



## **PUBLIC DISCLOSURE**

September 2, 2014

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

Enterprise National Bank, N.J.  
Charter Number: 24620

490 Kenilworth Boulevard  
Kenilworth, New Jersey 07033

Office of the Comptroller of the Currency

New York Field Office  
Harborside Financial Center  
Plaza Five, Suite 1600  
185 Hudson Street  
Jersey City, New Jersey 07311

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

The rating is based on the following criteria:

- The quarterly average loan-to-deposit ratio is more than reasonable at 94.93 percent. This meets the standard for satisfactory performance.
- A majority of loans, 60 percent by number and 53 percent by dollar amount, were originated inside the assessment area. This meets the standard for satisfactory performance.
- The distribution of loans to businesses of different sizes is reasonable and meets the standard for satisfactory performance.
- The geographic distribution of loans to businesses reflects reasonable dispersion throughout geographies of different income levels. This meets the standard for satisfactory performance.
- No consumer complaints were filed during the evaluation period.

**SCOPE OF EXAMINATION**

This Performance Evaluation assesses the ability of Enterprise National Bank (ENB or the bank) to meet the credit needs of the communities where it conducts business and comply with the Community Reinvestment Act (CRA). The bank was evaluated using the small bank performance criteria. The bank's primary loan product is business loans, as per our review of the number and dollar amount of loan types originated throughout the evaluation period. Business lending includes lines of credit, installment and term loans, construction financing, and real estate loans.

Conclusions regarding ENB's lending performance are based on the bank's primary loan product, loans to businesses. ENB is not required to collect CRA small business information. In order to evaluate ENB's record of originating business loans, we validated the bank's records of business lending by testing a sample of 55 loans for data integrity that were originated from January 1, 2012 to December 31, 2013 (the evaluation period). Our sample included 22 randomly selected loans from the Newark-Union assessment area (AA) and the entire population of loans originated in the Edison, NJ AA. All loans were evaluated based on 2013 Business Geodemographic Data. This limited data analysis was performed with the concurrence of bank management.

## Description of Institution

Enterprise National Bank (ENB) is a \$155 million intrastate community bank headquartered in Kenilworth, NJ. The bank was founded on August 19, 2002 and has three full service branches located in Kenilworth, Edison, and Bloomfield. Since the prior CRA examination, ENB opened the Bloomfield Branch in June 2011. There are no financial or legal factors preventing the bank from helping to meet the credit needs within its AAs. The previous Performance Evaluation was issued on January 13, 2010, and the overall CRA rating assigned was Satisfactory.

As of June 30, 2014, ENB reported net loans of \$140 million and total deposits of \$119 million. Tier one capital totaled \$20 million. Net loans represented 94 percent of average assets. The bank's products consist of non-farm non-residential loans (58 percent), multifamily loans (15 percent), residential real estate loans (10 percent), commercial and industrial loans (8 percent), construction and development loans (8 percent), and consumer loans (1 percent). The bank's primary lending products consist of business loans. The bank's business strategy is mainly the pursuit of business lending opportunities for commercial real estate properties.

## Description of Assessment Areas

ENB has two AAs within the Newark-Union, NJ-PA Metropolitan Division (MD) (35084) and the Edison, NJ MD (20764), which are part of the New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area #35620. Both AAs meet regulatory requirements and do not arbitrarily exclude any low- or moderate-income geographies. ENB operates two full-service branches within the Newark-Union-NJ-PA AA and one full-service branch in the Edison, NJ AA. For description and analysis purposes, the AAs are defined using 2010 Census data. A full-scope evaluation was performed for each AA.

### **Newark-Union-NJ-PA MD (35084)**

ENB designated 210 census tracts in Essex County, 108 census tracts in Union County, and 100 census tracts in Morris County as an AA. The AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude low-or moderate-income areas. Of the 418 census tracts within the MD, 80 (19.14 percent) are low-income geographies, 109 (26.08 percent) are moderate-income geographies, 88 (21.05 percent) are middle-income geographies, and 139 (33.25 percent) are upper-income geographies.

ENB operates two full-service branches within this AA. The main branch is headquartered in Kenilworth, Union County, NJ. This branch is located in a middle-income geography. The Bloomfield branch is located in Bloomfield, Essex County, NJ. This branch is located in a moderate-income geography. Both branches offer a traditional array of banking services and products. They also both have extended Thursday hours and are open on Saturday.

ENB faces significant competition within this AA. According to the FDIC's June 2013 Deposit Market Share Report, there were 708 offices between 55 institutions in the AA. The largest controllers, based on market share percentage, were Wells Fargo Bank, N.A. (17.24 percent market share and 73 offices), New York Community Bank (9.63 percent market share and 27 offices), TD Bank, N.A. (8.89 percent market share and 47 offices), Bank of America, N.A. (8.35 percent market share and 76 offices) and JPMorgan Chase (7.31 percent market share and 62 offices). The bank had 0.09 percent market share at June 30, 2013.

The overall population of the AA is 1,812,744 as per 2010 census data. Of this population, 271,909 (15.00 percent) reside in low-income geographies, 435,784 (24.04 percent) reside in moderate-income geographies, 405,330 (22.36 percent) reside in middle-income geographies, and 695,006 (38.34 percent) reside in upper-income geographies. The 2010 census median family income was \$95,921.

The total number of housing units within the AA is 698,735, of which 55 percent are owner-occupied, 37 percent are rentals, and 8 percent are vacant. Approximately 5 percent of all owner-occupied housing within the AA is located within low-income geographies, 15 percent in moderate-income geographies, 26 percent in middle-income geographies, and 54 percent in upper-income geographies. The median housing value was \$413,605 compared to the state median value of \$337,900 and a national average of \$181,400.

The economic condition of the AA is improving at a rate similar to state averages. The median household income increased by 31.29 percent since 2000, which is in line with the state average of 29.90 percent. The median housing value of \$413,605 has grown by 100.97 percent since 2000, which is also in line with the state average of 97.83 percent. Population growth of 8.02 percent from 2000 to 2010 exceeded the state average of 4.49 percent.

Discussions with a community contact representing Essex County indicated that there is access to financial services for residents, but acquiring a mortgage is still difficult for low- and moderate-income families. There are income disparities evident in the differences between the inner cities and suburban areas, as suburban towns are enclaves of wealth, while cities contain much of the low- and moderate-income geographies in the county.

The following table outlines basic demographic data for ENB’s AA:

<b>Demographic Information for the Newark-Union NJ-PA MD Assessment Area</b>						
Demographic Characteristics	#	% Low Income Tract	% Moderate Income Tract	% Middle Income Tract	% Upper Income Tract	Unknown Income Tract*
Census Tracts	418	19.14	26.08	21.05	33.25	0.48
Total Population	1,812,744	15.00	24.04	22.36	38.34	0.26
Total Housing Units	698,735	15.92	24.58	23.37	36.13	0.00
Owner-Occupied Housing	381,440	4.72	14.79	26.51	53.98	0.00
Median Family Income		\$87,598	Median Housing Value	\$413,605		
HUD Adjusted MFI for 2013		\$90,100	Unemployment Rate	5.61%		
Households Below Poverty Level		10.16%	(2010 US Census)			

Source: 2010 Census and 2013 Updated HUD MFI

**Edison, NJ MD (20764)**

ENB designated 175 census tracts within Middlesex County as an AA. The AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude low-or moderate-income areas. Of the 175 ENB census tracts, 11 (6.29 percent) are low-income geographies, 28 (16.00 percent) are moderate-income geographies, 98 (56.00 percent) are middle-income geographies, and 38 (21.71 percent) are upper-income geographies.

ENB operates one full-service branch within the AA, which is located in Edison, NJ. The branch is located in an upper-income geographic location. The branch offers traditional banking products and services.

ENB faces significant competition within this AA. According to the FDIC’s June 2013 Deposit Market Share Report, there were 282 offices between 46 institutions in the AA. The largest controllers, based on number of offices, were PNC Bank, N.A. (22.41 percent market share and 34 offices), Wells Fargo Bank, N.A (12.59 percent market share and 26 offices), Bank of America, N.A (10.94 percent market share and 28 offices), TD Bank, N.A (7.77 percent market share and 15 offices) and The Provident Bank (6.42 percent market share and 22 offices). The bank had 0.19 percent market share as of June 30, 2013.

The population of the AA is 809,858 as per 2010 census data. Of this, 54,908 (6.78 percent) reside in low-income geographies, 133,384 (16.47 percent) reside in moderate-income geographies, 451,172 (55.71 percent) reside in middle-income geographies, and 170,394 (21.04 percent) reside in upper-income geographies. The median family income was \$91,959.

The total number of housing units within the AA is 292,495. Of these, 185,822 (63.53 percent) are owner-occupied, 91,580 (31.31 percent) are rental properties, and 15,093 (5.16 percent) are vacant. Furthermore, 16,976 (5.80 percent) are situated in low-income geographies, 52,561 (17.97 percent) are in moderate-income geographies, 163,622 (55.94 percent) are in middle-income geographies, and 59,354 (20.29 percent) are in upper-income geographies. The median housing value was \$340,000 compared to the state median value of \$337,900 and a national average of \$181,400.

The economic condition of the AA is improving at a rate similar to state averages. The median household income increased by 29.29 percent since 2000, which is in line with the state average of 29.90 percent. The median house value of \$340,000 has grown by 101.78 percent since 2000, which is also in line with the state average of 97.83 percent. Population growth of 7.96 percent from 2000 to 2010 exceeded the state average of 4.49 percent.

The following table demonstrates basic demographic information for the AA:

<b>Demographic Information for the Edison, NJ MD Assessment Area</b>						
Demographic Characteristics	#	% Low Income Tract	% Moderate Income Tract	% Middle Income Tract	% Upper Income Tract	Unknown Income Tract*
Census Tracts	175	6.29	16.00	56.00	21.71	0.00
Total Population	809,858	6.78	16.47	55.71	21.04	0.00
Total Housing Units	292,495	5.80	17.97	55.94	20.29	0.00
Owner-Occupied Housing	185,819	2.21	12.96	59.03	25.80	0.00
Median Family Income		\$91,959	Median Housing Value		\$355,417	
HUD-Adjusted MFI for 2013		\$96,600	Unemployment Rate		3.76%	
Households Below Poverty Level		7%	(2010 US Census)			

Source: 2010 Census and 2013 Updated HUD MFI

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

ENB’s performance under the Lending Test is “Satisfactory.” The loan-to-deposit ratio is more than reasonable, and the majority of the loans originated during the evaluation period were within the AA. The borrower distribution of ENB’s loans reflects reasonable penetration among businesses of different sizes. The geographic distribution of loans reflects reasonable dispersion throughout geographies of different income levels. Conclusions were based on ENB’s record of originating business loans, as ENB is not required to collect or report HMDA information or any small business information.

**Loan-to-Deposit Ratio**

ENB’s quarterly average loan-to-deposit ratio is more than reasonable and is considered outstanding given the institution’s lending capacity, lending opportunities in the AAs, and the demographics of the bank’s AAs. In the nineteen quarters since the prior CRA examination, the bank’s quarterly average loan-to-deposit ratio was 94.93 percent. During this period, the bank’s net loan-to-deposit ratio fluctuated from a low of 78.65 percent (March 31, 2010) to a high of 121 percent (March 31, 2014).

ENB’s quarterly average loan-to-deposit ratio compares favorably against other local financial institutions of similar size, location, and product offerings. The bank ranks fourth among eleven peer banks. The average loan-to-deposit ratio for the other eleven banks was 79.26 percent, ranging from 35.92 percent to 107.45 percent.

**Lending in Assessment Area**

The analysis of ENB’s record of lending in its AAs was performed at the bank level. We analyzed ENB’s record of originating business loans inside, versus outside, of its AAs during 2012 and 2013. The analysis focused on business loans because business loans are ENB’s primary loan product. ENB’s business loan originations include lines of credit, installment and term loans, construction financing, and real estate loans.

ENB originated the majority of its business loans inside its AAs and is rated satisfactory. The table below details the bank’s loan origination activity within the AAs by number and dollar amount of loans. Based on our sample, 60 percent of the loans in number, and 53 percent in dollar volume, were made within the bank’s AAs.

<b>Table 1 – Lending in ENB’s Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside AA		Outside AA		Total	Inside AA		Outside AA		Total
	#	%	#	%		\$	%	\$	%	
Business	33	60%	22	40%	55	\$10,737	53%	\$9,582	47%	\$20,319
<b>Total</b>	<b>33</b>	<b>60%</b>	<b>22</b>	<b>40%</b>	<b>55</b>	<b>\$10,737</b>	<b>53%</b>	<b>\$9,582</b>	<b>47%</b>	<b>\$20,319</b>

Source: 2013 Business Geodemographic Data and Loan Sample

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

ENB’s distribution of loans to businesses of varying sizes is reasonable and meets the standard for satisfactory performance. There is reasonable penetration in the both AAs. This is based on the bank’s high volume of loans to small businesses compared to the total number of loans originated during the evaluation period.

### **Performance in the Newark-Union-NJ-PA MD (35084)**

The borrower distribution of business loans in the Newark-Union-NJ-PA MD AA reflects reasonable penetration among businesses of varying sizes. ENB originated 71 loans (51.45 percent of total loans originated) in this AA during the evaluation period. Of these, 67 (94.37 percent) were to small businesses (Revenue  $\leq$  One Million). The dollar amount of loans to small businesses is equivalent to 76.19 percent of the total dollar amount of loans originated during the sampling period. This is acceptable considering demographic information that indicates that 72.05 percent of businesses in the AA are small.

<b>Table 2A - Borrower Distribution of Loans to Businesses in the Newark-Union-NJ-PA MD 35084</b>				
Business Revenues (or Sales)	$\leq$ \$1,000,000	$>$ \$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72.05%	6.14%	21.81%	100%
% of Bank Loans in AA by #	94.37%	5.63%	0.00	100%
% of Bank Loans in AA by \$	76.19%	23.81%	0.00	100%

Source: 2013 Business Geodemographic Data and Loan Sample

### **Performance in the Edison, NJ MD (20764)**

The borrower distribution of business loans in the Edison, NJ MD AA reflects reasonable penetration among businesses of varying sizes. ENB originated 11 loans (7.97 percent of total loans originated) in this AA during the evaluation period. Of these, six (54.54 percent) were to small businesses (Revenue  $\leq$  One Million). The dollar amount of loans to small businesses is equivalent to 52.97 percent of the total dollar amount of loans originated during the evaluation period. This is acceptable considering demographic information that indicates that 70.34 percent of businesses in the AA are small.

<b>Table 2B - Borrower Distribution of Loans to Businesses in the Edison-NJ MD 20764</b>				
Business Revenue (or Sales)	$\leq$ \$1,000,000	$>$ \$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70.34%	7.00%	22.66%	100%
% of Bank Loans in AA by #	54.54%	45.46%	0.00	100%
% of Bank Loans in AA by \$	52.97%	47.03%	0.00	100%

Source: 2013 Business Geodemographic Data and Loan Sample

### **Geographic Distribution of Loans**

The geographic distribution of business loans reflects a reasonable dispersion throughout geographies of different income levels and meets the standard for satisfactory performance. We placed more weight on the geographic distribution of loans in the Newark-Union-NJ-PA MD due to the bank's limited opportunities to lend to businesses located within low- and moderate-income geographies in the Edison, NJ



MD. Only 18.97 percent of businesses in the Edison, NJ MD are located in low- and moderate-income tracts, compared to 28.95 percent in the Newark-Union-NJ-PA MD.

**Performance in the Newark-Union-NJ-PA MD (35084)**

The geographic distribution of loans reflects excellent dispersion throughout geographies of different income levels, and ENB’s performance meets the standard for outstanding performance.

The percentage of loans made to businesses within low-income geographies exceeds the percentage of businesses located within low-income geographies in the AA. The percentage of loans made to businesses within moderate-income geographies exceeds the percentage of businesses located within moderate-income geographies.

Table 3A – Geographic Distribution of Loans to Businesses in the Newark-Union-NJ-PA MD 35084								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	11.20	18.18	17.75	31.82	22.75	13.64	47.97	36.36

Source: 2013 Business Geodemographic Data and Loan Sample

**Performance in the Edison, NJ MD (20764)**

The geographic distribution of loans reflects poor dispersion throughout census geographies of different income levels, and ENB’s performance does not meet the standard for satisfactory performance.

ENB did not originate any loans to businesses located within low- or moderate-income geographies during the evaluation period. As a result, the percentage of loans made to businesses within low-income and moderate-income geographies is significantly lower than the percentage of businesses located within low-income and moderate-income geographies in the AA.

Table 3B - Geographic Distribution of Loans to Businesses in the Edison, NJ MD 20764								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	5.16%	0.00%	13.94%	0.00	54.76%	54.55%	26.15%	45.45%

Source: 2013 Business Geodemographic Data and Loan Sample

**Responses to Complaints**

There have been no complaints in regards to CRA issues.

**Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.