

ENTERPRISEBank

A Thrift Bank



Banking that includes
YOU





Enterprise Bank
Central Support Services Office
Buhangin, Davao City

Who we are

Enterprise Bank continues its mission to serve clients in the rural areas for the last 38 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 needed most.

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

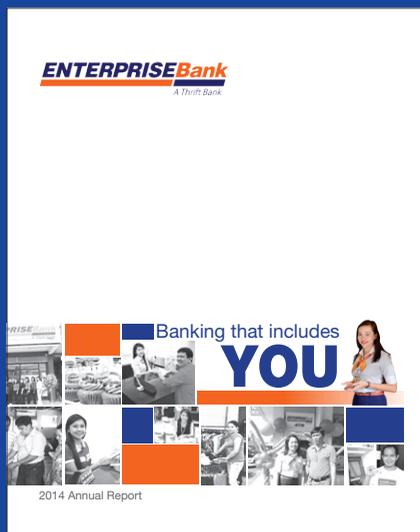
From a single unit rural bank from Lianga, Surigao del Sur, the bank operates in 10 provinces of Mindanao as of December 2014.

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

Why we exist

To develop and manage talent.

To apply this talent to promote, support and encourage entrepreneurship and mass banking in the countryside and to do it profitably.



About the cover

With the launching of the Bank's ATM, bills payment and remittance services, Enterprise Bank opened its doors to clients whose transactions with the bank go beyond the usual loans and deposit.

We have made banking available to as many clients possible from different walks of life.

Table of contents

The President's Review 3

4 Who runs Enterprise Bank

SENIOR Management 6

How we behave

ORGANIZATIONAL Structure 9

Risk Management

11

HOW are we doing 15

Financial Statements 19

Business Partners 24

Products and Services 25

Directory 28

The President's Review



Significant progress

We have done our part in bringing into the fold clients especially in rural areas who have known banks only from outside of glass windows.

We wanted to change all that by bringing retail banking closer to them. Nowadays, more and more clients are repeat customers. Banking services such as ATMs, remittance/cash transfer, bills payments and Point of Sale (POS) machines are becoming crowd drawers.

Its a testament that they appreciate convenience and they won't mind paying a little extra for it.

Our Strategies

Putting maximum effort where we can succeed

Play to our strengths, narrow down our focus to pieces of the business where we are good at and where we should be able to round up enough resources, and devote them toward the fulfillment of our goals.

01 Sell more to existing clients and build business relationship with new ones

02 Excel at cost management by reducing funding cost and by becoming a low-cost producer

03 Excel at delivering the right customer experience

We aim to be **customer-centric**

- **Be more transparent**
- **Be more consistent**
- **To stay close by**
- **Listen more**

Improving controls over servicing

In the face of the continuously changing regulations to drive change in the origination, we look for the balance that optimizes earnings, capitalization and growth within the context of safety and soundness.



RONALD E. ALVIZO
President/CEO

WHO runs Enterprise Bank

Board of Directors



Atty. Ronald E. Alvizo
Chairman of the Board/President & CEO
Chairman, Asset and Liability Committee
Member, Board Credit Committee
Member, Executive Management Committee



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



Maximino A. Salang, Jr.
Director



Emma A. Requilme
Director



Atty. Randy E. Alvizo

Director and Corporate Secretary
Member, Audit, Risk and Compliance
Committee



Kent A. Young

Director
Member, Board Credit Committee
Member, Asset and Liability
Committee
Member, Executive Management
Committee



Alberto P. Capati

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

SENIOR Management



Atty. Ronald E. Alvizo
President and
Chief Executive Officer



Kent Patrick A. Young
SVP / Chief Commercial
Officer



Joy G. Politico
VP / Finance Head



Cirila D. Canseco
VP / HRMD Head



Joel D. Lagura
VP / Collections Head



Dorefel A. Barit
AVP / Chief Compliance
Officer



Julieta L. Miranda
AVP / Consumer Lending
Head



Maria Conchita B. Dañocup
AVP / Credit Head



Zaryzaldyza A. Mantilla
AVP / Enterprise
Lending Head



Niezl C. Delica
AVP / Internal Audit Head



Atty. Claire Marie B. Mauro
AVP / Legal Counsel



Mary Anne P. Jalandoni
AVP / Administrative
Services Department Head



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



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



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

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 the business affairs of the bank are controlled and directed, as they reflect the balance of interest among shareholders.

What is the role of the board and how does it differ from the role of the management?

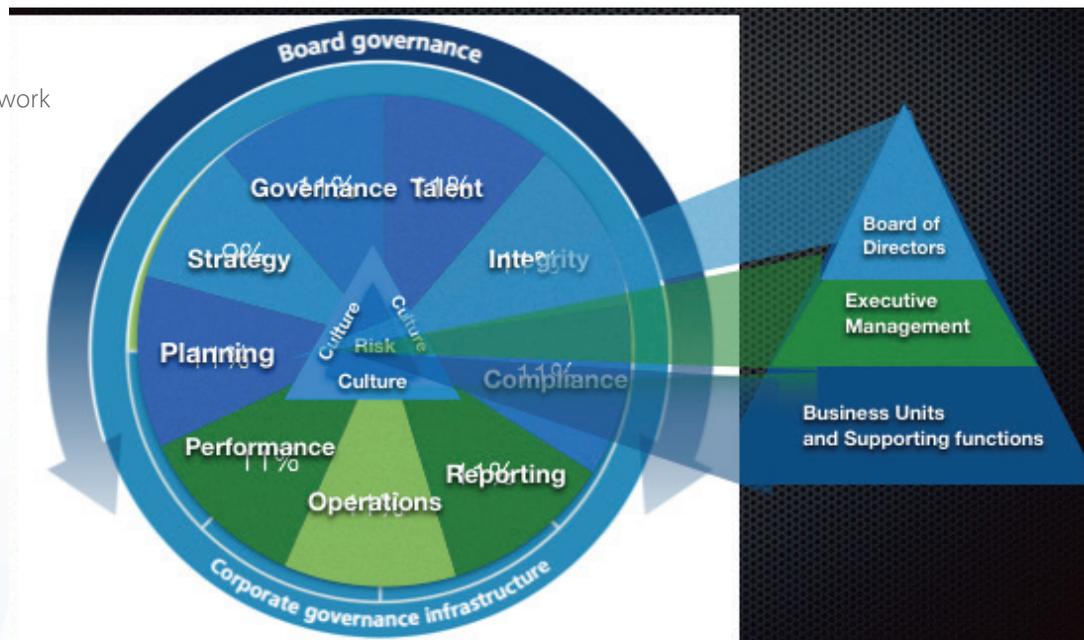
Where should we be spending the majority of our time?

What are we be doing in the critical areas of oversight such as strategy and risk?

How does the work of the committees relate and differ from the full Board?

How do we position the Board as the strategic partner of the management?

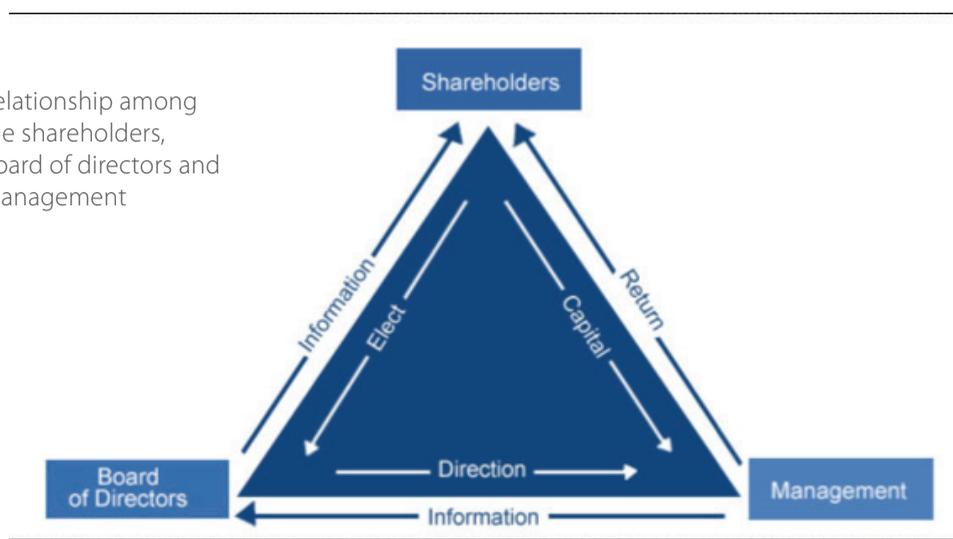
The Corporate Governance Framework of Enterprise Bank



The Bank's 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 will guide 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 the 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 the 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).

Relationship among the shareholders, board of directors and management



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 are the Audit, Risk, and Compliance Committee (ARCCo), Credit Committee (CreCom), Asset and Liability Committee (ALCo), and Executive Management Committee (EXCo). The chairman of each committee reports to the Board of Directors on the matters discussed during committee meetings.

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.

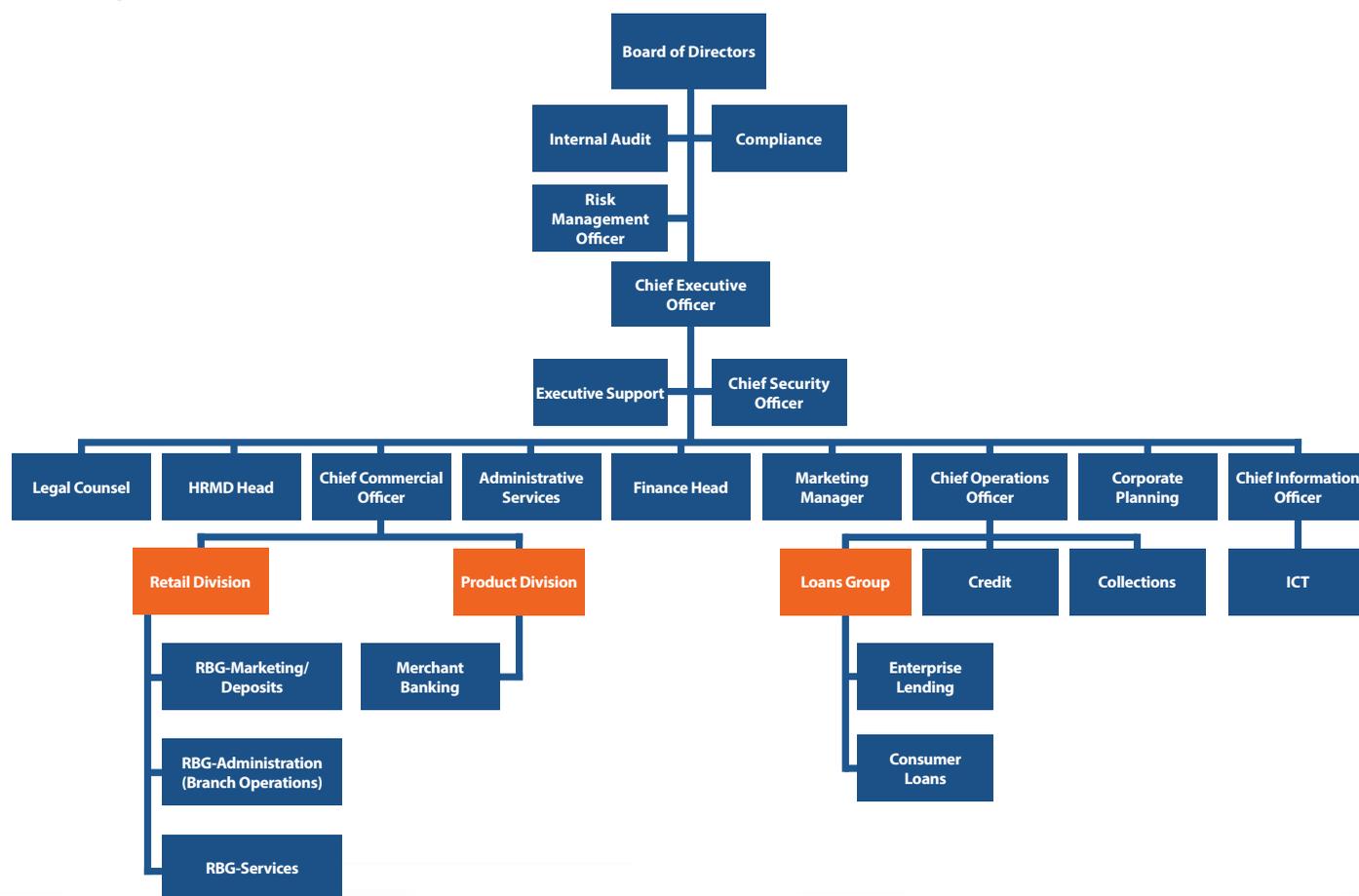
The **Credit Committee** is responsible for reviewing and monitoring effectiveness and application of credit risk management policies, related standards and the control environment with respect to credit decision. It reviews and recommends prudent lending policies, standards and procedures that seek to be responsive to the needs of the target market while satisfying the bank's desired financial outcome and social mission. It sets target market definitions and risk acceptance criteria of the Bank and possesses the authority to approve or decline loan proposals endorsed by the Bank's Credit Department and determines levels of limits or restrictions pertaining to credit operations.

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 of the Bank and approves proposed suggestions or amendments in 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.

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 President and Chief Executive Officer is responsible for the overall management of the Bank and the implementation of all major business strategies. In 2014, the Bank continued to implement the organizational structure implemented in the preceding year.

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. It also considered to be related if they are subject to common control or common significant influence.

As set under the General Banking Act and BSP regulations which stipulated 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.

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. The Bank's loan transactions with DOSRI as of end-2014 are in compliance with these regulations.

The following are the information related to DOSRI:

December 31	2014
Total Outstanding DOSRI loans	P 1,030,090
Percent of DOSRI loans to total loans	0.06%
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 Human Resource Management Department 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 credible 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 bottomline in the administration of reward. Pay-out is done every end of the month.



Management

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

The ERM complements the Bank's existing silo risk management approach and provides a wider analysis of risk as it cross-functionally examines interdependence of risk and dissects its source. By completing the Bank's ERM manual in 2014 and owing to the wide coverage of participation, ERM will gradually deepen the culture of risk awareness among the offices and staff of EBI.

The overall risk management oversight is undertaken by the Board of Directors through its Audit-Risk and Compliance Committee (ARCCo) and Board Credit Committee. These committees ensure that controls are in place and that aggregate risks of the Bank are managed. 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.

At the Management Level, the President acts as the comprehensive risk officer that sets the risk priorities of the Bank and aligns business and risk strategies. Specific risks are mapped with the proper management committees. The Executive Committee provides general oversight of the strategic and business risks. The Asset-Liability Committee provides risk oversight in balancing the Bank's financial assets, ensuring a sound mix of assets and liabilities. The Management Committee ensures the smooth implementation of EBI's plans and programs and oversees operational risks. These committees provide recommendations and valuable inputs to the President for decision-making.

2014 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.

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 arising from interest rate sensitive assets and liabilities that have fixed interest rates and are not subject to re-pricing unless renewed/re-availed; hence, movements in interest rates are not expected to have significant effect in earnings and capital.

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, 2014, 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	Php 411,521,323	-	Php 411,521,323
Loans and receivables	1,454,252,178	Php 96,877,675	1,551,129,853
	Php 1,865,773,501	Php 96,877,675	Php 1,962,651,176

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

Breakdown by Concentration of Credit

December 31	2014	%
Agricultural	Php 98,141,685	6
Wholesale and retail trade	195,825,338	13
Others	1,257,162,830	81
	Php 1,551,129,853	100

In 2014, the Bank's overall resources are highly concentrated in credit as it constituted 70% of its total assets that has notably declined from 72% in 2013. In spite of its large concentration, it has generally complied with the regulatory and prudential requirements relating to credit risk management. Enterprise Bank continuously monitors defaults of borrowers and other counterpart, identified either individually or by group, and incorporates this information into its credit controls.

Loans considered past due as of December 31, 2014 amounted to Php 96,877,675. Portion of the past due accounts and accounts under litigation are covered with real estate mortgages, which could be foreclosed to reduce possible losses from non-collection.

In May 2014, the Bank received another temporary regulatory relief by way of staggered booking of the provision for impairment losses and on reporting of past due accounts of borrowers who were affected by typhoon Yolanda in 2013 (BSP Memorandum No. M-2013-050).

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

<i>December 31, 2014</i>	<i>Within One Year</i>	<i>Beyond One Year</i>	<i>Total</i>
<u>Financial Assets</u>			
Cash and cash equivalents	Php 411,521,323	–	Php 411,521,323
Loans and receivables	1,490,134,632	Php 136,603,574	1,626,738,206
<u>Nonfinancial Assets</u>			
Property and equipment		89,816,678	89,816,678
Investment property		24,153,055	24,153,055
Other assets	66,345,330		66,345,330
Total Assets	Php 1,968,001,285	Php 250,573,307	Php 2,218,574,592
<u>Financial Liabilities</u>			
Deposit liabilities	Php 715,880,511	Php 328,758,706	Php 1,044,639,217
Bills payable	601,835,233	252,630,637	854,465,870
Trade and other payables	61,983,651	–	61,983,651
<u>Nonfinancial Liabilities</u>			
Retirement benefit obligation	–	20,231,550	20,231,550
Total Liabilities	Php 1,379,699,395	Php 601,620,893	Php 1,981,320,288

Liquidity monitoring tools have been adopted, such as maturity matching, cash flow projections and monitoring of bills payable drawdowns, to adequately capture current and prospective funding requirements.

Capital Adequacy

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 understands 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.

As of end-2014, EBI's total risk-based capital adequacy stood at 12.37%, well above the regulatory requirement of 10.0%.

Risk	Amount (Php Million)
Adjusted Tier 1	190.524
Adjusted Tier 2	64.543
Total Qualifying Capital	255.067
Total credit risk-weighted assets	2,061.559
Total market risk-weighted assets	0.000
Total operational risk-weighted assets	0.000
Total CAR (%)	12.37%
Tier 1 CAR	9.24%

The Bank's total qualifying capital for 2014 was largely composed of Tier 1 at 74.7%. Below is the composition of the Bank's qualifying capital:

Name of Item	Amount (Php Million)		
	Tier 1	Tier 2	Total
Core Capital			
Paid up common stock	142.165		142.165
Retained earnings	56.090		56.090
Paid up Perpetual and Cumulative Preferred Stock	15.000		15.000
General Loan Loss Provisions		14.543	14.543
Unsecured Subordinated Debt		50.000	50.000
Deductions			
Deferred Tax Asset	22.731		22.731
Total Qualifying Capital	190.524	64.543	255.066

HOW are we doing

Enterprise Bank's 2014 financial performance was highlighted by the Bank's hitting the one billion mark deposit portfolio.

The management's strategy and efforts to shift the source of funds from borrowings to deposits to improve the funding cost of the Bank is slowly coming to reality. Moreover, the fee-based income of the Bank is showing potential for growth. The bank increased its deployment of ATM to 30 units in 2014 which doubled the ATM operation's income from P6 million in 2013 to P12 million in 2014. The remittance services operation has 16 remittance partners as of 2014. Income from remittance services operation surged to P935,000 in 2014 from P781,000 in 2013.

The efficiency from operations which is indicated by the decline in the operating cost by P10 million and improvement in the funding cost and fee based income. The Bank's results of operations posted a net income of P10.8 million in 2014.

Financial Highlights

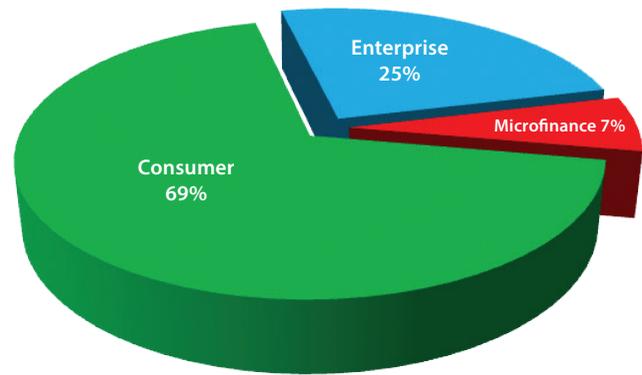
Operating Results (in Millions)	2014	2013
Income after Tax	10.8	13.9
Total Resources	2,218.6	2,199.1
Net Loans and Receivables	1,626.7	1,581.5
Deposit Liabilities	1,044.6	881.1
Total Liabilities	1,981.3	1,926
Stockholder's Equity	237.3	193.0

Selected Financial Ratios	2014	2013
Return on Equity	5.00%	7.28%
Return on Assets	0.51%	0.69%
Risk-Based Capital Adequacy Ratio	12.37%	12.78%

Number of Employees	385	437
Number of Branches/Extension Offices/MBOs	24	26
Number of ATMs	30	19

Loans

The Bank's gross loan portfolio posted a modest growth of 2.3% in 2014 from Php1.515 billion in 2013 to Php1.551 billion with each loan product maintained its share of the pie - 69% Consumer loans, 25% Enterprise and 6% Microfinance.



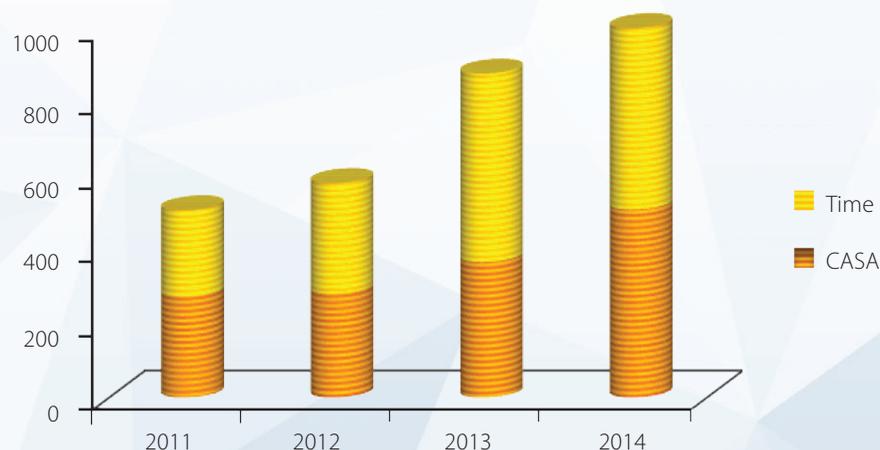
While determined to meet its portfolio quality objectives, the Bank continues to serve the financial needs of employed individuals as reflected in the trivial growth of consumer loan portfolio by 2% or reaching Php1.06 billion. Among the clientele served, the employees of the Department of Education (DepEd) comprised more than three quarter of the portfolio with 33% of the loans enrolled under the Automatic Payroll Deduction System (APDS) of DepEd. Enrollment of clients' loan accounts with the department's payment system has enormously increased by 35% from its 2013 level of Php259 million to Php348 million. With the shift of collection mechanism to APDS, the Bank is confident that its portfolio quality objectives will be quickly attained.

Simultaneously, lending to micro small and medium enterprises in 2014 continued, though prudently, in view of the enhancements introduced in the credit risk management practices of the Bank. Priority industries remained to be in the agri-business, trading and manufacturing sectors while gradually expanding to the real estate sector. The Bank posted a 2% increase in Enterprise Loans portfolio, closing at Php386 million by year end.

On the other hand, granting of new group lending microfinance loan was fully concluded. The Bank, however, continued extending financial support to entrepreneurs who have graduated from cottage and micro industries into small industry category under the individual lending methodology of Enterprise Loans.

Deposits

The Bank has finally achieved its Php1 billion mark in deposit taking towards the last quarter of the year posting Php1.044 billion or a 19% growth from preceding year. Additionally, consistent with the Bank's strategy to shift funding of its loan portfolio from low cost short term deposits, a remarkable 39% growth of CASA deposits was achieved which revived the 2012 deposit mix into 49% low cost and 51% high cost. Notwithstanding the reduced number of offices, increase in portfolio was largely attributed by the successful expansion of ATM operations, service innovation and intensive marketing strategies of branch personnel that triggered wider business awareness of the Bank's existence.



Deposit Portfolio (000)	2013	2014	Growth
Time Deposit	511,605	532,395	4%
Regular Savings	194,405	218,564	12%
ATM	20,956	30,867	47%
Demand	154,161	262,814	70%
Total	881,127	1,044,640	19%

As shown by the steady growth of deposit liabilities, Enterprise Bank was able to significantly maintain public confidence.

ATM operations

In 2014, the Bank further expanded its ATM operations by installing additional 11 new ATMs creating a total ATM network of 30. More than 70% of the machines were operating in CARAGA region with off-site machines installed in remote areas. The operation has contributed Php12 million to the income for the year, that accounting for 3% of the Bank's gross income from its 1% share in 2013.

In 2014, Enterprise Bank issued a total of 36,547 ATM cards.

As one of the members of the largest ATM network provider of the country, the BANCNET, Enterprise Bank's ATM services are also equipped with electronic banking facilities and services offered by other BANCNET-member banks such as e-shopping, e-ticket booking and bills payments among others.

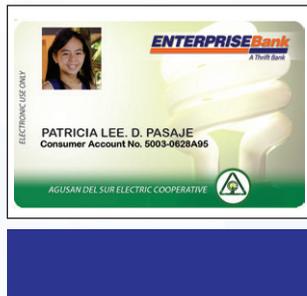


More than just ATM cards...



The co-branded ATM card with Agusan del Sur Electric Cooperative also serves as membership/account ID.

The Enterprise Bank ATM card is used as a school IDs of students of the Asian Skills Academy Foundation in Trento, Agusan del Sur .



Installation of the ATM in Baganga, Davao Oriental



Inauguration of ATM in Esperanza, Agusan del Sur



Merchant Banking Services

Another remarkable contribution was poured in from the Bank’s merchant banking services such as domestic remittance and bills payments services tied-up with reputable institutions. Adding to the existing list of partners were Transfast Remittance, Family Express Remittance and Cebuana Lhuillier, increasing alliance to a total of 14 remittance agents. Transactions increased from 195,351 in 2013 to 220,107 in 2014 amounting to Php390.8 million worth of transactions.

Other Income (in '00)	2013	2014	Growth
Income from ATM Operations	5,476	11,931	118%
Income from POS operations	447	538	20%
Income from Remittance and Bills payments	781	975	25%
Total	6,704	13,444	101%

Providing our clients quality service with products and services customized based on their various needs is the cornerstone of our operations. Enterprise Bank will continue to reach out to as many numbers of clients possible, through various access points – in the branches or through digital means - by maximizing the benefits of technology and the Bank’s resources to make banking available to clients especially in the rural areas.



Enterprise Bank personnel with representatives of POS facility client, Triple Diamond located in San Francisco, Agusan del Sur



Continuous orientation of the bank’s remittance and bills payment products in the branches

2014 Financial Statements

QCB & Co

◆ **QUILAB CABILIN BATO & Co**
2F Executive Centrum Building
J.R. Borja St., Cagayan de Oro City
9000 Philippines
63 (08822) 72-7515, (088) 856-4401
qcb_co@yahoo.com

◆ **Accreditations**
SEC No. 0182-FR-1 (Mar. 25, 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)

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, 2014 and 2013, 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, 2014 and 2013, and of its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards

Quilab Cabilin Bato & Co

PTR No. 2668893A
January 5, 2015
Cagayan de Oro City

April 10, 2015
Cagayan de Oro City, Philippines

STATEMENTS OF FINANCIAL POSITION

Enterprise Bank, Inc. (A Thrift Bank)

December 31

2014

2013

ASSETS

Cash and Cash Equivalents	Php 411,521,323	Php 353,926,087
Loans and Receivables	1,626,738,206	1,581,564,255
Bank Premises, Furniture, Fixtures and Equipment	89,816,678	97,653,837
Investment Property	24,153,055	25,880,050
Other Assets	66,345,330	60,033,861
	Php 2,218,574,592	Php 2,119,058,090

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Deposit Liabilities	Php 1,044,639,217	Php 881,127,411
Bills Payable	804,465,870	910,035,346
Unsecured Subordinated Debt	50,000,000	50,000,000
Other Liabilities	82,215,201	84,944,882
Total Liabilities	1,981,320,288	1,926,107,639

Shareholders' Equity

Share Capital	181,164,500	147,664,500
Surplus and Undivided Profits	56,089,804	45,285,951
	237,254,304	192,950,451
	Php 2,218,574,592	Php 2,119,058,090

⁹Notes 22 of the 2014 Audited Financial Statements

¹⁰ibid.

STATEMENTS OF PROFIT OR LOSS

Enterprise Bank, Inc. (A Thrift Bank)

<i>Years Ended December 31</i>	2014	2013
INTEREST INCOME		
Loans and discounts	Php 284,219,068	299,667,626
Bank deposits and investment securities	1,464,638	1,682,839
	285,683,706	301,350,465
INTEREST EXPENSE		
Bills payable	68,032,754	77,676,106
Deposit liabilities	42,772,915	31,407,862
Others	1,043,245	2,745,618
	111,848,914	111,829,586
NET INTEREST INCOME	173,834,792	189,520,879
PROVISION FOR IMPAIRMENT LOSSES	2,524,452	7,475,548
PROFIT AFTER PROVISION FOR IMPAIRMENT LOSSES	171,310,340	182,045,331
SERVICE FEES AND OTHER CHARGES	101,816,982	99,491,993
PROFIT BEFORE OTHER EXPENSES	273,127,322	281,537,324
OTHER EXPENSES		
Compensation and fringe benefits	108,549,136	115,775,260
Other operating expenses	139,372,096	134,141,090
Depreciation	10,536,643	10,967,773
	258,457,875	260,884,123
PROFIT BEFORE INCOME TAX EXPENSE	14,669,447	20,653,201
INCOME TAX EXPENSE	3,865,594	6,728,055
PROFIT FOR THE YEAR	Php 10,803,853	Php 13,925,146
Earnings Per Share		
Basic	Php 7.60	Php 9.80
Diluted	Php 7.28	Php 9.43

STATEMENTS OF CHANGES IN EQUITY

Enterprise Bank, Inc. (A Thrift Bank)

December 31

2014

2013

SHARE CAPITAL

Preferred Shares – Php100 par value

Opening balances	Php 5,500,000	Php 5,500,000
Additional preferred shares issued during the year	9,500,000	–
Closing balances	15,000,000	5,500,000

Common Shares – Php100 par value

Opening balances	142,164,500	140,164,500
Additional shares issued during the year	–	2,000,000
Closing balances	142,164,500	142,164,500

Deposits for Future Subscriptions	24,000,000	–
Total Share Capital	181,164,500	147,664,500

SURPLUS AND UNDIVIDED PROFITS

Opening balances, as originally stated	50,565,206	39,036,621
Net effect on restatement of 2013 and 2012 accounts	(5,279,255)	(7,675,816)
Opening balances, as restated	45,285,951	31,360,805
Profit for the year	10,803,853	13,925,146
Closing balances	56,089,804	45,285,951

Php 237,254,304 Php 192,950,451

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
Enterprise Bank, Inc. (A Thrift Bank)

Years Ended December 31

2014

2013

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before income tax expense	Php 14,669,447	Php 20,653,201
Add (deduct) adjustments for:		
Provision for impairment losses on loans and receivables	2,524,452	7,475,548
Depreciation	10,536,643	10,967,773
Operating income before changes in working capital	27,730,542	39,096,522
Changes in working capital, excluding cash:		
Increase in loans and receivables	(47,698,403)	(44,995,220)
Increase in other assets	(6,311,469)	(13,758,782)
Increase in deposit liabilities	163,511,806	297,607,508
Increase in other liabilities	2,674,558	2,315,562
Net cash provided for operations	139,907,034	280,265,590
Income taxes paid	(9,269,833)	(2,911,110)
Net Cash Provided by Operating Activities	130,637,201	277,354,480

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in bills payable	(105,569,476)	(131,792,382)
Proceeds from issuance of additional preferred stock	9,500,000	2,000,000
Deposits for future subscription	24,000,000	-
Net Cash Used for Financing Activities	(72,069,476)	(129,792,382)

CASH FLOWS FROM INVESTING ACTIVITIES

Net additions to property and equipment	(2,699,484)	(28,488,748)
Decrease (increase) in investment property	1,726,995	(2,925,576)
Net Cash Used for Investing Activities	(972,489)	(31,414,324)

NET INCREASE IN CASH AND CASH EQUIVALENTS **57,595,236** 116,147,774

OPENING CASH AND CASH EQUIVALENTS **353,926,087** 237,778,313

CLOSING CASH AND CASH EQUIVALENTS **Php 411,521,323** Php 353,926,087

BUSINESS Partners



Bangko Sentral ng Pilipinas (BSP) is deeply involved in various projects and activities to support the economic and social development objectives of the government through advocacy programs in microfinance, financial education and consumer protection, economic information, and overseas Filipinos' remittances environment.



The Land Bank of the Philippines is a government financial institution that strikes a balance in fulfilling its social mandate of promoting countryside development while remaining financially viable. This dual function makes LANDBANK unique. The profits derived from its commercial banking operations are used to finance the Bank's developmental programs and initiatives.



The People's Credit and Finance Corporation (PCFC) is the lead government entity specifically tasked to mobilize resources for microfinance services for the exclusive use of the poor. PCFC provides the poor access to credit and other microfinance services to uplift their economic status through wholesale of short, medium & long term investment loans to accredited Microfinance Institutions (MFIs).



UCPB Savings Bank, more popularly known by its initials, UCPB, or by its old name, Cocobank, is one of the largest banks in the Philippines, ranking within the top twenty banks in terms of assets. The bank, owing to its name, caters heavily to coconut farmers, but also serves a wide-ranging clientele.



The National Livelihood Development Corporation (NLDC) actively pursues a package of livelihood and enterprise development programs and interventions to hasten socio-economic growth in the countryside especially in the hard-to-reach agrarian reform communities.



Development Bank of the Philippines is the country's most progressive development banking institution. Through the years, DBP has been a key player in nation-building by assisting critical industries and sectors, promoting entrepreneurship particularly in the countryside, helping build more productive communities.



Bank of the Philippine Islands' corporate mission is to be the leading private financial institution in the Philippines in terms of professional competence, service quality, responsible corporate citizenry, and overall growth and stability; and to be an established ASEAN financial institution with a creditable worldwide outreach.



Small Business Corporation envisions to become the leader in small enterprise development financing and small credit delivery systems nationwide. The SBC has focused on developing an appropriate mix of financing products that are responsive to the needs of SMEs in the country.



UCPB-CIIF Finance and Development Corporation (COCOFINANCE) partners with institutions that are willing to support livelihood endeavors of the coconut farmers and farm workers through provision of accessible credit and other support services,



Philippine Business for Social Progress (PBSP) is committed to poverty reduction by promoting business sector leadership and commitment to programs that lead to self-reliance.

Triodos Sustainable Finance Foundation

Triodos Sustainable Finance Foundation funds microfinance institutions because they help to build inclusive financial sectors, where the majority of people have access to financial services, leading to a sustainable basis for balanced social and economic development.

PRODUCTS and Services

Remittance and Bills Payment



REMITTANCE PARTNERS



CREDIT CARD PAYMENTS



ONLINE TICKET PAYMENTS



BILLS PAYMENTS



COLLECTION SERVICES

ASELCO (Bayugan San Francisco, Trento)
DASURECO (Digos)
FIBECO (Valencia)
Hinatuan Cable TV (Hinatuan, Barobo)
SOCOTECO/GCWD (Gensan)
SURSECO (Tagbina, Bislig, Lingig, Barobo)



Payroll Servicing

A facility whereby the bank will do the crediting of employees' salaries to their ATM accounts. This is open to business entities with at least 10 regular employees.

Benefits

- Eliminate manual payroll processes, resulting to increased efficiency and reduced administrative cost
- Access to ATM (convenience). ATM card can also be used for bills payment and other transactions through www.bancnetonline.com

Features

- Same day posting/crediting of employees payroll
- One time debit from the company's account
- Maintaining balance of P100 only for employees
- No loading fee

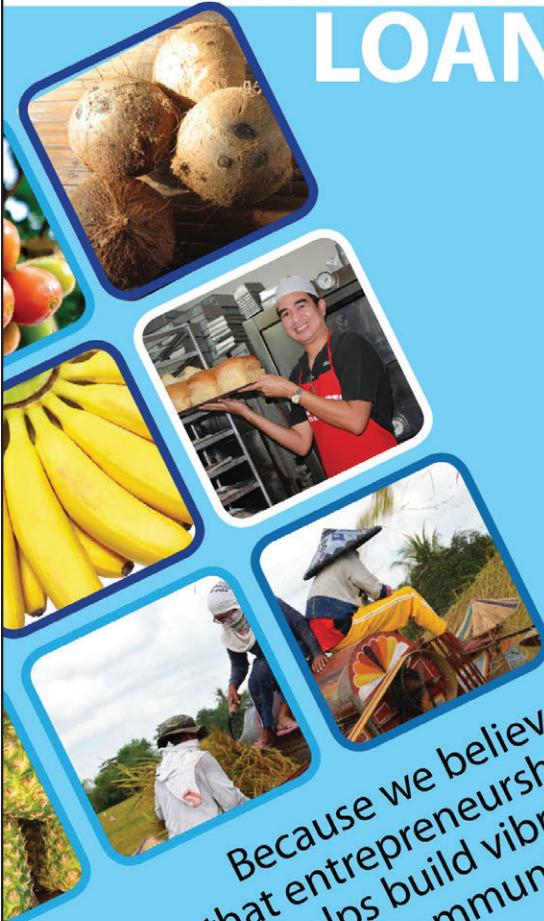
Debit/Cash Cards (Point-of-Sale) POS Terminals

Benefits to the clients:

1. Card acceptance will attract new customers
2. Attract tourists and foreign visitors
3. Enhance customer service
4. Secure and minimize cash payments
5. Eliminate risk of fake bills
6. Prevent cash mishandling and theft
7. Eliminate risk when withdrawing from ATM and convenient for debiting accounts (for lending institutions)



ENTERPRISE LOANS



Because we believe
that entrepreneurship
helps build vibrant
communities.

Consumer Loan

Salary loan granted to employees of government institutions and public schools which have memorandum of agreements with Enterprise Bank.

Eligibility Criteria:

- Up to 57 years old at the time of the application
- Must be a regular employee of the institution
- A permanent resident of the city or municipality where the institution is located

Enterprise Loans

Business Loan designed for micro, small and medium-sized enterprises for capital, purchase of fixed assets and project financing.

Priority Projects:

- rice and corn traders
- Pag-ibig housing development (retail)
- gas stations
- trading business
- trucking services
- agri-business (Cassava, Papaya, Banana and etc..)
- medical and dental clinics and laboratories.
- restaurants and food processing
- handicrafts production and handicraft sales outlets.
- water refill stations and production of water containers.
- hotel/boarding/lodging houses
- other manufacturing and service-oriented enterprises

Eligibility Criteria:

- Filipino
- 24-60 years old
- Permanent resident of at least 3 years of the target community
- The business must be operational for at least 3 years
- The business must be profitable for the last 2 years
- Must have ADB of at least 10% of loan amount applied with EBI and other banks combined

DEPOSIT[₱]OSITS



Secure your future, save for your dream vacation or let your idle cash grow with our high-yielding, low maintaining balance deposit products.

Savings Account

With an affordable maintaining balance of just P200, earn 1% p.a. for your savings account. Regardless of income level, you can now open a savings account and start saving for the things you value.

Checking Account

Offers entrepreneurs the convenience of paying bills and other business transactions through checks, with a low maintaining balance of P3,000 for individuals and P10,000 for corporations.

Time Deposit

Don't let your spare cash sleep, earn higher interest by investing in our time deposit product. Minimum deposit requirement is only P5,000 for a flexible term of 1 month to 5 years.

ATM Accounts

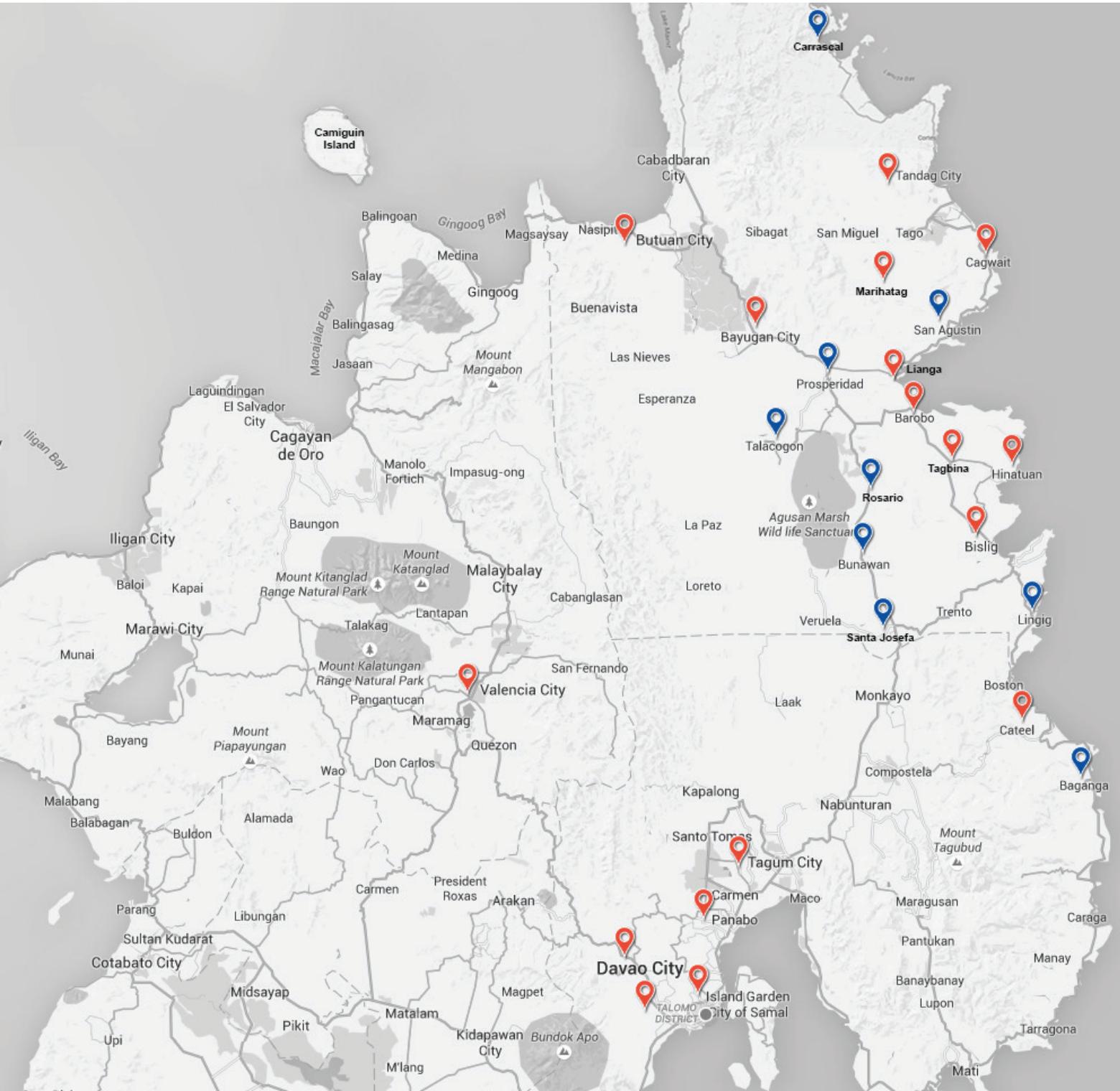
ATM 100: non-interest bearing with P100 maintaining balance.
ATM 500: earns 1% interest p.a. with minimum maintaining balance of P500.

Member: Philippine Deposit Insurance Corporation (PDIC)
Your deposits are insured with PDIC to the maximum of P500,000.

Where to find us

Head Office	Poblacion, Lianga, Surigao del Sur	
Southern Davao		
Bajada Branch	Unit 1A-3A GGO Summit Bldg, JP Laurel Ave., Bajada , Davao City	(082) 228-6986 / 9228632642
Buhangin MBO	Km. 5, National Highway, Buhangin, Davao City	(082) 225-8892 loc. 103
Cabantian MBO	Unit #11 AJK bldg. 1 Cabantian, Davao City	
Matina MBO	Door H 101-C, DBC Realty Bldg, Matina, Davao City	(082) 297-4009
Mintal MBO	Door #5 Piatos Bldg., Bouganvilla St. Mintal, Davao City	(082) 321-0819
Digos Branch	G/F A&B Bldg. Rizal Avenue, Digos City	(082) 553-2812
Gen. San Branch	Ist Floor CAP Bldg, Pendatuan Ave., Corner Anonas Street, General Santos City	(083) 301-8986
Northern Davao		
Mati Branch	Door 10, MJI Bldg., Rizal Extension, Mati City	(087) 811-2054
Nabunturan Branch	P-1, Sta. Teresita St., Nabunturan, Compostela Province	09472707768
Panabo Branch	Unit 1-Centino Realty Bldg., Quezon Street, Brgy. Sto. Niño, Panabo City	(084) 822-3420
Tagum Branch	Dalisay- Ganti Road, Magugpo West, Tagum City	084 655-6117/ 084 655-9614
Cateel Branch	Castro Ave., Poblacion Cateel, Davao Oriental	09998429866
Northern Mindanao		
Cagayan De Oro Branch	Ground Floor Centro Mariano Bldg, Osmeña Street, Cagayan de Oro City	(088) 272-3869
Valencia Branch	Red Berry Court Bldg, G . Laviña Ave., Guinoyoran Road Pob., Valencia City	(088) 828 2086
Agusan Area		
Butuan Branch	Ground Floor, RC Intino Bldg, JC Aquino Ave., Butuan City	(085)341-4138 / 815-4408
Bayugan Branch	Yakal Street, Taglatawan, Bayugan City	(085) 343-6784/ 09491263369
Gingoog Branch	Brgy. 22 National Highway, Ginoog City	(088) 861-3338/ 09087591596
Surigao Branch	00515 Burgos St., Surigao City	(086) 826-4219
San Francisco Branch	Quezon Street, San Francisco, Agusan del Sur	
Trento Branch	Lock Tienda Bldg., Purok 7, Trento, Agusan del Sur	(085) 225-2417
Surigao del Sur		
Aras-asan Branch	Poblacion, Aras-Asan, Cagwait , Surigao del Sur	09198109879
Barobo Branch	Poblacion, Barobo, Surigao del Sur	09474143467
Bislig Branch	Abarca St., Mangagoy, Bislig, Surigao del Sur	(086) 853-2263/ 9491361367
Hinatuan Branch	Magallanes St., Corner Bandola St., Hinatuan , Surigao del Sur	09088154100
Madrid Branch	Barangay Quirino, Madrid, Surigao del Sur	(086) 213-4034/ 9217733304
Marihatag Extension Office	Poblacion, Marihatag, Surigao del Sur	09499177068
Tagbina Branch	Purok 4, Poblacion Tagbina, Surigao del Sur	09096902148
Tandag Branch	Bag-ong Lungsod, Napo, National Highway, Tandag, Surigao del Sur	09288681514
Lingig Extension Office	Marcelo St., Poblacion, Lingig, Surigao del Sur	
Cebu		
Talisay Branch	National Highway, Lawa-an I, Talisay City, Cebu	(032) 491-4172 / 268-9229

ATM Locator



Onsite:

Madrid, Surigao del Sur
 Tandag, Surigao del Sur
 Aras-asan, Surigao del Sur
 Marihatag, Surigao del Sur
 Lianga, Surigao del Sur
 Barobo, Surigao del Sur
 Tagbina, Surigao del Sur
 Hinatuan, Surigao del Sur
 Bislig, Surigao del Sur
 Cateel, Surigao del Sur

San Francisco, Agusan del Sur
 Bayugan, Agusan del Sur
 Butuan, Agusan del Sur
 Valencia, Bukidnon
 Trento, Agusan del Sur
 Tagum, Davao del Norte
 Panabo, Davao del Norte
 Buhangin, Davao City
 Mintal, Davao City
 Cabantian, Davao City
 Talisay, Cebu



Offsite:

Carrascal, Surigao del Sur
 San Agustin, Surigao del Sur (LGU)
 Baganga, Davao Oriental (LGU)
 Rosario, Agusan Del Sur (terminal)
 Bunawan, Agusan del Sur
 Prosperidad, Agusan del Sur (terminal)
 Talacogon, Agusan del Sur (ASELCO office)
 Lingig, Surigao del Sur (LGU)
 Sta. Josefa, Agusan del Sur (LGU)



ENTERPRISEBank
A Thrift Bank

Head Office: Lianga, Surigao del Sur
www.enterprisebank.ph

