14460 portion of the overall assessment area. In this section, the term Boston-Cambridge-Newton, MA-NH MSA (Multi-State MSA) is used, and is intended to capture only those activities within the portion of the MSA in which the bank defined this assessment area. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products. A significant portion of the overall assessment area falls within MSA #14460; therefore, the bank’s performance in this Multi-State MSA carries more weight than the bank’s performance by State detailed.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BOSTON-CAMBRIDGE-NEWTON, MA-NH MSA (14460)

The bank maintains its main office and 16 branches in the Boston-Cambridge-Newton, MA-NH MSA. This represents approximately 73.9 percent of the bank’s branches. The bank offers the same products and services discussed in the overall assessment area section. The Multi-State MSA includes the communities listed in the following table.

Multi-State MSA Cities and Towns	
Middlesex County, MA	
Acton	Littleton
Billerica	Lowell
Carlisle	Pepperell
Chelmsford	Shirley
Dracut	Tewksbury
Dunstable	Tyngsboro
Groton	Westford
Essex County, MA	
Andover	Methuen
Lawrence	North Andover
Rockingham County, NH	
Atkinson	Londonderry
Derry	Salem
Hampstead	Windham

The Multi-State MSA contains 137 census tracts with the following income designations.

- 23 low-income tracts,
- 40 moderate-income tracts,
- 21 middle-income tracts,
- 52 upper-income tracts, and
- 1 census tract with no income designation.

The following table illustrates select demographic characteristics of the Multi-State MSA.

Demographic Information of the Assessment Area						
Boston-Cambridge-Newton, MA-NH MSA (14460)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	137	16.8	15.3	38.0	29.2	0.7
Population by Geography	640,523	13.9	15.7	41.7	28.7	0.0
Housing Units by Geography	244,524	14.0	16.5	42.5	27.0	0.0
Owner-Occupied Units by Geography	163,150	5.2	12.3	48.2	34.3	0.0
Occupied Rental Units by Geography	66,740	33.7	25.8	29.7	10.8	0.0
Vacant Units by Geography	14,634	21.5	21.4	38.2	18.9	0.0
Businesses by Geography	41,258	11.8	9.0	45.1	33.8	0.3
Family Distribution by Income Level	163,363	23.3	17.3	20.8	38.5	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$90,625	Median Housing Value		\$333,026	
			Median Gross Rent		\$968	
Median Family Income MSA - 40484 Rockingham County-Strafford County, NH MD		\$85,547	Families Below Poverty Level		6.9%	
<p><i>Source: 2010 U.S. Census and 2016 D&B Data</i> (*) The NA category consists of geographies that have not been assigned an income classification.</p>						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2016 D&B data, there were 41,258 businesses in the assessment area. GARs for these businesses are as follows:

- 84.0 percent have \$1 million or less
- 7.1 percent have more than \$1 million
- 8.9 percent have unknown revenues

Business demographics indicate that the majority of businesses in the Multi-State MSA are small businesses with four or fewer employees. Specifically, 72.1 percent of area businesses have four or fewer employees, and 89.4 percent operate from a single location. Service industries represent the largest portion of businesses at 48.9 percent; followed by retail trade at 12.3 percent; construction at 9.9 percent; and finance, insurance and real estate at 7.9 percent.

The 2015 FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories are presented in the following table.

Median Family Income Ranges Boston-Cambridge-Newton, MA-NH MSA (14460)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2015 (\$101,700)	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040
Rockingham County-Strafford County, NH MD Median Family Income (40484)				
2015 (\$89,200)	<\$44,600	\$44,600 to <\$71,360	\$71,360 to <\$107,040	≥\$107,040
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 244,524 housing units in the Multi-State MSA. Of those housing units, 66.7 percent are owner-occupied and 6.0 percent are vacant. A majority of owner-occupied housing units in the Multi-State MSA are located in middle- and upper-income census tracts.

Competition

The Multi-State MSA is competitive in the market for financial services. According to 2015 Peer Deposit Data, 43 financial institutions operated 186 full-service branches within the Multi-State MSA. Of those institutions, Enterprise Bank and Trust ranked 3rd, with an 11.4 percent deposit market share. The only two financial institutions that ranked ahead of Enterprise Bank were Bank of America, N.A. and TD Bank, N.A., both of which are large national banks.

There is a high level of competition for small business loans among several banks, credit unions, and non-depository lenders in the Multi-State MSA. In 2015, the bank ranked 15th out of 148 lenders in the MSA, with a market share of 1.3 percent. Most of the financial institutions that ranked ahead of Enterprise Bank were large national banks and credit card banks.

There is also a high level of competition for home mortgage loans in the overall assessment area. In 2015, the bank ranked 24th out of 425 lenders in the MSA, with a market share of 1.0 percent. The majority of financial institutions that ranked ahead of Enterprise Bank were large national banks, credit unions, and mortgage companies.

Community Contact

Refer to the community contact section in the overall section for details.

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 and support for low- and moderate-income residents represent primary credit and community development needs of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BOSTON-CAMBRIDGE-NEWTON, MA-NH MSA (14460)

LENDING TEST

The bank's Lending Test performance is rated "High Satisfactory" in the Boston-Cambridge-Newton, MA-NH MSA. The following sections discuss the bank's performance under each criterion.

Lending Activity

The bank's lending levels reflect good responsiveness to the credit needs of this assessment area. In 2015 and 2016, EBTC originated 1,047 small business loans totaling approximately \$180.1 million, and 536 home mortgage loans totaling approximately \$200.9 million in the Boston-Cambridge-Newton, MA-NH MSA portion of the assessment area.

The bank ranked 15th out of 148 small business loan reporters in the area. The market share was 1.3 percent by number and 6.4 percent by dollar volume. The highest ranked lenders for small business reporting were credit card companies. These include American Express, FSB; Bank of America N.A.; Capital One Bank (USA), N.A.; and Citibank, N.A. Enterprise Bank was the second highest ranked state-chartered institution.

With regard to HMDA lending, the bank was the 24th largest originator of home mortgage loans by loan volume, among the 425 HMDA lenders in the assessment area. The bank's market share was 1.0 percent by number and dollar volume. Among the higher ranked lenders were larger financial institutions and mortgage companies that operate on a regional or national basis. These include JPMorgan Chase Bank, NA; Wells Fargo Bank, NA; Loandepot.com, LLC; and Leader Bank. The only state-chartered financial institutions ranked above EBTC was Leader Bank, Sage Bank, and Berkshire Bank.

Geographic Distribution

The geographic distribution of loan reflects good dispersion throughout the assessment area. The bank's good performance of small business lending primarily supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Small Business Loans

The geographic distribution of small business loans reflects good dispersion throughout the assessment area. The following table shows that the bank's performance in low-income census tracts is similar to aggregate. In 2016, the bank increased small business lending in low-income census tracts from 9.3 percent to 14.4 percent. This performance is above the percent of small businesses in low-income tracts and reflects good performance.

In 2015, lending in moderate-income census tracts exceeded aggregate. There is a slight declining trend in lending to businesses in moderate-income census tracts in 2016; however, the bank's performance exceeds the percentage of small businesses in moderate-income tracts.

Market share data further supported the bank's good performance. In 2015, the bank ranked 11th out of 47 lenders in originating loans to low-income census tracts, with a 2.3 percent market share. The bank ranked 15th out of 48 lenders in originating loans to moderate-income census tracts, with a 1.2 percent market share.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	11.4	9.4	57	9.3	11,347	10.1
2016	11.8	--	63	14.4	12,730	18.7
Moderate						
2015	9.1	8.4	82	13.4	13,700	12.2
2016	9.0	--	50	11.4	7,735	11.4
Middle						
2015	45.1	47.0	297	48.7	52,658	46.7
2016	45.1	--	197	45.1	26,022	38.2
Upper						
2015	34.1	35.0	174	28.5	35,079	31.0
2016	33.8	--	127	29.1	21,556	31.7
Not Available						
2015	0.3	0.3	0	0.0	0	0.0
2016	0.3	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	610	100.0	112,784	100.0
2016	100.0	--	437	100.0	68,043	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, "--" data not available.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. The following table shows that the bank's performance in low-income census tracts significantly exceeded aggregate in 2015. The bank's lending in low-income census tracts in 2016 increased significantly.

In 2015, lending in moderate-income census tracts exceeded aggregate. Lending increased in moderate-income census tracts in 2016. The bank's performance of lending in low- and moderate-income census tracts consistently exceeded applicable demographics, further demonstrating excellent performance.

Market share data further supported the bank's excellent performance. In 2015, the bank ranked 17th out of 141 lenders in originating loans in low-income census tracts, with a 1.7 percent market share. The bank also ranked 17th out of 219 lenders in making loans in moderate-income tracts, with 1.5 percent market share.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	5.2	6.4	25	10.5	6,544	9.9
2016	5.2	--	57	19.2	12,929	9.6
Moderate						
2015	12.3	10.8	38	15.9	9,646	14.6
2016	12.3	--	48	16.2	10,118	7.5
Middle						
2015	48.2	46.9	101	42.3	28,137	42.6
2016	48.2	--	121	40.7	70,646	52.4
Upper						
2015	34.3	36.0	75	31.4	21,781	32.9
2016	34.3	--	71	23.9	41,135	30.5
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	239	100.0	66,108	100.0
2016	100.0	--	297	100.0	134,828	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's good performance of small business lending primarily supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less and the percentage by number of home mortgage loans to low- and moderate-income borrowers

Small Business Loans

The distribution of small business loans reflects good penetration of loans to businesses with GARs of \$1 million or less. The following table shows that the bank originated 56.1 percent of reported loans to businesses with GARs of \$1 million or less. This performance exceeds aggregate lending to businesses in this revenue category. Lending in 2016 shows a slight decline of 2.1 percentage points in lending to businesses with GARs of \$1 million or less. This level of lending reflects a good performance.

Market share data further supported the bank's good performance under this criterion. In 2015, the bank ranked 10th out of 105 lenders in making loans to businesses with GARs of \$1 million or less, with a market share of 1.5 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	78.3	46.9	342	56.1	43,539	38.6
2016	84.0	--	236	54.0	26,167	38.5
>1,000,000						
2015	5.8	--	261	42.8	68,528	60.8
2016	7.1	--	191	43.7	40,987	60.2
Revenue Not Available						
2015	15.9	--	7	1.1	717	0.6
2016	8.9	--	10	2.3	889	1.3
Totals						
2015	100.0	100.0	610	100.0	112,784	100.0
2016	100.0	--	437	100.0	68,043	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data; "--" data not available.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, shows adequate penetration. Examiners focused on the comparison to aggregate data.

Home mortgage lending to low-income borrowers in 2015, at 12.1 percent, exceeds the aggregate level of 8.3 percent. A low-income family in the assessment area, with an income less than \$50,850 in the Cambridge-Newton-Framingham, MA MD, or less than \$44,600 in the Rockingham County-Strafford County, NH MD, would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$333,026. Therefore, the demand and opportunity for lending to low-income families is relatively limited. This helps explain the difference between bank performance to low-income families and the 23.3 percent of families of this income level. Lending to low-income borrowers

increased by 3.4 percent in 2016. In 2015, the bank’s level of lending to moderate-income borrowers was somewhat below aggregate. Lending to moderate-income borrowers decreased slightly in 2016, and was below the percentage of moderate-income families in this area.

Market share data further supported the bank’s adequate performance under this criterion. In 2015, the bank ranked 18th in lending to low-income borrowers with a 1.5 percent market share. The bank ranked 27th in lending to moderate-income borrowers, with a 0.9 percent market share.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	23.3	8.3	29	12.1	5,119	7.7
2016	23.3	--	46	15.5	5,999	4.4
Moderate						
2015	17.3	19.4	40	16.7	8,446	12.8
2016	17.3	--	37	12.5	6,917	5.1
Middle						
2015	20.8	22.0	28	11.7	6,545	9.9
2016	20.8	--	36	12.1	9,268	6.9
Upper						
2015	38.5	30.0	61	25.5	16,286	24.6
2016	38.5	--	78	26.3	26,182	19.4
Not Available						
2015	0.0	20.3	81	33.9	29,712	44.9
2016	0.0	--	100	33.7	86,462	64.1
Totals						
2015	100.0	100.0	239	100.0	66,108	100.0
2016	100.0	--	297	100.0	134,828	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Innovative and Flexible Lending

This criterion includes all innovative and flexible lending activities in the Boston- Cambridge-Newton, MA-NH MSA since the prior evaluation, covering the time period December 9, 2013, through February 14, 2017.

The bank makes use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The programs offered in the Boston- Cambridge-Newton, MA-NH MSA are the same as discussed in the overall evaluation.

Community Development Lending

Enterprise Bank and Trust Company is a leader in making community development loans in the Boston-Cambridge-Newton, MA-NH MSA since the previous evaluation. This conclusion takes into consideration the community development loans that specifically benefit the Boston-Cambridge-Newton, MA-NH MSA. The table below details the bank's community development lending in the Multi-State MSA by community development purpose and by year.

Community Development Lending												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2013	0	0	0	0	0	0	0	0	0	0	0	0
2014	5	12,638	0	0	0	0	1	4,920	0	0	6	17,558
2015	5	1,873	5	10,703	0	0	3	7,208	0	0	13	19,784
2016	5	8,196	6	3,115	1	1,280	7	5,270	0	0	19	17,861
YTD 2017	0	0	0	0	0	0	0	0	0	0	0	0
Total	15	22,707	11	13,818	1	1,280	11	17,398	0	0	38	55,203

Source: Bank Records

The following originations represent community development loans made to organizations and corporations that benefit the Multi State MSA portion of the bank's assessment area:

- The bank originated a \$2,567,500 loan to finance the infrastructure costs associated with a 32-unit building located in a low-income tract of Hampton, NH. The project will attract residents and businesses to this low-income geography.
- The bank made a \$1,635,000 refinance loan to a non-profit organization. The organization has a mission to encourage and promote the improvement of community life for low-income residents within Lawrence, MA, and the Lower Merrimack Valley.
- The bank originated a \$305,000 line of credit for working capital to a non-profit organization. The organization responds to community needs through affordable housing and economic development activities in Lowell.
- The bank originated a \$28,000 construction loan to finance the construction of a single-family dwelling in Billerica, which is designated as affordable housing for a low-income family.

INVESTMENT TEST

The bank’s Investment Test performance is rated “Satisfactory” for the Multi-State MSA.

Investment Activity

Overall, the level of qualified investments is adequate. The bank made only one new qualified equity investment since the prior evaluation. While the equity investment level is limited, the bank made a significant level of qualified donations to help address a variety of needs in the Multi-State MSA. The bank donated \$872,968 to community development organizations in the Multi-State MSA, a majority of which went to organizations that provide community services targeted to low- and moderate-income individuals.

The following table illustrates the bank’s community development donations by year and purpose.

Qualified Donations												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
2014	9	29,100	62	209,905	5	28,500	5	9,500	0	0	81	277,005
2015	8	41,400	77	208,311	6	38,250	3	9,500	0	0	94	297,461
2016	4	20,200	70	236,102	7	34,700	3	7,500	0	0	84	298,502
Total	21	90,700	209	654,318	18	101,450	11	26,500	0	0	259	872,968

Source: Bank Records

Below are notable examples of the bank’s qualified donations in the Multi-State MSA:

- The bank made several donations totaling \$48,065 to Coalition for a Better Acre (CBA), a community development corporation (CDC) dedicated to resident empowerment and sustainable community revitalization for current and future residents of the low- and moderate-income geographies in Lowell and the Merrimack Valley. CBA promotes revitalization by developing resident leaders, affordable housing, and economic opportunities, and by responding to community needs through collective action. CBA provides an opportunity for safe affordable housing for low- and moderate-income families, and has been integral in the development of retail, office, and industrial space in the Multi-State MSA.
- The bank made annual donations of \$2,500 to Budget Buddies, Inc., an organization that helps low-income individuals become more economically self-sufficient by teaching them core money-management skills and pairing them with personal financial coaches.
- The bank made several donations to Community Teamwork Inc. throughout the evaluation period. Community Teamwork Inc. is a CDC that aims to strengthen communities and reduce poverty by delivering vital services and collaborating with key

stakeholders to create housing, education, and economic opportunities for low- and moderate-income individuals in the Greater Lowell area.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community development needs of the Multi-State MSA. As noted previously, one of the primary needs in the community is services for low- and moderate-income individual sand families. The bank was responsive to this need. Similar to the overall assessment area, many of the bank’s donations were to organizations that aim to assist the homeless population with shelter, food, and other essential services. Homelessness and affordable housing are also primary issues in the assessment area, particularly in the Cities of Lawrence and Lowell. Again, the bank’s qualified investments aim to address this need by supporting affordable housing initiatives and homelessness prevention in the assessment area.

Innovativeness or Complexity of Qualified Investments

The bank rarely uses innovative or complex investments to support community development initiatives.

SERVICE TEST

The bank’s Service Test performance is rated “Outstanding” for the Multi-State MSA.

Accessibility of Delivery Systems

The bank’s delivery systems are readily accessible to all portions of the Multi-State MSA. The distribution of branches does not inconvenience any portion of the assessment area. Of particular note is that the bank maintains a branch presence in Lowell, Lawrence, and Methuen, all segments of the assessment area that account for all the area’s low-income tracts and a vast majority of the moderate-income tracts. Alternative delivery systems are available to supplement the bank’s branches. The following table illustrates the distribution of the bank’s branches by census tract income level.

Branch and ATM Distribution by Geography Income Level						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	23	16.8	88,946	13.9	2	11.8
Moderate	21	15.3	100,567	15.7	2	11.8
Middle	52	38.0	266,873	41.7	8	47.0
Upper	40	29.2	184,137	28.7	5	29.4
NA	1	0.7	0	0.0	0	0.0
Total	137	100.0	640,523	100.0	18	100.0
<i>Source: 2010 U.S. Census & Bank Records</i>						

In addition to ATMs located at branches, Enterprise maintains one free-standing ATM in Lowell General Hospital. This ATM is located in a moderate-income census tract, and offers Spanish and Khmer language options.

In addition to the branch network and ATMs, Enterprise Bank also provides a variety of alternative delivery systems. These alternative delivery systems are offered throughout the entire assessment area, as detailed in the Service Test section for the overall assessment area.

Changes in Branch Locations

The bank did not open or close any branches in the Multi-State MSA portion of the assessment area during the evaluation period.

Reasonableness of Business Hours and Services

Overall, business hours do not vary in a way that might inconvenience certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Branch hours generally are consistent at each location. Refer to the overall section for details.

Community Development Services

The bank was a leader in providing community development services in the Multi-State MSA assessment area during the evaluation period. The bank provided 680 instances of community development services to numerous organizations, often on an ongoing basis.

The bank’s variety of involvement addressed specific community development needs and opportunities in the area, from board involvement with local organizations, to financial education and technical assistance. A substantial majority of community development services related to organizations that provide services targeted toward low- and moderate-income individuals and families. The table below summarizes the bank’s community development services by year and purpose.

Community Development Services – Multi-State Assessment Area						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization Projects	Totals
	#	#	#	#	#	#
2014	19	190	19	1	0	229
2015	30	167	14	2	0	213
2016	23	186	24	5	0	238
Total	72	543	57	8	0	680

Source: Bank records

The following are notable examples of the bank’s community development services:

- The Merrimack Valley Workforce Investment Board is appointed by the Mayor of

Lawrence and serves as an oversight and policy making body for the federally funded employment and training services in the region. A SVP serves as a Planning Member on the Board.

- The Mill Cities Leadership institute is a program under the Lawrence Community Works CDC that provides professional development and increases community awareness to young residents. The CDC gears the majority of their services to low- and moderate-income residents of Lowell and Lawrence. Two bank employees acted as mentors to the 2016 class, assisting them in refining their business proposal skills.
- The Merrimack Valley Small Business Assistance Center is a program within Community Teamwork, and provides business development services to entrepreneurs from ethnically and economically diverse groups within the area. A Commercial Lending Officer acted as Chairman of the Microloan Committee in 2014.
- Women Working Wonders Fund is a non-profit initiative aimed to provide support for women in the Merrimack Valley area through social investment. Grants issued by the fund are targeted toward low- and moderate-income individuals and families. An Assistant Vice President served as the Treasurer of the organization in 2014.

STATE

CRA RATING FOR NEW HAMPSHIRE: Satisfactory.

The Lending Test is rated: Satisfactory.

The Investment Test is rated: Satisfactory.

The Service Test is rated: Satisfactory.

SCOPE OF EVALUATION

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity in New Hampshire, excluding the Boston-Cambridge-Quincy, MA-NH MSA. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products. Only a small portion of the overall assessment area falls within New Hampshire and outside of the Multi-State MSA; therefore, the bank's New Hampshire performance carries less weight than performance within the Multi-State MSA when arriving at overall ratings and conclusions.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW HAMPSHIRE

The bank maintains four branches in the Manchester-Nashua, NH MSA. This represents approximately 17.4 percent of the bank's branches. All of the products and services discussed in the overall assessment area section are offered in the Manchester-Nashua, NH MSA. The bank's assessment area in the Manchester-Nashua, NH MSA includes the municipalities of Hudson, Pelham, and Nashua in Hillsborough County, NH.

The Manchester-Nashua, NH MSA contains 24 census tracts with the following income designations.

- 2 low-income tracts,
- 5 moderate-income tracts,
- 12 middle-income tracts, and
- 5 upper-income tracts.

The following table illustrates select demographic characteristics of the Manchester-Nashua, NH MSA.

Demographic Information of the Assessment Area						
Manchester-Nashua NH MSA (31700)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	24	8.3	20.8	50.0	20.9	0.0
Population by Geography	123,858	7.4	17.1	55.3	20.2	0.0
Housing Units by Geography	50,480	8.3	19.6	53.3	18.8	0.0
Owner-Occupied Units by Geography	32,154	2.2	11.9	60.1	25.8	0.0
Occupied Rental Units by Geography	15,941	19.4	34.1	40.0	6.5	0.0
Vacant Units by Geography	2,385	16.7	26.8	50.4	6.1	0.0
Businesses by Geography	8,162	13.1	13.4	57.6	15.9	0.0
Family Distribution by Income Level	32,315	17.8	18.5	24.4	39.3	0.0
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA		\$81,794	Median Housing Value		\$257,747	
			Median Gross Rent		\$1,047	
			Families Below Poverty Level		4.2%	
<i>Source: 2010 U.S. Census and 2016 D&B Data</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2016 D&B data, there were 8,162 businesses in the Manchester-Nashua, NH MSA. GARs for these businesses are as follows:

- 80.5 percent have \$1 million or less
- 7.9 percent have more than \$1 million
- 11.6 percent have unknown revenues

Business demographics indicate that the majority of businesses operating in the Manchester-Nashua, NH MSA are small businesses with four or fewer employees. Specifically, 69.6 percent of area businesses have four or fewer employees, and 86.5 percent operate from a single location. Service industries represent the largest portion of businesses at 47.4 percent; followed by retail trade at 14.3 percent; construction at 9.8 percent; and finance, insurance, and real estate at 8.2 percent.

The 2015 FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the low-, moderate-, middle- and upper-income categories for this assessment area.

Median Family Income Ranges Manchester-Nashua, NH MSA (31700)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Manchester-Nashua, NH MSA Median Family Income (31700)				
2015 (\$89,700)	<\$44,850	\$44,850 to <\$71,760	\$71,760 to <\$107,640	≥\$107,640
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 50,480 housing units in the MSA. Of those housing units, 63.7 percent are owner-occupied and only 4.7 percent are vacant. As noted in the Demographic Information table, the majority of owner-occupied housing units are located in middle- and upper-income census tracts.

Competition

The assessment area is competitive in the market for financial services. According to 2015 Peer Deposit Data, there were 14 financial institutions that operated 35 full-service branches within the Manchester-Nashua, NH MSA. Of those institutions, Enterprise Bank and Trust ranked 6th with a 2.3 percent deposit market share. The top four institutions have approximately 80.0 percent of deposits in the MSA.

There is a high level of competition for small business loans among several banks, credit unions, and non-depository lenders in the Manchester-Nashua, NH MSA. In 2015, the bank ranked 13th out of 80 lenders in the MSA with a market share of 2.3 percent. Most of the financial institutions that outranked Enterprise Bank and Trust were large national banks and credit card banks.

There is also a high level of competition for home mortgage loans in the Manchester-Nashua, NH MSA. In 2015, the bank ranked 27th out of 263 lenders in the MSA with a market share of 0.9 percent. The majority of financial institutions that outranked Enterprise Bank and Trust were large national banks, credit unions, and mortgage companies.

Community Contact

Refer to the community contact section in the overall section for more information.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that services for low- and moderate-income individuals and families and affordable housing represent primary credit and community development needs of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW HAMPSHIRE

LENDING TEST

The bank's overall Lending Test performance is rated Satisfactory. The sections below discuss the bank's performance under each criterion.

Lending Activity

This performance criterion considers the volume of the bank's lending in relation to the bank's financial condition and resources. The bank's lending levels reflect adequate responsiveness to assessment area credit needs. During 2015 and 2016, EBTC originated 230 small business loans, totaling approximately \$32.8 million and 63 home mortgage loans, totaling approximately \$13.5 million inside the bank's Manchester-Nashua, NH MSA.

In 2015, EBTC attained a market rank 13th out of 80 small business loan reporters in the area. The market share was 2.3 percent by number and 7.6 percent by dollar volume. The highest ranked lenders for small business loans were credit card companies. These include American Express, FSB; Bank of America N.A.; Capital One Bank (USA), N.A.; and Citibank, N.A. Enterprise Bank was the second highest ranked state-chartered institution.

With regard to HMDA lending, the bank was the 27th largest originator of home mortgage loans by loan volume, among the 236 HMDA lenders in the assessment area. The bank's market share was 0.9 percent by number and 1.0 percent by dollar volume. Among the higher ranked lenders were larger financial institutions and mortgage companies that operate on a regional or national basis. These include JPMorgan Chase Bank, NA; Wells Fargo Bank, NA; Loandepot.com, LLC; and Leader Bank. The only state-chartered financial institutions ranked above EBTC were Lake Sunapee Bank and Sage Bank.

Geographic Distribution

The geographic distribution of loan reflects good dispersion throughout the assessment area. The bank's good performance of small business and home mortgage lending supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Small Business Loans

The geographic distribution of reported small business loans reflects good dispersion throughout the assessment area. The following table shows that the bank's performance in low-income census tracts exceeded aggregate in 2015. In 2016, the bank's small business lending in low-income census tracts decreased by number and percentage. Performance in 2016 is slightly below the percentage of small businesses in the Manchester-Nashua, NH MSA, and reflects good performance.

In 2015, lending in moderate-income census tracts exceeded aggregate, at 1.5 percentage points higher. There is a slight declining trend in lending to businesses in moderate-income census

tracts in 2016, and the bank's performance is slightly below the percentage of small businesses in the Manchester-Nashua, NH MSA.

Market share data further supported the bank's good performance under this criterion. In 2015, the bank ranked 10th out of 49 lenders, in lending to low-income census tracts with a 3.6 percent market share. The bank ranked 10th out of 50 lenders with 2.5 percent market share, in lending to moderate-income census tracts.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	12.4	10.6	18	13.8	3,123	18.3
2016	13.1	--	9	9.0	1,409	9.0
Moderate						
2015	13.1	13.1	19	14.6	2,553	14.9
2016	13.4	--	11	11.0	959	6.1
Middle						
2015	58.2	58.0	63	48.5	7,622	44.4
2016	57.6	--	64	64.0	11,085	70.6
Upper						
2015	16.3	18.3	30	23.1	3,828	22.4
2016	15.9	--	16	16.0	2,253	14.3
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	130	100.0	17,126	100.0
2016	100.0	--	100	100.0	15,706	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, "--" data not available.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. The following table shows that the bank's performance in low-income census tracts is significantly higher than aggregate performance in 2015. While volume of lending in low-income tracts decreased in 2016, the percentage increased slightly.

In 2015, lending in moderate-income census tracts exceeded aggregate. The bank's volume of lending in moderate-income tracts decreased in 2016, but the percentage increased. Although

the comparisons against aggregate data are positive, the number of loans is relatively small; therefore, each loan represents a relatively significant percentage.

Market share data further supported the bank's good performance. In 2015, the bank ranked 5th in lending in low-income census tracts, with a 6.3 percent market share. The bank ranked 14th in lending in moderate-income tracts, with a 1.9 percent market share.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	2.2	2.3	6	15.4	1,111	12.2
2016	2.2	--	4	16.7	598	13.4
Moderate						
2015	11.9	11.2	9	23.1	1,611	17.7
2016	11.9	--	7	29.2	1,022	23.0
Middle						
2015	60.1	58.7	16	41.0	3,344	36.8
2016	60.1	--	9	37.5	2,041	45.9
Upper						
2015	25.8	27.7	8	20.5	3,023	33.3
2016	25.8	--	4	16.7	788	17.7
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	39	100.0	9,089	100.0
2016	100.0	--	24	100.0	4,449	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's good performance of small business lending primarily supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less and the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of small business loans reflects good penetration of loans to businesses with GARs of \$1 million or less. The following table shows that the bank originated 53.1 percent of its small business loans to businesses with GARs of \$1 million or less in 2015. This percentage exceeds aggregate by 9.6 percentage points. Lending in 2016 shows a slight decline of 5.1 percentage points in lending to businesses with GARs of \$1 million or less. Overall, this level of lending reflects good performance.

Market share data further supported the bank's good performance under this criterion. In 2015, the bank ranked 8th out of 105 lenders in making loans to businesses with GARs of \$1 million or less, with a market share of 1.9 percent market share.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	76.9	43.5	69	53.1	5,593	32.7
2016	80.5	--	48	48.0	5,209	33.2
>1,000,000						
2015	6.4	--	61	46.9	11,533	67.3
2016	7.9	--	48	48.0	9,956	63.4
Revenue Not Available						
2015	16.7	--	0	0.0	0	0.0
2016	11.6	--	4	4.0	541	3.4
Totals						
2015	100.0	100.0	130	100.0	17,126	100.0
2016	100.0	--	100	100.0	15,706	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data; "--" data not available.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, shows adequate penetration. Examiners focused on the comparison to aggregate data.

In 2015, the bank's performance of home mortgage lending to low-income borrowers slightly exceeded aggregate data. In 2016, the bank's level of lending to low-income borrowers increased to five loans, or 20.8 percent. The bank made 15.4 percent of its home mortgage loans to moderate-income borrowers in 2015, which is below aggregate data. The number of loans to moderate-income borrowers decreased to three loans in 2016, or 12.5 percent.

Market share data further supported the bank's adequate performance under this criterion. In 2015, the bank ranked 22nd in lending to low-income borrowers, with a 1.2 percent market share.

In addition, the bank ranked 25th in lending to moderate-income borrowers, with a 0.8 percent market share.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	17.8	5.9	3	7.7	350	3.9
2016	17.8	--	5	20.8	654	14.7
Moderate						
2015	18.5	19.3	6	15.4	1,272	14.0
2016	18.5	--	3	12.5	561	12.6
Middle						
2015	24.4	24.1	5	12.8	959	10.6
2016	24.4	--	4	16.7	793	17.8
Upper						
2015	39.3	29.1	7	17.9	1,694	18.6
2016	39.3	--	2	8.3	418	9.4
Not Available						
2015	0.0	21.6	18	46.2	4,814	53.0
2016	0.0	--	10	41.7	2,023	45.5
Totals						
2015	100.0	100.0	39	100.0	9,089	100.0
2016	100.0	--	24	100.0	4,449	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Innovative and Flexible Lending

The bank makes use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The programs offered in the Manchester-Nashua, NH MSA are the same as discussed in the overall evaluation, with the exception of those programs specific to the State of Massachusetts. Please refer to the overall section for details.

Community Development Lending

Enterprise Bank made an adequate level of community development loans in the Manchester-Nashua, NH MSA since the previous evaluation. This conclusion takes into consideration the community development loans that specifically benefit the Manchester-Nashua, NH MSA. The bank made two community development loans totaling \$1.3 million, as detailed in the following bullets.

- The bank originated a \$1,225,000 SBA 504 loan to finance 49 percent of the total project cost for an 8,000 square foot addition to a school in Nashua, NH. The school is in a low-income census tract.
- The bank originated an \$80,000 loan to a statewide CDFI in NH. The funds will be used for purposes such as making affordable loans to support services for low- and moderate-income individuals, and to provide small business financing. This particular loan benefits a broader statewide area of NH also serving portions of the bank’s Multi-State MSA. The Community Development Loans by Rated Area table in the overall assessment area section depicts this loan under Regional Activities.

As noted above, the bank made two community development loans during the current evaluation period in New Hampshire, while the bank did not make any loans during the prior evaluation timeframe.

INVESTMENT TEST

The bank’s Investment Test performance is rated Satisfactory for the Manchester-Nashua, NH MSA.

Investment Activity

The bank made an adequate level of qualified investments in the Manchester-Nashua, NH MSA. These investments consist solely of qualified donations, as the bank did not make any equity investments in this portion of the overall assessment area since the prior evaluation. The bank donated \$24,950 to community development organizations in the Manchester-Nashua, NH MSA, the majority of which went to organizations that provide community services targeted to low- and moderate-income individuals. As noted in the overall section, the bank’s Manchester-Nashua, NH MSA contains only three cities and towns, including seven low- and moderate-income census tracts. The following table illustrates the bank’s community development donations by year and purpose.

Qualified Donations												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	(000s)	#	(000s)	#	(000s)	#	(000s)	#	(000s)	#	(000s)
2014	0	0	2	2,000	0	0	0	0	0	0	2	2,000
2015	1	5,000	3	4,500	0	0	0	0	0	0	4	9,500
2016	0	0	10	13,450	0	0	0	0	0	0	10	13,450
Total	1	5,000	15	19,950	0	0	0	0	0	0	16	24,950

Source: Bank Records

Below are notable examples of the bank’s qualified donations in the Manchester-Nashua, NH MSA:

- The bank made a \$5,000 donation in 2015 and a \$4,000 donation in 2016 to Harbor Homes, Inc., a non-profit organization that provides low-income, homeless, and disabled New Hampshire community members with affordable housing, primary health care, job training, and supportive services. This organization is particularly responsive to the needs identified by the community contact in New Hampshire.
- The bank made a donation to the United Way of Greater Nashua to support a food-packaging event held as an effort to package enough food for at least 10,000 meals for community food pantries throughout Greater Nashua. The bank's donation helped provide food to many homeless, low- and moderate-income people in the Manchester-Nashua, NH MSA.
- Throughout the evaluation period the bank made several other donations to organizations that provide community services to low- and moderate-income individuals including Marguerite's Place, Inc. and The Front Door Agency. Both organizations are non-profit transitional housing and supportive service programs for homeless women in crisis. The Front Door Agency also provides services such as security deposit loans, assistance with rent and utilities, and financial education.
- In addition to those donations that directly benefitted the Manchester-Nashua, NH MSA, the bank made several donations to the Community Development Finance Authority (CDFA) of NH to benefit the broader statewide area. The CDFFA supports affordable housing and economic development activities that benefit low- and moderate-income residents of NH and administers funding resources including a combination of state tax credits, federal Community Development Block Grant, and Energy Reduction Funds. The CDFFA provides these resources to non-profits, community development organizations, and other businesses that create affordable housing and support job creation for low- and moderate-income NH residents. The bank's donations to the CDFFA are responsive to the needs for affordable housing identified by the community contact.

Responsiveness to Credit and Community Development Needs

The bank demonstrated adequate responsiveness to the credit and community development needs of the Manchester-Nashua, NH MSA. The bank responded to the need for community services for low- and moderate-income individuals by targeting a majority of its donations to such organizations. As previously noted, a community contact identified lack of services and a need for job training for low- and moderate-income residents in the area.

Innovativeness or Complexity of Qualified Investments

The bank rarely uses innovative or complex investments to support community development initiatives. The bank demonstrated initiative through the development of the 20 Weeks of Giving campaign. As stated previously, the bank donated \$1,000 each week, for 20 weeks, to a local non-profit organization to help meet the needs of the assessment areas.

SERVICE TEST

The bank's Service Test performance is rated Satisfactory for the Manchester-Nashua MSA.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the Manchester-Nashua MSA assessment area. The bank maintains four branches within this assessment area, of which one is in a moderate-income tract, two are in middle-income tracts, and one is in an upper-income tract. This distribution is commensurate with area demographics. Each branch is equipped with an ATM, which provides 24-hour access.

In addition to the branch network and ATMs, Enterprise Bank also provides a variety of alternative delivery systems. These alternative delivery systems are offered throughout the entire assessment area, and are detailed in the overall "Service Test".

Changes in Branch Locations

The bank's record of opening branches improved the accessibility of its delivery systems, particularly to low- and moderate-income geographies or individuals in its assessment area. Two branches were opened since the previous evaluation; one branch was opened in a middle-income census tract, and another branch was opened in a low-income census tract. No branches were closed since the previous evaluation.

Reasonableness of Business Hours and Services

Overall, business hours do not vary in a way that might inconvenience certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Branch hours generally are consistent at each location. Refer to the overall section for listing of the bank's hours.

Community Development Services

Considering the relatively limited scale of operations in this assessment area compared to the Multi-State MSA, the bank provided an adequate level of community development services in the Manchester-Nashua MSA assessment area during the evaluation period. Specifically, the bank provided 29 instances of community development services to 17 organizations.

The bank's variety of involvement covered community development opportunities in the area, including board involvement with local organizations and technical assistance for non-profits. A majority of community development services related to services for low- and moderate-income individuals. The following table summarizes the bank's community development services by year and purpose.

Community Development Services – Manchester-Nashua Assessment Area

Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization Projects	Totals
	#	#	#	#	#	#
2014	0	6	1	0	0	7
2015	1	7	2	0	0	10
2016	0	10	2	0	0	12
Total	1	23	5	0	0	29
<i>Source: Bank records</i>						

The following are notable examples of the bank’s community development services:

- The Nashua Innovation Center is a non-profit that fosters a learning environment for entrepreneurs, assisting them in beginning their startup businesses for the betterment of New Hampshire. A SVP serves on the Board and is Treasurer of this organization.
- The Pelham Economic Development Committee cultivates an environment wherein businesses can grow and thrive. The Committee develops an online presence and a marketing approach to spur economic growth by attracting new businesses to New Hampshire. A Vice President served on the Board as Treasurer in 2015.
- The United Way of Greater Nashua provides support for segments of the community facing economic challenges. The organization provides funding for services addressing areas of drug abuse, homelessness, health, and hunger, primarily for low- and moderate-income individuals. A Commercial Lending Officer serves on the Marketing Committee for the organization, and helps raise awareness for fundraisers or other initiatives.
- Marguerite’s Place, Inc., is a non-profit organization that provides transitional housing for at-risk women and children. In addition to housing support for low- and moderate-income individuals, the organization also provides childcare assistance. Two bank employees serve on the Board of Directors of this organization.

STATE

CRA RATING FOR MASSACHUSETTS: Satisfactory.

The Lending Test is rated: Satisfactory.

The Investment Test is rated: Satisfactory.

The Service Test is rated: Satisfactory.

SCOPE OF EVALUATION

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within Massachusetts, specifically the Worcester, MA-CT MSA, excluding the cities and towns in the Multi-State MSA. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products. This area accounts for the smallest portion of lending and other activities compared to the Multi-State MSA and the Manchester-Nashua, NH MSA; therefore, performance in this area carries the least weight in arriving at overall ratings and conclusions.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

The bank maintains two branches in the Worcester, MA-CT MSA, representing 8.7 percent of the bank's branches. All products and services discussed in the overall assessment area section are offered in the Worcester, MA-CT MSA. The bank's assessment area in the Worcester, MA-CT MSA includes the towns of Fitchburg, Leominster, and Lunenburg in Worcester County, MA.

The Worcester, MA-CT MSA contains 21 census tracts with the following income designations.

- 2 low-income tracts,
- 9 moderate-income tracts,
- 8 middle-income tracts, and
- 2 upper-income tracts.

The following table illustrates select demographic characteristics of the Worcester, MA-CT MSA.

Demographic Information of the Assessment Area						
Worcester, MA-CT MSA (49340)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	21	9.5	42.9	38.1	9.5	0.0
Population by Geography	91,163	5.3	39.5	46.2	9.0	0.0
Housing Units by Geography	38,250	6.6	41.3	43.9	8.2	0.0
Owner-Occupied Units by Geography	22,007	2.4	30.6	55.3	11.6	0.0
Occupied Rental Units by Geography	12,585	11.6	59.2	26.2	3.1	0.0
Vacant Units by Geography	3,658	14.4	43.6	36.8	5.1	0.0
Businesses by Geography	5,294	6.3	45.3	40.6	7.8	0.0
Family Distribution by Income Level	23,525	27.1	18.7	22.2	32.0	0.0
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$77,128	Median Housing Value		\$244,898	
			Median Gross Rent		\$833	
			Families Below Poverty Level		9.8%	
<p><i>Source: 2010 U.S. Census and 2016 D&B Data</i> (*) The NA category consists of geographies that have not been assigned an income classification.</p>						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2016 D&B data, there were 5,294 businesses in the Worcester, MA-CT MSA assessment area. GARs for these businesses are as follows:

- 81.0 percent have \$1 million or less
- 7.1 percent have more than \$1 million
- 11.9 percent have unknown revenues

Business demographics indicate that the majority of businesses operating in the Worcester, MA-CT MSA are small businesses with four or fewer employees. Specifically, 70.1 percent of area businesses have four or fewer employees, and 86.4 percent operate from a single location. Service industries represent the largest portion of businesses at 46.4 percent; followed by retail trade at 15.5 percent; construction at 9.7 percent; and finance, insurance, and real estate at 7.7 percent.

The 2015 FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the low-, moderate-, middle- and upper-income categories.

Median Family Income Ranges Worcester, MA-CT MSA (49340)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Worcester, MA-CT MSA Median Family Income (49340)				
2015 (\$81,500)	<\$40,750	\$40,750 to <\$65,200	\$65,200 to <\$97,800	≥\$97,800
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 38,250 housing units in the MSA. Of those housing units, 57.5 percent are owner-occupied and 9.6 percent are vacant. As noted in the Demographic Information table above, the majority of owner-occupied housing units are located in moderate- and middle-income census tracts.

Competition

The assessment area is moderately competitive in the market for financial services. According to 2015 Peer Deposit Data, there were 15 financial institutions that operated 26 full-service branches within this assessment area. Of those institutions, Enterprise Bank and Trust ranked 7th, with a 5.5 percent deposit market share. Notably, Enterprise had a higher market share than several national banks, including Bank of America, N.A. and Santander Bank, N.A.

There is a high level of competition for small business loans among several banks, credit unions, and non-depository lenders in the Worcester, MA-CT MSA. In 2015, the bank ranked 17th out of 87 lenders in the MSA, with a market share of 1.0 percent. The majority of financial institutions that outranked Enterprise Bank and Trust were large national banks and credit card companies.

There is also a high level of competition for home mortgage loans in the overall assessment area. In 2015, the bank ranked 69th out of 224 lenders in the MSA, with a market share of 0.3 percent.

Community Contact

Refer to the community contact section in the overall section for more information.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that revitalization of the low- and moderate-income areas represents a primary credit and community development need for the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS

LENDING TEST

The bank's Lending Test performance is rated "Satisfactory" in the Worcester, MA-CT MSA. The sections below discuss the bank's performance under each criterion.

Lending Activity

This performance criterion considers the volume of Enterprise Bank's lending in the Worcester, MA-CT MSA. The bank's lending levels reflect adequate responsiveness to assessment area credit needs. In 2015 and 2016, EBTC originated 136 small business loans totaling approximately \$24.8 million, and 16 home mortgage loans totaling approximately \$6.9 million in the Worcester, MA-CT MSA portion of the assessment area.

In 2015, EBTC attained a small business loan market rank of 17th out of 87 small business loan reporters in the area. The bank's market share was 1.0 percent by number and 5.2 percent by dollar volume. The lenders ranked the highest were primarily credit card companies. These include American Express, FSB; Bank of America N.A.; Capital One Bank (USA), N.A.; and Citibank, N.A. Enterprise Bank was the highest ranked state-chartered institution.

With regard to HMDA lending, the bank was the 69th largest originator of home mortgage loans by loan volume, among the 224 HMDA lenders in the assessment area. The bank's market share was 0.3 percent by number and 0.2 percent by dollar volume. Among the higher ranked lenders were larger financial institutions and mortgage companies that operate on a regional or national basis. These include JPMorgan Chase Bank, NA; Wells Fargo Bank, NA; Loandepot.com, LLC; and Leader Bank.

Geographic Distribution

The geographic distribution of loan reflects adequate dispersion throughout the assessment area. The bank's adequate performance of small business and home mortgage lending supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Small Business Loans

The geographic distribution of small business loans reflects adequate dispersion throughout the assessment area. The following table shows that the bank's performance in low-income census tracts slightly exceeded aggregate in 2015. In 2016, the bank's level of small business loans in low-income tracts decreased to a single loan. In 2015, lending in moderate-income census tracts exceeded aggregate, at 4.4 percentage points higher. While the number of small business loans in moderate-income tract decreased in 2016, the percentage increased slightly.

Market share data further supported the bank's adequate performance. In 2015, the bank ranked 18th out of 50 lenders in making loans in low-income census tracts, with a 0.7 percent market share.

The bank ranked 10th out of 50 lenders in making loans in moderate-income tracts, with 3.0 percent market share.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	6.4	3.2	4	4.8	300	1.8
2016	6.3	--	1	1.9	280	3.4
Moderate						
2015	44.6	43.6	48	57.1	8,976	54.2
2016	45.3	--	32	61.5	5,241	63.9
Middle						
2015	41.0	44.3	28	33.3	6,891	41.6
2016	40.6	--	17	32.7	2,588	31.6
Upper						
2015	7.9	8.9	4	4.8	390	2.4
2016	7.8	--	2	3.8	88	1.1
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	84	100.0	16,557	100.0
2016	100.0	--	52	100.0	8,197	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, "--" data not available.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. The following table shows that the bank did not originate any home mortgage loans in the low-income census tracts in 2015 or 2016. Aggregate data stood at 2.6 percent, and the percentage of owner-occupied housing units in low-income geographies indicates very limited demand and opportunity for lending in these tracts.

The bank's percentage of loans in moderate-income tracts was relatively consistent with aggregate data in 2015. The bank increased its lending in moderate-income tracts from two loans in 2015, to five loans in 2016. While the percentage significantly exceeds demographic data, the number of loans is small, with each loan accounting for 14.3 percent of total.

Market share data further supported the bank's adequate performance. The bank ranked 85th out of 219 lenders in originating loans in moderate-income tracts, with 0.3 percent market share.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	2.4	2.6	0	0.0	0	0.0
2016	2.4	--	0	0.0	0	0.0
Moderate						
2015	30.6	30.9	2	28.6	145	13.0
2016	30.6	--	5	55.6	4,767	82.0
Middle						
2015	55.3	55.3	3	42.9	603	54.2
2016	55.3	--	2	22.2	663	11.4
Upper						
2015	11.6	11.3	2	28.6	365	32.8
2016	11.6	--	2	22.2	380	6.5
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	7	100.0	1,113	100.0
2016	100.0	--	9	100.0	5,810	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Borrower Profile

The distribution of borrowers reflects adequate penetration among businesses of different sizes and individuals of different income levels inside the assessment area. The bank's adequate performance of small business and home mortgage lending supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less and the percentage of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of small business loans reflects adequate penetration of loans to businesses with GARs of \$1 million loans. The following table shows that the bank originated 41.7 percent of reported loans to businesses with GARs of \$1 million or less. This number is comparable to aggregate lending to businesses in this revenue category and is barely higher by 0.2 percentage points. Lending in 2016 shows a decline of 5.2 percentage points in lending to businesses with GARs of \$1 million or less. This level of lending reflects an adequate performance.

Market share data further supported the bank's adequate performance under this criterion. In 2015, the bank ranked 12th out of 54 lenders in making loans to businesses with GARs of \$1 million or less, with a market share of 1.0 percent market share.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	76.0	41.5	35	41.7	4,180	25.2
2016	81.0	--	19	36.5	1,941	23.7
>1,000,000						
2015	5.8	--	49	58.3	12,377	74.8
2016	7.1	--	33	63.5	6,256	76.3
Revenue Not Available						
2015	18.2	--	0	0.0	0	0.0
2016	11.9	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	84	100.0	16,557	100.0
2016	100.0	--	52	100.0	8,197	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data; "--" data not available.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, shows adequate penetration. Examiners focused on the comparison to aggregate data.

In 2015, the bank's performance of lending to low-income borrowers exceeded aggregate data, but represented one loan. The level of lending to low-income borrowers remained consistent in 2016, at a single loan. The bank made two loans, or 28.6 percent, to low-income borrowers in 2015, but did not make any loans to borrowers of this income level. The number of loans inside the assessment area is very small; therefore, each loan represents a significant percentage of total.

Market share data further supported the bank's adequate performance under this criterion. In 2015, the bank ranked 45th in lending to low-income borrowers, with a 0.5 percent market share. The bank was ranked 55th in lending to moderate-income borrowers, with a 0.3 percent market share.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	27.1	9.0	1	14.3	135	12.1
2016	27.1	--	1	11.1	161	2.8
Moderate						
2015	18.7	24.9	2	28.6	415	37.3
2016	18.7	--	0	0.0	0	0.0
Middle						
2015	22.2	21.8	0	0.0	0	0.0
2016	22.2	--	0	0.0	0	0.0
Upper						
2015	32.0	24.6	2	28.6	380	34.1
2016	32.0	--	1	11.1	330	5.7
Not Available						
2015	0.0	19.7	2	28.6	183	16.4
2016	0.0	--	7	77.8	5,319	91.5
Totals						
2015	100.0	100.0	7	100.0	1,113	100.0
2016	100.0	--	9	100.0	5,810	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Innovative and Flexible Lending

The bank makes use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The programs offered in the Worcester, MA-CT MSA are the same as discussed in the overall evaluation, with the exception of loan programs specific to the State of New Hampshire.

Community Development Lending

Enterprise Bank originated an adequate level of community development loans in the Worcester, MA-CT MSA since the previous evaluation. This conclusion takes into consideration the community development loans that specifically benefit the Worcester, MA-CT MSA.

Since the prior evaluation, the bank originated four community development loans totaling \$9.5 million in this assessment area. The following points illustrate the bank's community development loans in this assessment area:

- In 2014, the bank originated a \$200,000 loan for short-term working capital needs of a Worcester-based organization that provides safe affordable housing for low- and moderate-income individuals; builds and manages water and wastewater facilities; and assists communities in developing critical infrastructures.
- In 2014, the bank originated a loan to provide financing to purchase two vans used to transport children to and from daycare and after-school programs. The organization to which the loan was made provides several essential services to low- and moderate-income individuals throughout the 26 cities and towns in Northern Worcester County.
- In 2016, the bank originated a \$8.7 million refinance loan and a working capital loan of \$500,000 to an organization that provides healthcare services to low- and moderate-income individuals in Worcester County.

INVESTMENT TEST

The bank’s Investment Test performance is rated “Satisfactory” for the Worcester, MA-CT MSA.

Investment Activity

The bank made an adequate level of qualified investments in the Worcester, MA-CT MSA. These investments consist solely of qualified donations, as the bank did not make any equity investments in this portion of the overall assessment area since the prior evaluation. The bank donated \$62,535 to community development organizations in the Worcester, MA-CT MSA, the majority of which went to organizations that provide community services targeted to low- and moderate-income individuals. Donations increased in this area by approximately 23 percent since the last evaluation. The following table illustrates the bank’s community development donations by year and purpose.

Qualified Donations												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	(000s)	#	(000s)	#	(000s)	#	(000s)	#	(000s)	#	(000s)
2014	1	2,000	7	15,675	1	5,000	0	0	0	0	9	22,675
2015	0	0	10	17,160	0	0	0	0	0	0	10	17,160
2016	1	1,000	6	10,700	1	10,000	1	1,000	0	0	9	22,700
Total	2	3,000	23	43,535	2	15,000	1	1,000	0	0	28	62,535

Source: Bank Records

Below are notable examples of the bank’s qualified donations in the Worcester, MA-CT MSA:

- In 2015, the bank made a \$1,000 donation to LUK Inc. as part of the 20 Weeks of Giving campaign. LUK Inc is a non-profit social service agency dedicated to improving the lives of youth and their families. The organization offers programs addressing mental and behavioral health, trauma, addiction and substance abuse prevention, and homelessness. The community services provided by LUK Inc. primarily benefits LMI individuals in the bank’s assessment area.
- The bank made annual donations in 2014, 2015, and 2016 to Montachusett Opportunity Council, Inc. (MOC) for a total of \$7,660. MOC’s mission is to alleviate poverty, promote self-sufficiency, and build healthy communities by creating opportunities, coordinating resources, and advocating for social change. A majority of those served by MOC are low- or moderate-income levels.
- The bank also made annual donations in 2014, 2015, and 2016 to Our Fathers House (OFH) for a total of \$5,000. OFH is a non-profit organization that assists low- and moderate-income individuals and families, particularly the homeless, in Northern Worcester County.

- In 2016, the bank made a \$10,000 donation to The Fitchburg Plan, an economic development organization in Fitchburg, MA, a predominately low- and moderate-income City in the Worcester, MA-CT MSA.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community development needs of the Worcester, MA-CT MSA. As noted previously, the primary needs of the MSA are community services for low- and moderate-income individuals and affordable housing. The majority of donations in the MSA, by number and dollar, were to organizations that benefit community services to low- and moderate-income individuals. The organizations help to address a variety of issues including healthcare, mental health, addiction and substance abuse, and homelessness prevention. The need for accessible community services and affordable healthcare were some other needs identified by the community contact conducted in the Worcester, MA-CT MSA.

Innovativeness or Complexity of Qualified Investments

The bank rarely uses innovative or complex investments to support community development initiatives.

SERVICE TEST

The bank's Service Test performance is rated "Satisfactory" for the Worcester MA-CT MSA.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the Worcester, MA-CT MSA assessment area. The two branches in this area are in moderate-income geographies; the distribution does not inconvenience any portion of the assessment area. Each branch is equipped with an ATM which provides 24-hour access.

Automated Teller Machines (ATMs)

In addition to ATMs located at branches, Enterprise maintains three free-standing ATMs in the assessment area; one is in a low-income census tract (Fitchburg T-Station), one is in a moderate-income census tract (Fitchburg State University), and one is in a middle-income census tract (Leominster T-Station). These ATMs all maintain a Spanish language option for the screens.

In addition to the branch network and ATMs, Enterprise Bank also provides a variety of alternative delivery systems. These alternative delivery systems are offered throughout the entire assessment area, and are detailed in the "Service Test" in the Overall Conclusions Section.

Changes in Branch Locations

The bank did not open or close any branches in this assessment area since the prior evaluation.

Reasonableness of Business Hours and Services

Overall, business hours do not vary in a way that might inconvenience certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Branch hours generally are consistent at each location. Refer to the overall section for details.

Community Development Services

Considering the bank's limited operations in this assessment area, the bank has provided a relatively high level of community development services in the Worcester, MA-CT MSA assessment area during the evaluation period. The bank provided 20 instances of community development services to 9 organizations during the evaluation period. A substantial majority of the bank's community development services were related to services targeted toward low- and moderate-income individuals. The table below summarizes the bank's community development services by year and purpose.

Community Development Services – Worcester Assessment Area						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization Projects	Totals
	#	#	#	#	#	#
2014	0	7	0	0	0	7
2015	1	2	0	1	0	4
2016	0	8	0	1	0	9
Total	1	17	0	2	0	20

Source: Bank records

The following are notable examples of the bank’s community development services in this assessment area:

- The Fitchburg Plan recognized critical community needs, and was noted as particularly responsive by more than one local organization. Enterprise Bank was the sole financial institution involved in the development of the Fitchburg Plan. The overall Service Test section details this community development service.
- Abby Kelley Foster Charter Public School is a Worcester-based school providing education for grades K-12. Approximately 66 percent of the students qualify for free or reduced-price lunch. A Credit Analyst participates in the Annual Career Day providing students with information on working in the financial sector.
- The Boys and Girls Club of Fitchburg and Leominster provides area youths with a place to develop skills to ensure a safe and productive future. The majority of individuals served by this organization are from low- and moderate-income families. A Vice President serves as Chairman of the Board of Directors.
- The North Central Community Reinvestment Act Coalition is an initiative designed to build partnerships between financial institutions, municipalities, and area non-profits to maximize resources and meet area needs. The collaborative effort has increased financial literacy programs, reduced the impact of predatory lending, and expanded the work options of at-risk youth, a majority of which are from low- or moderate-income individuals. A Commercial Lending Officer serves on the Board of Directors.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s overall CRA rating.

APPENDIX

SCOPE OF EVALUATION

SCOPE OF EVALUATION	
TIME PERIOD REVIEWED	December 9, 2013 – February 14, 2017
FINANCIAL INSTITUTION	Enterprise Bank & Trust Company
PRODUCTS REVIEWED:	
<ul style="list-style-type: none"> • Small business and home mortgage loans originated in 2015 and 2016. 	

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

SUMMARY OF STATE AND MULTI-STATE METROPOLITAN AREA RATINGS

State or Multi-State Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
Boston-Cambridge-Newton, MA-NH MSA	High Satisfactory	Satisfactory	Outstanding	Satisfactory
Manchester-Nashua, NH MSA	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Worcester, MA-CT MSA	Satisfactory	Satisfactory	Satisfactory	Satisfactory

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.

The bank maintains a written fair lending policy. The bank proactively and affirmatively supports the fair lending process through consistent underwriting procedures, regular monitoring (such as secondary review procedures), and appropriate audits.

MINORITY APPLICATION FLOW

The bank's HMDA LARs for 2015 and 2016 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 2010 U.S. Census Data, the bank's overall assessment area has a total population of 855,544, of which 25.0 percent are minorities. The minority and ethnic population is 2.3 percent Black/African American, 6.7 percent Asian/Pacific Islander, 0.1 percent American Indian, 13.9 percent Hispanic or Latino, and 1.9 percent other.

The bank's level of lending was compared with aggregate data for 2015, the most recent year for which data was available. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential 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.

MINORITY APPLICATION FLOW					
RACE	Bank 2015		2015 Aggregate Data	Bank 2016	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0
Asian	19	4.7	6.1	24	5.1
Black/ African American	3	0.7	1.8	8	1.7
Hawaiian/Pacific Islander	0	0.0	0.2	2	0.4
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	2	0.5	1.3	4	0.9
Total Minority	24	5.9	9.7	38	8.1
White	244	59.8	67.5	280	59.3
Race Not Available	140	34.3	22.8	154	32.6
Total	408	100.0	100.0	472	100.0
ETHNICITY					
Hispanic or Latino	28	6.9	7.0	64	13.6
Not Hispanic or Latino	240	58.8	69.6	244	51.7
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.2	1.0	3	0.6
Ethnicity Not Available	139	34.1	22.4	161	34.1
Total	408	100.0	100.0	472	100.0

Source: 2010 U.S. Census, 2015 and 1/1/2016-6/30/2016 HMDA Data, 2015 Aggregate HMDA Data

In 2015, the bank received 408 HMDA reportable loan applications from within its assessment area. Of these applications, 24 or 6.6 percent were from minority applicants, of which 11 or 45.8 percent resulted in originations. The aggregate had a racial minority application flow of 9.7 percent and an origination rate of minority applications of 66.6 percent. In 2016, the bank's racial minority application rate increased to 8.0 percent, and the origination rate of minority applications increased to 60.5 percent.

In 2015, the bank received 29 ethnic minority applications, comprising 7.2 percent of all applications, compared to an aggregate ethnic minority application rate of 8.0 percent. The bank's origination rate of 48.3 percent was lower than the aggregate origination rate of 60.5 percent. In 2016, the bank's ethnic minority application rate increased significantly to 13.6 percent. The approval rate increased to 65.8 percent.

The bank's racial minority application flow was lower than aggregate, specifically in the percentage of Asian applicants. The bank has recognized opportunities to expand its minority application flow during the evaluation period and has made concerted efforts to do so through outreach, advertising, and alternative delivery services. The year-over-year improvement in all areas related to minority application flow, including origination rate, exhibits the effectiveness of these methods. Due to the bank's efforts to ensure fair lending practices, the bank's minority application flow is adequate.

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.

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;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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 non-profit) 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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: 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 Multi-State 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 Multi-State metropolitan area, the institution will receive a rating for the Multi-State 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.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.