



Grow

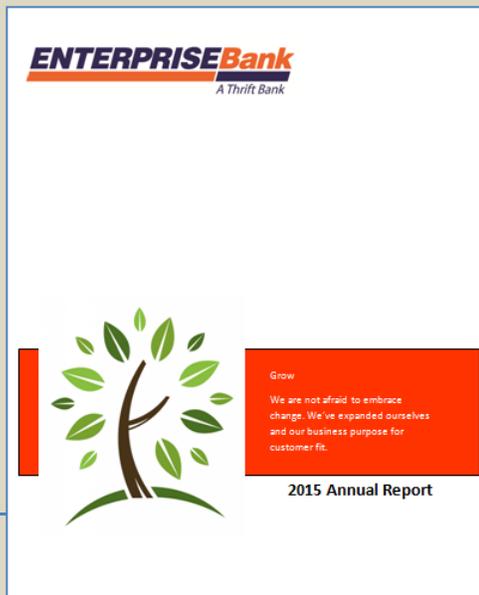
We are not afraid to embrace change. We've expanded ourselves and our business purpose for customer fit.

2015 Annual Report

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About the cover



Enterprise Bank has indeed come a long way from a single unit bank that it was when it started.

The Bank is at the onset of its 40th decade as an institution. We expect change and its challenges, but we welcome it along with the opportunities to expand our operations and refine our product offerings to fit the varied needs of clients.

Who we are

Enterprise Bank continues its mission to serve clients in the rural areas for the last 39 years.

Most of the bank's branches and other offices, its ATMs and the Head Office, are located in rural areas where access to banking services is most needed.

Through its Enterprise Lending, the bank also supports growing entrepreneurs and enterprises.

From a single unit rural bank from Lianga, Surigao del Sur, the bank operates in 10 provinces of Mindanao. It also maintains a branch in the City of Talisay, Cebu Province.

Aside from loans and deposits, Enterprise Bank also offers remittance and bills payment services.



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



- ✦ 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.
- ✦ Promote savings consciousness as a means of attaining self-sufficiency and self-reliance.
- ✦ Strive to offer the highest quality service and customer value by investing in human resource development.
- ✦ Provide a work environment that will stimulate the employees to be innovative and enable them to realize their professional objectives.
- ✦ Make certain that each employee will be given the opportunity for professional advancement as merited and have the right to economic security and stability.
- ✦ Guarantee that shareholders value is enhanced through prudent investment undertakings and efficient operations.
- ✦ Abide by the laws and regulations of the Philippines to which it is subject and adhere to international standards within core operations.

Message from the Founder



Enterprise Bank, is in essence, a locally owned and operated community bank that strives to develop long standing personal relationships with our customers. Relationship banking is at our core and we take pride in consistently exceeding our customers' expectations. Further, our own personnel live where they work and support their communities.

The first branch and Head Office, located in Lianga, Surigao del Sur was established in 1976 to spur development in the area. Then our bank gradually grew in terms of size, client base and product offering, and outside of our comfort zone, Caraga Region. But at heart, Enterprise Bank remained what it originally is - a bank where ordinary residents can just walk in and feel comfortable doing banking transactions with us.

We are proud that in the last 39 years of our growth, many of our loyal clients also grew with us. For us, growth is not just in terms of assets and size. Growth means that we are now in a position to customize our products and services to fit the requirement of each client. This is especially true in our Enterprise Lending product, where the foremost product parameters are the following: Will this loan assist the client in his/her growth or lead to overexposure? Does the facility that the client wants is what he/she really needs or can we offer a better alternative? Responsible lending is always in the midst of our operations and client welfare is given more importance than an additional portfolio.

The next few years will see Enterprise Bank entering another phase of its growth. While maintaining a strong foothold in Mindanao, we will also be chartering in the Visayas. But regardless of where our branches are located, they will maintain the same welcoming ambiance of a community bank offering high quality products and services.

On behalf of the Board of Directors and Management, we thank our customers, partners and funders for growing with us.

A handwritten signature in black ink, reading "Ignacito U. Alvizo". The signature is written in a cursive style.

IGNACITO U. ALVIZO
Founder/Director

The President's Review



2015 was a challenging year and a turning point for Enterprise Bank in many ways. The Bangko Sentral ng Pilipinas (BSP) issued a series of circulars to strengthen and improve capital *adequacy* of the banking system, as well as ensuring that the bank's credit risk management structure are in place. Enterprise Bank has anticipated this development and initiated negotiations with several foreign and internal funders to shore up its capitalization to meet the required capitalization for thrift banks by 2019. Internally, a risk management system was developed and implemented to improve the Bank's ability to handle risks arising from its lending operations.

This credit risk management system was tested when smaller borrowers were hit by calamities in 2014 and 2015 that resulted in increase in non-performing loans attributed to clients who were living in calamity-hit areas. Credit policies that were already embedded in Enterprise Bank's operation as well as some regulatory relief provided by BSP cushioned the effect of calamities on the Bank's portfolio.

The test of the organization's strength and stability is not how invincible it is to the ups and downs of its working environment, but how well it weathers the storm and come out of it unscathed. In fact, we took these challenges to our advantage and turned it into opportunities for growth and innovation. We took important steps that turned the situation around.

The Board and senior management focused on achieving its modest income targets by growing enterprise loans which was not only showing a lot of promise but was also relatively low-risk and high-yield. In addition, senior management launched several diverse initiatives such as streamlining and automation of business and the governance and management processes, aligning credit risk management processes with organizational structure, rationalizing branch control system, upgrading and automating the help desk and creating the Customer Central group to strengthen and professionalize the feedback mechanism, and developing the technology to enhance business processes and improve competitiveness, among others. All these measures were intended to make the bank more efficient as well as to ensure the bank's readiness for expansion.

While the fruits of these initiatives may be felt in the years of to come, early results demonstrate that our focus on three priorities - people, risk management and technology - is a winning approach. Operating expenses in 2015 had gone down considerably from 2014. We launched the Simplified Evaluation and Approval of Loans (SEAL), a web-based credit application that has automated much of the bank's credit processes from origination to loan disbursement resulting in much faster downtimes in a more risk-controlled environment.

Looking Beyond 2015

Going forward, the key to our success is the diversification of revenues within the retail banking segment. By focusing on areas of strength and taking on the best opportunities but always operating on the perspective of achieving balanced growth we expect new offerings within the segment to contribute to overall financial results. We look to sustain our gains in the past by evolving within changing market conditions and financial needs of our customers.

The Board as well has approved the entry of external investors to beef up the bank's capital. There were several local and international investors that were under negotiation and evaluation in 2015 and this is expected to be closed in 2016, and result in additional investments of around P100 to P150 million.

Financial Performance

The Bank strategy to shift the funding from high cost funds to low cost funds is coming to reality. The deposit portfolio of the Bank showed an increasing trend over the past five years. In 2015, the Bank ratio of deposits to loan portfolio is 85%. Moreover, with the upward movement in deposits, the Bank's liquidity ratio reached to almost a half billion in 2015.

In terms of operations, despite the challenges of market competition and lower interest rates faced by the Bank in 2015, the Bank was able to post a positive result of operations. The Bank's fee-based income displayed potential for growth. Furthermore, the organizational restructuring yield improved efficiency that translates to lower operating cost.

Engaged Employees Make the Difference

We firmly believe that motivated and knowledgeable employees underpin our growth strategies. With technology being eyed to transform the way we are going to deliver financial services in the near future and given our commitment to improve our proficiency in risk management, we consider our people to be the key that will unlock our business potential.

It is for this reason that we will continue to nurture our employees by creating a compelling and engaging workplace where each employee is given the opportunity to develop his or her potential to the fullest. Investments in human resource development to support this goal include roll-out of effective leadership trainings for managers, skills trainings designed for specialists, the introduction of new coaching methods aimed at strengthening boss-subordinate relationship, building a system which creates an environment that prompts collaboration and teamwork and providing them with the tools and knowledge to aid them in their work. To enable employees to do their jobs right is to enable customers to experience the right fit.

Efficient Processes and Technology

These are two areas where we believe we can make the biggest gains. Process improvements and enhancing the technology that we use to engage our clients both reduce costs and differentiates our offering from others. For example, initiatives are afoot that will provide the bank with the capability to accept loan applications online and in turn providing existing and new borrowers a new access point that they could conveniently use when their need for credit arises. This not only gives us competitive advantage in transaction speed but it also reduces cost.

Technology investments will be made aimed at consumer protection, especially in safeguarding client information, transparency in transactions, handling of customer inquiries and complaints. Technology to enhance our data mining capabilities as well as provide our employees with better tools and knowledge to increase our efficiency will be on top of our investment list in the near term.

Risk Management and Culture

Our financial performance largely depends on how well we manage our risk. How proficient we are in managing risk is a determining factor in our financial performance. The Board governance as well as the organization had undergone important structural changes to reinforce credit risk management based on BSP Circular 855 standards. We are committed to continue our efforts to build our capacity and capability to manage risk, especially credit risk by investing in the right technology that will build the right risk management processes, allow people to use their good judgment, reinforce built-in structural controls and embed or integrate sound risk management as part of organizational culture. This commitment is championed by the Board all the way down to the bottom of the organization as shown by on-flight risk management initiatives.

As we recover our footing and rebuild our capabilities in newfound ways we will continue to do it without losing sight of changing market conditions and the evolving needs of our customers. We believe that embracing these changes and refashioning the way we do business with our clients in a way that goes deep into the very heart of our system is real innovation, the kind that make us winners in the battle for the hearts and minds of retail banking customers. We are optimistic that the investments we had poured into organizational development in 2015 and those that we plan to pour ourselves into in the future will pin our focus on client-driven activities and in return drive company value up in the long term.



RONALD E. ALVIZO
President/CEO

How are we doing

I. Financial Performance

The Bank's financial performance for the past five years is marked by the increasing trend in deposits. From half a billion deposits in 2011, the Bank was able to grow the deposits in 2015 to P1.158 billion. The growth in deposits is in line with the Bank's strategy to shift the funding from borrowings to deposits to be able to reduce the funding cost. As noted, from a high of one billion deposits in 2012, the borrowing is reduced to half a billion in 2015.

Moreover, the liquidity of the Bank is noted to have continuous growth from P236 million in 2011 to almost half a billion pesos in 2015.

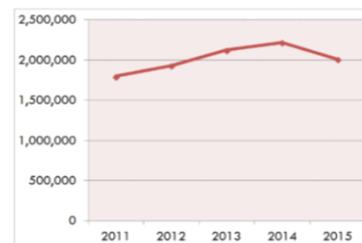
II. Result of Operations

The Bank's operations for 2015 faced the challenges of the market competition. Competitors were aggressive in buying out the existing portfolio of the Bank.

Moreover, the market in 2015 was characterized by lower interest rates. The mentioned challenges affected the topline of the Bank in 2015.

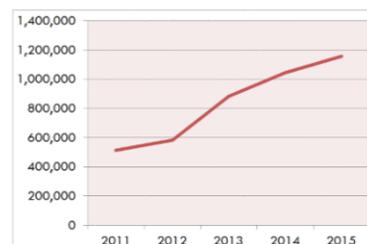
Total Assets

Increased from P1.8 M in in 2011 to P2B in 2015



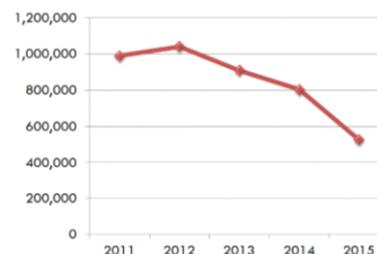
Deposit

Increased from P500 M in 2011 to P1.158 B in 2015



Bills Payable

Reduced to P500 M in 2015 from P1B in 2012



However, fee based income of the Bank showed growth over five years. ATM operations posted an income of P14 million in 2015. Also, the transactions with ATM operations showed an increasing trend.

	2011	2012	2013	2014	2015
ATM Acquiring withdrawal Count	7,409	110,588	192,630	476,822	599,732
ATM Acquiring Balance Inquiry Count	8,342	126,064	207,687	499,239	596,772
No. of operational ATMs	4	8	19	30	30
Cardholder based	0	10,183	21,589	36,547	38,797

On the cost side, the effort of the Management to shift the funding from borrowings to deposits showed result in 2015. The interest expense was reduced to P97.9 million from P111.8 million in 2014 or a decline of P14 million. Moreover, the restructuring made by Management to the organization to effectively and efficiently manage the Bank's operation posted positive result in the operating expenses for the past five years. From the operating expenses of P326 million in 2011, the Bank was able to reduce it by 26% or P86 million in 2015.

III. Major Initiatives in 2015

Process Improvements

- Automated reports
- Automated lending process through our Simplified Evaluation and Approval of Loans (SEAL) system

Strengthening of credit risk management to comply with BSP Circular 855

- Rationalizing the management system for better control of the outcome of Non-Performing Loans
- Change in the organizational structure
- Reinforcing human resource capabilities

Strengthening of IT service management capabilities

- Service Desk upgrade
- Text Notification Service Roll-out
- Investment in IT hardware

In summary, this is how we made it in 2015:

- We continued to grow our deposit. We are thankful that our deposit base is expanding, which shows that we continue to enjoy the trust and confidence of our clients
- We grew our other businesses outside of loans. Our ATM operations continued to post positive results. There is a whole new world of banking out there. Where many players in the banking industry are fighting it out in the loans arena, we are carving a niche for ourselves in other services.
- We kept our organization lean and simple, thus we are able to eliminate unnecessary expenses.

How we behave

Corporate Governance at Enterprise Bank is simply drawing the line where one action stops and another begins. This consist of rules, practices and processes by which business affairs of the bank are controlled and directed, as they reflect the balance of interest among shareholders.

The Board of Directors is the highest governing body of the Bank, 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 Atty. Ronald E. Alvizo, who is also appointed President and Chief Executive Officer of the Bank. He is complemented by two independent directors (Mr. Maximino A. Salang, Jr. and Mr. Alberto P. Capati), two non-executive regular directors (Atty. Randy E. Alvizo and Ms. Emma A. Requilme), and two regular directors (Mr. Ignacito U. Alvizo and Mr. Kent Patrick A. Young).

The Board of Directors



Atty. Ronald E. Alvizo

Chairman of the Board/President & CEO
Chairman, Asset and Liability Committee
Member, Credit Committee
Member, Executive Management Committee

Ignacito U. Alvizo
Founder and Director
Chairman, Credit Committee
Ex-officio member, Asset and Liability Committee
Ex-officio member, Executive Management Committee



Alberto P. Capati

Director
Chairman, Executive Management Committee
Chairman, Audit, Risk and Compliance Committee
Member, Asset and Liability Committee



Emma A. Requilme
Director

Maximino A. Salang, Jr.
Director



Kent Patrick A. Young
Director
Member, Executive Management Committee
Member, Asset and Liability Committee
Member, Credit Committee



Atty. Randy E. Alvizo
Director
Corporate Secretary

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, and Executive Management Committee (EXCo). The chairman of each committee reports to the Board of Directors on the matters discussed during the committee meetings.

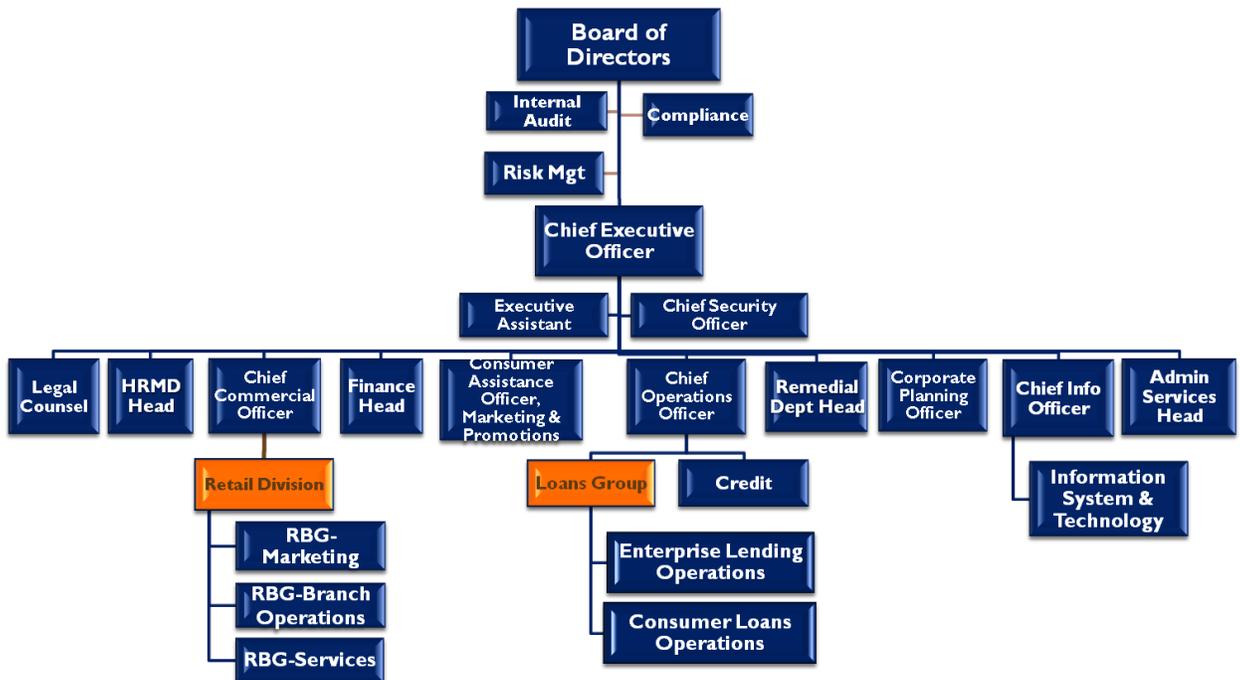
The **Credit Committee** approves loan proposal endorsed by the Credit Department and determines levels of limits or restrictions pertaining to credit operations. It sets target market definitions and risk acceptance criteria of the Bank. The committee also reviews and recommends lending policies, standards 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.

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.

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. The significant related party transactions are summarized below:

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. As of December 31, 2015, the Bank is in compliance with these regulations.

The following are the information related to DOSRI:

<u>December 31</u>	<u>2015</u>
Total Outstanding DOSRI loans	₱17,239,917
Percent of DOSRI loans to total loans	1.29%
Percent of unsecured DOSRI loans to total DOSRI loans	0.00%
Percent of past-due DOSRI loans to total DOSRI loans	0.00%
Percent of non-performing DOSRI loans to total DOSRI loans	0.00%

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. The By-laws stipulate that "No compensation shall be paid to any director as such but the director of the Bank may be allowed reasonable honoraria for actual attendance at meetings, which shall include fare and other actual expenses incurred in connection thereto."

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
 - a. Education
 - b. Experience
2. Skills
 - a. Complexity
 - b. Relationship with Others
 - c. Attention & Concentration
3. Responsibility
 - a. Profit Realization and/or Cost Control & Planning
 - b. Supervisor or Direction
 - c. Confidential Information
 - d. Safety of Others

4. Effort
 - a. Mental & Visual
 - b. Physical
5. Working Condition
 - a. Health & Safety Hazards
 - b. Physical Condition

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. Pay-out is done every end of the month.

Capability Building

Enterprise Bank employees receive a variety of hard and soft skills training to prepare them for the challenges in the work place and happenings in the external environment.

Disaster Awareness Training in coordination with the National Red Cross



Basic Fire Safety and Fire Fighting Orientation in coordination with the Bureau of Fire Protection



Customer Relations Management Training in coordination with Savings Bank Foundation for International Cooperation (SBFIC)



Orientation on the use of Google Docs



Savings Game Workshop in coordination with SBFIC



Senior Management



Atty. Ronald E. Alvizo
President &
Chief Executive Officer



Kent Patrick A. Young
SVP/ Chief Commercial
Officer



Joy G. Politico
VP/Finance Head



Cirila D. Canseco
VP/Human Resource
Management Head



Joel D. Lagura
VP/Remedial Dept.
Head



Dorefel A. Barit
AVP/Chief
Compliance Officer



Ma. Conchita B. Dañocup
AVP/Credit Head



Atty. Claire Marie B. Mauro
AVP/Legal Counsel



Niezl C. Delica
AVP/Internal Audit
Head



Mark Louie T. Salinas
AVP/Retail Banking
Group – Services Head



Venus M. Sejalbo
AVP/Retail Banking
Group – Marketing
Head



Elias M. Tanjili
AVP/Retail Banking
Group – Operations Head

Risk Management

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. 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. It likewise has little exposure to interest rate risk as its loans and receivables and deposit liabilities have fixed interest rates.

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

As at December 31, 2015, the Bank's financial assets are composed of the following:

<i>December 31, 2014</i>	<i>Neither Past Due Nor Impaired</i>	<i>Past Due But Not Impaired</i>	<i>Total</i>
Cash	₱457,971,657		₱457,971,657
Loans and receivables	1,232,787,482	₱116,916,710	1,349,704,192
	₱1,690,759,139	₱116,916,710	₱1,807,675,849

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, 2015

	Within One Year	Beyond One Year	Total
<u>Financial Assets</u>			
Cash and cash equivalents	₱457,971,657	–	₱457,971,657
Loans and receivables	1,232,787,482	₱116,916,710	1,349,704,192
<u>Nonfinancial Assets</u>			
Bank premises, furniture, fixtures and equipment		81,850,376	81,850,376
Investment property		25,770,725	25,770,725
Other assets	91,667,988		91,667,988
Total Assets	₱1,782,427,127	₱224,537,811	₱2,006,964,938
<u>Financial Liabilities</u>			
Deposit liabilities	₱822,201,794	₱335,912,689	₱1,158,114,483
Bills payable & unsecured subordinated debt	333,329,725	242,870,271	576,199,996
Other liabilities	54,600,915	–	54,600,915
<u>Nonfinancial Liabilities</u>			
Retirement benefit obligation	–	16,625,038	16,625,038
Total Liabilities	₱1,210,132,434	₱595,407,998	₱1,805,540,432

Capital Adequacy

Under the current banking regulations, the combined capital accounts of each bank should not be less than an amount equal to ten percent of its risk assets. The qualifying capital of the Bank for purposes of determining the capital-to-risk assets ratio to total equity excluding: (a) unbooked valuation reserves and other capital adjustments as may be required by the BSP; (b) total outstanding unsecured credit accommodations to DOSRI; (c) deferred tax asset or liability; (d) sinking fund for redemption of redeemable preferred shares; and (e) other regulatory deductions.

	Amount (Php Million)
Adjusted Tier 1	176.412
Adjusted Tier 2	80.883
Total Qualifying Capital	257.295
Total credit risk-weighted assets	1,671.892
Total market risk-weighted assets	0.000
Total operational risk-weighted assets	440.686
Total CAR (%)	12.179%
Tier 1 CAR	8.35%

Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board of the BSP. The amount of surplus funds available for dividend declaration is determined also on the basis of regulatory net worth after considering certain adjustments.

The Bank's policy is to maintain a strong capital base as to maintain stockholders, creditors and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder's return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

2015 Financial Statements

QCB & Co

◆ **QUILAB CABILIN BATO & Co**
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9000 Philippines

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◆ **Accreditations**
SEC No. 0182-FR-1 (Apr. 30, 2016)
BOA/PRC Reg. No. 0250 (Dec. 31, 2017)
CDA CEA No 0015-AF (Mar. 2, 2017)
NEA No. 2013-07-00011 (Jul. 20, 2016)
IC No. F-2014/017 (Oct. 23, 2017)
BSP (Jun. 30, 2016), BIR (Jun. 4, 2018)

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of Enterprise Bank, Inc. (A Thrift Bank), which comprise the statements of financial position as at December 31, 2015 and 2014, and the related statements of profit or loss, changes in equity and cash flows for the years then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Enterprise Bank, Inc. (A Thrift Bank) as of December 31, 2015 and 2014, and of its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards.



PTR No. 3030792A
January 5, 2016
Cagayan de Oro City

April 14, 2016
Cagayan de Oro City, Philippines

STATEMENTS OF FINANCIAL POSITION

Enterprise Bank, Inc. (A Thrift Bank)

<i>December 31</i>	2015	2014
ASSETS		
Cash and Cash Equivalents	₱457,971,657	₱411,521,323
Loans and Receivables	1,349,704,192	1,560,510,460
Bank Premises, Furniture, Fixtures and Equipment	81,850,376	89,816,678
Investment Property	25,770,725	24,153,055
Other Assets	91,667,988	86,213,654
	₱2,006,964,938	₱2,172,215,170
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposit Liabilities	₱1,158,114,483	₱1,044,639,217
Bills Payable	526,199,996	804,465,870
Unsecured Subordinated Debt	50,000,000	50,000,000
Other Liabilities	71,225,953	82,215,201
Total Liabilities	1,805,540,432	1,981,320,288
Shareholders' Equity		
Share Capital	181,189,500	181,164,500
Surplus and Undivided Profits ^(Note 5)	20,235,006	9,730,382
Total Shareholders' Equity	201,424,506	190,894,882
	₱2,006,964,938	₱2,172,215,170

STATEMENTS OF PROFIT OR LOSS

Enterprise Bank, Inc. (A Thrift Bank)

<i>Years Ended December 31</i>	2015	2014
INTEREST INCOME		
Loans and discounts	₱268,113,950	₱284,219,068
Bank deposits	2,288,567	1,464,638
	270,402,517	285,683,706
INTEREST EXPENSE		
Bills payable	51,769,058	69,075,999
Deposit liabilities	46,189,280	42,772,915
	97,958,338	111,848,914
NET INTEREST INCOME	172,444,179	173,834,792
PROVISION FOR IMPAIRMENT LOSSES	3,104,523	2,524,452
PROFIT AFTER PROVISION FOR IMPAIRMENT LOSSES	169,339,656	171,310,340
SERVICE FEES AND OTHER CHARGES	78,565,658	101,816,982
PROFIT BEFORE OTHER EXPENSES	247,905,314	273,127,322
OTHER EXPENSES		
Compensation and fringe benefits	95,947,006	108,549,136
Other operating expenses	123,850,107	139,372,096
Depreciation	13,141,657	10,536,643
Total Other Expenses	232,938,770	258,457,875
PROFIT BEFORE INCOME TAX EXPENSE	14,966,544	14,669,447
INCOME TAX EXPENSE	4,461,920	3,865,594
PROFIT FOR THE YEAR	₱10,504,624	₱10,803,853
Earnings Per Share		
Basic	₱7.39	₱7.60
Diluted	₱6.60	₱7.28

STATEMENTS OF CHANGES IN EQUITY

Enterprise Bank, Inc. (A Thrift Bank)

December 31	2015	2014
SHARE CAPITAL		
Preferred Shares – ₱100 par value		
Opening balances	₱15,000,000	₱5,500,000
Additional preferred shares issued during the year	24,000,000	9,500,000
Closing balances	39,000,000	15,000,000
Common Shares – ₱100 par value		
Opening balances	142,164,500	142,164,500
Additional shares issued during the year	25,000	–
Closing balances	142,189,500	142,164,500
Deposits for Future Subscriptions	–	24,000,000
Total Share Capital	181,189,500	181,164,500
SURPLUS AND UNDIVIDED PROFITS		
Opening balances, as originally stated	56,089,804	45,285,951
Net effect on booking additional allowance for impairment losses	(46,359,422)	(46,359,422)
Opening balances, as restated	9,730,382	(1,073,471)
Profit for the year	10,504,624	10,803,853
Closing balances	20,235,006	9,730,382
	₱201,424,506	₱190,894,882

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

Enterprise Bank, Inc. (A Thrift Bank)

Years Ended December 31

2015

2014

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before income tax expense	₱14,966,544	₱14,669,447
Add adjustments for:		
Provision for impairment losses on loans and receivables	3,104,523	2,524,452
Depreciation	13,141,657	10,536,643
Operating income before changes in working capital	31,212,724	27,730,542
Changes in working capital, excluding cash:		
Decrease (increase) in loans and receivables	207,701,745	(47,698,403)
Decrease (increase) in other assets	(5,454,334)	(6,311,469)
Increase in deposit liabilities	113,475,266	163,511,806
Increase (decrease) in other liabilities	(11,883,755)	2,674,558
Net cash provided by operations	335,051,646	139,907,034
Income taxes paid	(3,567,413)	(9,269,833)
Net Cash Provided by Operating Activities	331,484,233	130,637,201

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in bills payable	(278,265,874)	(105,569,476)
Proceeds from issuance of additional common stock	25,000	–
Proceeds from issuance of additional preferred stock	–	9,500,000
Reclassification from deposits for future subscription to preferred stock	24,000,000	–
Increase (decrease) in deposits for future subscription	(24,000,000)	24,000,000
Net Cash Used for Financing Activities	(278,240,874)	(72,069,476)

CASH FLOWS FROM INVESTING ACTIVITIES

Net additions to property and equipment	(3,427,523)	(2,699,484)
Decrease (increase) in investment property	(3,365,502)	1,726,995
Net Cash Used for Investing Activities	(6,793,025)	(972,489)

NET INCREASE IN CASH AND CASH EQUIVALENTS **46,450,334** 57,595,236

OPENING CASH AND CASH EQUIVALENTS **411,521,323** 353,926,087

CLOSING CASH AND CASH EQUIVALENTS **₱457,971,657** ₱411,521,323

Products and Services

ENTERPRISE BANK
Keeping business personal

DEPOSITS

Member: Philippine Deposit Insurance Corporation (PDIC)
Your deposits are insured with PDIC to the maximum of P500,000.00.

Savings Account

With an affordable maintaining balance of just P200, earn .05% p.a. for your savings account.

Checking Account

Offers entrepreneurs the 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.

ATM Accounts

ATM 100: non-interest bearing with P100 maintaining balance
ATM 500: earns .05% p.a. with a minimum maintaining balance of P500.

ENTERPRISE Bank
A Thrift Bank

DepEd Teachers' Loan
through Automatic Payroll Deduction (APDS)

- No co-maker and spouse signature required
- Low interest rate of 4.28% p.a.; add-on term of 3 years
- One-time 6% service charge collected upfront
- No hidden charges

Requirements:

- (3) months original & latest pay slips
- Photocopy of Teacher's Appointment (bring the original copy for verification)
- Updated Service Record (bring the original copy for verification)
- Proof of Billing (Utility Bills - water, telephone and electricity, phone plans, etc.)
- (2) Valid IDs and (4) copies of 2x2 ID picture

For more information, call:

POS CASH OUT
withdrawals
offered by

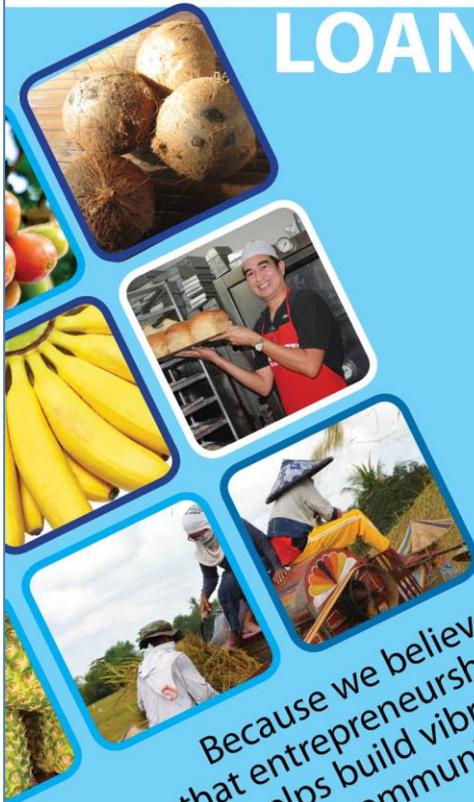
ENTERPRISE Bank
A Thrift Bank

Features:

- Allows cash withdrawal by using a POS device
- Transaction flow is like ATM withdrawal but cash is disbursed by partner institution personnel
- Per transaction limit of P100 to P10,000. Total daily limit per account follows issuer bank's limit
- Receipt is printed for both cardholder and partner institution
- Allows balance inquiry (but no receipt printed)



ENTERPRISE LOANS



Because we believe
that entrepreneurship
helps build vibrant
communities.

www.enterprisebank.ph

PRODUCT	DESCRIPTION
Re-discounting Line / Bridge Financing	Allows entrepreneurs to have available funds to keep or grow their business while waiting for their receivables to be collected.
Check Discounting Line	Allows entrepreneurs to have available funds to keep their business going while waiting for the Post-Dated-Checks (PDCs) issued by their clients to mature.
Term Loans	Allows entrepreneurs to finance Capital Expenditures (CapEx) without depleting their cash provided by business operating activities.
Cash Solutions	1. Payroll Servicing 2. Point of Sale (POS)

Projects and/or Business Enterprises eligible to avail of Enterprise Loan facilities:

1. Trading Business
 - Agricultural (copra, rice, corn, etc.)
 - Non-Agricultural (hardware, grocery, general merchandise, bookstore, gasoline, etc.)
2. Services
 - Trucking business
 - Security and manpower services
3. Manufacturing
 - Restaurant
 - Food processing
4. Real estate
 - Housing development
 - Housing equity financing
 - Housing construction
5. Production (Bukidnon areas only)
 - Rice production
 - High Yield Crops (papaya and sugarcane)

Where to find us

Head Office	Poblacion, Lianga, Surigao del Sur	0918-4790-093
SURIGAO DEL SUR		
Aras-asan Branch	Aras-asan, Cagwait	0929-5824-567
Barobo Branch	Poblacion, Barobo	0947-4143-467/ 0912-0663247
Hinatuan Branch	Corner Magallanes & Banadala Streets, Hinatuan	0918-5331-243
Tandag Branch	Napo, Tandag City	(086)211-5010/ 0928-868-1514
Bislig Branch	Abarca St., Mangagoy, Bislig City	(086) 853-2263/ 0909-6211-844
Madrid Branch	National Highway, Kalawag II Madrid	(086) 213-4034/ 0921-7733-304
Tagbina Branch	Purok 4, Tagbina	0909-6902-148
Marihatag Extension Office	Poblacion, Marihatag	0948-8769-464
AGUSAN DEL SUR		
San Francisco Branch	Quezon St., San Francisco	(085) 343-9377/ 0919-9970-414
Trento Branch	Ground Floor, Ticao Bldg., Poblacion, Trento	(085) 255-2417/ 0910-2762-593
Bayugan Branch	Yakal Street, Taglatawan, Bayugan City	(085) 343-6784/ 830-4420 0949-1263-369
AGUSAN DEL NORTE		
Butuan Branch	Ground Floor, Intino Bldg., Aquino Ave., Butuan City	(085)341-4138 / 815-4408 0912-4363-324
Surigao City Branch	2 nd Floor, AC Crisologo Bldg., Rizal Street, Brgy. Washington, Surigao City	0910-7761-135
NORTH DAVAO		
Tagum Branch	Magugpo West, Tagum City	(084) 655-6117/ (084) 655-9614/ 0933-1601-680
Panabo Branch	Ground Floor, Centino Realty, Quezon St., Sto. Niño, Panabo City	(084)822-3420/ 0932-7290-829
Mati Branch	Door 10, MJI Bldg., Rizal Extension Mati City, Davao Oriental	(087) 811-2054/ 0930-2227-432
Cateel Branch	Castro Avenue, Poblacion, Cateel, Davao Oriental	0909-019-3465
Nabunturan Branch	Purok 1, Nabunturan, Compostela Valley Province	0947-2707-768

SOUTH DAVAO & SOUTH COTABATO

Davao-Bajada Branch	Unit 1A – 3A, GGO Summit Bldg., J.P. Laurel Ave., Bajada, Davao City	(082) 228-6986
Davao - Buhangin Micro Banking Office	Km. 5, Buhangin, Davao City	(082) 225-8892 local 103
Davao - Matina Micro Banking Office	DBC Building, McArthur Highway, Matina, Davao City	(082) 297-4009
General Santos City Branch	Ground Floor, RDRDC Bldg., Magsaysay Avenue cor. Salazar Sts., General Santos City	(083) 301-8986
Digos Branch	Ground Floor, A&B Bldg., Rizal Avenue, Digos City	(082)553-2812/ 0999-7099-953
Koronadal Extension Office	Ledesma Bldg., Abad Santos St., Koronadal City	

NORTHERN MINDANAO

Valencia Branch	Red Berry Building, Guinuyoran Road Poblacion, Valencia City, Bukidnon	(088) 828-2086/ 0975-1524-820
Gingoog Branch	Militante Bldg., Brgy. 22, National Highway, Gingoog City, Misamis Oriental	(088) 861-3338/ 0905-6856-456
Cagayan de Oro Branch	Doors 3 & 4, G/F RMR Diamond Residences Bldg., Tomas Saco St., Cagayan de Oro City	(08822)723869
Iligan Extension Office	#5, 2 nd Floor, Iligan Optical Clinic, Aguinaldo St., Iligan City	
Ozamis Extension Office	77-C, Valconcha St. Aguada, Ozamis City	

CEBU

Talisay Branch	2 nd Floor, Alfred W. Yu Bldg., National Highway, Talisay City, Cebu	(032)491-4172/268-9229/ 0923-6504-685
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Enterprise Bank annual reports are available online at www.enterprisebank.ph

Email: customercentral@enterprisebank.ph