



## **PUBLIC DISCLOSURE**

**September 14, 1998**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Enterprise National Bank  
Charter Number 21972**

**6075 Poplar Avenue, Suite 120  
Memphis, Tennessee 38119**

**Office of the Comptroller of the Currency  
80 Monroe Avenue, Suite 505  
Memphis, Tennessee, 38103**

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

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of Enterprise National Bank, Memphis, Tennessee, prepared by Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of September 14, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated “**Meets Standards for Satisfactory Performance**”.

The major factors which support this rating include:

- ▶ The average loan-to-deposit ratio of approximately 92% over the last ten quarters is good and well above that of similarly situated institutions lending in the bank's assessment area.
- ▶ A majority of the loans are made within the assessment area.
- ▶ The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- ▶ The bank has a reasonable distribution of loans to borrowers of different income levels. The distribution of loans to business customers of different sizes is good.

The following table indicates the performance level of **Enterprise National Bank, Memphis, Tennessee**, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Enterprise National Bank, Memphis, Tennessee PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No CRA related complaints have been received.		

## **DESCRIPTION OF INSTITUTION**

Enterprise National Bank (Enterprise) is a \$164 million financial institution in Memphis, Tennessee. The main office is located inside the Crescent Center Office Building at 6075 Poplar Avenue on the far east side of the city. The single branch office is located at 591 S. Mendenhall in east Memphis. The bank's primary focus is on loans to small and medium-sized businesses and medium to high net worth individuals. As of June 30, 1998, the \$120 million loan portfolio had the following composition for major products: residential real estate (24%), commercial (20%), construction (18%), consumer (9%).

Enterprise National Bank is a wholly owned subsidiary of Enterprise Bancshares, Incorporated, a one bank holding company. There are no supervisory concerns (impediments) that would affect Enterprise's ability to meet various credit needs based on their financial condition and size.

Enterprise has numerous competitors operating within its assessment area, including several large regional banks as well as many mortgage companies.

## **DESCRIPTION OF THE BANK'S ASSESSMENT AREA**

Enterprise's assessment area consists of 40 whole census tracts in the eastern and far eastern section of Memphis and portions of Collierville and Cordova, within Shelby County, Tennessee. Three of the 40 census tracts are low-income, none are moderate-income, eight are middle-income, and twenty-nine are upper income. The main office is located in Census Tract 85 and the branch in Census Tract 213.20. Both are upper income census tracts.

The assessment area designated includes the two census tracts within which the two banking facilities are located, all census tracts contiguous to those two, and the whole census tracts in which the bank makes the majority of its loans. The latter group is also concentric to the main office and no census tracts within the sphere are omitted. The assessment area complies with the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

Enterprise's assessment area is highly competitive, with a wide assortment of banks and financial service organizations - both large and small.

ENTERPRISE NATIONAL BANK ASSESSMENT AREA															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
Census Tracts		Families		Census Tracts		Families		Census Tracts		Families		Census Tracts		Families	
3	8%	113	.2%	0	0%	0	0%	8	20%	9,584	16%	29	73%	49,865	84%

The 40 census tracts in Enterprise's assessment area all fall within the Memphis, Tennessee Metropolitan Statistical Area (MSA). The MSA median family income at the 1990 census was \$31,990. The estimated median family income for 1998 was \$45,000.

The Memphis MSA contains 185 census tracts of which 49 are classified as low income, 41 moderate, 41 middle, and 54 upper-income. The combined population of the 185 census tracts per the 1990 census is 981,747 persons within a total of 270,705 families.

Memphis has become a major distribution center with large companies such as Federal Express being headquarter there. The finance, insurance and real estate as well as trade, government and service sectors have seen the highest gains in reported growth. Of the 3,300 total non-agricultural jobs created in 1997, 3,100 were in the service producing industries. Manufacturing firms have shown a sharp decline in the area. Unemployment as of December 1997, in the Memphis MSA was 3.7%, a slight increase from the December 1996 rate of 3.6%.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **Loan-to-Deposit Ratio**

The bank retained the services of The Attus Inc. Group of Cincinnati, Ohio, to aggregate loan data and to prepare analyses of the entire portfolio as well as new loans originated in the 1997 calendar year. All information is as of December 31, 1997.

The loan-to-deposit ratio is good. The bank's loan-to-deposit ratio has averaged 91.54% for the last ten quarters. This ratio was calculated by averaging the quarterly loan-to-deposit ratios from March 1996 to June 1998. The loan-to-deposit ratio has been on an upward trend for the last 30 months and reached a high of 102% at June 30, 1998.

There are two similarly situated financial institutions operating within Enterprise's assessment area. The loan to deposit ratios of these two institutions have averaged 57% and 67% over a similar period.

<b>ENTERPRISE NATIONAL BANK LOAN TO DEPOSIT RATIOS BY QUARTER</b>			
<b>QUARTER ENDED</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
<b>MARCH 31</b>	<b>97.3%</b>	<b>91.5%</b>	<b>83.0%</b>
<b>JUNE 30</b>	<b>101.8%</b>	<b>95.3%</b>	<b>83.1%</b>
<b>SEPTEMBER 30</b>	<b>N/A</b>	<b>89.2%</b>	<b>83.5%</b>
<b>DECEMBER 31</b>	<b>N/A</b>	<b>93.8%</b>	<b>81.0%</b>
<b>AVERAGE RATIO</b>	<b>99.5%</b>	<b>92.4%</b>	<b>82.6%</b>

### **Lending in the Assessment Area**

As of December 31, 1997, the bank's portfolio consisted of 1,695 loans, totalling \$105 million. Of these loans, 1,103 or 65%, are within the bank's assessment area. In terms of dollars, approximately \$70 million or 67% have been made within the assessment area.

<b>ENTERPRISE NATIONAL BANK COMPARISON OF CREDIT INSIDE/OUTSIDE ASSESSMENT AREA LOAN PORTFOLIO AS OF DECEMBER 31, 1997</b>				
<b>ASSESSMENT AREA</b>	<b>NUMBER OF LOANS</b>	<b>PERCENT</b>	<b>DOLLAR AMOUNT</b>	<b>PERCENT</b>
<b>INSIDE</b>	<b>1,103</b>	<b>65%</b>	<b>\$70,020M</b>	<b>67%</b>
<b>OUTSIDE</b>	<b>592</b>	<b>35%</b>	<b>\$35,027M</b>	<b>33%</b>
<b>TOTAL</b>	<b>1,695</b>	<b>100%</b>	<b>\$105,047M</b>	<b>100%</b>

A majority of the new loans originated by the bank during 1997 are within Enterprise's assessment area. The bank originated 677 new loans, totalling \$57 million during the

1997 calendar year. The percentages of total loans made within the assessment were 67% by number and 73% by dollar.

ENTERPRISE NATIONAL BANK COMPARISON OF CREDIT INSIDE/OUTSIDE ASSESSMENT AREA LOANS ORIGINATED DURING 1997				
ASSESSMENT AREA	NUMBER OF LOANS	PERCENT	DOLLAR AMOUNT	PERCENT
INSIDE	456	67%	\$42,073M	73%
OUTSIDE	221	33%	\$15,399M	27%
TOTAL	677	100%	\$57,472M	100%

### Geographic Distribution of Loans

The distribution of loans reflects a reasonable dispersion throughout the assessment area. This is based on an internal analysis of the loans originated in the assessment area during 1997. Both banking facilities, the main office and the branch office, are located in upper income geographies.

ENTERPRISE NATIONAL BANK DISTRIBUTION OF CREDIT WITHIN ASSESSMENT AREA BY GEOGRAPHY LOANS ORIGINATED IN 1997						
INCOME LEVEL	NUMBER OF CENSUS TRACTS	NUMBER OF FAMILIES IN THE CENSUS TRACTS	NUMBER OF LOANS MADE	PERCENTAGE OF LOAN PORTFOLIO	DOLLAR AMOUNT	PERCENTAGE OF LOAN PORTFOLIO
LOW	3	113	1	.2%	\$ 125M	.3%
MODERATE	0	0	0	0%	\$ 0M	0%
MIDDLE	8	9,584	26	5.7%	\$ 1,799M	4.3%
UPPER	29	49,865	429	94.1%	\$40,149M	95.4%
TOTAL	40	59,562	456	100%	\$42,073M	100%

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

The distribution of lending to borrowers reflects a reasonable penetration of lending to individuals of different income levels (including low- and moderate-income). The Attus Group prepared an analysis of each new loan generated during 1997, based on collected income for new real estate and consumer loans (471). Of the 471 real estate and consumer loans, 372 were made in the bank's assessment area. We sampled approximately twenty of those loans and found the data to be accurate.

<b>ENTERPRISE NATIONAL BANK</b>				
<b>Distribution of Real Estate and Consumer Loans by Income Level Within the Assessment Area</b>				
<b>Loans Made During 1997</b>				
<b>Income Levels</b>	<b>Real Estate and Consumer Loans</b>			
	Number of Loans	Percent	\$ Amount of Loans	Percent
<b>Low</b>	5	1.3%	\$ 387M	1.2%
<b>Moderate</b>	6	1.6%	\$ 390M	1.2%
<b>Middle</b>	25	6.7%	\$ 2,203M	6.5%
<b>Upper</b>	200	53.8%	\$ 19,774M	58.5%
<b>NA</b>	136	36.6%	\$ 11,025M	32.6%
<b>TOTAL</b>	<b>372</b>	<b>100.0%</b>	<b>\$ 33,779M</b>	<b>100.0%</b>

The Attus Group report reflects that 137 new commercial loans were generated during 1997. Seventy-eight (78) of the 137 loans were made in the bank's assessment area. A total of thirty (30) loans were made to small businesses with revenues of less than \$1,000,000 in the assessment area.

Enterprise National Bank opened its Women's Banking Center during 1997. The Center provides products and services for the banking needs of women, specifically including women who are small business owners. Six of the thirty loans noted below are to small business owners who are women.



ENTERPRISE NATIONAL BANK Commercial Loans Generated During 1997				
Revenues	Number	Percent	Amount	Percent
Less than \$1,000,000	30	21.9%	\$ 1,730,126	11.9%
Greater than \$1,000,000	48	35.0%	\$ 6,561,761	45.1%
Total Inside Assessment Area	78	56.9%	\$ 8,291,887	57.0%
Outside Assessment Area	59	43.1%	\$ 6,249,133	43.0%
Total	137	100.0%	\$14,541,020	100.0%

### **Response to Complaints**

The bank's public file did not contain any complaints regarding the bank's performance in helping to meet community credit needs under CRA.

### **Compliance with Fair Lending Legislation**

A fair lending review was conducted in conjunction with the CRA performance evaluation. No evidence of discriminatory or disparate treatment was noted.