

ENTERPRISEBank
A Thrift Bank

ENTERPRISEBank

Celebrating

40 years

2016 Annual
Report

ABOUT THE COVER

As we celebrate our 40 years ruby anniversary, we are humbled that our journey has contributed to nation building and we are committed to pursue our vision in the years to come.

WHO WE ARE

ENTERPRISE Bank

For forty years, Enterprise Bank has been pursuing its mission to serve clients especially those in the countryside.

Most of the bank's branches, Head Office, and its ATMs are located in rural areas where access to banking services is most necessary. Thus, providing our provincial folks the convenience of automated transactions when and where they need it.

True to its commitment, Enterprise Bank was awarded by Bancnet a "Special Recognition in Financial Inclusion for Operating ATMs in Remote Localities (Bagangga, Rosario, Sta. Josefa, Cateel, Esperanza, Marihatag and Aras-Asan)" during their 25th Anniversary in 2015.

Aside from deposits and loans, Enterprise Bank also offers fee-based services such as remittance and bills payment.

VISION

To be a strong regional bank that leads in the delivery of high quality financial products and services that promote, support, and encourage entrepreneurship in the countryside.

MISSION

1. Provide innovative financial products and services to small and medium sized enterprises, micro entrepreneurs, especially women, and to members of low-income groups to ensure that credit is utilized appropriately to improve their economic well-being.
2. Promote savings consciousness as a means to attaining self-sufficiency and self-reliance.
3. Strive to offer highest quality service and customer value by investing in human resource development.
4. Provide a work environment that will stimulate the employees to be innovative and enable them to realize their professional objectives.
5. Make certain that each employee will be given the opportunity for professional advancement as merited and have the right of economic security and stability.
6. Guarantee that shareholder's value is enhanced through prudent investment undertakings and efficient operations; and,
7. Abide by the laws and regulations of the Philippines to which it is subject and adhere to international standards within core operations.

CORE VALUES

Honesty

Loyalty

Commitment

Sense of Belongingness

TABLE OF CONTENTS

- 6 Message from the Founder
- 7 Corporate Officers
- 8 Senior Officers
- 9 Board of Directors
- 10 President's Report

- 13 Corporate Governance
- 15 Related Party Transactions
- 17 Performance Management
- 18 Compensation, Remuneration
and Incentive Structure

- 20 Risk Management
- 23 Corporate Social Responsibility Initiatives
- 24 Consumer Protection
- 25 Awards and Recognition

- 26 Our Client's Story: A Woman Agri-Entrepreneur,
in the Millennial World
- 27 Report of Independent Auditors
- 33 Remittance Products
- 34 Products and Services
- 35 Where to find us

Message from the Founder

Enterprise Bank Inc. had its humble beginnings in Lianga, Surigao del Sur, a small 5th class municipality in one of the poorest provinces in the country. The idea of starting a rural financial institution came from my desire to provide the residents of a remote community with financial services where they can save and also borrow some capital for small business, funds for farming and fishing livelihood activities. The capital requirement then was difficult to raise personally so I pooled the savings of my friends, relatives and some local residents who shared my vision.

After 40 years, the vision remains the same despite the growth of the bank from a single unit bank to 32 branches and offices in Mindanao and two branches in Cebu. The aim is to promote financial inclusion to entrepreneurs, farmers and savers in distant areas.

Banking in the countryside and providing financial access to small savings and small scale entrepreneurs is fraught with challenges and opportunities amidst competition and recent change in the regulatory framework. Thus Enterprise Bank Inc. in the next 40 years will have to face these challenges without losing sight of its principal vision: to be a strong player in providing financial services in the countryside especially the small scale entrepreneurs who are the engine of growth in these communities.

Enterprise Bank Inc. has made vital contributions in uplifting the micro and small enterprise in the countryside through its lending and small savers programs for the last four decades and will continue to pursue the same programs as its modest share in nation building.



A handwritten signature in black ink, appearing to read 'Ignacito U. Alvizo'.

IGNACITO U. ALVIZO

CORPORATE OFFICERS



Left to right:

KENT PATRICK A. YOUNG
Chief Commercial Officer

MA. CONCHITA B. DAÑOUP
Chief Operations Officer

IGNACITO U. ALVIZO
Founder / Director

ATTY. RONALD E. ALVIZO
President / Chief Executive Officer

Left to right:

JOY G. POLITICO
Chief Financial Officer

CIRILA D. CANSECO
HRMD Head

NIEZL D. GILVERO
Internal Audit Head

DOREFELA A. BARIT
Chief Compliance Officer

RUBY L. CANDADO
Risk Management Officer



SENIOR OFFICERS

Left to right:

MARK LOUIE T. SALINAS
Retail Banking Group Services Head

CLAIRE MARIE B. MAURO
Legal Counsel

AVA VIERRA P. VIEJO
Administrative Services Head

JULIETA L. MIRANDA
Consumer Loans Head

HARRY JONES G. JAJI
Information System and Technology Head



Left to right:

ADAY. UY
Business Head

ELIAS M. TANJILI
Retail Banking Group
Operations Head

VENUS M. SEJALBO
Business Head

JOEL D. LAGURA
Remedial Head

GILBERT D. YU
Business Head



THE BOARD OF DIRECTORS



Alberto P. Capati
Chairman/Independent Director
Chairman, Audit, Risk and
Compliance Committee
Member, Related Party Transaction
Committee
Member, Credit Committee
Member, Executive Committee
Member, Asset and Liability Committee



Atty. Ronald E. Alvizo
President/CEO/Director
Chairman, Executive Committee
Member, Credit Committee
Member, Asset and Liability Committee



Ignacito U. Alvizo
Director
Chairman, Credit Committee
Chairman, Asset and Liability Committee
Member, Executive Committee



Kent A. Young
Vice President/Chief Commercial
Officer/Director
Member, Credit Committee
Member, Asset and Liability Committee



Atty. Randy E. Alvizo
Director/Corporate Secretary
Member, Audit, Risk and Compliance Committee
Member, Related Party Transaction Committee



Maximino A. Salang, Jr.
Vice Chairman/Independent Director
Chairman, Related Party Transaction
Committee
Member, Audit, Risk and
Compliance Committee



Emma A. Requilme
Director/Treasurer

The President's Report

How are we doing?

The year 2016 is a great leap forward for Enterprise Bank with the entry of new investors and implementation of growth initiatives and efficiency measures.

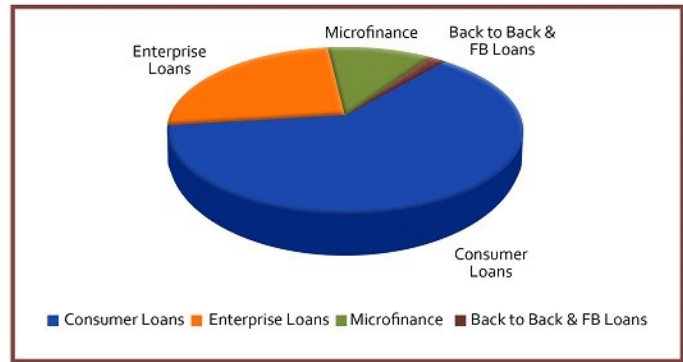
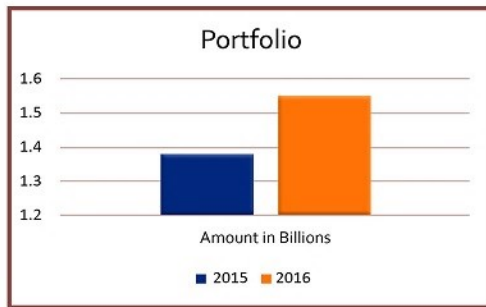
2016 in Review

Growth initiatives resulted to an overall portfolio reached Php 1.555 billion or a growth of 12% from last year's Php 1.383

Consumer Loans comprise 62 percent of the total portfolio, Enterprise Loans at 25 percent, Microfinance at 11 percent while the remaining 2 percent is from the Back to Back and Fringe Benefit Loans.



12% Growth



Consumer Loans posted a growth of 15 percent while Enterprise Loans grew by 18 percent. Growth in Consumer Loans is due to the re-launching of the DepED APDS product with a more competitive rate of 8% diminishing per annum while growth in Enterprise Loans is a result of the directive of the bank to improve the portfolio mix in favor of secured and collateralized loan under Enterprise Lending.

(In Millions)	2015	2016
Total Assets	2,007.0	2,235.1
Cash and Due from Banks	458.0	386.3
Loans and Other Receivable	1,349.7	1,620.5
Deposits	1,158.1	1,332.1
Bills Payable	526.2	504.9
Equity	201.4	270.8

Deposits also show a continuous strong growth. For the last four years the deposits surge at an average of 15% per year. For 2016, the ratio of deposits to loans is already at 91%. The ratio indicates that the Bank strategy to shift the funding from borrowings to deposits is coming to a reality. Borrowings reduced by 50% from one billion in 2012 to half a billion in 2016.

The liquidity of the Bank is maintained above the minimum set limit of BSP of 8% and internal policy of the Bank of 25%.

On the Bank's quality assets, the BSP's circular 855 which became effective in 2016 requires the Bank to book additional allowance for credit losses (ACL) of P119M as of December 31, 2016.

(In Millions)	2015	2016
Gross Income	349.0	337.2
Interest Income	98.0	87.5
Income after Interest Expense	251.0	249.7
Operating Expense	240.5	239.1
Net Income	10.5	10.5

For the last five years, the Bank continued to improve efficiency in operations both in sourcing of funds and in the processes and procedures. The shift in the source of funds from high cost funds to low cost funds sustained the declining financial cost from P111 million in 2013 to only P87M in 2016 or a 20% drop. The cost of operations improved from P326M in 2013 to P239M in 2016 or an improvement of P87M or 26% decline.

Moreover, the effort of the remedial group in handling the legacy accounts contributed P62.87M in the top line for 2016.

Despite the declining top line brought by the decreasing interest rates and aggressive competitors, the Bank was able to hold the net income at same level for the past three years. The improvement in the funding cost and operating expenses and the collection effort of the remedial group on the legacy accounts cushioned the impact of the decline in the top line on the net income.

Looking Beyond 2016

Years following the great leap forward will be years of geographic and organic expansion. **Enterprise Bank's presence will soon be felt in greater Visayas with Cebu as its takeoff point.** Growth will also be driven by low risk and high yield loans, namely APDS and EL, funded by our growing deposits and synergized by expansion of fee-based products.

CORPORATE GOVERNANCE

Over the years, consistent with the Bank's values of honesty, hardwork and loyalty, the Board has established a series of policies for the good governance of Enterprise Bank, Inc. The Board believes that good governance should be fully-embedded in the Bank's fabric and culture, and this has the widespread support of those who work for or with the bank.

The Board of Directors, the highest governing body of the Bank is committed to excellence in corporate governance through its Corporate Governance Committee pursuant to Section X141.3(g) of the MORB. It establishes the overall policies and sets strategic directions in line with the Bank's mission and vision that guides senior management and business units to the overall operation of the Bank. It is responsible in ensuring that a strong and effective government system is in place. While monitoring business performance and directing long-term success of the Bank, it oversees major risk-taking activities through active collaboration with management in setting risk appetite, tolerances and alignment with strategic objectives. Furthermore, it establishes structures and processes to fulfill responsibilities that consider the perspective of investors, regulators and management among others.

Composed of seven highly qualified professionals and business individuals carrying with them their broad range of expertise, this body politic of the Bank is chaired by Alberto P. Capati who is also an independent director. He is complemented by another independent director (Maximino A. Salang Jr.), three regular directors (Ignacito U. Alvizo, Atty. Ronald E. Alvizo and Kent A. Young) and two non-executive regular directors (Atty. Randy E. Alvizo and Emma A. Requilme).

The Board Committees

To assist the Board of Directors in carrying out its functions, certain responsibilities are delegated to the Board Committees in order to ensure that there is an independent oversight of internal control and risk management. These Board Committees includes the Credit Committee (CreCom), Asset and Liability Committee (ALCo), Audit, Risk, and Compliance Committee (ARCCo) and Executive Management Committee (EXCo). The chairman of each committee reports to the Board of Directors on the matters discussed during the committee meetings.

The **Credit Committee** approves loan proposal endorsed by the Credit Department and determines levels of limits or restrictions pertaining to credit operations. It sets target market definitions and risk acceptance criteria of the Bank. The committee also reviews and recommends lending policies, standards and procedures that seeks to be responsive to the needs of the target market while satisfying the bank’s desired financial outcome and social mission.

Chairman Ignacito U. Alvizo
 Members Atty. Ronald E. Alvizo
 Kent A. Young
 Alberto P. Capati
 Ma. Conchita B. Danocup

Chairman Ignacito U. Alvizo
 Members Atty. Ronald E. Alvizo
 Alberto P. Capati
 Kent A. Young
 Joy G. Politico
 Ruby L. Candado

The **Asset and Liability Committee** monitors the status and results of implemented asset/liability management strategies and the current and prospective capital levels of the Bank to determine sufficiency in relation to expected growth, interest rate risk, price risk, and asset mix/quality. It also reviews current and prospective liquidity position, monitors alternative, funding resources of the Bank, outlook for interest rates and economy at local, regional, and international levels. The committee utilizes tools in monitoring maturity and re-pricing gaps of its assets and liabilities.

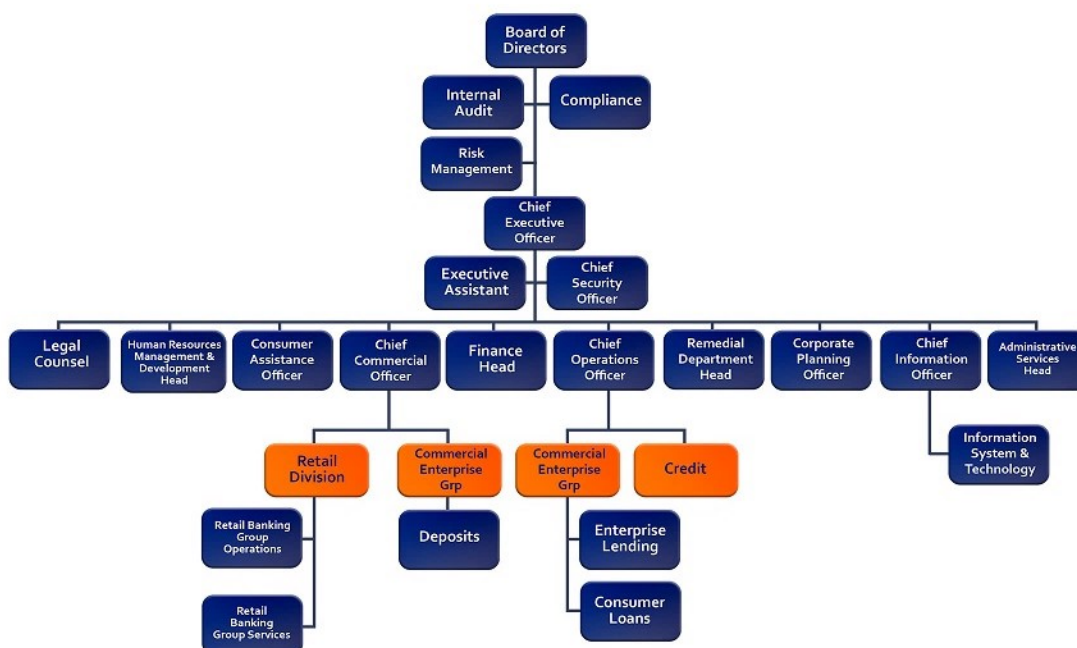
The **Audit, Risk, and Compliance Committee** assists the Board of Directors in fulfilling its oversight responsibilities over the Bank’s financial reporting policies, practices, internal and external audit function, as well as, risk management and compliance functions. It possesses the authority to provide functional supervision over the Internal Audit Department, Risk Management Office, and Compliance Management Office to ensure effective and efficient performance of their functions.

Chairman Alberto P. Capati
 Members Atty. Randy E. Alvizo
 Maximino A. Salang, Jr.
 Niezl C. Delica
 Dorefel A. Barit
 Ruby L. Candado

Chairman Atty. Ronald E. Alvizo
 Members Kent A. Young
 Joy G. Politico
 Ignacito U. Alvizo
 Alberto P. Capati

The **Executive Committee** is a core group of officers of the Bank given authority by the Board of Directors to oversee on its behalf the bank’s management operation and ensure alignment of plans and programs of the Bank vis-à-vis approved strategic or business plan. It is responsible in setting up the budget for the Bank and approves any proposed suggestions or amendments for the budget. It also reviews the bank’s performance vis-à-vis quarterly and annual goals in terms of growth, efficiency, profitability, asset quality, and productivity.

ORGANIZATIONAL STRUCTURE



RELATED PARTY TRANSACTIONS

In the ordinary course of trade or business, the Bank has transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. None of the transactions with related parties incorporate special terms and conditions and no guarantee is given or received. Outstanding balances are usually settled in cash. The significant related party transactions are summarized below:

a. In the ordinary course of business, the Bank has loan transactions with DOSRI. The following are the information related to DOSRI:

December 31	2016	2015
Total Outstanding DOSRI loans	P13,441,857	P17,239,917
Percent of DOSRI loans to total loans	0.89%	1.29%
Percent of unsecured DOSRI loans to total DOSRI loans	16.61%	1.40%
Percent of past-due DOSRI loans to total DOSRI loans	0.00%	0.00%
Percent of non-performing DOSRI loans to total DOSRI loans	0.00%	0.00%

Under the Bank’s policy, these loans and other transactions are to be made substantially on the same terms and conditions as with other individuals and businesses of comparable risks. Under the General Banking Act and BSP regulations, the amount of direct credit accommodations to each of the Bank’s directors, officers and stockholders, of which 70% must be secured should not exceed the amount of their respective deposits and book value of their respective investments in the Bank. In addition, the aggregate DOSRI loans generally should not exceed the Bank’s capital funds or 15% of the Bank’s loan portfolio, whichever is lower (see Note 5). As of December 31, 2016 and 2015, the Bank is in compliance with these regulations.

a. The Bank also extends advances subject to liquidation to its officers and employees. Total advances to officers and employees amounted to P=292,196 in 2016 and P=346,616 in 2015.

b. The key management compensation consists of the following:

Years Ended December 31	2016	2015
Salaries and wages	P12,404,179	P15,063,972
Employees’ benefits	375,379	645,732
	P12,779,558	P15,709,704

PERFORMANCE MANAGEMENT

It is the policy of Enterprise Bank, Inc. to provide feedback, review progress, identify gaps and address potential issues for the advancement of its employees.

This periodic performance review is also used as a management tool for regularization, promotion, transfer to other fields, annual salary review, succession planning, and training and development.

CAPABILITY BUILDING

It is a corporate vision to accord deserving employees a venue for professional advancement by means of training & specialized courses in field of expertise, and continuing education during off-work hours which is deemed beneficial to both the individual and the Bank.

In order for its employees to become effective in their jobs, the bank regularly conducts training needs analysis to know what are the skills needed or skills to enhance. The Bank then provides both external and internal training as deemed necessary. Employees who are recommended to be sent to external trainings are granted full assistance.

A special on-boarding program and Branch Academy Training which are in-house platforms are also provided to newly hires for them to better appreciate the responsibilities of each department and the Company as a whole; and to prepare them for the actual job.



COMPENSATION, REMUNERATION AND INCENTIVE STRUCTURE

Rationale

At all times, the Bank adheres to Labor Standards in the payment of wages and benefits to its employees. Its compensation and incentive structure is in accordance to mandates set by the regulators and the Bank's By-laws.

Enterprise Bank is concerned with the welfare of its employees, and ensures the provision of competitive and equitable salaries.

Remuneration System

As a standard basis in classifying the positions, the Bank adapts the Point Rating Scale Method in assessing the value of jobs available in the organization and in pricing them correspondingly in accordance with defined compensable factors. Under this method, jobs are broken down based on various identifiable factors as follows:

1. Knowledge

- Education
- Experience

3. Responsibility

- Profit Realization and/or Cost
- Control & Planning
- Supervisor or Direction
- Confidential Information

5. Working Condition

- Health & Safety Hazards
- Physical Condition

2. Skills

- Complexity
- Relationship with Others
- Attention & Concentration

4. Effort

- Mental & Visual
- Physical

The Pay Scale is divided into five (5) categories namely:

1. Levels 1-4: Rank & file
2. Levels 5-7: Supervisory
3. Levels 8-10: Managerial
4. Levels 11-13: Executives
5. Levels 14-16: C-level Executives

Each level has an established pay range for hiring, minimum, midpoint and maximum rate which serves as a guide for the Human Resource Management Department (HRMD) in determining appropriate price for a new entrant or a newly promoted employee. Also provided are defined Steps in each Rank for ladderized salary movement where the granting of increase is not driven by promotion in rank but on consistently creditable performance within the established job parameters.

Incentive Structure

The Incentive Scheme varies considering peculiarities in the departments belonging to the business group and the defined performance parameters and standards set year on year. On the over-all, while the management palpably recognizes achievements beyond expectation, it also considers contribution to the bottom line in the administration of reward.

RISK MANAGEMENT

The Board and Management of Enterprise Bank believes that risk management is an essential element of good governance, thus it fully supports a bank-wide RM that looks into the adequacy of controls in addressing all the risks of the Bank. It adopts an integrated risk management approach that encompasses all possible risk the Bank could encounter, the Enterprise Risk Management (ERM).

Overall risk management oversight is instigated by the Board of Directors of Enterprise Bank which established Board committees to oversee the

increasingly varied risk management activities of the Bank with active participation of the Senior Management.

The Board oversight approves the RM Framework of the Bank, as well as, the RM policies and procedures and other forms of controls proposed to manage the risks.

The Audit, Risk and Compliance Committee (ARCCo) proactively assists the Board of Directors in fulfilling its oversight responsibilities over the Bank's financial reporting policies, practices, internal and external audit functions, as well as, risk management and compliance functions. At the Management Level, the President of Enterprise Bank acts as the comprehensive risk officer that sets the risk priorities of the Bank and aligns business and risk strategies. The Risk Management Office performs an independent function within the Bank and is responsible for establishing and maintaining the Bank's risk policy framework.

Risk	Amount (Php Million)
Adjusted Tier 1	156.796
Adjusted Tier 2	86.025
Total Qualifying Capital	242.821
Total Credit Risk-weighted Assets	1762.071
Total Market Risk-weighted Assets	0.000
Total Operational Risk-weighted Assets	403.962
Total CAR	11.21%
Tier 1 CAR	7.24%

Name of Item	Amount (Php Million)		
	Tier 1	Tier 2	Total
Core Capital			
Paid up Common Stock	198.667		198.667
Retained Earnings	29.082		29.082
Paid Up Perpetual and Cumulative Preferred Stock		43.197	43.197
General Loan Loss Provision		12.828	12.828
Unsecured Subordinated Debt		30.000	30.000
Deductions			
Unbooked Valuation Reserves	28.200		28.200
Unsecured Loans to DOSRI	2.233		2.233
Total Operational Risk-weighted Assets	40.520		40.520
Total Qualifying Capital	156.796	86.025	242.821

2016 Risk Exposures

The Bank is exposed to a variety of financial risks in performing its activities. Its risk management is coordinated by its Board of Directors and focuses principally on securing short to medium term cash flows by minimizing exposures to financial markets.

Market Risk

The Bank does not actively engage in the trading of financial assets nor does it write options. It has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency. Exposure to market risk is limited to interest rate risk arising from interest rate sensitive assets and liabilities that have fixed interest rates.

Credit Risk

The Bank is mostly exposed to credit risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial position. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the carrying amount of the financial assets.

As at December 31, 2016, the Bank's financial assets are composed of the following:

December 31, 2016	Neither Past Due Nor Impaired	Past Due But Not Impaired	Total
Cash	P386,345,910	P–	P386,345,910
Loans and other receivables	1,348,800,059	232,694,561	1,581,494,620
	P1,735,145,969	P232,694,561	P1,967,840,530

The Bank manages the level of credit risk by actively monitoring its portfolio to avoid significant concentrations of credit.

December 31, 2016	2016	%
Agricultural	P99,178,237	6
Wholesale and retail trade	277,297,180	18
Others	1,250,019,203	76
	P1,581,494,620	100

Liquidity Risk

The Bank is likewise exposed to liquidity risk, the risk that it will encounter difficulty in meeting its obligations as they become due without incurring unacceptable losses or costs. The Bank's objectives to manage its liquidity profile are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs, and c) to be able to access funding when needed at the least possible cost. The Bank manages its liquidity by carefully monitoring its scheduled debt servicing payments for long-term financial liabilities as well as its cash flows due on its day-to-day business.

Maturity Analysis of Assets and Liabilities

December 31, 2016	Within One Year	Beyond One Year	Total
Financial Assets			
Cash and cash equivalents	P386,345,910	P–	P386,345,910
Loans and other receivables	1,455,658,048	164,793,035	1,620,451,083
Held-to-maturity investments		5,000,000	5,000,000
Nonfinancial Assets			
Property and equipment		76,265,131	76,265,131
Investment properties		65,799,756	65,799,756
Other assets	81,286,682		81,286,682
Total Assets	P1,923,290,640	P311,857,922	P2,235,148,562
Financial Liabilities			
Deposit liabilities	P936,383,770	P395,719,885	P1,332,103,655
Bills payable & unsecured subordinated debt	374,959,158	179,983,366	554,942,524
Other liabilities	63,774,698	–	63,774,698
Nonfinancial Liabilities			
Retirement benefit obligation	–	13,481,098	13,481,098
Total Liabilities	P1,375,117,626	P589,184,349	P1,964,301,975

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

For forty years, Enterprise Bank, Inc. has been committed to contribute to the economic advancement of the community where it serves. In 2016, a program that will help increase financial awareness of young students has been launched. **The School Bank Program** - a Financial Education, Capacity-building Training, Financial Inclusion and Savings Awareness Initiative is Enterprise Bank's response to the government and other private institution's effort to educate young adults to become more financially literate and financially independent.

The School Bank Program aims:

- To increase financial inclusion
- To help young people to gain better knowledge on financial topics and make better-informed economic choices
- To instill the importance of savings and develop savings habits in young people
- To develop intra and interpersonal skills among the students who will be serving as branch officers and employees



The School Bank is a facility organized and managed by an organization of students, supported by Enterprise Bank, Inc., for the purpose of enabling target users to deposit and withdraw money.

Selected students are given training and mentoring in deposit-taking, servicing of withdrawals, and other aspects of the School Bank management. They will also be supervised by an adviser. Enterprise Bank provides technical assistance in integrating control mechanism in funds management.

In its pilot launching, Enterprise Bank partnered with Lianga National Comprehensive High School and Finance Dualized Education (FDE) Project.

Gearing towards the future, Enterprise Bank plans to replicate the program in other areas or regions not only within Mindanao but also to greater Visayas where Enterprise Bank established its presence. It also desires to seek its Partnership with Department of Education (DepEd) in order to fast-track implementation and roll out of the program in other areas. Currently, the model only supports deposits and withdrawals operations. However, in the future, this program can expand to offer microfinance lending and other loans to the students and faculty of the partner school.

CONSUMER PROTECTION

Consumer protection is regarded as a core function complementary to BSP's prudential regulation and supervision, financial stability, financial inclusion, and financial education agenda. Hence, all BSF are mandated to follow at least the minimum guidelines for institutionalizing consumer assistance mechanism in their operations.

In view of Circular No. 857 Series of 2014, for the protection of Enterprise Bank, Inc. (A Thrift Bank) and to assure that every customer's needs are met and are satisfied with the services they receive, the Bank created the Consumer Assistance Management System (CAMS) which is managed by the Consumer Assistance Officer and its staff. This was designed to instill within the Bank's day to day operations the promotion of transparency, fairness and ease of access for financial consumers including the resolution of complaints.

All Consumer Assistance Personnel are equipped with knowledge on the structure and implementation of the Bank's Consumer Assistance mechanism since they are provided with appropriate trainings for the job.

Consumer Assistance Channels

1. Customer may lodge their concerns through any reasonable means, such as, a centralized web portal, walk-in or personal visit, letter, e-mail, telephone, and facsimile.
2. The Bank maintains a customer/client Assistance helpdesk or hotline dedicated for customer concerns and service and manned by Customer Assistance Group.
3. The Bank encourages to resolve customer/client complaints by providing alternative modes of resolution, such as conciliation, mediation and arbitration, in order to achieve settlement of the issues at the bank level.

Enterprise Bank ensures that complaints received are act upon and are treated with utmost care and confidentiality.

AWARDS AND RECOGNITION

In 2015, during the celebration of BancNet's 25 years Anniversary, Enterprise Bank was awarded the following:

Top Outsourcing Bank for IBFT (InterBank Fund Transfer) Transaction



Special Recognition in Financial Inclusion for Operating ATM's in remote locations (Bagangga, Rosario, Sta. Josefa, Cateel, Esperanza, Marihatag and Aras-Asan)



A Woman Agri-Entrepreneur, in the Millennial World



In the electronics filled and increasingly online and a socially-networked world, no one would have thought a woman considered to be a millennial will venture into agriculture. **Marilou Jiwin**, took up Information Technology in college, but the path she crossed brought her into a farming. The family owns a sugarcane plantation, a produce (aside from pineapple) which Bukidnon is known for. In 2016, she started her papaya production. Why papaya?

“A colleague introduced me to papaya farming. Since there are only a few who engage in this industry when he started, he thinks that this is a good opportunity to expand.”

“I together with a friend, started our research on how to grow papaya, the kind of soil it will grow best, and the challenges we will encounter and where to supply the crops. We learned that it has a strong market potential and of course, it is financially rewarding”

Because of passion, and dedication on her chosen field, this young mother was able to start her new project. It’s good thing that she was able to get an agri loan from Enterprise Bank, which she used to finance her plantation.

Currently, she has five hectares plantation of papaya which she supplies to an international fresh produce company. The expansion of another five hectares is on the way, and she is optimistic to get a new loan from Enterprise Bank.

In this recent times, more and more women are empowering themselves into business. Their skills, passion, dedication and ability to multi-task and work on their flexible time are the best qualities why these women succeed! This has been the Mission of Enterprise Bank for four decades – to help micro entrepreneurs “especially women” uplift their lives and the community.



REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Enterprise Bank, Inc. (A Thrift Bank)

Qualified Opinion

We have audited the financial statements of Enterprise Bank, Inc. (A Thrift Bank) which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of profit or loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

We have audited the financial statements of Enterprise Bank, Inc. (A Thrift Bank) which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of profit or loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

Basis for Qualified Opinion

As explained in Note 5 to the financial statements, the Bank did not book the required additional allowance for credit losses (ACL) of P119,187,162, the minimum computed using Appendix 18 of BSP Circular No. 855, Series of 2014. As explained in Notes 1 and 14 to the financial statements, the Bank has a pending application with Bangko Sentral ng Pilipinas (BSP) for a merger with Rural Bank of Ronda, Inc., a rural bank operating at the Municipality of Ronda, Province of Cebu. The proposed merger will have the Bank as the surviving entity. In accordance with BSP Memorandum No. M-2016-023, dated December 21, 2016, the merger, if approved by BSP, will provide the Bank with incentives, among which are the staggered booking of the unbooked ACL over a maximum period of five (5) years and a temporary relief from compliance with capital adequacy ratio (CAR). At the time of the release of our report, the application for merger was still pending with the BSP.

Had the required ACL been booked at the end of the year, the Bank's reported profit for the year for 2016 of P10,544,467 will reverse to a net loss of P108,642,695, and its loans and other receivables presented in the statement of financial position at P1,620,451,083 will be reduced by the amount of the required additional ACL.

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing (as applicable) matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Jules Cabalin Santos & Co

PTR No. 3292738 A
January 3, 2017
Cagayan de Oro City

April 11, 2017
Cagayan de Oro City, Philippines

STATEMENTS OF FINANCIAL POSITION

Enterprise Bank, Inc. (A Thrift Bank)

December 31	2016	2015
		(As Restated) (Note 8)
ASSETS		
Cash and Cash Equivalents (Note 4)	P386,345,910	P457,971,657
Loans and Other Receivables (Note 5)	1,620,451,083	1,349,704,192
Held-to-Maturity Investment (Note 6)	5,000,000	-
Bank Premises, Furniture, Fixtures and Equipment (Note 7)	76,265,131	81,850,376
Investment Properties (Note 8)	65,799,756	26,698,524
Other Assets (Note 9)	81,286,682	91,667,988
	P2,235,148,562	P2,007,892,737
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposit Liabilities (Note 10)	P1,332,103,655	P1,158,114,483
Bills Payable (Note 11)	504,942,524	526,199,996
Unsecured Subordinated Debt (Note 12)	50,000,000	50,000,000
Other Liabilities (Note 13)	77,255,796	73,850,838
Total Liabilities	1,964,301,975	1,808,165,317
Shareholders' Equity		
Share Capital (Note 14)	241,764,200	181,189,500
Surplus and Undivided Profits (Note 14)	29,082,387	18,537,920
Total Shareholders' Equity	270,846,587	199,727,420
	P2,235,148,562	P2,007,892,737

See Notes to Financial Statements.

STATEMENTS OF PROFIT OR LOSS

Enterprise Bank, Inc. (A Thrift Bank)

Years Ended December 31	2016	2015
		(As Restated) (Note 8)
INTEREST INCOME		
Loans and discounts	P244,672,898	P268,113,950
Bank deposits (Note 4)	3,247,102	2,288,567
	247,920,000	270,402,517
INTEREST EXPENSE		
Bills payable (Notes 11 and 12)	38,184,732	51,769,058
Deposit liabilities (Note 10)	49,363,366	46,189,280
	87,548,098	97,958,338
NET INTEREST INCOME	160,371,902	172,444,179
PROVISION FOR IMPAIRMENT LOSSES (Notes 5 and 8)	–	3,104,523
PROFIT AFTER PROVISION FOR IMPAIRMENT LOSSES	160,371,902	169,339,656
APPLICATION FEES AND OTHER INCOME (Notes 8 & 15)	89,291,847	76,868,572
PROFIT BEFORE OTHER EXPENSES	249,663,749	246,208,228
OTHER EXPENSES		
Compensation and fringe benefits (Note 20)	88,271,077	95,947,006
Other operating expenses (Note 16)	136,026,112	123,850,107
Depreciation (Notes 7 and 8)	11,034,998	13,141,657
Total Other Expenses	235,332,187	232,938,770
PROFIT BEFORE INCOME TAX EXPENSE	14,331,562	13,269,458
INCOME TAX EXPENSE (Note 17)	3,787,095	4,461,920
PROFIT FOR THE YEAR	P10,544,467	P8,807,538
Earnings Per Share (Note 18)		
Basic	P6.66	P6.20
Diluted	P3.10	P5.53

See Notes to Financial Statements.



STATEMENTS OF CASH FLOWS

Enterprise Bank, Inc. (A Thrift Bank)

Years Ended December 31	2016	2015
		(As Restated) (Note 8)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	14,331,562	13,269,458
Add adjustments for:		
Depreciation (Notes 7 and 8)	11,034,998	13,141,657
Provision for impairment losses on loans & other receivables (Notes 5 and 8)	–	3,104,523
Operating income before changes in working capital	25,366,560	29,515,638
Changes in working capital, excluding cash and cash equivalents:		
Decrease (increase) in:		
Loans and other receivables (Note 5)	(270,746,891)	207,701,745
Other assets (Note 9)	10,381,306	(5,454,334)
Increase (decrease) in:		
Deposit liabilities (Note 10)	173,989,172	113,475,266
Other liabilities (Note 13)	2,810,086	(9,258,870)
Net cash (used in) provided by operations	(58,199,767)	335,979,445
Income taxes paid (Note 17)	(3,192,223)	(3,567,413)
Net Cash (Used in) Provided by Operating Activities	(61,391,990)	332,412,032
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in bills payable (Note 11)	(21,257,472)	(278,265,874)
Proceeds from issuance of additional common stock (Note 14)	56,477,800	25,000
Proceeds from issuance of additional preferred stock (Note 14)	4,096,900	
Reclassification of deposits for future subscription to preferred stock	–	24,000,000
Decrease in deposits for future subscription (Note 14)	–	(24,000,000)
Net Cash (Used in) Provided by Financing Activities	39,317,228	(278,240,874)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in held-to-maturity investments (Note 6)	(5,000,000)	–
Net additions to bank premises, furn., fixt. & equipment (Note 7)	(5,088,149)	(5,175,355)
Increase in investment properties (Note 8)	(39,462,836)	(2,545,469)
Net Cash Used for Investing Activities	(49,550,985)	(7,720,824)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(71,625,747)	46,450,334
OPENING CASH AND CASH EQUIVALENTS	457,971,657	411,521,323
CLOSING CASH AND CASH EQUIVALENTS (Note 4)	P386,345,910	457,971,657

See Notes to Financial Statements.

Remittance Products & Services and Bills Payment Service

Remittances and Bills Payment	Partners
Western Union (Domestic / International Remittance and Dollar Buy Back)	
Palawan Pera Padala (Domestic Remittance)	
GCash Remittance & Bills Payment	
Smart Money Remittance Service	
Cebuana Pera Padala	
ECPAY Bills Payment	

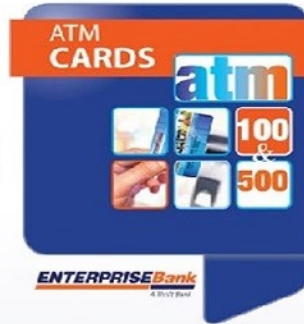
POS Merchant Partners

POS Merchant Partners	Location
Werlie A. Hernandez Lending	Gingoog
Triple Diamond Finance Corporation	Agusan del Sur
Agusan Lending Corporation	Butuan City
Cagtec Coop	Surigao del Sur
Comval Loan Mart, Inc.	Cagayan de Oro City
Cano Store	San Francisco

ATM Services

ATM 100: non-interest bearing with P100 maintaining balance

ATM 500: earns 1% p.a. with a minimum maintaining balance of P500.



The ATM card doubles as debit card. Funds can be withdrawn from any Bancnet, Megalink and Expressnet ATMs. Enjoy internet banking facilities such as bills payment & interbank fund transfers, statement request, debit purchases, E-shopping, and E-Government payments.



Deposit Services

Savings Account

Maintaining balance of just P200, earns .5% p.a.

Checking Account

Convenience of paying bills and other business transactions through checks with a low maintaining balance of P3,500 for individuals and P10,000 for corporations.

Time Deposit

Minimum deposit requirement is only P5,000 for a flexible term of 1 month to 5 years.

Loan Facilities

CONSUMER LOANS

is granted to borrowers to finance their personal needs. The consumer lending operations of the bank focuses mainly on the granting of Salary Loans to salaried local government employees and public school teachers.

ENTERPRISE LOANS

Is designed to cater "Micro, Small and Medium Enterprises" for capital, purchase of fixed assets and project financing. This loan portfolio is managed by the bank's Enterprise Lending Department.

Products	Description	Available Facility	Loanable Amount	Term
Small Business Loan	Secured loan for additional working capital	Term Loan	50,000-1,000,000	2-18 months
Enterprise Business Loan	-Business expansion -Purchases related to business operation such as supplies, inventories, equipment and other fixed assets	Credit Line / Term Loan	1,000,000-5,000,000	2 - 36 months
For existing Enterprise Bank depositors				
Back-to-Back Loan	Hold-out loan granted to existing clients against his/her own deposit account with the bank	Hold-out Loan	Up to 80% of the face value of deposit account or up to P5,000,000 whichever is lower	12 months or 360 days
Loans against ADB on Deposits	Designed to assist thriving small entrepreneurs who are at the same time existing depositors of the bank	Credit line	50,000-1,000,000	6 months or 180 days

Where to find us

Davao Region

Davao - Bajada

Unit 1A-3A, GGO Summit Bldg.,
JP Laurel Ave. Bajada, Davao City

Davao - Buhangin

Km. 5 Buhangin Davao City

Davao – Matina

DBC Bldg. Mc Arthur Highway,
Matina, Davao City

Panabo

Ground floor, Centino Realty,
Quezon St. Sto. Niño,
Panabo City

Tagum

Magugpo West, Tagum City
Davao del Norte

Digos

Ground floor, A&B Bldg.,
Rizal Avenue, Digos City

Mati

Rizal Extension, Mati City, Davao Oriental

Nabunturan

Purok 1, Nabunturan, Compostela Valley
Province

Cateel

Castro Avenue, Poblacion Cateel,
Davao Oriental

SOCCSKSARGEN

Gensan

RDRDC Bldg. Magsaysay Ave.
Corner Salazar street,
General Santos City

CARAGA

Aras-Asan

Aras-Asan Cagwait, Surigao del Sur

Barobo

Poblacion, Barobo, Surigao del Sur

Bayugan

Yakal Street, Taglatawan
Bayugan City

Bislig

Abarca St., Mangagoy Bislig City,
Surigao del Sur

Butuan

Ground Floor, Intino Bldg.
Aquino Avenue Butuan City,
Agusan del Norte

Madrid

National Highway, Kalawag II,
Madrid, Surigao del Sur

Marihatag

Poblacion, Marihatag, Surigao del Sur

Hinatuan

Cor. Magallanes & Banadala St.
Hinatuan, Surigao del Sur

San Francisco

Quezon St., San Francisco,
Agusan del Sur

Surigao

2nd floor, AC Crisologo Bldg.,
Rizal Street Brgy. Washington
Surigao City

Tagbina

Purok 4, Tagbina,
Surigao del Sur

Tandag

Napo, Tandag City,
Surigao del Sur

Trento

Ticao Bldg., Purok 5B, Poblacion,
Trento, Agusan del Sur

NorthMin

CDO

Doors 3 & 4, G/F RMR Diamond
Residences Bldg., Tomas Saco St.
Cagayan de Oro City

Valencia

Red Berry Building
Militante Guinuyoran Road
Poblacion, Valencia City Bukidnon

Gingoog

Bldg., Brgy. 22
National Highway
Gingoog City Misamis Oriental

Cebu

Mandaue

City Times Square 2, Mantawe Ave.
Brgy. Tipolo, NRA Mandaue City

Talisay

2nd floor, Alfred W. Yu Bldg.
National Highway, Talisay City

Head Office

Poblacion, Lianga,
Surigao del Sur

ATM Locations

Buhangin, Davao City
Cabantian, Davao City
Mintal, Davao City
Tagum, Davao del Norte
Cateel, Davao Oriental
Bayugan City
Butuan, Agusan del Norte
San Francisco, Agusan
Trento, Agusan del Sur

Sta. Josefa, Agusan del Sur
Bunawan, Agusan del Sur
Prosperidad, Agusan del Sur
Talacogon, Agusan del Sur
Tagbina, Surigao del Sur
Madrid, Surigao del Sur
Aras-Asan, Surigao del Sur
Lianga, Surigao del Sur
Barobo, Surigao del Sur

Hinatuan, Surigao del Sur
Marihatag, Surigao del Sur
Bislig, Surigao del Sur
Cagayan de Oro
Talisay / Ronda, Cebu
Rosario, Agusan del Sur
Lingig, Surigao
San Agustin, Surigao del Sur
Mandaue City



www.enterprisebank.ph