



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 1, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Enterprise National Bank of Palm Beach
Charter Number: 22008

11811 U.S. Highway One
North Palm Beach, FL 33408

Office of the Comptroller of the Currency

South Florida (Miami)
9800 Northwest 41st Street Suite 120
Miami, FL 33178

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

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The major factors that support this rating include:

- Since the last examination, the bank's average quarterly loan-to-deposit ratio exceeds the standard for satisfactory performance when considering community development loans and lending-related investments.
- Lending in the bank's assessment area meets the standard for satisfactory performance.
- The distribution of loans among businesses of different sizes exceeds the standard for satisfactory performance.
- The geographic distribution of loans exceeds the standard for satisfactory performance, reflecting excellent distribution throughout the assessment area.

SCOPE OF EXAMINATION

The evaluation period for this examination ranges from June 3, 2002, the date of the bank's last CRA examination, to October 1, 2007. However, the borrower and geographic distribution portions of the examination concentrated on activity from January 1, 2005 to June 30, 2007 (the date of the most currently available data). In evaluating the bank's lending performance, we reviewed business loans, the bank's primary business line. Our evaluation is based on accurate data. Prior to analysis, the loan reports maintained by the bank were tested to verify that accurate data was being used. These loan reports included not only the amount of the loan, but the geo-coded information for the borrower's address and the revenue size of the businesses. Community development loans and investments were verified to ensure that they met the regulatory definition for community development.

DESCRIPTION OF INSTITUTION

Enterprise National Bank of Palm Beach (ENB) is a small intrastate community bank headquartered in North Palm Beach, Florida. The bank is independent and has no subsidiaries. Currently, ENB operates two banking offices in Palm Beach County. In addition to the main office in North Palm Beach, the bank operates a branch in Jupiter, opened in 2004. FDIC data as of June 30, 2007 shows that ENB has a .46 percent deposit market share in Palm Beach County.

According to the Consolidated Report of Condition as of June 30, 2007, ENB has total assets of \$253 million and Tier 1 Capital of \$39 million. Total deposits equal \$198 million. Loans, which represent 64 percent of assets, equal \$163 million. The loan portfolio is concentrated in areas of non-consumer lending. Approximately 38 percent of total loans are commercial real estate loans, 23 percent are construction and development loans, 21 percent are residential mortgage loans, including home equity loans, 10 percent are commercial and industrial loans, with the remainder representing other lending such as consumer loans.

The bank offers a variety of deposit and loan products for individuals and businesses, as

described in the bank's CRA Public File. However, as shown in the distribution of the bank's loan portfolio, ENB's primary focus is loans to businesses. Because of its size and the high level of competition in the area, the bank originates only a small number of residential mortgage and consumer loans. To help meet CRA needs in its assessment area, the bank originates residential mortgage loans mostly through its partnership in a non-profit community financing consortium whose mission is to facilitate housing affordable for low- and moderate-income families in Palm Beach County. During the overall evaluation period (June 3, 2002 through October 1, 2007) 2007, the bank originated 39 residential mortgage loans through this partnership, totaling \$4.3 million. Although these loans have a community development purpose, they are reportable under the Home Mortgage Disclosure Act (HMDA) and can not be considered as community development loans.

There are no legal, financial, or other factors to impede the bank's ability to meet the credit needs in its assessment area. At its last CRA examination, dated June 3, 2002, the bank was rated "Satisfactory".

DESCRIPTION OF ASSESSMENT AREA

ENB's assessment area consists of all of Palm Beach County, which is equivalent to Metropolitan Division (MD) 48424 (West Palm Beach, Boca Raton-Boynton Beach, FL). The bank's assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies.

Based on the 2000 Census, the assessment area consists of 265 census tracts (geographies) of which 15 (6%) are low-income, 70 (26%) are moderate-income, 89 (33%) are middle-income, and 89 (33%) are upper-income (two geographies have no income designation). Clusters of low- and moderate-income geographies can be found in cities such as West Palm Beach, Riviera Beach, Lake Worth, and Boynton Beach along the Eastern portion of the county, as well as inland around Lake Okeechobee in the western cities of Belle Glade and Pahokee.

The assessment area has a full-time population of approximately 1.1 million, based on the 2000 Census. The HUD estimated median family income for the West Palm Beach MD is \$61,200, one of the highest in Florida. But, in communities such as Riviera Beach, Belle Glade, and Pahokee, the level of population at or below the poverty level is approximately 32 percent. For the assessment area overall, nine percent of the population lives below the poverty level.

Housing prices, as well as taxes and insurance, in the assessment area are high, increasing significantly in the past several years, but declining with the recent "housing crisis". In September 2006 the median home price in the assessment area was \$380,900. When prices are compared with the HUD Adjusted Median Family Income for the assessment area and poverty rates are considered, it is clear that there is a need for housing affordable to low- and moderate-income families. Based on community contact information obtained for this examination, home purchase financing for low- and moderate-income families is the most pressing need in the assessment area. There is also a need for job training courses directed toward low- and moderate-income youth who can not or do not wish to attend college.

The economy of the assessment area is largely based in services and the retail trade. However,

the western portion of the county has an agricultural base rooted in sugar cane. Most employment opportunities are focused on real estate construction and development and the service industry, which includes jobs in the leisure and hospitality industry, as well as the health care industry. As of August 31, 2007, the unemployment rate in the state of Florida was 4.0 percent. The unemployment rate in Palm Beach County was somewhat higher, at 4.7 percent.

Based on 2007 Dunn & Bradstreet data, there are approximately 167,000 non-farm businesses in the assessment area of which at least 67 per cent are considered small businesses, based on revenue size. The majority (75%) of non-farm businesses are concentrated in the assessment area's middle- and upper-income geographies.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

ENB's loan-to-deposit ratio exceeds the standard for satisfactory performance. The bank's loan-to-deposit ratio is reasonable given the bank's size and capacity and the level of community development loans and lending-related investments. The bank's quarterly average loan-to-deposit ratio since the last CRA examination is 83 per cent. This ratio is consistent with the quarterly average ratio of two similarly situated banks operating within the bank's assessment area, which had ratios of 85 percent and 91 percent.

Also, during the evaluation period ENB originated 13 affordable housing community development loans totaling \$94,000. These loans are the bank's share of loans originated by a community development loan consortium in which the bank participates. The consortium was established by a community development corporation (CDC) to provide funding for the development and construction of rental and owner-occupied housing that is affordable to very-low-, low- and moderate-income persons or families in South Florida and the Treasure Coast, an area that includes the bank's assessment area.

Also, consideration was given to the bank's lending-related investments. For the evaluation period, ENB had 11 lending-related investments totaling \$64,000. These investments benefited both the community financing consortium and CDC previously noted, enabling them to conduct their community development lending activities.

Lending in Assessment Area

Lending in the bank's assessment area meets the standard for satisfactory performance. A majority of loans were originated in the bank's assessment area. Overall, 74 per cent by number and 83 per cent by dollar of business loans originated during the evaluation period were originated in ENB's assessment area.

Table 1 - Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	129	74	46	26	175	98,700	83	19,497	17	119,197

Source: Bank business loan origination reports. (\$000 omitted)

Of the out of assessment area loans, nine loans totaling \$664,000 were in Martin County, which is immediately adjacent to the bank’s branch office in Jupiter. Also, 13 out of assessment area loans totaling \$94,000 represent the community development loans noted above.

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

The distribution of loans to businesses of different sizes exceeds the standard for satisfactory performance.

ENB’s distribution of loans to businesses demonstrates a more than reasonable penetration among businesses of different sizes. Based on the number of loans, the level of the bank’s loans to small businesses (businesses with revenues of \$1 million or less) substantially meets the level of small businesses in the assessment area, as shown in Table 2.

Table 2 – Borrower Distribution of Loans to Businesses				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
Palm Beach Assessment Area				
% of AA Businesses	67.23	3.65	29.12	100%
% of Bank Loans in AA by #	62.02	37.98	0.00	100%
% of Bank Loans in AA by \$	39.09	60.91	0.00	100%

Source: Bank business loan origination reports; Dunn and Bradstreet data 2007.

Geographic Distribution of Loans

The geographic distribution of loans exceeds the standard for satisfactory performance.

ENB’s geographic distribution of loans to businesses is more than reasonable. The percentage of the bank’s loans to business in low-income geographies exceeds the percentage of businesses operating in such geographies. The percentage of the bank’s loans to businesses in moderate-income geographies is near to the percentage of businesses operating in moderate-income geographies. Refer to Table 3 below for the complete geographic distribution of business loans.

Table 3 - Geographic Distribution of Loans to Businesses								
	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	% of AA businesses	% bank loans	% of AA businesses	% bank loans	% of AA businesses	% bank loans	% of AA businesses	% bank loans
Palm Beach AA	3.43	14.73	21.26	20.93	34.69	18.60	40.46	45.74

Source: Bank business loan origination reports; D & B data 2007.

Responses to Complaints

The bank did not receive any complaints regarding its CRA performance since the last examination.

Fair Lending or Other Illegal Credit Practices Review

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