

PUBLIC DISCLOSURE

DECEMBER 9, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ENTERPRISE BANK AND TRUST COMPANY

27408

222 MERRIMACK STREET

LOWELL, MA 01852

Division of Banks

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Federal Deposit Insurance Corporation

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NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations 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 Deposit Insurance Corporation or the Division of Banks concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Federal Deposit Insurance Corporation (“FDIC”) and the Massachusetts Division of Banks (“Division”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Enterprise Bank and Trust Company** (“**Enterprise Bank**” or the “**Bank**”) prepared by the Division and the FDIC, the institution's supervisory agencies, as of **December 9, 2013**. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution’s branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC’s Rules and Regulations.

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.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS			
Enterprise Bank & Trust Company			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X		
Satisfactory**		X	
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

**Note: FDIC rules and regulations stipulate use of a high satisfactory and low satisfactory rating for the three tests. For purposes of this jointly issued public evaluation, the term “Satisfactory” will be used in lieu of the “Low Satisfactory” rating for the lending, investment, and service test ratings.

LENDING TEST

The Bank's Lending Test performance is rated "High Satisfactory."

- Overall, the Bank's small business and home mortgage lending activity reflects good responsiveness to assessment area credit needs considering the size of the institution, its loan portfolio composition, and the significant level of competition within the assessment area.
- A high percentage of small business and home mortgage loans were originated within the assessment area.
- The geographic distribution of the Bank's home mortgage and small business loans reflects good dispersion throughout the assessment area, especially in low- and moderate-income geographies, when compared to assessment area demographics and aggregate lending performance.
- Overall, the borrower distribution of the Bank's home mortgage and small business loans represents good penetration to businesses of different sizes and individuals of different income levels.
- The Bank provided a relatively high level of community development loans within its assessment area or the broader regional area, given its asset size and financial resources. These loans primarily benefitted organizations and businesses that provide affordable housing and economic development throughout the area.
- The Bank makes use of innovative and flexible lending programs to meet the credit needs of small businesses, first-time homebuyers, and low- and moderate-income ("LMI") borrowers. These programs are provided internally by the Bank and through various partnerships with federal, state, and community development organizations.

INVESTMENT TEST

The institution's Investment Test performance is rated "Satisfactory."

- Overall, the Bank made an adequate level of qualified investments and grants. The Bank made a significant level of qualified charitable donations. The level of donations increased since the previous examination. The donations addressed a variety of community development needs within the assessment area. The total amount of qualified charitable donations was \$909,168.
- The level of qualified equity investments was poor; however, the Bank's one investment was responsive to the affordable housing needs of the area. The Bank made a new qualified investment of \$720,916. Enterprise Bank had no new equity investments at the last evaluation
- Enterprise Bank rarely used innovative or complex investments.

SERVICE TEST

The institution's Service Test performance is rated "Outstanding." The rating is primarily based on the Bank's leadership in providing community development services that benefit the assessment area. The Bank is a leader in providing financial education to the neediest communities in the assessment area.

- The Bank's delivery systems are readily accessible to all portions of the assessment area.
- To the extent changes have been made, the Bank's opening and closing of branches improved the accessibility of its delivery systems, including in LMI geographies and to LMI

individuals. The Bank opened branches in a low-income tract in Lawrence during the review period.

- Overall, the Bank's services and business hours do not vary in a way that would inconvenience any portion of the assessment area, particularly LMI individuals or geographies.
- The institution is a leader in providing community development services. Bank officers and staff members provided their financial expertise to help address community needs through their involvement in various community organizations. Many of these services involve Bank management taking an active leadership role in these organizations. Bank management and employees also developed and participated in educational seminars targeted toward LMI families, borrowers, and first-time homebuyers. The Bank also provided innovative support for local non-profit organizations. The Bank targeted many of these efforts to the neediest portions of the assessment area.

PERFORMANCE CONTEXT

Description of Institution

Enterprise Bank is a Massachusetts-chartered, stock-owned, commercial bank headquartered in Lowell, Massachusetts (“MA”). The institution is a wholly-owned subsidiary of Enterprise Bancorp, Inc. The Bank is headquartered at 222 Merrimack Street, Lowell, MA. In addition to its main office and operations center in Lowell, the institution operated 20 full-service branches in MA and New Hampshire (“NH”) during the review period. The Bank opened its 21st branch office in Nashua, NH on the date of the evaluation, which will be reflected at the next evaluation. Enterprise Bank is a full-service community bank locally owned and managed. The institution strives to be highly responsive to the needs of individuals, professionals, non-profits, and growing businesses.

As of September 30, 2013, the Bank’s assets totaled approximately \$1.8 billion. This represents an increase of 29.0 percent since the previous evaluation conducted on November 1, 2010. The Bank is primarily a commercial lender, with real estate secured commercial loans representing the largest portion of the Bank’s portfolio at 45.1 percent, and commercial and industrial loans accounting for the next highest portion at 20.6 percent. Refer to Table 1 for further information regarding the Bank’s loan portfolio.

Table 1 – Loan Portfolio Distribution as of September 30, 2013		
Loan Type	Dollar Amount \$(‘000s)	Percent of Total Loans
Construction and Land Development, and Other Land	121,314	8.2%
Secured by Farmland	0	0.0%
Open-End Lines of Credit Secured by 1-4 Family Residential	69,740	4.7%
Closed-End Loans Secured by First Liens: 1-4 Family Residential	198,817	13.5%
Closed-End Loans Secured by Junior Liens: 1-4 Family Residential	23,699	1.6%
Secured by Multi-Family (5 or more) Residential Properties	55,625	3.8%
Secured by Nonfarm Nonresidential Properties	663,930	45.1%
Total Secured by Real Estate	1,133,125	76.9%
Commercial and Industrial	303,505	20.6%
Loans to Individuals for Household, Family, or Other Personal Expenditures	6,707	0.5%
Obligations of States and Political Subdivisions in the U.S.	30,283	2.0%
Lease Financing Receivables	138	0.0%
Total Loans	1,473,758	100.0%

Source: September 30, 2013 Call Report

The Bank offers a wide array of financial products and services to consumers and businesses. Commercial products include real estate-secured and commercial and industrial loans, deposit accounts, and business services such as cash management, investment, and insurance services. Investment and insurance products are offered through Bank subsidiaries. Consumer products include residential mortgages, consumer loans, deposit accounts, and investment services. The Bank considers its primary competitors to be locally headquartered institutions, such as Lowell Five and Jeanne D’Arc Credit Union, as well as larger regional institutions such as Eastern Bank.

The FDIC and Division last evaluated the Bank’s CRA performance on November 1, 2010, and assigned an overall rating of “Satisfactory.” There are no apparent financial or legal impediments that would limit the Bank’s ability to help meet the credit needs of its assessment

area. Based upon the Bank’s asset size, product offerings, and branch network, its ability to help meet local credit needs remains strong.

Description of Assessment Area

The CRA requires financial institutions to define a specific assessment area(s) within which the Bank will concentrate its lending efforts. The FDIC evaluates an institution’s CRA performance within the defined assessment area(s). Assessment areas are expected to consist of Metropolitan Statistical Areas (“MSAs”), Metropolitan Divisions (“MDs”), or contiguous political subdivisions such as counties, cities, towns, or census tracts. The assessment area, as currently defined, meets the technical requirements of the regulation; the area does not arbitrarily exclude low- or moderate-income areas, is made up of whole geographies, and does not extend beyond state boundaries.

Geographies

The Bank’s most recent combined assessment area is composed of the 30 cities/towns across two states and five counties. Table 2 details the overall assessment area.

Table 2 – 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

*Added in 2013

Enterprise Bank delineated a contiguous assessment area consisting of 182 census tracts located in MA and NH. The 135 census tracts in MA are located in Middlesex, Essex, and Worcester counties. The area is made up of 21 cities and towns. In New Hampshire, 9 communities comprise 47 census tracts that are located in Rockingham and Hillsborough counties. In 2013, the Bank included Nashua in its assessment area, which has 18 census tracts. Since the evaluation emphasized lending activity in 2012, the demographics of the assessment area described below do not include Nashua, NH.

The Massachusetts cities and towns in Middlesex County are located in the Cambridge-Newton-Framingham, MA MD #15764. Communities in Essex County are located in the Peabody, MA MD #37764. Both MDs are part of the larger Boston-Cambridge-Quincy, MA-NH MSA #14460.

Communities in Worcester County are located in the Worcester, MA MSA #49340. All of the Bank’s New Hampshire communities in Hillsborough County are located in the Manchester-Nashua, NH MSA #31700. Those in Rockingham County are in the Rockingham County-Strafford County, NH MD #40484. This MD is also part of the Boston-Cambridge-Quincy, MA-NH MSA #14460.

The *Geographic Distribution* section of the Lending Test assesses the distribution of loans by census tract income level, especially in those designated low- and moderate-income. Each census tract is assigned an income level based on the median family income (MFI) of the tract as compared to the MFI established for the MSA or MD in which the tract is located. The four income levels are defined as follows:

- Low-Income: Less than 50 percent of MFI
- Moderate-Income: At least 50 percent, but less than 80 percent of MFI
- Middle-Income: At least 80 percent, but less than 120 percent of MFI
- Upper-Income: 120 percent or greater of MFI

As of 2012, the assessment area contained 164 census tracts. Based on 2010 U.S. Census data, there are 21 low-income tracts, 37 moderate-income tracts, 64 middle-income tracts, and 41 upper-income tracts. There is also a tract with no income category, which consists of the Manchester-Boston Regional Airport. By including Nashua in 2013, the Bank added 2 low-, 5 moderate-, 8 middle-, and 3 upper-income geographies to its assessment area.

Table 3 highlights demographic data for the overall assessment area as of 2012, which excludes Nashua.

Table 3 – 2012 Assessment Area Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	164	12.8	22.6	39.0	25.0	0.6
Population by Geography	769,050	9.7	22.4	43.7	24.2	0.0
Owner-Occupied Housing by Geography	196,186	3.3	17.1	51.0	28.6	0.0
Businesses by Geography (2012)	66,788	8.4	15.6	47.4	28.4	0.2
Family Distribution by Income Level	197,238	23.3	18.1	21.7	36.9	0.0
Weighted Average of AA MFI, 2010 U.S. Census	\$88,308	Median Housing Value				\$347,942
MD #15764 FFIEC Adjusted MFI 2012	\$106,400	Unemployment Rate				6.9%
MD #37764 FFIEC Adjusted MFI 2012	\$87,300	Families Below Poverty Level				6.9%
MD #40484 FFIEC Adjusted MFI 2012	\$88,800					
MSA #49340 FFIEC Adjusted MFI 2012	\$83,600					
MSA #31700 FFIEC Adjusted MFI 2012	\$86,400					

Source: 2010 U.S. Census, 2012 D&B Data, and 2012 FFIEC Estimated Median Family Incomes

Median Family Income Levels

The analysis under the *Borrower Characteristics* section of the Lending Test is based in part on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis utilizes income data from the 2010 U.S. Census that is annually adjusted by the FFIEC for inflation and other economic events. The estimated 2012 MFI data for each metropolitan area in the assessment area is listed in Table 3.

The analysis of the Bank’s home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 3 reveals the largest concentration of families is in the upper-income category. Moderate-income families are the smallest group.

Among all families, 6.9 percent are below the poverty level established by the U.S. Census Bureau.

Housing Characteristics

Table 3 lists the distribution of owner-occupied housing units by tract income level. With 79.6 percent of owner-occupied units in middle- and upper- income tracts, it is expected there will be limited home mortgage loans made in the LMI tracts.

Based on the 2010 U.S. Census, the median home value in the assessment area is \$347,942. The Warren Group housing data provides further information regarding Massachusetts housing sales during the evaluation period. Within the assessment area, the sales price of homes generally increased from 2011 to 2013. The highest median sales price in Middlesex County was \$603,000 in Carlisle. The lowest median price was \$175,000 in Lowell. In Essex County, Andover was the highest at \$486,000, while Lawrence was the lowest at \$174,333. Median sales prices in Worcester County communities were generally lower, with Fitchburg the lowest at \$129,000.

Competition

The Bank faces significant competition within the assessment area. In 2012, there were 456 lenders that originated 46,846 residential mortgage loans within the assessment area. Enterprise Bank ranked 34th with 343 loans and a market share of 0.7 percent. For small business loans, 133 lenders reported 75,276 small business loans in 2012 in the assessment. Enterprise Bank ranked 18th with a market share of 0.9 percent.

Unemployment Data

State, county, and municipality unemployment rates were obtained from the Bureau of Labor Statistics and reflect statistics for October 2013, the most recent data available. As of October 2013, the Massachusetts unemployment rate was 7.2 percent. By comparison, the unemployment rate in the Boston-Cambridge-Quincy, MA-NH MSA was 6.3 percent. This demographic region contains the majority of cities and towns within the Bank's assessment area. This information suggests that economic conditions in the assessment area are favorable compared to Massachusetts as a whole. The New Hampshire unemployment rate was 5.0 percent.

Business Demographic Data

Table 3 provides the distribution of businesses by tract income level in the assessment area. Businesses are more concentrated in middle- and upper-income tracts compared to the distribution of tracts by income level. Nearly half of assessment area businesses are in middle-income geographies. The *Borrower Profile* section of the Lending Test is based in part on the Bank's lending to the area's small businesses, which are defined as businesses with gross annual revenues ("GARs") of \$1.0 million or less. The percentage of assessment area businesses that met this definition was 73.4 percent in 2012.

Community Contact

Two community contacts were conducted for this examination, both within Middlesex County. One organization specializes in economic development of small businesses by promoting financial literacy. The second organization provides homeownership education workshops for residents of Lowell and the greater Merrimack Valley.

The first contact expressed the greatest need as financial education for small businesses in the area, given an overall lack of business acumen. The contact noted potential entrepreneurs are often unable to secure funding due to their inability to provide proper documentation, such as business plans, to formalize their proposals for credit.

The second contact expressed that many local institutions offer flexible housing products through MassHousing and Massachusetts Housing Partnership. The contact hopes more institutions will offer these programs to expand homeownership opportunities. The contact also mentioned local financial institutions could also promote the use of the City of Lowell's HOME Program. This program uses federal funds to provide down payment and closing cost assistance for first-time home buyers.

SCOPE OF EVALUATION

This evaluation assesses Enterprise Bank's CRA performance utilizing the interagency Large Bank examination procedures, as established by the Federal Financial Institutions Examination Council ("FFIEC"). These procedures require three performance tests: the Lending Test, Investment Test, and Service Test.

The Lending Test considered the Bank's small business and home mortgage lending. No small farm loans were originated during the evaluation period; therefore, this product line was not reviewed. The Bank's most recent Report of Condition and Income ("Call Report"), dated September 30, 2013, indicated that commercial lending, consisting of commercial real estate and commercial and industrial loans, represented 65.7 percent of the loan portfolio. Residential lending, including all loans secured by 1-4 family and multi-family residential properties, represented 23.6 percent of the loan portfolio. Based on the distribution of loans, the Bank's performance in small business lending carried greater weight in the Lending Test. Additionally, consumer loans were not reviewed since the Bank did not collect and report this data. This product line represented only 0.5 percent of the portfolio.

Data reviewed includes all small business loans reported on the CRA loan registers for 2012 and the first three quarters of 2013 ("YTD 2013"). As a large bank, the CRA requires that Enterprise Bank collect and report small business lending data. The registers contain information on originated commercial real estate and commercial and industrial loans with original balances of \$1 million or less. The Bank reported 712 small business loans totaling \$126.4 million in 2012, and 586 loans totaling \$97.8 million in YTD 2013. The Bank's 2012 performance was compared to 2012 aggregate data, which includes all small business loans reported in the counties that comprise the assessment area. This excludes activity of many institutions not required by the CRA to report this data.

Additionally, all originated or purchased home mortgage loans reported on the Bank's Home Mortgage Disclosure Act ("HMDA") loan application registers ("LARs") for 2012 and YTD 2013 were reviewed. The LARs contain data about home purchase and home improvement loans, including refinances of 1-4 family and multi-family properties. The Bank reported 506 loans totaling \$160.8 million in 2012, and 376 loans totaling \$134.3 million in YTD 2013. The Bank's 2012 home mortgage lending performance was compared against 2012 aggregate lending data. Aggregate data includes the lending activity of all institutions subject to HMDA reporting within the Bank's assessment area.

Lending information was also compared to demographic data. Demographic information was primarily obtained from the 2010 United States ("U.S.") Census. Business demographic information was obtained from Dun & Bradstreet (D&B). Financial data was generally obtained from the September 30, 2013 Call Report.

The Investment Test and Service Test considered the number and dollar amount of qualified investments and community development services between November 1, 2010 and December 9, 2013. The evaluation also considered all community development loans and flexible lending programs during this timeframe.

The Interstate Banking and Branching Efficiency Act of 1994 ("IBBEA") requires the FDIC to evaluate the Bank's overall performance within its assessment area and to reach separate conclusions on the Bank's activities in each MSA in which the Bank has a branch office. A

significant majority of the Bank's assessment area is located in the Boston-Cambridge-Quincy, MA-NH MSA, which consists of the Boston-Quincy, MA MD; the Cambridge-Newton Framingham, MA MD; the Peabody, MA MD; and the Rockingham County-Strafford County, NH MD. The Bank also operates in the Worcester, MA MSA and the Manchester-Nashua, NH MSA.

Additionally, IBBEA requires separate CRA ratings for each state in which the Bank maintains a branch location (Massachusetts and New Hampshire). Further, Section 109 of IBBEA prohibits the establishment of a branch outside of a Bank's home state primarily for the purpose of deposit production; therefore, an analysis of the loan-to-deposit ratio for New Hampshire was conducted to determine the adequacy of the Bank's lending activity in this state.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates the Bank's record of helping to meet the credit needs of its assessment area by considering small business, home mortgage, and community development lending; small farm and consumer lending are not included in this analysis as noted in the *Scope of Evaluation* section. The institution's lending performance is evaluated pursuant to the following criteria:

- Volume of lending activity or level of lending;
- Proportion of lending within the assessment area;
- Geographic distribution;
- Borrower profile;
- Quality and volume of community development lending; and
- Use of innovative or flexible lending practices.

Enterprise Bank is rated "High Satisfactory" in the Lending Test. The following sections address the Bank's performance by Lending Test component throughout the assessment area.

I. Lending Activity

Overall, the Bank showed good responsiveness to assessment area credit needs considering the size of the institution, loan portfolio composition, and high level of competition within the assessment area.

Loan-to-Deposit Ratio (LTD)

This ratio measures what percentage of the Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The Bank's average net LTD was 89.3 percent and is considered reasonable given the institution's size, resources, business strategy, and assessment area credit needs.

The average LTD was calculated by averaging the Bank's 12 quarterly LTD ratios since the previous CRA evaluation on November 1, 2010. The Bank's average LTD was higher than the average LTD for two of three similarly situated financial institutions. Similarly situated institutions were selected because of similar asset size, product mix, and market area to Enterprise Bank.

Lending Volume

Small Business Lending

The Bank originated 978 small business loans totaling \$151.6 million in the assessment area in 2012 and YTD 2013. Based on its performance through the first three quarters of 2013, the Bank is on pace to exceed the number and dollar amount of loans in 2012. Lending activity was compared to aggregate small business data in the assessment area to further analyze performance. Among the 133 lenders that reported small business loans within the counties that comprise the assessment area, the Bank ranked 18th in a 2012 market share report. Enterprise Bank is one of the highest-ranked locally headquartered institutions. The top-ranked institutions were large national banks and credit card issuers.

Home Mortgage Lending

Overall, the Bank originated 589 residential loans totaling \$148.5 million in the assessment area in 2012 and YTD 2013. The Bank is on pace to make a similar number of home mortgage loans in 2013 as in 2012. The number of refinance loans declined in YTD 2013. Increasing interest rates in 2013 are a contributing factor to this performance. Market share reports from 2012 indicate that the Bank ranked 34th out of 456 lenders in the assessment area, with a share of 0.7 percent. This performance is good considering the bank is primarily a commercial lender.

II. Assessment Area Concentration

Overall, a high percentage of small business and home mortgage loans were made inside the Bank's assessment area. Using the reported small business loan and HMDA information, 71.9 percent of loans were originated inside the assessment area by number, and 57.8 percent of loans were inside the assessment area by dollar volume. More emphasis is placed on the percentage of loans by number, since it has a more direct correlation to the number of borrowers served. Note that Nashua was included in the assessment area for YTD 2013 analysis.

Table 4 – Assessment Area Concentration										
Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(‘000s)	%	\$(‘000s)	%	
Small Business Loans										
2012	530	74.4	182	25.6	712	82,636	65.4	43,791	34.6	126,427
YTD 2013	448	76.5	138	23.5	586	68,972	70.5	28,837	29.5	97,809
Total Small Business	978	75.3	320	24.7	1,298	151,608	67.6	72,628	32.4	224,236
Home Mortgage Loans										
2012										
Home Purchase	122	63.2	71	36.8	193	28,325	46.4	32,707	53.6	61,032
Refinance	173	68.1	81	31.9	254	42,047	46.8	47,703	53.2	89,750
Home Improvement	48	81.4	11	18.6	59	7,788	78.0	2,201	22.0	9,989
Total	343	67.8	163	32.2	506	78,160	48.6	82,611	51.4	160,771
YTD 2013										
Home Purchase	122	62.2	74	37.8	196	30,181	48.2	32,386	51.8	62,567
Refinance	105	70.0	45	30.0	150	27,127	49.6	27,582	50.4	54,709
Home Improvement	19	63.3	11	36.7	30	13,035	76.5	3,999	23.5	17,034
Total	246	65.4	130	34.6	376	70,343	52.4	63,967	47.6	134,310
Total Home Mortgage	589	66.8	293	33.2	882	148,503	50.3	146,578	49.7	295,081
Grand Total	1,567	71.9	613	28.1	2,180	300,111	57.8	219,206	42.2	519,317

Source: 2012 and YTD 2013 HMDA LARs and CRA Registers

Small Business Lending

The Bank distributed a high percentage of small business loans inside its assessment area in both 2012 and YTD 2013. The proportion of loans in the assessment area was fairly consistent for both years, with a slight increase in the dollar amount percentage in YTD 2013.

Management indicated that the strong concentration of loans is based on the Bank's effective relationships with local businesses. Management also indicated that its reputation for offering loans guaranteed by the Small Business Administration (SBA) brings in additional business from outside the assessment area.

Home Mortgage Lending

The Bank made an adequate percentage of its home mortgage loans inside the assessment area in both 2012 and YTD 2013. While a majority of home mortgage loans were inside the assessment area by number in 2012, only 48.6 percent by dollar volume were in the assessment area. As indicated previously, greater emphasis is placed on the performance by number of loans. The Bank improved the concentration of assessment area loans by dollar volume to 52.4 percent in YTD 2013. Management indicated that while origination efforts are targeted to the assessment area, the Bank will also accept loans of good quality from outside this area.

III. Geographic Distribution

Overall, the geographic distribution of small business and home mortgage loans reflects good dispersion throughout the assessment area. This conclusion is based primarily on the Bank's performance in the area's LMI census tracts for both products. As previously indicated, the assessment area expanded from 21 low-income and 37 moderate-income census tracts in 2012, to 23 low-income and 42 moderate-income census tracts in 2013. The expansion is reflected in the analysis of YTD 2013 data.

Small Business Lending

Small business lending reflects good dispersion throughout the assessment area, including LMI geographies. Table 5 illustrates the Bank's small business lending performance by census tract income level in 2012 and YTD 2013. Table 5 also includes the distribution of businesses for each year and 2012 aggregate performance in the assessment area.

Table 5 – Distribution of Small Business Loans by Census Tract Income Level							
Census Tract Income Level	2012 % of Total Businesses	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 % of Total Businesses	YTD 2013 Bank	
			#	%		#	%
Low	8.4	5.5	48	9.1	9.4	41	9.2
Moderate	15.6	14.7	84	15.9	15.9	86	19.2
Middle	47.4	45.4	292	55.0	47.6	230	51.3
Upper	28.4	31.7	106	20.0	26.8	91	20.3
N/A	0.2	2.7	0	0.0	0.3	0	0.0
Total	100.0	100.0	530	100.0	100.0	448	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and YTD 2013 CRA Registers; 2012 Peer Small Business Data

The Bank exceeded the 2012 aggregate in low-income census tracts and was slightly above the percentage of assessment area businesses in these census tracts. In YTD 2013, the inclusion of Nashua in the assessment area increased the representation of businesses in low-income geographies. Although the Bank's performance in YTD 2013 was consistent with 2012, the expanded assessment area provided more opportunity to lend to businesses in low-income census tracts.

The Bank's performance for originations in moderate-income census tracts also exceeded 2012 aggregate lending and was slightly above the percentage of businesses in moderate-income geographies. The proportion of originations increased from 2012 to YTD 2013, further

exceeding business demographics. As a result of market share reports only being available at the county level, institution market ranks by census tract income level cannot be determined.

Home Mortgage Lending

The Bank’s home mortgage lending performance reflects excellent dispersion throughout the assessment area, including LMI geographies. Table 6 shows the analysis of the Bank’s residential lending by census tract income level compared to the percentage of owner-occupied units and aggregate performance levels for 2012.

Table 6 – Distribution of Home Mortgage Loans by Census Tract Income Level							
Census Tract Income Level	% of Total Owner-Occupied Housing Units 2012	2012 Aggregate Lending Data (% of #)	2012 Bank		% of Total Owner-Occupied Housing Units 2013	YTD 2013 Bank	
			#	%		#	%
Low	3.3	2.3	25	7.3	3.3	20	8.1
Moderate	17.1	10.9	69	20.1	17.2	53	21.5
Middle	51.0	48.0	153	44.6	51.1	99	40.2
Upper	28.6	38.8	96	27.9	28.4	74	30.1
N/A	0.0	0.0	0	0.0	0.0	0	0.0
Total	100.0	100.0	343	100.0	100.0	246	100.0

Source: 2010 U.S. Census Data; 2012 and YTD 2013 HMDA Data

In 2012, the Bank’s percentage of loans in low-income census tracts exceeded the ratio of aggregate lending and the percentage of owner-occupied housing units in low-income geographies. The Bank’s performance in YTD 2013 showed a similar trend in the low-income tracts, with a slight increase to 8.1 percent of total loans. The YTD 2013 performance is still well above the percentage of owner-occupied housing and represents strong penetration.

The performance is further reflected in 2012 market share reports. The Bank was ranked 8th in the assessment area, out of 132 lenders, for lending to borrowers within low-income tracts, with a market share of 2.3 percent. This is well above the Bank’s share throughout the entire assessment area. Notable national banks such as JP Morgan Chase, Wells Fargo, Citibank, and Bank of America ranked ahead of Enterprise Bank.

In 2012, the Bank originated 69 loans within moderate-income tracts, at a proportion of 20.1 percent. This is above the percentage of owner-occupied housing and almost double the aggregate lending performance. The Bank’s trend in YTD 2013 was similar, with a slightly higher ratio of loans in moderate-income geographies. This performance again exceeded demographic expectations. The Bank was ranked 23rd out of 250 lenders in lending in the moderate- income tracts in 2012. The Bank’s performance in the low- and moderate-income tracts is strong, especially considering home mortgage lending is not its primary product.

IV. Borrower Distribution

Overall, the distribution of borrowers reflects, given the product lines offered by the institution, good penetration among businesses of different sizes and borrowers of different income levels. Conclusions were based on adequate performance in lending to small businesses and to LMI individuals.

Small Business Lending

With respect to small business loans, the Bank's performance reflects good penetration to businesses of different sizes, given the demographics and aggregate lending performance in the assessment area. Table 7 provides details of this analysis.

Table 7 – Distribution of Small Business Loans by Gross Annual Revenues (GARs)							
GAR \$(‘000s)	2012 % of Total Businesses	2012 CRA Aggregate Data	2012 Bank		2013 % of Total Businesses	YTD 2013 Bank	
			#	%		#	%
≤ \$1,000	73.4	39.0	335	63.2	73.2	269	60.0
> \$1,000	4.8	NA	191	36.0	5.2	177	39.5
Not Reported	21.8	NA	4	0.8	21.6	2	0.5
Total	100.0	100.0	530	100.0	100.0	448	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and YTD 2013 CRA Registers; 2012 Peer Small Business Data

Table 7 indicates the distribution of loans to small businesses was less than area demographics, but well above aggregate lending in 2012. The Bank was ranked 10th in the assessment area in small business loans to businesses with revenues of \$1 million or less. The Bank held a market share of 1.4 percent in its assessment area. The banks ranked ahead of Enterprise Bank were all large national banks or credit card companies. Although less than business demographics, the performance suggests the Bank is meeting the credit needs of small businesses in the area.

Performance levels in YTD 2013 slightly decreased from 2012, whereby the Bank originated 60.0 percent of its small business loans to businesses with GARs of \$1 million or less. This percentage is still less than the percentage of small businesses. Although the percentage of loans to small businesses decreased, the Bank is on pace to increase total small business loans in 2013, including those to small businesses.

Given the comparison to aggregate lending, the Bank's 2012 market rank, and the competitive nature of the assessment area, the Bank's dispersion of small business loans to businesses based on GARs is considered good.

Home Mortgage Lending

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels, including low- and moderate- income. See Table 8 for details on the Bank's record of lending to borrowers by income level.

Table 8 – Distribution of Home Mortgage Loans by Borrower Income Level							
Income Level	% of Total Families 2012	2012 Aggregate Lending Data (% of #)	2012 Bank		% of Total Families 2013	YTD 2013 Bank	
			#	%		#	%
Low	18.8	7.9	45	13.1	22.9	37	15.0
Moderate	17.8	18.1	59	17.2	18.2	29	11.8
Middle	25.7	24.7	77	22.5	21.9	42	17.1
Upper	37.7	35.4	77	22.4	37.0	63	25.6
Income NA	0.0	13.9	85	24.8	0.0	75	30.5
Total	100.0	100.0	343	100.0	100.0	246	100.0

Source: 2010 U.S. Census Data; 2012 and YTD 2013 HMDA Data

As reflected in Table 8, the Bank extended a higher percentage of residential mortgage loans to low-income borrowers in 2012 than the aggregate market. The Bank's percentage of lending to low-income borrowers increased to 15.0 percent in YTD 2013. In both years, the Bank's percentages were below the percentage of low-income families in the assessment area. This appears to support the difficulty low-income families may have in qualifying for a home mortgage, particularly considering 29.8 percent of these families earn income below poverty level. Furthermore, the Bank ranked 20th out of 212 lenders in originating loans to low-income borrowers in the assessment area in 2012.

Table 8 also shows that the Bank extended 17.2 percent of home mortgage loans to moderate-income borrowers in 2012. This performance is comparable to, although slightly below, the percentage of moderate-income families in the assessment area and aggregate performance levels. The Bank ranked 36th out of 292 lenders in originating loans to moderate-income borrowers. The Bank exhibited a decreasing trend from 2012 to YTD 2013, as the number of loans to moderate-income borrowers fell from 59 to 29 and the proportion of loans decreased to 11.8 percent. The Bank's performance in YTD 2013 was also below the area demographic of 18.2 percent; however, the distribution of HMDA loans is reasonable.

V. *Community Development Lending*

Enterprise Bank made a relatively high level of community development loans. During the evaluation period, Enterprise Bank made or renewed 25 community development loans for a total of \$27.7 million. This represents a slight decrease from the previous evaluation by number and dollar amount (30 loans and \$30.1 million, respectively).

While all information is included quantitatively, the overall community development lending performance is mitigated by the fact that approximately 56 percent of the number of community development loans, and 59 percent of the dollar amount, were inside the assessment area. The community development loans were distributed to a variety of organizations, primarily for the purposes of affordable housing and economic development. The record of community development lending is detailed in Table 9.

Table 9 - Community Development Loans												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$('000s)	#	\$('000s)	#	\$('000s)	#	\$('000s)	#	\$('000s)	#	\$('000s)
2010	0	0	0	0	4	9,377	0	0	0	0	4	9,377
2011	4	5,384	1	100	3	5,017	1	240	0	0	9	10,741
2012	6	1,764	0	0	1	1,455	1	1,000	0	0	8	4,219
1/1/13-11/30/13	1	207	3	3,165	0	0	0	0	0	0	4	3,372
Total	11	7,355	4	3,265	8	15,849	2	1,240	0	0	25	27,709

Source: Bank Records

*Targeted to Low- or Moderate Income Individuals

**Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

The following originations are a representative sample of the Bank's community development record:

- In 2010, the Bank originated a \$5.6 million loan for the purchase and improvement of a dealer consignment auto auction. As a 504 SBA loan, the primary purpose of the loan is economic development through job creation or retention.
- In 2011, the Bank originated a \$2.4 million loan to a non-profit organization that provides housing and support services to alleviate the effects of poverty throughout the Merrimack Valley. The program recipients are exclusively low- and moderate income. The funds were to be used to provide interim financing for the construction of 15 residential units in Acton, MA.
- In 2011, the Bank originated an unsecured \$100,000 loan with a non-profit organization geared toward providing education and financial assistance to prospective low- and moderate-income borrowers. As an unsecured working-capital loan to a non-profit organization providing community services for vulnerable members of the community, this credit qualifies for community development.
- In 2011, the Bank originated a \$13 million loan for a 56-unit housing project. As a 40b qualified project, 11 out of the 56 units are designated affordable housing. As a result, the CRA qualified portion of this loan amounts to \$2.5 million. This loan was outside the assessment area.
- In 2012, the Bank originated a \$1 million loan to a local transit authority. The loan was for the acquisition of land in a moderate-income census tract. By expanding the means of public transportation to other cities like Boston, this loan improves the job prospects of the local community and improves the overall value of the community. The funds have a primary purpose of revitalizing and stabilizing a moderate-income geography.
- In 2012, the Bank originated a \$500,000 line of credit for the development of a 36-unit affordable housing project in Tewksbury. The borrower is an established non-profit organization with a focus on meeting the needs of the elderly throughout the Merrimack Valley.
- In 2013, the Bank originated a \$2.5 million loan to fund the construction of a medical office building in Fitchburg, MA. The organization borrowing the funds is a non-profit community-owned health center with a focus on meeting the needs of the vulnerable sectors of the community, including the uninsured and underinsured. The loan proceeds have a primary purpose of providing community services to LMI individuals.

VI. Innovative or Flexible Lending Practices

This performance factor considered all innovative and flexible lending activities since the prior evaluation, covering November 1, 2010 through December 8, 2013. Based on the Bank's primary business focus, 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 the limited internal programs.

The following descriptions highlight the 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 Growth Capital Corporation, and the Massachusetts Capital Access Program. The Bank made extensive use of the SBA programs, and was recognized most recently as 22nd and 23rd in rank out of hundreds of SBA-originating institutions, by Massachusetts and New England Reports respectively.

- *SBA 7a Loan Programs* - This is the most common program within the SBA. The maximum loan amount is \$5 million, and most loans are guaranteed by the SBA at 75 percent of the value. During the examination period, the Bank originated 216 loans totaling \$31.5 million.
- *SBA 504 Third Party Loan Program* – This loan program provides long-term fixed asset financing made through a Certified Development Company. Generally, the loan structure includes a 10 percent equity investment by the small business, 40 percent participation from the CDC, and 50 percent participation by the Bank. During the examination period the Bank originated 58 loans totaling \$29.6 million.
- *Massachusetts Capital Access Program* – The Bank participates in the Massachusetts Capital Access Program (MASSCAP). MASSCAP is designed to help small businesses (defined as 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. During the evaluation period the Bank originated 9 loans under this program totaling \$590,000.

Home Mortgage Lending Programs

Enterprise Bank offered several flexible 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 counts 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 towards 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. During the evaluation period, the Bank originated 16 loans totaling approximately \$1.5 million through MHP.
- *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. During the evaluation period, the Bank originated 48 loans totaling \$8.3 million through MassHousing programs.

- *Massachusetts HEAT Loan Program*- The Bank participates in the Mass Save Residential HEAT Loan Program. Residential customers are eligible to apply for 0% loans up to \$25,000 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.
 - *Residential*: In 2013 the Bank originated 242 loans totaling \$2.4 million; in 2012 the Bank originated 101 loans totaling \$1.1 million; and in 2011 the Bank originated 14 loans totaling \$149,062.
 - *Commercial*: In 2012 the Bank originated one loan totaling \$100,000 and in 2013 the Bank originated two loans totaling \$24,850.
- *Loan Modifications and Troubled Debt Restructurings*: During the evaluation period, the Bank utilized a residential loan modification and troubled debt restructuring program to help customers avoid foreclosure and retain their homes. Under this program, the Bank works with customers to lower their interest rate and adjust repayment terms to help them better meet their residential mortgage loan obligations. Enterprise Bank made 13 such residential loan modifications or restructurings during the review period.

INVESTMENT TEST

The Investment Test evaluates an institution's record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the Bank's assessment area. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has as a primary purpose of community development. Community development purposes include those that either: 1) provide affordable housing for low- or moderate- income individuals or areas; 2) provide community services targeting low- or moderate-income individuals or areas; 3) promote economic development by financing small businesses; 4) revitalize or stabilize low- or moderate-income geographies; or 5) support, enable or facilitate eligible projects or activities in accordance with the Neighborhood Stabilization Plan. Activities considered under the Lending or Service Test may not be considered under the Investment Test.

The institution's investment performance was evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

Enterprise Bank's Investment Test performance is "Satisfactory." The Bank made an adequate level of qualified investments, making occasional use of innovative or complex initiatives. These investments provided adequate responsiveness to community development needs. The Bank's qualified investments have community development purposes that benefit communities throughout the entire assessment area.

Qualified Investments

Overall, the amount of the Bank's total qualified investments, commitments, and grants is \$1.63 million. This total includes \$720,912 in equity investments and \$909,169 in qualified grants and donations.

Equity Investments

The Bank's level of qualified equity investments is poor. Qualified equity investments total \$720,912. This figure represents one investment. While the level is poor it should be noted that the investment supported an affordable housing need in the assessment area. Additionally, it should be further noted that Enterprise Bank did not have any new equity investments at the prior evaluation.

Towne School Partnership –The investment supports the conversion of the former Acton High School into 15 units of affordable housing. The project is comprised of a partnership between the Massachusetts Housing Investment Corporation and local lenders. This project is particularly responsive to the needs of the assessment area as affordable housing is a significant obstacle for LMI individuals and families based on high home values in the area.

Charitable Contributions

Enterprise Bank had a significant level of qualified grants and donations. The Bank donated approximately \$1.9 million to charitable organizations from November 1, 2010 (previous evaluation) through December 9, 2013. Of this total, \$909,168 (47.9 percent) was qualified for CRA purposes. All qualified grants and donations benefitted the Bank's assessment area or the broader statewide or regional area including the Bank's assessment area. Table 10 details all qualified donations made during the review period by year and community development category.

Table 10 – Community Development Grants and Donations

Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
11/30/10-12/31/10	0	0	6	3,170	1	1,250	0	0	0	0	7	4,420
2011	9	15,228	88	236,961	9	37,960	2	7,750	0	0	108	297,899
2012	13	36,622	84	239,512	8	32,800	1	10,000	0	0	106	318,934
1/1/13-12/09/13	7	34,975	50	212,740	9	28,700	4	11,500	0	0	70	287,915
Total	29	86,825	228	692,383	27	100,710	7	29,250	0	0	291	909,168

Source: Bank Records

*Targeted to Low- or Moderate-Income Individuals

** In Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

Qualified donations increased by approximately \$150,000 since the previous evaluation. Additionally, in 2011, the level of qualified donations represented approximately 1.7 percent of the Bank's pre-tax net operating income (NOI). In 2012, qualified donations represented approximately 1.6 percent of pre-tax NOI.

The following is a sample of organizations that received significant support from the Bank.

Lowell General Hospital (LGH) – Lowell General Hospital is an independent, not-for-profit, community hospital serving the Greater Lowell area and surrounding communities. The hospital is the primary emergency medical and trauma care center for Lowell, which consists almost exclusively of low- and moderate-income geographies (23 of 25 census tracts). LGH is committed to improving the overall health status of the community and, specifically, the health problems of medically underserved populations.

Merrimack Valley Housing Partnership (MVHP) – The mission of the Merrimack Valley Housing Partnership is to promote home ownership opportunities for low- and moderate-income earners. MVHP is a private, non-profit organization providing first-time homebuyer education, credit counseling, and homebuyer assistance. MVHP provides these services to low- and moderate-income individuals in a multitude of languages including, English, Spanish, Arabic and Khmer.

New Hampshire Community Development Finance Authority (NHCDF) – The NHCDF supports affordable housing and economic development activities that benefit low- and moderate-income individuals and families in New Hampshire. NHCDF administers nearly \$57 million in funding resources, which includes a combination of state tax credits and federal Community Development Block Grant, Neighborhood Stabilization, and Energy Reduction Funds. These programs help turn financially distressed areas into thriving communities.

Elder Services of the Merrimack Valley, Inc. – This organization is a private non-profit agency serving elders and disabled adults who reside in Greater Haverhill, Greater Lawrence, and Greater Lowell. Services, benefits, and programs that support elders, adults with disabilities, and caregivers are primarily provided to low- and moderate-income individuals, families, and those on a fixed income at little or no cost. Assessment and referral services are available to everyone regardless of income.

Montachusett Opportunity Council, Inc. (MOC) – MOC, Inc. was established in 1966 for the primary purpose of promoting the well-being of low-income people in the cities and towns of North Central Massachusetts. MOC delivers a variety of services including childcare, education, workforce development, nutrition, health, community services, asset development, energy conservation, and housing and homelessness services.

SERVICE TEST

The institution's Service Test performance is rated "Outstanding." The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Enterprise Bank has an effective system for delivering retail banking and community development services to the assessment area. The Bank's branches, all with 24-hour Automated Teller Machines ("ATMs"), are located throughout the assessment area and are readily accessible and convenient to low- and moderate-income residents and the area's low- and

moderate-income census tracts. Generally, the services and products offered compare favorably to local or similarly sized competitors.

In meeting community development service needs, the Bank was a leader in offering its financial expertise to community development groups in the assessment area. In particular, Bank officers have taken leadership roles within community organizations whose mission and programs provide significant support to the neediest areas of the assessment area. In one particular instance, the Bank has taken initiative in creating an entire program geared toward the technical assistance and education of non-profit organizations.

Retail Banking Services

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

- 1) the distribution of the institution's branches among geographies of different income levels;
- 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals;
- 3) the availability and effectiveness of alternate systems for delivering retail banking services; and the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The Bank's retail services are readily accessible to all customers including LMI individuals and residents of the LMI geographies of the assessment area. Bank services include various deposit products, residential and commercial loan products. Changes in branch locations improved the accessibility of services. Banking hours and services do not vary in a way that that inconveniences any portion of the assessment area.

Accessibility of Delivery Systems

The Bank's delivery systems are readily accessible to all portions of the assessment area. Bank locations are distributed in such a way that no portion of the assessment area is inconvenienced. Alternative delivery systems are available to access to the Bank's branches.

Distribution of Branches

In addition to its main office and an operations center in Lowell, Enterprise operates 21 full-service branches located in the following communities: Acton; Ashland; Billerica (2); Chelmsford (2); Dracut; Fitchburg; Hudson; Lawrence; Leominster; Lowell (2); Methuen; Tewksbury (2); Tyngsboro and Westford in MA and Derry; Pelham; Salem in NH. All branches offer the institution's complete line of loan products and most offer drive-up service. The majority of branches hold hours of 9:00am-4:00pm, along with extended hours on Thursday and Friday. All branches have Saturday morning service. Please see Table 11 for the geographic distribution of branches alongside the pertinent demographics

Table 11 Distribution of Branches and ATMs				
Census Tract Income	Percent of Tracts	Percent of Population	Branches	
			#	%
Low	12.6	9.8	2	9.6
Moderate	23.1	22.6	4	19.0
Middle	39.6	43.9	11	52.4
Upper	24.2	23.7	4	19.0
NA	0.5	0.0	0	0.0
Total	100.0	100.0	21	100.0

Source: Bank Records

Automated Teller Machines

Bank ATMs are located at each of the branch offices, providing 24-hour account access. In addition to ATMs located at branch locations, Enterprise Bank also has three full-service ATMs that accept deposits. Two of the ATMs are located in low-income census tracts, and one ATM is located in a moderate-income census tract, adding to the availability of banking services in LMI areas. The Bank is also a member of the SUM ATM Network. As a result of its involvement in the SUM program, Bank customers can avoid ATM surcharges at other participating ATMs. Thirteen of the Bank's 25 ATMs participate in the SUM network.

In addition to the branch network and ATMs, Enterprise Bank also provides a variety of alternative delivery systems. These alternatives allow business customers and individuals easier access to the Bank's various services, and include:

Online Banking – Available to consumers and many businesses free of charge, this service allows customers to view account balances, pay bills, transfer funds, and make loan payments through the bank's website. Personal online banking also includes PopMoney™, a peer to peer funds transfer system. Business online banking provides support for cash management services, such as ACH and wire transfers, as well as payroll administration.

Debit Cards – Enterprise Bank debit cards allow customers to pay for purchases at merchant locations that accept MasterCard and have the funds deducted directly from their checking account at no charge.

Mobile Banking – Customers can access account information through a phone or mobile device to view balances, transfer funds between accounts, make loan payments, and pay bills.

Employee Benefits – The Bank provides business customers with access to critical Employee Benefit services, including insurance and retirement enrollment, payroll deduction administration, disability management programs, and employee benefit monitoring services.

Multi-lingual Services – Approximately 34 of the Bank's employees speak 12 different languages, including Spanish, Portuguese, Brazilian, Khmer, Hindi, and Vietnamese. The employees are present within the Residential and Commercial Lending Departments, as well as general customer service. The Bank maintains this information so that employees can access these resources as necessary. These services are critical considering area demographics. Assessment area demographics and a community contact indicate that a large portion of LMI individuals in the Bank's community are first-generation Americans.

Changes in Branch Locations

The Bank's record of opening and closing branches improved the accessibility of its delivery systems to LMI geographies and individuals in its assessment area. The Bank maintains an Office Relocation, Consolidation and Closing Policy that outlines factors that are considered when deciding to relocate, consolidate, or close a branch office. The Bank opened four branches since the previous evaluation. One of the new branches is in an upper-income tract, two of the branches are in middle-income tracts, and one branch is located in a low-income tract. No branches were closed since the previous evaluation.

The low-income branch opened in the City of Lawrence. Lawrence contains 18 census tracts, all of which are LMI. This branch improved the availability of retail banking services to LMI populations.

Reasonableness of Hours / Services

Overall, business hours do not vary in a way that inconveniences portions of the assessment area, particularly LMI individuals. Branch hours are consistent at each location with weekday hours generally from 9:00 A.M. to 4:00 P.M. Branches with drive-up service and the main office open 30 minutes earlier. All branches offer extended hours on Thursday and Friday evenings, and Saturday hours generally between 9:00 A.M. to 1:00 P.M.. ATMs, as well as mobile and online banking are available 24 hours a day.

Community Development Services

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

- 1) the extent of community development services offered and used;
- 2) the innovativeness of community development services, including whether they serve LMI customers in new ways or serve groups of customers not previously served;
- 3) the degree to which they serve LMI areas or individuals; and
- 4) the responsiveness to available opportunities for community development services.

The CRA regulation defines a community development service as a service that is primarily for community development purposes and is related to the provision of financial expertise. The Bank is considered a leader in providing community development services.

Officer 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 Bank has been recognized for its extensive involvement in community organizations, ranking 2nd in employee volunteer hours based on a survey of Massachusetts-based companies. 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.

Merrimack Valley Sandbox – The mission of this non-profit organization is to boost the economic well-being of Lowell and Lawrence through advancing and encouraging entrepreneurship and innovation. The organization works with current entrepreneurs, local youth (primarily LMI), and educators through technical assistance programs, workshops and pitch contests, as well as incentivizing innovative educational methods. As a member of the Leadership Committee, the Bank's Chief Sales and Marketing Officer formulates strategies for

marketing and fundraising, offers input on the community liaisons to assist the organization in networking with other groups, and attends programs and pitch contests in an administrative capacity.

Mass Bankers Foreclosure Task Force – A consortium of foreclosure attorneys and retail bankers, the members of the task force were handpicked due to their expertise on the subject matter. The primary goal of the task force is to monitor MA legislation regarding collection efforts of small and mid-size institutions on past due mortgages, particularly with regard to borrowers of low- and moderate-incomes. The task force worked with both the MA attorney General as well as the Division of Banks in clarifying the interpretation of the law and further disseminating information to other state-chartered institutions. Among their recent achievements, the task force has created a Net Present Value model, assisting other institutions in compliance with the new MA General Laws. The Bank's Loan Workout Specialist acts as a member of the task force, and also used her technical expertise in coordinating with the local Lowell Foreclosure Task force, identifying the impact of the law at a local level and working with the Attorney General's Home Corps to discuss modification methods to best maintain housing for low-income borrowers at risk of foreclosure.

Coalition for a Better Acre – This non-profit organization is dedicated to resident empowerment and sustainable community revitalization for residents of Lowell. The efforts of the organization include pursuing affordable housing and economic opportunities for LMI individuals and families, as well as developing resident leaders, and responding to community needs through collective action. Recent examples include area cleanups, concerted efforts to increase the homeownership rates within the area, and foreclosure prevention support and coordination with other organizations. One of the Bank's Vice Presidents of Commercial Lending was President of the Board of Directors and also operates on the Finance Committee of the organization.

Girls Incorporated (Girls Inc.) of Greater Lowell – An after-school and community outreach program geared toward girls within the Lowell public school system, Girls Inc. aims to support local youth and teach independence and personal responsibility to those in need. The organization provides Homework Help, administers a mentor program, and provides opportunities for young members to reach out in their communities to other local organizations, such as House of Hope. Located in a low-income census tract near the center of Downtown Lowell, the organization assists predominately low- and moderate-income youth. A Regional Business and Community Development Officer of the Bank is on the Board as well as the Special Events Committee.

Lowell General Hospital – Located in a predominately low-income area, Lowell General's goal in providing services to the surrounding community is met by providing quality care through a highly trained staff, up-to-date equipment, and collaborative teamwork. The hospital's programs target LMI individuals and families, as well as the medically underserved. The Bank's Chairman serves as LGH's Chairman of the Board; serves on the Executive and Finance committee; and the Strategic Planning committee.

SuitAbility – A program under Community Teamwork, Inc., SuitAbility aims to help women become economically self-sufficient by bridging the gap between job training and employment. SuitAbility's main support service includes providing appropriate professional attire at no cost to low-income women throughout Lowell. A Senior Vice President and Credit Director of Enterprise Bank is Chair of the Advisory Board for this organization.

YWCA of Greater Lawrence – The YWCA provides housing, job training, and support for women throughout the Merrimack Valley. The non-profit organization utilizes their network of diverse services to assist 15,000 women and their families (primarily LMI), in the pursuit of equity, security and economic independence. One of the Bank’s Vice Presidents of Commercial Lending serves as Vice President on the Board of Directors, and takes a leadership role in determining the Organization’s policy and direction.

House of Hope: Budget Buddies - Budget Buddies is a Massachusetts-based, non-profit organization focused on improving the financial literacy of low-income women in the Greater Lowell area through workshops on budgeting, banking, and credit. In 2011, Budget Buddies began coordinating with House of Hope in Lowell to provide basic information, as well as mentoring support from professionals in the community. A Mortgage Loan officer acts as one such mentor, working with a member of the House of Hope to cultivate positive financial habits and support through the workshop program.

Boys and Girls Club of Nashua – The goal of the Boys and Girls Club of Nashua is to provide a safe and secure area for all children in the area, especially those most in need. Programs provided include homework help, college prep, gang prevention, and transportation and nutrition assistance. As the organization is located in a low-income census tract, a large portion of their services are geared toward low- and moderate-income individuals. An Assistant Vice President of Commercial Lending acts as a Vice President of the Board of Directors.

Merrimack Valley Small Business Center – The goal of the non-profit organization is to provide support to local entrepreneurs through providing business development services. These include one-on-one counseling, workshops, business plan assistance, and micro-lending. The Loan Review Committee collects proposals from local start-ups or small businesses who cannot obtain conventional financing. A Vice President of Commercial Lending works on the Loan Review Committee representing one of three local institutions in providing assessment of the micro-loan proposals.

United Way of North Central Massachusetts: Community Investment Committee – Located in Fitchburg Massachusetts, the goal of the community investment branch is to address the most pressing health and human service needs within the community. This is carried out through the cooperation of the committee in creating strategies, raising funds, gathering resources, and measuring the effectiveness of current methods. The organization primarily serves LMI individuals. One of the Bank’s Vice President’s acted as a co-chair on the Community Investment Committee during the evaluation period.

Community Health Connections (CHC) – The organization spans three community health centers in Gardner, Leominster and Fitchburg, and has a main focus of meeting the health needs of the neediest segments within the community. The Montachusett Opportunity Council, an organization focused on low-income individual services, remains a close partner with CHC in assessing the health needs of the population. The Bank’s Senior Vice President of Commercial Lending is a member of the CHC’s finance committee.

Montachusett Opportunity Council (MOC) – Based in Fitchburg, the organization’s aim is to alleviate poverty and create healthy communities throughout the north central region by providing services, advocating for social change and coordinating community resources. One of the Bank’s Commercial Lending Assistants participated in the Volunteer Income Tax Assistance (VITA) program for low-income residents in the area.

Financial Educational Seminars and Services

Enterprise Bank conducted and participated in seminars and services designed to educate consumers and small businesses about personal finance, banking and products available to meet their specific needs. The Bank was a leader in providing financial education to needy and vulnerable populations in the area, including the elderly and individuals who do not speak English as a first language, as well as professional development to non-profit organizations and individuals in need.

Financial Literacy

The Bank was active in initiating and participating in financial literacy programs that specifically benefitted students, immigrants and other needy members of the community. These programs include:

- *Casa Nueva Vida* – The mission of this organization is to help homeless families gain the education and skills to pull themselves out of poverty. The Bank coordinates with this organization in providing financial literacy classes to individuals in the Lawrence area. The CRA Officer's presentation covers a variety of topics, including the need for budgeting, facts and fiction regarding credit score, information obtained in an application for a loan, and other basic banking information. This presentation was fashioned by Enterprise Bank, and has been requested repeatedly over the evaluation period.
- *Light of the Cambodian Children* – The aim of the non-profit organization is to encourage Cambodian youth to become self-sufficient and serve as positive role models in the community. This mission is pursued through a variety of interactive advocacy and educational programs. Enterprise Bank helps the organization disseminate financial literacy information through their educational presentation. A series of activities for at-risk low-income youth, the topics covered include the advantages of good credit and methods of budgeting. Aspects of the FDIC's Money Smart program are incorporated into the Bank's original seminar.
- *Lessons in Money: McKay School* – The majority of students at this Fitchburg public school exhibit financial need, as 69 percent qualify for free or reduced price lunch. The Bank coordinated with the McKay School in providing basic financial literacy classes to the students throughout 2011 and 2012. The CRA Officer's presentation covered a variety of topics, including the need for budgeting, facts and fiction regarding credit score, information obtained in an application for a loan, and other basic banking information. One of the Bank's Vice Presidents of Loan Documentation also assisted in teaching these classes.
- *Arlington Community Trabajando (ACT)* – The mission of ACT is to empower residents of Lawrence with a range of community development initiatives and activities. The Bank worked with ACT to provide first-time homebuyer seminars. Bank personnel presented mortgage guideline requirements, including all aspects of the application projects, during the two session educational seminars. All information was translated and presented in Spanish to remain accessible for attendees. The information provided was useful in expanding the opportunity for this segment of the population to pursue a home mortgage in a safe and responsible manner. The majority of the people served are LMI.

- *Greater Lawrence Family Health Center* – Located in a low-income census tract among an ethnically and racially diverse community, a large segment of the population is in need of financial literacy. In recognition of this, the GLFHC and Enterprise Bank have worked together to provide financial literacy as part of the Health Center’s services. The content of the financial literacy class is derived from the FDIC Money Smart program for Young Adults, and covers a variety of fundamental financial topics.
- *Lowell Community Charter Public School* – In concert with the Junior Achievement program, Enterprise Bank Employees led two seminars on the global economy to the students of the Charter school. As 82 percent of the students attending the school qualify for free or reduced lunch, the majority of individuals receiving the information are low- or moderate-income.

Professional Development for Individuals and Non-profits

The Bank frequently provides technical assistance through professional development workshops and seminars to individuals, prospective entrepreneurs, and non-profit organizations. The Bank sponsored or participated in the following seminars:

- *Non-Profit Collaborative* – Enterprise Bank developed this 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. Over the review period, the Bank conducted 24 sessions to approximately 1,000 individuals. The leadership displayed by the Bank is noteworthy.
- *Business Management and Finance High School (Lawrence, MA)* – The Bank cooperated with the Business and Finance Division of Lawrence High Schools to provide education on Business Development. A representative of the Bank worked with four teams of students to review business plans, provide feedback, and over a period of time help them refine the goals and intricacies of the proposal. This was an ongoing project undertaken during the school year, as needed. The majority of students in the Business Management and Finance program are low- and moderate income, as determined by eligibility for reduced-price lunch.

Elder Money Management

The Bank provides banking assistance and education to LMI elders. These efforts are highly responsive to the needs of the assessment area as a significant portion of LMI individuals are elderly. Examples of these efforts include:

- *Elder Services of the Merrimack Valley* – Bank employees participate in the money management program and presentations. This involves assisting LMI elders with budgeting, paying bills, and other financial tasks. The Elder Services organization is located in a low-income census tract in Lawrence, MA.
- *Lowell Senior Center* – Bank employees have organized and presented a brief seminar on financial protection for the senior citizens of Lowell. This included fraud trends to which senior citizens are exposed, methods and banking practices to reduce fraud, and steps to take if they feel they are at risk or have experienced fraud. The location of the Senior Center is also in a low-income census tract.

- *Chelmsford Crossing & The Summer Place* – The Chelmsford branch visits these assisted living facilities on a monthly basis. In addition to providing basic banking information by answering questions, employees help residents fulfill their banking needs by cashing checks, opening accounts, and making deposits for those who otherwise may have limited access to such services.

MULTI-STATE METROPOLITAN AREA

CRA RATING FOR BOSTON-CAMBRIDGE-QUINCY, MA-NH MSA:

Overall rating: High Satisfactory (Division) / Satisfactory (FDIC)

The Lending Test is rated: High Satisfactory.

The Investment Test is rated: Satisfactory.

The Service Test is rated: Outstanding.

LENDING TEST

The Bank's Lending Test performance is rated "High Satisfactory."

- Overall, the Bank's small business and home mortgage lending activity reflects good responsiveness to assessment area credit needs considering the size of the institution, its loan portfolio composition, and the significant level of competition within the assessment area.
- Overall, the geographic distribution of the Bank's home mortgage and small business loans reflects good dispersion throughout the assessment area, especially in low- and moderate-income geographies.
- Overall, the borrower distribution of the Bank's home mortgage and small business loans represents good penetration to businesses of different sizes and individuals of different income levels.
- The Bank provided a relatively high level of community development loans within this assessment area, given its asset size and financial resources. These loans primarily benefitted organizations and businesses that provide affordable housing and economic development.
- The Bank makes use of innovative and flexible lending programs to meet the credit needs of small businesses, first-time homebuyers, and LMI borrowers. These programs are provided internally by the Bank and through various partnerships with Federal, State, and community development organizations.

INVESTMENT TEST

The institution's Investment Test performance is rated "Satisfactory." Overall, the Bank made an adequate level of qualified investments, grants, and donations. The total amount of qualified investments in this area was over \$1.5 million. Total qualified investments within the multi-state MSA represent over 94 percent of overall qualified investments. This is expected since the Bank is headquartered in MSA #14460 and has the vast majority of its physical locations in the multi-state MSA.

SERVICE TEST

The institution's Service Test performance is rated "Outstanding." The Bank's delivery systems are readily accessible to all portions of the assessment area. To the extent that changes have been made, the Bank's opening and closing of branches improved the accessibility of its delivery systems, including in LMI geographies and to LMI individuals. The Bank opened a branch in a low-income

tract in Lawrence during the review period. The Bank’s services and business hours do not vary in a way that would inconvenience any portion of the assessment area, particularly LMI individuals or geographies. Additionally, the institution is a leader in providing community development services.

SCOPE OF THE EVALUATION

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within the Boston-Cambridge-Quincy, MA-NH MSA #14460. 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, excluding communities within the multi-state MSA.

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN MSA #14460

The Bank maintains its main office and 16 branch offices in the Boston-Cambridge-Quincy, MA-NH MSA. This represents more than 80 percent of the Bank’s physical locations. Since the previous evaluation Enterprise Bank opened branches in Tyngsboro and Lawrence, MA. The products and services discussed in the overall assessment are offered in each of the Bank’s assessment areas, including the area within MSA #14460. This assessment area includes the communities listed in Table MSA-1.

Table MSA-1 – 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
Rockingham County, NH	
Atkinson	Londonderry
Derry	Salem
Hampstead	Windham

Source: Bank Records

The assessment area contains 137 census tracts. Based on 2010 U.S. Census data, there are 18 low-income tracts, 29 moderate-income tracts, 52 middle-income tracts, and 37 upper-income tracts. There is also a tract with no income category, which consists of the Manchester-Boston Regional Airport. Table MSA-2 provides other relevant information for the Bank’s assessment area within MSA #14460.

Table MSA-2 – Assessment Area (Multistate MSA #14460) Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	137	13.1	21.2	38.0	27.0	0.7
Population by Geography	640,523	10.2	22.0	41.3	26.5	0.0
Owner-Occupied Housing by Geography	163,150	3.3	16.8	48.7	31.2	0.0
Businesses by Geography (2012)	56,097	8.8	13.3	46.3	31.4	0.2
Family Distribution by Income Level	163,363	23.2	18.0	21.4	37.4	0.0
Weighted Avg. AA MFI, 2010 U.S. Census	\$91,239	Median Housing Value				\$363,394
Weighted Avg. MSA MFI, 2010 U.S. Census	\$90,426	Unemployment Rate				6.7%
Weighted Avg. MSA FFIEC Adjusted MFI 2012	\$97,590	Families Below Poverty Level				6.9%
MD #15764 FFIEC Adjusted MFI 2012	\$106,400					
MD #37764 FFIEC Adjusted MFI 2012	\$87,300					
MD #40484 FFIEC Adjusted MFI 2012	\$88,800					

Source: 2010 U.S. Census, 2012 D&B Data, and 2012 FFIEC Estimated Median Family Incomes

Median Family Income Levels

Table MSA-2 shows MFI data for the assessment area tracts within MSA #14460, MDs that comprise the multistate MSA, and the full MSA. Income data for this assessment area is generally similar to the overall assessment area. The majority of communities in the overall assessment area are within the multistate MSA #14460. Family income is highest in Middlesex County, but it is relatively high throughout the MSA. This suggests the area is generally affluent. The largest concentration of families is in the upper-income category. Moderate-income families are the smallest group. Among all families, 6.9 percent are below the poverty level established by the U.S. Census Bureau.

Housing Characteristics

Housing characteristics for assessment area tracts within MSA #14460 are consistent with housing characteristics for the overall assessment area. With about 80.0 percent of owner-occupied units in middle- and upper- income tracts, it's expected that there will be limited home mortgage loans made in the LMI tracts. The overall section provided further details regarding home values in specific communities within the Boston-Cambridge-Quincy, MA-NH MSA.

Competition

The Bank faces significant competition within this assessment area. In 2012, there were 443 lenders that originated 41,004 residential mortgage loans within the assessment area. Enterprise Bank ranked 32nd with 317 loans and a market share of 0.8 percent. For small business loans, 117 lenders reported 54,728 small business loans in 2012 in the assessment. Enterprise Bank ranked 16th with a market share of 1.0 percent.

Business Demographic Data

As shown in Table MSA-2, businesses are concentrated in middle- and upper-income tracts. The *Borrower Profile* section of the Lending Test is based in part on the Bank's lending to the area's small businesses, which are defined as businesses with gross annual revenues ("GARs") of \$1.0 million or less. The percentage of assessment area businesses that met this definition was 73.3 percent in 2012.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BOSTON-CAMBRIDGE-QUINCY, MA-NH MSA #14460.

LENDING TEST

The Bank's lending performance in the area is consistent with the Bank's overall performance.

Lending Activity

Overall, the Bank showed good responsiveness to credit needs in the assessment area within MSA #14460 considering the size of the institution, loan portfolio composition, and high level of competition within the assessment area.

Small Business Lending

The Bank originated 813 small business loans totaling \$122.1 million in the assessment area in 2012 and YTD 2013. Based on its performance through the first three quarters of 2013, the Bank is on pace to exceed the number of loans originated in 2012. Lending activity was compared to aggregate small business data in the MSA #14460 portion of the assessment area to further analyze performance. Among the 117 lenders that reported small business loans within the counties that comprise this assessment area, the Bank ranked 16th in a 2012 market share report. Enterprise Bank trails only one other local institutions (Eastern Bank), which is significantly larger.

Home Mortgage Lending

Overall, the Bank originated 535 residential loans totaling \$139.0 million in the MSA #14460 portion of the assessment area in 2012 and YTD 2013. Market share reports from 2012 indicate that the Bank ranked 32nd out of 443 lenders in this assessment area, with a share of 0.8 percent. This performance is good considering the bank is primarily a commercial lender.

Geographic Distribution

Overall, the geographic distribution of small business and home mortgage loans reflects good dispersion throughout the assessment area geographies within MSA #14460. This conclusion is based primarily on strong performance in the area's LMI census tracts for both products, but especially home mortgage loans.

Small Business Lending

Small business lending reflects good dispersion throughout the assessment area, including LMI geographies. Table MSA-3 illustrates the Bank's small business lending performance by census tract income level in 2012 and YTD 2013. Table MSA-3 also includes the distribution of businesses for each year and 2012 aggregate performance in the assessment area.

Table MSA-3 – Distribution of Small Business Loans by Census Tract Income Level							
Census Tract Income Level	2012 % of Total Businesses	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 % of Total Businesses	YTD 2013 Bank	
			#	%		#	%
Low	8.8	7.4	46	10.1	8.9	37	10.4
Moderate	13.3	11.8	68	14.9	13.2	60	16.8
Middle	46.3	49.0	255	55.8	46.2	184	51.7
Upper	31.4	31.5	88	19.2	31.4	75	21.1
N/A	0.2	0.3	0	0.0	0.3	0	0.0
Total	100.0	100.0	457	100.0	100.0	356	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and YTD 2013 CRA Registers; 2012 Peer Small Business Data

Table MSA-3 shows the Bank’s performance in low-income geographies exceeded 2012 aggregate lending and the percentage of assessment area businesses in these census tracts. The Bank’s performance in YTD 2013 shows an improving trend in the low-income tracts (by percentage). The Bank’s performance for originations in moderate-income census tracts also exceeded 2012 aggregate lending and the percentage of businesses in moderate-income geographies. There is also an improving trend in YTD 2013 in these tracts (by percentage).

Home Mortgage Lending

The Bank’s home mortgage lending performance reflects excellent dispersion throughout the assessment area, including LMI geographies. Table MSA-4 shows the analysis of the Bank’s residential lending by census tract income level compared to the percentage of owner-occupied units and aggregate performance levels for 2012.

Table MSA-4 – Distribution of Home Mortgage Loans by Census Tract Income Level						
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2012 Aggregate Lending Data (% of #)	2012 Bank		YTD 2013 Bank	
			#	%	#	%
Lower	3.3	2.2	24	7.6	19	8.7
Moderate	16.8	10.3	66	20.8	42	19.3
Middle	48.7	45.8	140	44.2	88	40.4
Upper	31.2	41.7	87	27.4	69	31.6
Total	100.0	100.0	317	100.0	218	100.0

Source: 2010 U.S. Census Data; 2012 and YTD 2013 HMDA Data

In 2012, the Bank’s percentage of loans in low-income census tracts far exceeded the ratio of aggregate lending and the percentage of owner-occupied housing units in low-income geographies. The Bank’s performance in YTD 2013 showed an improving trend in these tracts. The Bank ranked 8th out of 118 lenders in originating loans in low-income tracts.

Enterprise Bank originated 66 loans within moderate-income tracts, which was 20.8 percent of total loans in the portion of the assessment area in MSA #14460. This is above the percentage of owner-occupied housing and double the aggregate lending performance. The Bank ranked 19th

out of 228 lenders in originating loans in the moderate-income tracts. The Bank's trend in YTD 2013 was similar, and again exceeded demographic expectations. Similar to its overall performance, the Bank's performance in the low- and moderate-income tracts is strong.

Borrower Distribution

Overall, the distribution of borrowers reflects, given the product lines offered by the institution, good penetration among businesses of different sizes and borrowers of different income levels. Conclusions were based on performance in lending to small businesses and to LMI individuals in the assessment area within MSA #14460.

Small Business Lending

With respect to small business loans, the Bank's performance reflects good penetration of businesses of different sizes, given the demographics and aggregate lending performance in the assessment area. Table MSA-5 provides details of this analysis.

Table MSA-5 – Distribution of Small Business Loans by Gross Annual Revenues (GARs)							
GAR \$(000)	2012 % of Total Businesses	2012 CRA Aggregate Data	2012 Bank		2013 % of Total Businesses	YTD 2013 Bank	
			#	%		#	%
≤ \$1,000	73.3	40.8	293	64.1	73.3	227	63.8
> \$1,000	4.8	NA	162	35.5	5.1	127	35.7
Not Reported	21.9	NA	2	0.4	21.6	2	0.5
Total	100.0	100.0	457	100.0	100.0	356	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and YTD 2013 CRA Registers; 2012 Peer Small Business Data

Table MSA-5 indicates the distribution of loans to small businesses was less than area demographics, but well above aggregate lending in 2012. Although less than business demographics, comparisons to aggregate data suggest the Bank is meeting the credit needs of small businesses in the area. Performance levels in YTD 2013 were very similar to 2012.

Home Mortgage Lending

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels, including low- and moderate- income. Table MSA-6 provides details on the Bank's record of lending to borrowers by income level.

Table MSA-6 – Distribution of Home Mortgage Loans by Borrower Income Level						
Income Level	% of Total Families 2012	2012 Aggregate Lending Data (% of #)	2012 Bank		YTD 2013 Bank	
			#	%	#	%
Low	23.2	7.9	43	13.6	24	11.0
Moderate	18.0	17.7	54	17.0	32	14.7
Middle	21.4	24.6	71	22.4	33	15.2
Upper	37.4	35.9	71	22.4	62	28.4
Income NA	0.0	13.9	78	24.6	67	30.7
Total	100.0	100.0	317	100.0	218	100.0

Source: 2010 U.S. Census Data; 2012 and YTD 2013 HMDA Data

As reflected in Table MSA-6, the Bank extended a higher percentage of home mortgage loans to low-income borrowers in 2012 than the aggregate market. The Bank's performance decreased to 11.0 percent in YTD 2013. In both years, the Bank's percentages were below the percentage of low-income families in the assessment area. This is reasonable considering the difficulty low-income families may have in qualifying for a home mortgage.

The Bank's 2012 performance in lending to moderate-income borrowers is comparable to, although slightly below, the percentage of moderate-income families in the assessment area and aggregate performance levels. Lending to moderate-income borrowers in YTD 2013 decreased in volume and percentage of total loans. The Bank's performance in YTD 2013 was also below the area demographic of 18.0 percent; however, the distribution of HMDA loans is reasonable.

Community Development Lending

Enterprise Bank made a relatively high level of community development loans in the MSA #14460 assessment area. During the evaluation period, the Bank made or renewed 12 community development loans for a total of \$11.5 million in this area. The community development loans were distributed to a variety of organizations, primarily for the purposes of affordable housing and economic development. Please see the *Community Development Lending* section of the overall evaluation for a more detailed summary of community development loans.

Innovative or Flexible Lending Practices

This performance factor considered all innovative and flexible lending activities since the prior evaluation. Since the Bank's product offering is consistent in all areas, all programs referenced in the overall discussion were also considered in the multistate MSA analysis. Based on the Bank's primary business focus, 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 the limited internal programs.

Descriptions of the innovative and flexible loan programs offered by the Bank are included in the overall discussion. The volume of loans made within the MSA #14460 assessment area reflects the extent of the Bank's branch presence in these communities, which is more than 80 percent of total volume.

INVESTMENT TEST

The institution's Investment Test performance is rated "Satisfactory" for the multi-state MSA portion of the assessment area. While the Bank made a qualified investment that responded to the area's need for affordable housing, the level of equity investments is poor. The Bank made one new qualified investment of \$720,916 in a community where affordability is an issue due to the high cost of homes.

The Bank also made a significant level of qualified charitable donations to help address a variety of needs within the multi-state MSA portion of the assessment area. A total of \$816,694 was donated to community development organizations in the multistate-MSA. The majority of donations went to organizations that provide community services targeted to LMI individuals. Please refer to descriptions in the overall discussion for further details regarding qualified investments.

SERVICE TEST

The institution's Service Test performance is rated "Outstanding" for the multi-state MSA portion of the assessment area. Since the vast majority of communities in the overall assessment area are within the multi-state MSA assessment area, the conclusions, facts, and data of this analysis is very similar to the overall Service Test. The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Accessibility of Delivery Systems

The Bank's delivery systems are readily accessible to all portions of the multi-state MSA assessment area. Alternative systems, such as ATMs, telephone banking, and computer-based access, are also accessible to all portions of the area. The percentage of branch offices in LMI tracts is generally consistent with the percentage of the population that resides in these tracts.

Changes in Branch Locations

The Bank's opening and closing of branches improved the accessibility of its delivery systems within the multi-state MSA assessment area, including to LMI geographies. During the evaluation period, the Bank opened branches in Lawrence (low-income) and Tyngsboro (middle-income). No branches were closed since the previous evaluation.

Reasonableness of Businesses Hours and Services

Services do not vary in a way that inconveniences certain portions of the multi-state MSA assessment area, particularly LMI geographies and/or individuals. Please refer to the overall Service Test analysis for additional detail regarding the Bank's services and business hours.

Community Development Services

Bank officers and staff members provided their financial expertise to help address community needs through their involvement in various community organizations. Many of these services involve Bank management taking an active leadership role in these organizations. Bank management and employees also developed and participated in educational seminars targeted toward low- and moderate-income families, borrowers, and first-time homebuyers. The Bank also provided innovative support for local non-profit organizations. The Bank targeted many of these efforts to the neediest portions of the assessment area. Please refer to descriptions in the overall discussion for greater details on community development services.

STATE OF MASSACHUSETTS CRA EVALUATION

CRA RATING FOR (Massachusetts): Satisfactory.

The Lending Test is rated: Satisfactory.
The Investment Test is rated: Satisfactory.
The Service Test is rated: High Satisfactory.

A CRA rating of “Satisfactory” is assigned to Enterprise Bank’s performance within the Massachusetts portion of the assessment area (MA-AA). It should be noted that, based on IBBEA requirements, the MA-AA excludes portions of the assessment area in Massachusetts that are within the Boston-Cambridge-Quincy, MA-NH MSA. The Bank maintained an adequate record of helping to meet the credit needs of the MA-AA, in a manner consistent with its resources and capabilities.

SCOPE OF THE 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, excluding the Boston-Cambridge-Quincy, MA-NH MSA #14460. 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 Massachusetts and outside of multistate MSA #14460; therefore, the Bank’s Massachusetts performance carries less weight compared to the Bank’s performance within the multistate MSA #14460.

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN MASSACHUSETTS

The Bank maintains two branch offices in the MA-AA. The Leominster and Fitchburg branches are both located in the Worcester MSA #49340. This represents fewer than 10 percent of the Bank’s physical locations. The products and services discussed in the overall assessment area are offered in each of the bank’s assessment areas, including the MA-AA. This assessment area includes Fitchburg, Leominster, and Lunenburg.

The assessment area contains 21 census tracts. Based on 2010 U.S. Census data, there are 3 low-income tracts, 8 moderate-income tracts, 8 middle-income tracts, and 2 upper-income tracts. Table MA-1 provides other relevant information for the Bank’s MA-AA.

Table MA-1 – Assessment Area (MSA #49340) Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	21	14.3	38.1	38.1	9.5	0.0
Population by Geography	91,163	10.3	34.5	46.2	9.0	0.0
Owner-Occupied Housing by Geography	22,007	5.3	27.7	55.3	11.7	0.0
Businesses by Geography (2012)	7,164	9.1	41.5	41.4	8.0	0.0
Family Distribution by Income Level	23,525	27.9	19.2	22.5	30.4	0.0
Weighted Avg. AA MFI, 2010 U.S. Census		\$67,347	Median Housing Value			\$256,511
MSA #49340 MFI, 2010 U.S. Census		\$79,121	Unemployment Rate			8.6%
MSA #49340 FFIEC Adjusted MFI 2012		\$83,600	Families Below Poverty Level			9.8%

Source: 2010 U.S. Census, 2012 D&B Data, and 2012 FFIEC Estimated Median Family Incomes

Median Family Income Levels

Table MA-1 shows MFI data for the MA-AA tracts and the full Worcester, MA MSA #49340. Income data for this assessment area is generally lower than the overall assessment area and the Worcester, MA MSA. This suggests that the MA-AA is less affluent than other portions of the overall assessment area. The largest concentration of families is in the upper-income category, although the percentage of low-income families is not far behind. Moderate-income families are the smallest group. Among all families, 9.8 percent are below the poverty level established by the U.S. Census Bureau. While the relatively high share of LMI families may increase opportunities for lending to this demographic, a portion of these families likely would not qualify for a mortgage loan.

Housing Characteristics

Housing characteristics for the MA-AA suggest greater affordability than the overall assessment area. This is expected based on the lower MFI figures discussed above. With about 33.0 percent of owner-occupied units in LMI tracts, there appear to be opportunities to make home mortgage loans in LMI tracts.

Competition

The Bank faces significant competition within the MA-AA. In 2012, there were 202 lenders that originated 3,411 residential mortgage loans within these three communities. Enterprise Bank ranked 39th with 15 loans and a market share of 0.4 percent. For small business loans, 74 lenders reported 12,924 small business loans in 2012 in the Worcester, MA MSA. Enterprise Bank ranked 26th with a market share of 0.4 percent.

Business Demographic Data

As shown in Table MA-1, businesses are concentrated in the moderate- and middle-income tracts. The *Borrower Profile* section of the Lending Test is based in part on the Bank's lending to the area's small businesses, which are defined as businesses with GARs of \$1.0 million or less. The percentage of MA-AA businesses that met this definition was 72.0 percent in 2012.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MA-AA

LENDING TEST

The Bank's lending performance in the area is below the Bank's lending performance overall. This is expected based on the extent of Bank operations in the MA-AA compared to other portions of the overall assessment area. The performance is Satisfactory.

Lending Activity

Overall, the Bank showed adequate responsiveness to credit needs in the MA-AA considering the extent of operations in the area, loan portfolio composition, and high level of competition.

Small Business Lending

The Bank originated 61 small business loans totaling \$10.9 million in the MA-AA in 2012 and YTD 2013. Based on its performance through the first three quarters of 2013, the Bank is on pace to exceed the number and dollar volume of loans originated in 2012. Lending activity was compared to aggregate small business data in the Worcester, MA MSA to further analyze performance. Among the 74 lenders that reported small business loans in Worcester County, the Bank ranked 26th in a 2012 market share report.

Home Mortgage Lending

Overall, the Bank originated 25 residential loans totaling \$4.2 million in the MA-AA in 2012 and YTD 2013. Market share reports from 2012 indicate that the Bank ranked 39th out of 202 lenders in this assessment area, with a share of 0.4 percent. This performance is reasonable considering the Bank is primarily a commercial lender.

Geographic Distribution

Overall, the geographic distribution of small business and home mortgage loans reflects adequate dispersion throughout the MA-AA. This conclusion is primarily based on adequate performance in the area's LMI census tracts for both products.

Small Business Lending

Small business lending reflects adequate dispersion throughout the MA-AA, including LMI geographies. Table MA-2 illustrates the Bank's small business lending performance by census tract income level in 2012 and YTD 2013. Table MA-2 also includes the distribution of businesses for each year and 2012 aggregate performance in this assessment area.

Table MA-2 – Distribution of Small Business Loans by Census Tract Income Level							
Census Tract Income Level	2012 % of Total Businesses	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 % of Total Businesses	YTD 2013 Bank	
			#	%		#	%
Low	9.1	6.1	2	6.5	9.1	2	6.7
Moderate	41.5	44.0	16	51.6	42.1	19	63.3
Middle	41.4	43.2	11	35.4	41.0	8	26.7
Upper	8.0	6.7	2	6.5	7.8	1	3.3
Total	100.0	100.0	31	100.0	100.0	30	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and YTD 2013 CRA Registers; 2012 Peer Small Business Data

Table MA-2 shows the Bank's performance in low-income geographies was slightly above the 2012 aggregate lending and below the percentage of assessment area businesses in these census tracts. The Bank's performance in YTD 2013 shows a consistent trend in the low-income tracts. The Bank's performance for originations in moderate-income census tracts exceeded 2012 aggregate lending and the percentage of businesses in moderate-income geographies. There is also an improving trend in YTD 2013 in these tracts.

Home Mortgage Lending

The Bank's home mortgage lending performance reflects adequate dispersion throughout the MA-AA, including LMI geographies. Table MA-3 shows the analysis of the Bank's residential lending by census tract income level compared to the percentage of owner-occupied units and aggregate performance levels for 2012.

Table MA-3 – Distribution of Home Mortgage Loans by Census Tract Income Level						
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2012 Aggregate Lending Data (% of #)	2012 Bank		YTD 2013 Bank	
			#	%	#	%
Low	5.3	4.3	1	6.7	1	10.0
Moderate	27.7	26.4	3	20.0	7	70.0
Middle	55.3	55.1	6	40.0	2	20.0
Upper	11.7	14.2	5	33.3	0	0.0
Total	100.0	100.0	15	100.0	10	100.0

Source: 2010 U.S. Census Data; 2012 and YTD 2013 HMDA Data

In 2012, the Bank’s percentage of loans in low-income census tracts exceeded the ratio of aggregate lending and the percentage of owner-occupied housing units in low-income geographies. It should be noted, however, that this is based on only one loan in a low-income tract. The low volume of loans means that a difference of just one loan could have a noticeable impact on percentages. The Bank’s performance in YTD 2013 showed an improving trend in terms of percentage, but there was again only one loan made in a low-income tract.

Enterprise Bank originated 3 loans within moderate-income tracts, which was 20.0 percent of total loans in the MA-AA. This was below the percentage of owner-occupied housing and aggregate lending performance. The Bank showed improvement in YTD 2013, with 7 out of 10 loans made in moderate-income tracts, exceeding demographic expectations.

Borrower Distribution

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among businesses of different sizes and borrowers of different income levels. Conclusions were based on adequate performance in lending to small businesses and to LMI individuals in the MA-AA.

Small Business Lending

With respect to small business loans, the Bank’s performance reflects adequate penetration of businesses of different sizes, given the demographics and aggregate lending performance in the assessment area. Table MA-4 provides details of this analysis.

Table MA-4 – Distribution of Small Business Loans by Gross Annual Revenues (GARs)							
GAR \$(‘000s)	2012 % of Total Businesses	2012 CRA Aggregate Data	2012 Bank		2013 % of Total Businesses	YTD 2013 Bank	
			#	%		#	%
≤ \$1,000	72.0	33.2	16	51.6	72.3	21	70.0
> \$1,000	5.1	NA	15	48.4	5.4	9	30.0
Not Reported	22.9	NA	0	0.0	22.3	0	0.0
Total	100.0	100.0	31	100.0	100.0	30	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and YTD 2013 CRA Registers; 2012 Peer Small Business Data

Table MA-4 indicates the distribution of loans to small businesses was less than area demographics, but well above aggregate lending in 2012. Although less than business demographics, comparisons to aggregate data suggest the Bank is meeting the credit needs of small businesses in the area. Performance improved in YTD 2013.

Home Mortgage Lending

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels, including LMI. See Table MA-5 for details on the Bank's record of lending to borrowers by income level.

Table MA-5 – Distribution of Home Mortgage Loans by Borrower Income Level						
Income Level	% of Total Families 2012	2012 Aggregate Lending Data (% of #)	2012 Bank		YTD 2013 Bank	
			#	%	#	%
Low	27.9	10.6	1	6.7	2	20.0
Moderate	19.2	21.6	3	20.0	2	20.0
Middle	22.5	25.7	1	6.7	2	20.0
Upper	30.4	27.7	4	26.6	0	0.0
Income NA	0.0	14.4	6	40.0	4	40.0
Total	100.0	100.0	15	100.0	10	100.0

Source: 2010 U.S. Census Data; 2012 and YTD 2013 HMDA Data

As reflected in Table MA-5, the Bank extended a lower percentage of home mortgage loans to low-income borrowers in 2012 than the aggregate market. The Bank's performance increased to 20.0 percent of total loans in YTD 2013, although this represents only 2 loans. In both years, the Bank's percentages were below the percentage of low-income families in the MA-AA. This is reasonable considering the difficulty low-income families may have in qualifying for a home mortgage.

The Bank's 2012 performance in lending to moderate-income borrowers is slightly above the percentage of moderate-income families in the MA-AA and slightly below the aggregate performance. Lending to moderate-income borrowers in YTD 2013 decreased in volume (by one loan) but remained at the same percentage of total loans.

Community Development Lending

Enterprise Bank made an adequate level of community development loans in the MA-AA. During the evaluation period, the Bank made or renewed three community development loans for a total of \$3.5 million in this area. Please see the *Community Development Lending* section of the overall evaluation for a more detailed summary of community development loans.

Innovative or Flexible Lending Practices

This performance factor considered all innovative and flexible lending activities since the prior evaluation. Since the Bank's product offering is consistent in all areas, all programs referenced in the overall discussion were also considered in the MA-AA analysis. Based on the Bank's primary business focus, 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 the limited internal programs.

Descriptions of the innovative and flexible loan programs offered by the Bank are included in the overall discussion. The volume of loans made within the MA-AA is slightly less than the extent of the Bank's branch presence in these communities.

INVESTMENT TEST

The institution's Investment Test performance is rated "Satisfactory" for the MA-AA. The Bank made an adequate level of qualified charitable donations considering the limited extent of operations in this area. A total of \$50,789 was donated to community development organizations in the MA-AA. The majority of donations went to organizations that provide community services targeted to LMI individuals; however, a fair share of contributions was also made for affordable housing and economic development purposes. Please refer to descriptions in the overall discussion for further details regarding qualified investments.

SERVICE TEST

The institution's Service Test performance is rated "High Satisfactory" for the MA-AA. The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Accessibility of Delivery Systems

The Bank's delivery systems are readily accessible to all portions of the MA-AA. Alternative systems, such as ATMs, telephone banking, and computer-based access, are also accessible to all portions of the area. Both branch offices in the MA-AA are located in moderate-income tracts.

Changes in Branch Locations

No branches were opened or closed in the MA-AA since the previous evaluation.

Reasonableness of Businesses Hours and Services

Services do not vary in a way that inconveniences certain portions of the MA-AA, particularly LMI geographies and/or individuals. Please refer to the overall Service Test analysis for additional detail regarding the Bank's services and business hours.

Community Development Services

Bank officers and staff members provided their financial expertise to various community development organizations. The Bank provided an adequate level of support to local non-profit organizations in the MA-AA. Please refer to the overall discussion for greater details on community development services.

STATE OF NEW HAMPSHIRE CRA EVALUATION

CRA RATING FOR (New Hampshire): Satisfactory.

The Lending Test is rated: Satisfactory.

The Investment Test is rated: Satisfactory.

The Service Test is rated: Satisfactory.

A CRA rating of “Satisfactory” is assigned to Enterprise Bank’s performance within the New Hampshire portion of the assessment area (NH-AA). It should be noted that, based on IBBEA requirements, the NH-AA excludes portions of the assessment area in New Hampshire that are within the Boston-Cambridge-Quincy, MA-NH MSA. The Bank maintained an adequate record of helping to meet the credit needs of the NH-AA, in a manner consistent with its resources and capabilities.

SCOPE OF THE EVALUATION

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within New Hampshire, excluding the Boston-Cambridge-Quincy, MA-NH MSA #14460. 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 multistate MSA #14460; therefore, the Bank’s New Hampshire performance carries less weight compared to the Bank’s performance within the multistate MSA #14460.

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN NEW HAMPSHIRE

The Bank maintained two branch offices in the NH-AA during the evaluation period. A third branch, the Nashua branch, was opened on the evaluation date. The Hudson and Pelham branches are both located in Hillsborough County and the Manchester-Nashua, NH MSA #31700. This represents fewer than 10 percent of the Bank’s physical locations. Furthermore, both of these branches were opened during the evaluation period. The products and services discussed in the overall assessment are offered in each of the bank’s assessment areas, including the NH-AA.

This assessment area included Hudson and Pelham for the full review period. Nashua was added in 2013. As a result, all 2012 analysis does not include data from performance or demographic data from Nashua. Nashua was included in all YTD 2013 analysis and discussions

The NH-AA in 2012 contained 6 census tracts. Based on 2010 U.S. Census data, there were no LMI tracts, 4 middle-income tracts, and 2 upper-income tracts. The inclusion of Nashua in 2013 expanded the NH-AA to 24 census tracts, of which 2 were low-, 5 were moderate-, 12 were middle-, and 5 were upper-income. Table NH-1 provides other relevant information for the Bank’s NH-AA in 2012, excluding Nashua. Greater emphasis was based on performance in the NH-AA in 2012, since this is the most recent full year of data. Furthermore, aggregate data from 2012 can be used for comparison purposes, but aggregate data for 2013 is not yet available.

Table NH-1 – 2012 Assessment Area (MSA #31700) Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	6	0.0	0.0	66.7	33.3	0.0
Population by Geography	37,364	0.0	0.0	76.9	23.1	0.0
Owner-Occupied Housing by Geography	13,338	0.0	0.0	76.7	23.3	0.0
Businesses by Geography (2012)	3,527	0.0	0.0	77.5	22.5	0.0
Family Distribution by Income Level	10,350	13.2	18.1	25.1	43.6	0.0
Weighted Avg. AA MFI, 2010 U.S. Census	\$89,697	Median Housing Value				\$301,245
MSA #31700 MFI, 2010 U.S. Census	\$81,794	Unemployment Rate				7.1%
MSA #31700 FFIEC Adjusted MFI 2012	\$86,400	Families Below Poverty Level				1.7%

Source: 2010 U.S. Census, 2012 D&B Data, and 2012 FFIEC Estimated Median Family Incomes

Median Family Income Levels

Table NH-1 shows MFI data for the NH-AA tracts and the full Manchester-Nashua, NH MSA #31700. Income data for this assessment area is generally similar to the overall assessment area and above MSA #31700. The largest concentration of families is in the upper-income category by far, with low-income families as the smallest group. Among all families, only 1.7 percent is below the poverty level established by the U.S. Census Bureau. The relatively low share of LMI families reduces opportunities for lending to this demographic.

Housing Characteristics

Housing characteristics for the NH-AA suggest greater affordability than the overall assessment area, as median home values are more affordable than most communities in the overall assessment area. Since there are no LMI tracts in the NH-AA for 2012, the *Geographic Distribution* analysis only considers YTD 2013 performance. The inclusion of Nashua to the NH-AA in 2013 added LMI tracts.

Competition

The Bank faces significant competition within the NH-AA. In 2012, there were 162 lenders that originated 2,431 residential mortgage loans within these two communities. Enterprise Bank ranked 46th with 11 loans and a market share of 0.5 percent. For small business loans, 56 lenders reported 7,507 small business loans in 2012 in Hillsborough County. Enterprise Bank ranked 18th with a market share of 0.9 percent.

Business Demographic Data

As shown in Table NH-1, businesses are concentrated in the middle--income tracts in 2012. While not shown in Table NH-1, 25.3 percent of businesses were in LMI tracts in the NH-AA in 2013. The *Borrower Profile* section of the Lending Test is based in part on the Bank's lending to the area's small businesses, which are defined as businesses with gross annual revenues ("GARs") of \$1.0 million or less. The percentage of NH-AA businesses that met this definition was 72.3 percent in 2012.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NH-AA.

LENDING TEST

The Bank's lending performance in the area is below the Bank's lending performance overall. This is expected based on the extent of Bank operations in the NH-AA compared to other

portions of the overall assessment area. As noted previously, both branches in the NH-AA were opened during the evaluation period. The performance is satisfactory.

Lending Activity

Overall, the Bank showed adequate responsiveness to credit needs in the NH-AA considering the extent of operations in the area, loan portfolio composition, and high level of competition.

Small Business Lending

The Bank originated 104 small business loans totaling \$18.6 million in the NH-AA in 2012 and YTD 2013. Based on its performance through the first three quarters of 2013, the Bank is on pace to significantly exceed the number and dollar volume of loans originated in 2012. Lending activity was compared to aggregate small business data in Hillsborough County to further analyze performance. Among the 56 lenders that reported small business loans in Hillsborough County, the Bank ranked 18th in a 2012 market share report.

Home Mortgage Lending

Overall, the Bank originated 29 residential loans totaling \$5.3 million in the NH-AA in 2012 and YTD 2013. Market share reports from 2012 indicate that the Bank ranked 46th out of 162 lenders in this assessment area, with a share of 0.5 percent. This performance is reasonable considering the bank is primarily a commercial lender.

Geographic Distribution

Overall, the geographic distribution of small business and home mortgage loans reflects adequate dispersion throughout the NH-AA. This conclusion is primarily based on adequate performance in the area’s LMI census tracts for both products in YTD 2013.

Small Business Lending

Small business lending reflects adequate dispersion throughout the NH-AA, including LMI geographies. Table NH-2 illustrates the Bank’s small business lending performance by census tract income level in 2012 and YTD 2013. Table NH-2 also includes the distribution of businesses for each year and 2012 aggregate performance in this assessment area.

Table NH-2 – Distribution of Small Business Loans by Census Tract Income Level							
Census Tract Income Level	2012 % of Total Businesses	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 % of Total Businesses	YTD 2013 Bank	
			#	%		#	%
Low	0.0	0.0	0	0.0	12.0	2	3.2
Moderate	0.0	0.0	0	0.0	13.4	7	11.3
Middle	77.5	76.4	26	61.9	58.3	38	61.3
Upper	22.5	23.6	16	38.1	16.3	15	24.2
Total	100.0	100.0	42	100.0	100.0	62	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and YTD 2013 CRA Registers; 2012 Peer Small Business Data

Table NH-2 shows the Bank’s YTD 2013 performance in low-income geographies was below the percentage of assessment area businesses in these census tracts. The Bank’s performance for originations in moderate-income census tracts was only slightly below the percentage of businesses in in these geographies in YTD 2013. The performance is mitigated by the fact that the Bank did not have a physical branch in Nashua during the review period, which is where all

LMI tracts are located. Management expects performance to improve with the opening of a branch in a moderate-income tract in Nashua as of the date of this evaluation.

Home Mortgage Lending

The Bank's home mortgage lending performance reflects adequate dispersion throughout the NH-AA, including LMI geographies. Table NH-3 shows the analysis of the Bank's residential lending by census tract income level.

Table NH-3 – Distribution of Home Mortgage Loans by Census Tract Income Level							
Census Tract Income Level	% of Total Owner-Occupied Housing Units 2012	2012 Aggregate Lending Data (% of #)	2012 Bank		% of Total Owner-Occupied Housing Units 2013	YTD 2013 Bank	
			#	%		#	%
Low	0.0	0.0	0	0.0	2.2	0	0.0
Moderate	0.0	0.0	0	0.0	11.9	4	22.2
Middle	76.7	75.4	7	63.6	60.1	9	50.0
Upper	23.3	24.6	4	36.4	25.8	5	27.8
Total	100.0	100.0	11	100.0	100.0	18	100.0

Source: 2010 U.S. Census Data; 2012 and YTD 2013 HMDA Data

The Bank did not make any loans in low-income tracts in YTD 2013. The Bank originated 22.2 percent of loans within moderate-income tracts in YTD 2013, which exceeded the percentage of owner-occupied housing units in these tracts. Again, management indicated that its performance should improve with the opening a branch in Nashua, which is where all the LMI tracts in the NH-AA are located.

Borrower Distribution

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among businesses of different sizes and borrowers of different income levels. Conclusions were based on adequate performance in lending to small businesses and to LMI individuals in the NH-AA.

Small Business Lending

With respect to small business loans, the Bank's performance reflects adequate penetration of businesses of different sizes, given the demographics and aggregate lending performance in the assessment area. Table NH-4 provides details of this analysis.

Table NH-4 – Distribution of Small Business Loans by Gross Annual Revenues (GARs)							
GAR \$(000)	2012 % of Total Businesses	2012 CRA Aggregate Data (% of #)	2012 Bank		2013 % of Total Businesses	YTD 2013 Bank	
			#	%		#	%
≤ \$1,000	76.7	39.1	26	61.9	73.6	21	33.9
> \$1,000	4.8	NA	14	33.3	5.4	41	66.1
Not Reported	18.5	NA	2	4.8	21.0	0	0.0
Total	100.0	100.0	42	100.0	100.0	62	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and YTD 2013 CRA Registers; 2012 Peer Small Business Data

Table NH-4 indicates the distribution of loans to small businesses was less than area demographics, but well above aggregate lending in 2012. Although less than business demographics, comparisons to aggregate data suggest the Bank is meeting the credit needs of small businesses in the area. Performance declined in YTD 2013, as the Bank made almost twice as many loans to larger businesses in the NH-AA. Management indicated the opening of its Nashua branch should increase its percentage of loans to smaller businesses.

Home Mortgage Lending

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels, including LMI. Table NH-5 provides details on the Bank's record of lending to borrowers by income level.

Table NH-5 – Distribution of Home Mortgage Loans by Borrower Income Level							
Income Level	% of Total Families 2012	2012 Aggregate Lending Data (% of #)	2012 Bank		% of Total Families 2013	YTD 2013 Bank	
			#	%		#	%
Low	13.3	4.7	1	9.1	17.8	1	5.6
Moderate	18.1	18.6	2	18.2	18.5	2	11.1
Middle	25.1	24.9	5	45.4	24.4	4	22.2
Upper	43.5	37.5	2	18.2	39.3	7	38.9
Income NA	0.0	14.3	1	9.1	0.0	4	22.2
Total	100.0	100.0	11	100.0	100.0	18	100.0

Source: 2010 U.S. Census Data; 2012 and YTD 2013 HMDA Data

As reflected in Table NH-5, the Bank extended a higher percentage of home mortgage loans to low-income borrowers in 2012 than the aggregate market, although this represents only one loan. One loan was again made to a low-income borrower in YTD 2013. In both years, the Bank's percentages were below the percentage of low-income families in the NH-AA. This is reasonable considering the difficulty low-income families may have in qualifying for a home mortgage.

The Bank made two loans to moderate-income borrowers in both 2012 and YTD 2013. The performance in 2012 was very similar to both aggregate data and demographics. The percentage of loans to moderate-income borrowers declined in YTD 2013. Due to the small number of loans, small variations in the number of loans have a larger impact on the percentage of loans.

Community Development Lending

Enterprise Bank did not make any community development loans in the NH-AA. This performance is mitigated by the Bank's recent expansion in this assessment area. As mentioned previously, the Bank did not have any branches in the NH-AA at the previous evaluation. Management indicated it expects increased community development lending in the NH-AA as the Bank becomes more established in these communities.

Innovative or Flexible Lending Practices

This performance factor considered all innovative and flexible lending activities since the prior evaluation. Since the Bank's product offering is consistent in all areas, all programs referenced in the overall discussion were also considered in the NH-AA analysis. Based on the Bank's primary

business focus, 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 the limited internal programs.

Descriptions of the innovative and flexible loan programs offered by the Bank are included in the overall discussion. The volume of loans made within the NH-AA reflects the extent of the Bank's branch presence in these communities, which is approximately 10 percent of total volume.

INVESTMENT TEST

The institution's Investment Test performance is rated "Satisfactory" for the NH-AA. The Bank made an adequate level of qualified charitable donations considering the extent of operations in this area. A total of \$17,810 was donated to community development organizations in the NH-AA. The majority of donations went to organizations that provide community services targeted to LMI individuals.

The Bank's performance is mitigated by its newness to this assessment area. Each branch location was opened during the review period. Furthermore, there is an increasing trend with qualified donations. Half of total amount of donations were donated in 2013. Qualified donations in the NH-AA in 2013 actually were similar to the amount of qualified donations in the MA-AA for the same year. Management indicated that it took time to establish connections with community groups and determine how to best support these groups. Please refer to descriptions in the overall discussion for further details regarding qualified investments.

SERVICE TEST

The institution's Service Test performance is rated "Satisfactory" for the NH-AA. The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Accessibility of Delivery Systems

The Bank's delivery systems are readily accessible to all portions of the NH-AA. Alternative systems, such as ATMs, telephone banking, and computer-based access, are also accessible to all portions of the area. Branch offices in the NH-AA are located in middle- and upper-income tracts, which reflects the demographics of the area. While not included in this analysis, it should be noted that the Bank opened a branch in a moderate-income tract in Nashua on the evaluation date.

Changes in Branch Locations

Two branches were opened in the NH-AA since the previous evaluation. The Hudson branch is in a middle-income tract and the Pelham branch is in an upper-income tract.

Reasonableness of Businesses Hours and Services

Services do not vary in a way that inconveniences certain portions of the NH-AA, particularly LMI geographies and/or individuals. Please refer to the overall Service Test analysis for additional detail regarding the Bank's services and business hours.

Community Development Services

Bank officers and staff members provided their financial expertise to various community development organizations. The Bank provided an adequate level of support to local non-profit organizations in the MA-AA. Please refer to the overall discussion for greater details on community development services.

STATE-MSA EVALUATION

IBBEA requires that CRA evaluations for interstate banks include performance test conclusions, facts, and data for each single-state MSA in which a bank has branches. Since Enterprise Bank only has branches in one single-state MSA in Massachusetts and New Hampshire, the discussion within the statewide evaluations captures the Bank's performance in these single-state MSAs. No further discussion is necessary.

APPENDIX A
Division of Banks
Fair Lending Policies and Practices

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

FAIR LENDING REVIEW

Enterprise Bank's fair lending controls are evident within its policies and procedures, namely the Loan Policy. All lending employees (residential and commercial), as well as members of the collections department, are provided with online fair lending training appropriate to their job descriptions and their responsibilities in fair lending issues. The underwriting and decision making process is centralized. Additionally, all residential, consumer, or commercial loan applications slated for denial undergo a secondary review. There are no pricing exceptions, and any exceptions to underwriting are tracked and reported to the Board on a monthly basis.

An informal comparative file review was conducted between exceptions and marginal denials, and it was determined that the Bank is following the guidelines from the Loan Policy in a consistent manner.

No violations of the substantive provisions of the Equal Credit Opportunity Act or related laws and regulations were identified during the examination.

MINORITY APPLICATION FLOW

According to the 2010 U.S. Census Data, the Bank's assessment area contained a total population of 769,050 individuals, of which 25.4 percent are minorities. The assessment area's minority and ethnic population consists of 2.3 percent Black/African American, 6.8 percent Asian, 0.12 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 14.4 percent Hispanic or Latino, and 1.8 percent Other.

For 2012 and YTD 2013, the Bank received 910 HMDA reportable loan applications from within its assessment area. Of these applications, 54, or 5.9 percent were received from minority applicants, of which 22 or 40.1 percent resulted in originations. For 2012 and YTD 2013 the Bank received 20 or 2.2 percent of applications from the Hispanic or Latino ethnic group, of which 8 or 40 percent resulted in originations.

The Bank's level of lending was compared with that of the 2012 aggregate's lending performance levels, the most recent year for which data was available. The comparison of this data assists in delivering reasonable expectations for the rate of residential loan applications the Bank received from minority applicants. Refer to Table A-1 for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

Table A-1 – MINORITY APPLICATION FLOW					
RACE	2012 Bank		2012 Aggregate Data	YTD 2013 Bank	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0
Asian	25	4.6	6.8	21	5.7
Black/ African American	1	0.2	0.9	2	0.5
Hawaiian/Pac Isl.	0	0.0	0.1	1	0.3
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	1	0.2	1.1	3	0.8
Total Minority	27	4.9	9.1	27	7.4
White	368	67.8	68.9	241	65.7
Race Not Available	148	27.3	21.9	99	26.9
Total	543	100.0	100.0	367	100.0
ETHNICITY					
Hispanic or Latino	9	1.7	3.6	11	3.4
Not Hispanic or Latino	382	70.4	73.7	255	69.5
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.4	0.8	0	0.0
Ethnicity Not Available	150	27.6	21.9	101	27.5
Total	543	100.0	100.0	367	100.0

The Bank's performance was lower than the aggregate's performance level for minority applicants. The Bank received 4.9 percent of applications from racial minorities in 2012, compared to the aggregate level of 9.1 percent. The Bank received 1.7 percent of applications from Hispanic applicants, compared to 3.6 percent for the aggregate. In 2013, the Bank increased its performance for minority applicants (7.4 percent) and Hispanic applicants (3.4 percent).

The percentage increase in ethnic and racial minority application flow is not reflective of an increase in applications, but rather a decrease in total applications. However, the Bank increased efforts in areas with a large minority population, such as Lawrence.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, along with the overall increasing trend, is deemed adequate.

APPENDIX B GENERAL DEFINITIONS

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

Block Numbering Areas (BNAs): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

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) but excluding 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.

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

HOUSING TERMS

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 which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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.

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.

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.

INCOME TERMS

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.

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

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

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 consist of only one person, median household income is usually less than median family income.

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.

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.

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.

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

HUD Adjusted Income Data: The US Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent US Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

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.

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.

APPENDIX C

INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. 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. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. 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. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: 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; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the US Department of the Treasury and the Internal Revenue Service. The US Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. 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 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 in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

APPENDIX D

Standard PE Language

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Community Development Lending:

Performance Criteria

The institution's community development lending activities are evaluated 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.

Innovative and Flexible Lending Practices:

Performance Criteria

The institution's innovative and flexible lending practices are evaluated 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.

INVESTMENT TEST

Scope of Test

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

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 and the Federal Deposit Insurance Corporation, at 222 Merrimack Street, Lowell, Massachusetts 01852."

[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 agency, 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.