

Vision

Building on the Past.
Creating the Future.



EB Enterprise Bancorp, Inc.
parent company of Enterprise Bank

2013 ANNUAL REPORT

◀ **ABOUT THE COVER:** The success of Enterprise Bank over the past 25 years has been a true team effort of our entire Enterprise Bank family. However, in essence, it was the vision, will and culture created by George Duncan that has been the driving force behind the success and creation of Enterprise Bank. It is only appropriate that we feature Mr. Duncan on the cover of this special 25th anniversary report as we honor the past, and share our excitement for the future.

—Jack Clancy
Chief Executive Officer

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The Original Incorporators of Enterprise Bank

The plaque below hangs inside the entrance to Enterprise Bank's original branch office at 222 Merrimack Street, Lowell, in recognition and appreciation of the Bank's founding incorporators. The inscription on the plaque reads:

On March 14, 1988, a group of twenty-five local individuals took the first step in establishing a new, state-chartered commercial bank to serve the Greater Lowell region. By doing so, they became the bank's original organizers and incorporators.

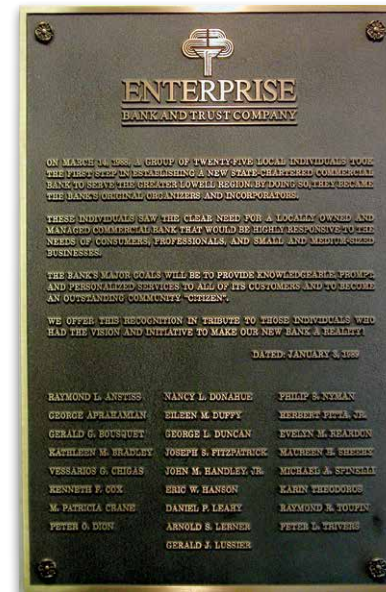
These individuals saw the clear need for a locally owned and managed commercial bank that would be highly responsive to the needs of consumers, professionals, and small and medium-sized businesses.

The bank's major goals will be to provide knowledgeable, prompt, and personalized services to all of its customers and to become an outstanding community "citizen".

We offer this recognition in tribute to those individuals who had the vision and initiative to make our new bank a reality!

Dated: January 3, 1989

Raymond L. Anstiss, Sr.
George Aprahamian
Gerald G. Bousquet
Kathleen M. Bradley
Vessarios G. Chigas
Kenneth F. Cox
M. Patricia Crane
Peter O. Dion
Nancy L. Donahue
Eileen M. Duffy
George L. Duncan
Joseph S. Fitzpatrick
John M. Handley, Jr.



Eric W. Hanson
Daniel P. Leahy
Arnold S. Lerner
Gerald J. Lussier
Philip S. Nyman
Herbert Pitta, Jr.
Evelyn M. Reardon
Maureen H. Sheehy
Michael A. Spinelli
Karin Theodoros
Raymond R. Toupin
Peter L. Trivers

Celebrating 25 YEARS

We are pleased to share with you this special annual report, which commemorates Enterprise Bank's first 25 years of creating success in our communities.

From the beginning, we have been committed to our purpose as a community bank, helping to create new businesses, meaningful jobs, vibrant communities, and a dynamic work environment in which employees grow and prosper. It is because of each of you—our employees, shareholders, customers, and community members—that we stand here today, celebrating a quarter-century of serving our community.

We thank you for sharing this journey with us. It is our honor and privilege to serve you, and we look forward to the next 25 years.



Enterprise Bank

Letter to the Shareholders



“A vision without a plan is just a dream.
A plan without a vision is just drudgery.
But a vision with a plan can change the world.”

— Unknown

Dear Shareholders

The words of this old proverb to the left could have been written for George Duncan, whose vision for a special kind of independent and purpose-driven community bank has been positively impacting our communities for 25 years. It was in 1988 that he led a group of local visionaries with a deep passion to create a truly unique “enterprise,” a bank whose mission would be based on entrepreneurial spirit, playing a leadership role in our communities and non-profit organizations, creating new businesses and jobs, and creating a workplace where employees grow and prosper. This vision for Enterprise Bank was founded on the core values of integrity, community, excellence, teamwork, and professionalism.

What has led to Enterprise Bank’s continued progress has been our ability to stay true to our mission, values, and vision while continuously adapting to the changing environment and economy. This is what will enable us to continue to be successful in the generations ahead. Building on the past, we are creating the future.

Creating Success

In 2013, our 25th year in business, we celebrated a year of record earnings and extremely strong growth across all business lines—commercial loans, residential lending, deposits, cash management services, investment assets managed, and insurance services. As of December 31, 2013, we

have now posted 24 consecutive profitable years. For 22 continuous years, we have paid a dividend and this dividend has increased every year.

Enterprise Bank reached several significant financial milestones in 2013, including total assets under management exceeding \$2.5 billion and loans outstanding exceeding \$1.5 billion. Over the past 25 years, we have made over \$5 billion in loans to local businesses, professionals, non-profit organizations, and individuals, serving as an economic engine to help fuel the local economy and assist businesses in their growth, expansion, and creation of new jobs.

Regardless of how far we’ve grown and progressed, we still think of and operate Enterprise Bank as a startup—albeit a “25-year-old startup.” Every day, our Enterprise team works diligently and with immense pride to keep our bank growing and moving forward, seeking new opportunities to improve our services, increase our market share, and strengthen our communities.

As the banking industry changes, we are ready not just to adapt, but to prosper. Very few banks our size have the breadth of our capabilities and services to create growth. Our depth and expertise in commercial lending, commercial banking services, investment and wealth management, cash management, and insurance services will continue to fuel our growth.

Growing with a Purpose

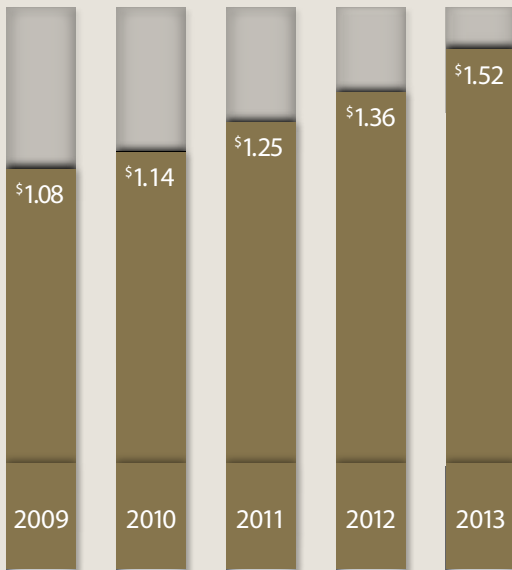
While we build on our reputation as the leading locally owned and managed bank in the communities we serve, we are continuing to expand and strengthen our share of the financial services market.

We have opened seven new branches in the last five years, with four of these branches opening in 2012 and 2013. In 2013, we expanded into two new and very large communities. We opened our 21st branch in April at 290 Merrimack Street in the Riverwalk Complex in Lawrence, MA. In December we opened our 22nd branch at 88 Main Street in Nashua, NH. Both of these new branches incorporate cutting-edge technology and branch design features. The Nashua branch represents our fifth location in Southern New Hampshire.

Strategic growth includes investing in our existing facilities, expanding and optimizing space to accommodate our growing organization, and building a strong foundation of infrastructure for future expansion. In 2013, we undertook major interior and exterior renovations at our Tyngsborough branch; added space for our accounting department on the third floor of our main office at 222 Merrimack Street; added space to our mortgage and credit departments; and renovated offices to enhance customer accessibility on the first floor of the main branch. We also signed a lease for additional space

Total Loans

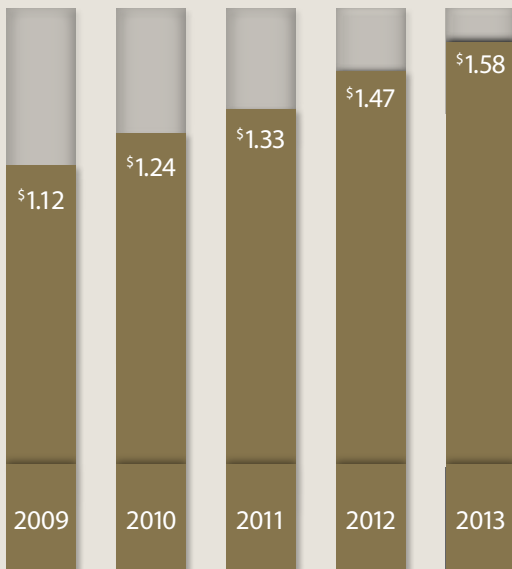
(\$ in billions)



Deposits

(\$ in billions)

(Excluding Brokered Deposits)



in a building at 18 Palmer Street to support present and future growth.

Our Enterprise Team

Our most important operating tenet is that we care deeply about and take great pride in our employees. Their energy, desire, talent, and respect and caring for each other result in five-star service to our customers every day.

We work diligently to attract talented, intelligent, kind, and customer-focused professionals to our Enterprise family. In 2013, we grew our outstanding Enterprise Bank family to 440 Enterprise Bankers. We work hard to provide a dynamic work environment where all Enterprise Bankers can receive quality coaching in a caring and thoughtful work environment.

Our Enterprise Bankers are the heart and soul of this organization. We are committed to providing our Enterprise Bankers with a positive and rewarding workplace. We know that employees who feel valued and appreciated make their customers feel the same way and are committed to giving back to their communities. This creates a circle of positive relationships that benefit all involved.

Technology

Our continuous and leading-edge investment in technology and product innovation is making banking more efficient, more secure, and easier to use for our customers, improving their overall banking experience. In 2013, Enterprise Bank became a

leader in mobile banking technology with a new mobile application for smartphones and tablets, featuring mobile deposit, Popmoney®, Bill Pay, and funds transfer capabilities.

An example of community bank-focused technology at work is cash recyclers, which are now installed in four of our branches. A cash recycler machine can verify cash deposits and dispense cash for withdrawals or cashed checks, holding cash within its own secured vault. This increases speed for transactions, decreasing customer wait time, while reducing human error in counting and managing cash levels.

Most importantly, cash recyclers allow our Customer Service Representatives to focus much more on interacting with our customers. This allows us to operate in a more consultative manner and provide a much more engaging, warm, and memorable customer experience. That is community bank-focused technology at its best.

▼ **PHOTO:** A long way from banking's roots, today's cash recycler machines reduce wait time and human error while enhancing customer service.



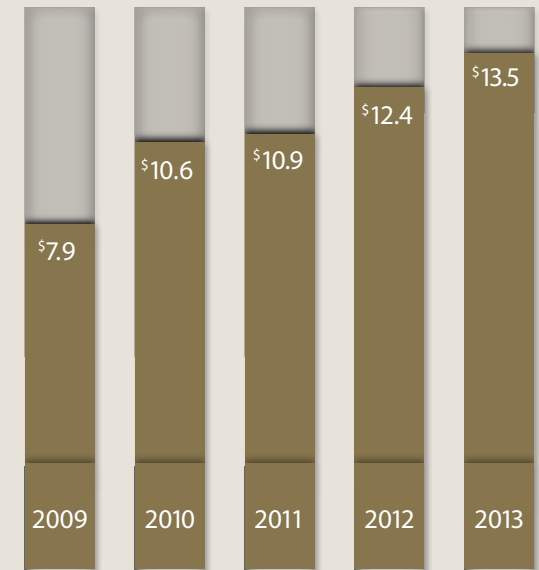
2013 Highlights

2013 was another year of substantial growth and progress for Enterprise Bank.

- » We increased net income from the previous year by \$1.2 million, or 9%, to \$13.5 million; loans outstanding by \$164.4 million, or 12%, to \$1.52 billion; total deposits, excluding brokered deposits, by \$112.4 million, or 8%, to \$1.58 billion; total assets by \$184.2 million, or 11%, to \$1.85 billion; and investment assets under management by \$75 million, or 13%, to \$667.3 million.
- » Based on the closing stock price of \$21.17 per share on December 31, 2013, original investors who purchased Enterprise Bank stock in the fall of 1988 have seen their stock investment increase in value by 1,365% (including dividends reinvested). Thus, a shareholder who purchased \$100,000 of Enterprise stock and reinvested all dividends now owns Enterprise stock valued at \$1.365 million (as of December 31, 2013).
- » Our Non-Profit Collaborative (NPC) celebrated its fifth anniversary of developing programs and resources to benefit the valuable organizations of the non-profit community. The NPC's series of educational forums and onsite speaker presentations have covered topics from social media and fundraising to board development and financial management.
- » Enterprise Bank received recognition from the *Boston Globe* as one of the 2013 Top Places to Work in Massachusetts. Enterprise was honored as #11 among large-sized companies.
- » We received two prestigious recognitions for our commitment to our community at the *Boston Business Journal's* "A Salute to Corporate Citizenship Summit." Enterprise was ranked #44 of all public companies in Massachusetts for dollars contributed to area non-profits. We ranked #2 among companies for hours spent by Enterprise Bank employees in community service. This is the seventh consecutive year our Enterprise has been honored. Helping to create strong and caring communities is a core belief, and we congratulate all of our employees, as every team member contributes to our success.
- » We held our 4th Celebration of Excellence event in May, attracting 1,750 local business and community leaders and professionals, with inspirational keynote speaker Bonnie St. John—Olympic medalist, author, executive coach, and TV personality.
- » We hosted four Economic Breakfasts in the North Central, Acton, and Westford regions, including an amazing and inspirational breakfast attended by over 200 guests with keynote speakers Ed Davis, former Boston Police Commissioner, and Jeff Bauman, a Boston Marathon bombing survivor from Chelmsford, MA.
- » We were extremely honored in 2013 to welcome two new members to our Board of Directors: John Grady and John Koutsos. John Grady, a senior advisor at Moelis & Company, a global investment firm with offices in Boston and New York, is a highly respected financial services executive with over 25 years of experience in private wealth

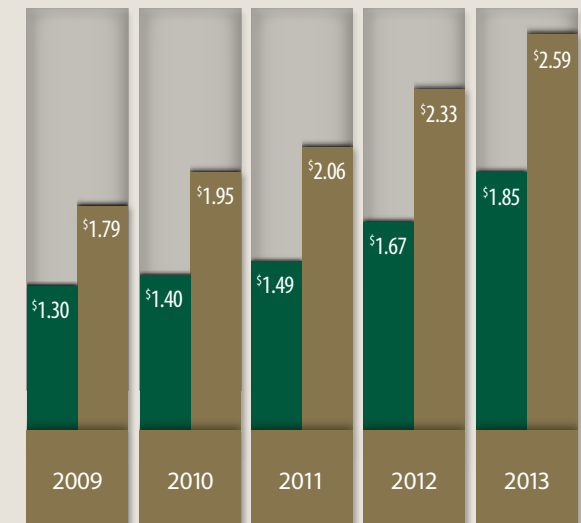
Net Income

(\$ in millions)



■ Total Assets
■ Total Assets Under Management

(\$ in billions)



management and commercial banking. He is a graduate of Boston University. John Koutsos is a third-generation owner and operator of Alec's Shoe Store, Inc., a downtown Nashua business that has earned Retailer of the Year awards from the New Hampshire Retail Merchants Association and the Boston Shoe Travelers Association. He is a graduate of the University of New Hampshire's Whittemore School of Business and Economics. Our board has skillfully guided and set our direction for the past 25 years and has set a very high standard for us to follow.

- » We held a successful Investment Forum attended by over 200 of our Enterprise Investment clients in the fall of 2013.
- » We rolled out consumer and business mobile deposit capabilities. By year's end, we were averaging more than 500 mobile deposits per month and reached a milestone of 3,000 retail mobile banking users.

A Bright Future

As we complete our 25th year in business, we stand strong and well-positioned for a future that is brighter and more vibrant than ever. Our optimal size puts us in a position to manage increased regulatory oversight and costs. We offer our customers the responsiveness and execution of a genuine community bank. We have highly competitive and progressive technology capabilities, with a broad array of financial services in place.

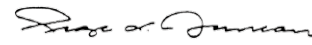
However, we never take that future for granted. We know we have to continue to create it, define it, and make it happen, as we have for our first 25 years, through teamwork, individual contribution, focus, and determination.

Most importantly, we are a team that will continue to draw together on our strength and respect for one another, enabling us to differentiate ourselves through our customer service, energy, mindset, and leadership. With a commitment to our founding core values and philosophy, we look forward to many more successful and rewarding years ahead of us.

Thank You

We recognize that it is because of you that we are here today, celebrating a quarter-century of serving our community. We would like to express our deepest appreciation to each of you—our shareholders, board members, employees, customers, and community members—for your unwavering support and for the trust and confidence you have placed in us. We are genuinely humbled by the excellence of our Enterprise Bank family, united by our core values and principles and committed to making a difference in the lives of our customers and our communities.

Adhering always to our founding purpose, mission, and responsibility as a local, independent community bank, we look forward to celebrating many more milestones and accomplishments in the years to come. We are always looking ahead, and the future is exciting indeed.



George L. Duncan
Founder and Chairman



Jack Clancy
Chief Executive Officer



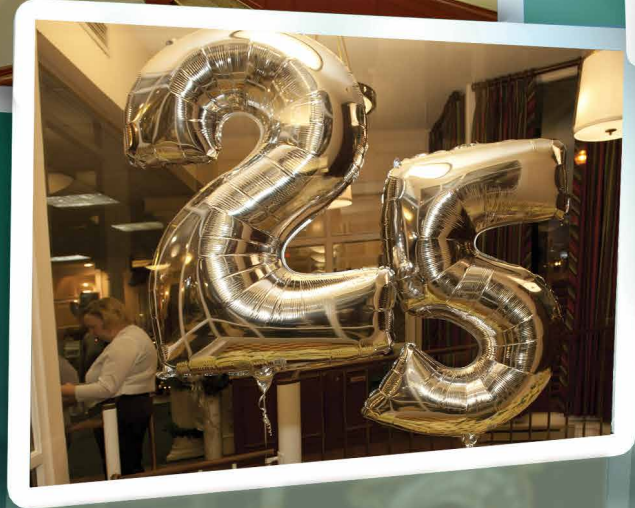
Richard W. Main
President



Selected Financial Data

Years Ended December 31

	2013	2012	2011	2010	2009
EARNINGS DATA					
<i>{dollars in thousands, except per share data}</i>					
Net interest income	\$ 65,791	\$ 61,910	\$ 58,326	\$ 54,971	\$ 48,446
Provision for loan losses	3,279	2,750	5,197	5,137	4,846
Net interest income after provision for loan losses	62,512	59,160	53,129	49,834	43,600
Non-interest income	12,553	11,939	11,154	10,602	9,497
Other than temporary impairment on investment securities	-	-	(3)	(8)	(797)
Net gains on sales of investment securities	1,239	236	791	875	1,487
Non-interest expense	55,824	52,612	48,966	45,589	42,623
Income before income taxes	20,480	18,723	16,105	15,714	11,164
Provision for income taxes	6,951	6,348	5,161	5,074	3,218
Net income	\$ 13,529	\$ 12,375	\$ 10,944	\$ 10,640	\$ 7,946
COMMON SHARE DATA					
Basic earnings per share	\$ 1.37	\$ 1.29	\$ 1.16	\$ 1.15	\$ 0.96
Diluted earnings per share	1.36	1.28	1.16	1.15	0.96
Book value per share at year end	15.14	14.42	13.45	12.56	11.84
Dividends paid per share	\$ 0.46	\$ 0.44	\$ 0.42	\$ 0.40	\$ 0.38
Basic weighted average shares outstanding	9,862,678	9,586,783	9,401,714	9,216,524	8,268,502
Diluted weighted average shares outstanding	9,950,609	9,660,676	9,445,725	9,221,257	8,279,126
YEAR END BALANCE SHEET AND OTHER DATA					
Total assets	\$ 1,849,925	\$ 1,665,726	\$ 1,489,163	\$ 1,397,321	\$ 1,304,001
Loans serviced for others	72,711	75,854	67,367	63,807	53,659
Investment assets under management	667,330	592,355	505,163	493,078	433,043
Total assets under management	\$ 2,589,966	\$ 2,333,935	\$ 2,061,693	\$ 1,954,206	\$ 1,790,703
Total loans	\$ 1,524,056	\$ 1,359,655	\$ 1,245,428	\$ 1,136,938	\$ 1,082,452
Allowance for loan losses	26,967	24,254	23,160	19,415	18,218
Investment securities	215,369	184,464	140,405	142,060	134,369
Interest-earning deposits and fed funds	12,371	14,728	8,900	28,711	6,835
Deposits (including brokered deposits)	1,635,992	1,475,027	1,333,158	1,244,071	1,144,948
Borrowed funds	36,534	26,540	4,494	15,541	24,876
Junior subordinated debentures	10,825	10,825	10,825	10,825	10,825
Total stockholders' equity	151,334	139,549	127,448	116,673	107,664
RATIOS					
Return on average total assets	0.78%	0.78%	0.75%	0.78%	0.64%
Return on average stockholders' equity	9.32%	9.27%	8.98%	9.42%	8.30%
Allowance for loan losses to total loans	1.77%	1.78%	1.86%	1.71%	1.68%
Stockholders' equity to total assets	8.18%	8.38%	8.56%	8.35%	8.26%
Dividend payout ratio	33.58%	34.11%	36.21%	34.78%	39.58%



Celebrating

25 Years of Creating Success

It was 25 years ago, on January 3, 1989, that Enterprise Bank opened its doors with a vision to create a better future for our customers, communities, and employees.

From the beginning, we have been committed to our deep sense of purpose as a genuine community bank. We take seriously our role as an economic engine to help fuel the local economy, as well as a good philanthropic partner and neighbor. In 25 years, we have issued over \$5 billion in loans to create lasting change in the communities we serve, as well as countless dollars and employee hours donated to non-profit organizations and charities that are so important to our quality of life.

In 25 years, Enterprise Bank has grown from a single Lowell office to 22 branches in 18 communities. We have grown from 21 employees to more than 440 Enterprise family members, celebrated 24 consecutive profitable years, and reached many significant financial milestones.

Ultimately, however, we have measured our success not by numbers and transactions, but by our relationships, by the communities and lives we influence, and by the dreams we help fulfill.

In the following pages, you will get a glimpse of how our vision has created a new way of banking in our region, with a profound and far-reaching impact on the individuals, businesses, non-profit organizations, and communities we call home.

An ENTREPRENEURIAL Spirit:

From Great Risk Comes Great Success

By George L. Duncan, *Founder and Chairman*

When some people hear the Enterprise Bank success story, they might say, "You were all so lucky!" Many people, however, believe as I do that, to a great extent, individuals create their own happiness and opportunities.

Entrepreneurial success happens when those imaginary lines of great preparation and great timing intersect, and you're willing to take risks and take advantage of the opportunity.

In 1988, I obviously knew there was risk in opening a new bank, especially in a city where there were already a number of well-established, highly competitive local and regional banks. I was confident, however, that our team had the banking background and experience to pick great people and establish and run a highly successful entrepreneurial bank with exceptional customer service and total devotion to its stockholders, community, and its employees. Looking back now, I can honestly say that I didn't realize how big of a risk I was actually taking. I had no idea just

how bad the economy was to become, or that it would last for almost five years.

To put it in sailing terms, I knew we were going to sea during a storm, but I had no idea it was going to turn into a typhoon. Had I known, I would have hesitated, but I would have done it anyway. When putting to sea, there is never a perfect time. There are always obstacles—the wind, the current, and other factors of risk that you cannot always control. I thought the time and tide were as good as they were going to be for the foreseeable future, so I "put to sea." That attitude has made all the difference as to who we have become as business people and entrepreneurs.

The entire process—from filing the application to opening the doors on January 3, 1989—took about 11 months. Once I decided to move forward, I threw everything I had into it, directly or indirectly putting my reputation and all of my assets on the line. Fortunately, it was with the unwavering support of my incredible wife, Carol, and my family. When we began construction at 222 Merrimack Street,



purchasing furniture, hiring personnel, accountants, and lawyers, it was all done before I raised or put any future stockholders' money at risk.

The state banking regulators required me initially to raise \$5 million from a public stock offering, but then immediately increased it to \$7.5 million due to the worsening and unpredictable economy. During the process of selling stock to the public, our friends, neighbors, and relatives frequently came to our home to subscribe to our stock offering or drop off checks. In many cases, they were taking money out of their savings accounts or certificates of deposit that they had worked diligently to save. I remember



◀ **PHOTO:** The four original employees of Enterprise Bank—Jack Clancy, Carole Ledoux, Carole McOsker, and George Duncan—in 1988 and today, standing in front of the condominium that served as the offices of Enterprise Bank leading up to the Bank's opening.



Entrepreneurial success happens when those imaginary lines of great preparation and great timing intersect, and you're willing to take risks and take advantage of the opportunity.

one evening when my son, Andrew, who was then a teenager, was sitting at the kitchen table witnessing some of these transactions. After some of the potential investors had left, he made the comment, "If this all doesn't work out, Dad, we're going to have to leave town, right?"

Well, we didn't have to leave town, and we actually ended up raising over \$10 million by the time the bank was ready to open. Looking back, that was amazing, given the brief time we had and the depressed economy we were facing. To a great extent, it was a testimony to the reputation of the incorporators, board, and management team we had assembled, and to all of their support and efforts in helping to raise the money.

Enterprise Bank opened for business 25 years ago and we haven't looked back. From the first day, our success at Enterprise Bank has unquestionably been due to the team we have put together. Some have said a talent of mine is picking great people, mentoring, managing, and motivating them—"the three M's"—and then getting out of the way and letting them do their job.

We also owe so much to our Board of Directors, which has set such a high moral and business standard for all of us to achieve. We are also deeply grateful to the people and leadership of Lowell, our headquarters, who have given us such unrelenting support from the very beginning.

We have the same mission today that we've had from day one: "The Enterprise Bank Team helps create successful businesses, jobs, opportunities, wealth, and vibrant, prosperous communities." We continue to always improve ourselves and our products, and we always remember to deal in superlatives rather than just comparatives. It is all part of our entrepreneurial spirit and it is in our corporate DNA to stay.

We are restless, energetic, creative, and curious by nature. We are always looking for ways to grow, stay independent, and improve ourselves personally and professionally. There is no finish line...



An Economic Engine FUELING the Economy

By Richard W. Main, *President*

In 1989, Enterprise Bank opened for business as a local commercial bank with a mission to “create successful businesses, jobs, opportunities, wealth, and vibrant, prosperous communities.”

Over the past 25 years, we have made over \$5 billion in loans to local businesses, professionals, non-profit organizations and individuals, serving as an economic engine to help fuel the local economy.

Our customers range from small local retailers and non-profits to large manufacturers and professionals. Our commitment to local businesses is evident in loans we have made to assist in their growth, expansion, and creation of new jobs. With over \$120 million in residential construction loans on the books, we have supported our local real estate developers in providing residential housing, from single-family homes to apartments and affordable housing projects.

Whether it's a revolving line of credit to assist cash flow, a term loan for new equipment, a commercial mortgage to acquire or expand an office, or a construction loan to build housing, Enterprise Bank has been committed to making our community a better place to work and live. Our business is built on relationships, not on transactions or bottom lines. We are committed to our customers; we work with them not just in the good times, but through the bad times as well.

So much of our success is due to our lenders—the most experienced commercial lending team in our marketplace. They are constantly adapting to changing market conditions and continually looking for new and creative ways in which to serve our

customers' needs. Right now, over 30 local lenders work within our branch system in locations throughout the Merrimack Valley, North Central Massachusetts, and Southern New Hampshire. In addition, we have experienced branch relationship managers, regional business advisors, and cash management specialists working with small and medium-sized businesses in Massachusetts and New Hampshire.

We are proud that so many of our lenders have emerged from Enterprise Bank's Leadership Development Program, through which we attract and develop our next generation of leaders. And we are proud that our lenders are so invested in the communities they serve. They live here, they volunteer and provide community



service here, and they are very connected to what is going on. Our customers consider us trusted advisors, and that's a role we work hard to earn every day.

Over the past 25 years, Enterprise Bank has grown and expanded into a full-service bank, offering a full line of banking products and services. We offer personal rewards checking and savings products, as well as home mortgages, home equity lines of credit, and personal loans. We offer investment management services through Enterprise Investment Advisors and Enterprise Investment Services (brokerage). We also offer insurance through Enterprise Insurance Services. But at its heart, Enterprise Bank remains a commercial bank committed to fueling the economic growth and stability of our local communities.

Our customers consider us trusted advisors, and that's a role we work hard to earn every day.



► **PHOTO:** Dick Main, right, with George Duncan in the Bank's early days.



The Same Bank We Were
25 YEARS AGO:
A Community Bank, Leading with a Purpose

By Jack Clancy, *Chief Executive Officer*

Reflecting on what I affectionately call “Our Enterprise,” it seems that the more things have changed over the last 25 years, the more they have stayed the same.

Our core values, operating principles, mission, focus, and deep sense of caring for our fellow employees, our customers, and our communities have not changed in 25 years. We will always be a community bank, leading with a deep sense of mission and purpose.

► **PHOTO:** Jack Clancy working on Enterprise Bank’s first and only computer in 1989.

In the spring of 1988, I joined George Duncan and Carole McOsker during Enterprise Bank's early formation stage. Soon, many others would join Enterprise Bank. It was a formidable undertaking, considering that the substantial challenge of starting a bank—something that doesn't happen often—was compounded by the devastating economic downturn in New England in the late 1980s.

Honestly, at 30 years old I was too young and inexperienced to truly comprehend many of the dynamics surrounding the founding of a bank. However, I did have a sense that something special was being created. We all believed in George's vision and, most of all, we believed in him.

There were, of course, some extremely anxious moments. When the stock offering materials were mailed to 4,000 people at the end of July 1988, it turned out to be just days before the negative New England economic banking stories began to emerge. Through August there was a painfully slow response in attracting investors, which in hindsight was likely due to summer vacations. But then, after

Labor Day, it was like the movie "It's a Wonderful Life," with local people pouring in to invest in Enterprise Bank as initial stockholders. I vividly remember the lines of local people, with their checks, investing in George and his vision. This stock offering raised over \$10 million, all from local investors.

On January 3, 1989, Enterprise Bank opened for business at 222 Merrimack Street in Lowell. We had 10,000 square feet of space. The first floor consisted of lending offices on one side and the bank lobby on the other side. The basement housed all of our back-office operations. Today, due to our growth and need to support our 22 branches, we have close to 100,000 square feet of space in downtown Lowell. George Duncan's office is located in the same spot today as it was when Enterprise opened 25 years ago, overlooking the main branch lobby, easily visible and accessible to anyone coming into the bank.

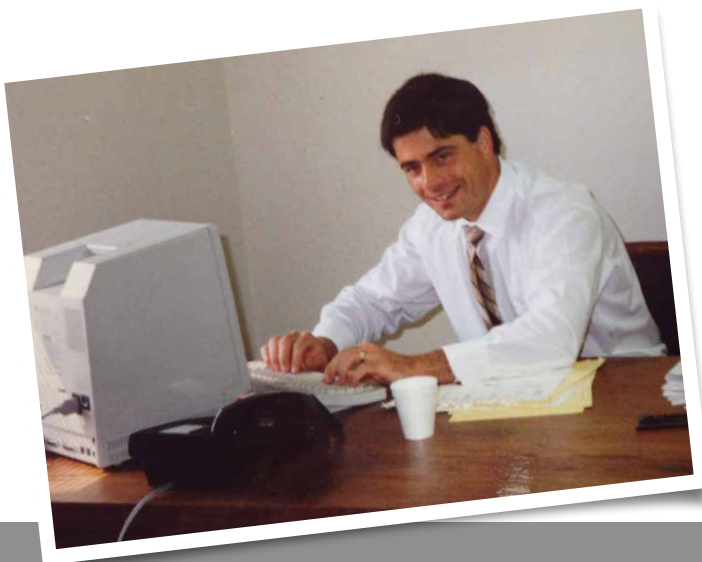
The first day we opened, we took in a staggering \$5.5 million in deposits. All 21 Enterprise bankers joined for a champagne celebration when the doors closed at the end of the day. The toast would be one of our many celebrations through the years. We have always put a priority on thanking and recognizing each other for a job well done.

From the beginning, the success of our Enterprise family has been founded on teamwork. We operate as a family, where individuals respect, trust, and care for each other both professionally and personally. When Enterprise Bank was founded, this is what we deeply believed in and wanted for our Enterprise family more than anything else. It is today—and will always be—our most important operating principle. Our Enterprise family has continued to grow. We



now have 440 Enterprise Bankers—an inspiring and wonderful group of caring, kind, hard-working, and proud people. Personally, I could not adequately express the deep gratitude I have for being a part of all the wonderful and kind people that make up the Enterprise team.

Looking ahead, our vision includes continued organic growth and continued expansion into nearby communities. We are deeply committed to preserving the heritage, values, principles, and culture of "Our Enterprise." We take our fiduciary duty extremely seriously and we strive for nothing less than excellence in all that we do—for our employees, our customers, our communities, and our shareholders.



25 Years of TECHNOLOGY at Enterprise Bank

By Stephen J. Irish, Chief Operating Officer/EVP

In the 25 years since Enterprise Bank opened its doors, advancements in technology have revolutionized the way we do banking, making the banking experience safer, faster and more convenient for our customers.

Everything we do with technology is to create a better experience for our customers—to enable them to do their banking when they want to do it, how they want to do it, and in the easiest and most convenient way possible. And for 25 years, Enterprise Bank has been committed to investing in technology to enhance convenience, security, and time efficiency for customers.

Technology has changed how we conduct business, but not the core principles of the business. The foundation of Enterprise Bank is based on relationships, not transactions, so customer service and personal engagement with customers will always be the priority.

When I came on board as Chief Information Officer at the fledgling Enterprise Bank in 1988, it was a different time, with floppy disks, no smartphones, and no internet.

The early 1990s saw the advent of the first online banking, using downloaded software and dial-up modems. The more robust online banking—and later, mobile banking—that developed over the next 20 years has enabled our customers to make most banking transactions without traveling to a physical branch building or ATM.

With the dramatic increase in online and mobile banking comes the need for even more stringent security. That's why our team constantly works with security experts to detect and prevent fraud and security breaches.

Over the past year, with the shift from online banking to mobile banking, we have focused on rolling out a robust line of mobile banking products for smartphones and



▲ **PHOTO:** Steve Irish working out all the technical difficulties in preparing for the Bank's opening on January 3, 1989.



tablets, including bill pay, transfers, and mobile deposit. One of the newest and most popular of those products is Popmoney®, an innovative personal payment service that allows customers to send and receive money as easily as they send and receive email and text messages, using their current checking or savings account.

So what is on the horizon for technology at Enterprise Bank? Whatever it takes to give our customers the best experience possible. Every day at Enterprise Bank, we ask ourselves, “How can we use technology to make a better experience for our customers?”

Enterprise Bank: **A T I M E L I N E** *25 Years, Immeasurable Impact*

New 'Enterprise' in Lowell

1988



- » Incorporators of Enterprise Bank file the application with banking regulators to establish Enterprise Bank on March 14. Pictured above left are George Duncan and Attorney Phil Nyman at the regulation hearing.
- » Enterprise Bank holds its first meeting with the Board of Directors on June 20.
- » Construction begins at 222 Merrimack Street in Lowell, the future site of Enterprise Bank.
- » Enterprise Bank issues initial stock offering (July–September), raising \$10.26 million in capital.



1989

- » Enterprise Bank opens on January 3 with 21 employees at 222 Merrimack Street, Lowell, MA.
- » Enterprise grows to \$100 million in assets in first nine months.
- » Enterprise Bank issues second stock offering (June–November), raising \$4.91 million in capital.
- » Enterprise Bank celebrates first (Q4) of 97 consecutive profitable quarters.

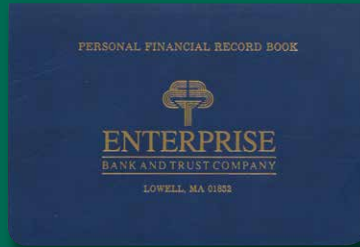


Enterprise Bank & Trust opens its doors



1990

- » Enterprise Bank celebrates 1st anniversary.
- » In first year of business, Enterprise Bank surpasses \$67 million in loans made and \$112 million in deposits.



1991

- » George Duncan receives “Entrepreneur of the Year” from *Ernst & Young, Inc. magazine* and Merrill Lynch.
- » Enterprise Bank grows to 50 employees.



Enterprise INVESTMENT ADVISORS

1992

- » Establishes Investment Advisory Services
- » Enterprise Bank pays first annual stockholder dividend of \$.10 per share (\$.025 per share after adjustment to reflect the two-for-one stock splits in 1999 and 2006).



1993

- » Mortgage Center opens at 19 Palmer Street, Lowell, MA.
- » Chelmsford branch opens at 185 Littleton Road.





1995

- » Leominster branch opens at 4 Central Street.
- » Billerica branch opens at 674 Boston Road.
- » Enterprise Bank earns "authorized" lender status from SBA.
- » Enterprise Bank receives Blue Chip Enterprise Initiative Award from the U.S. Chamber of Commerce.



1996

- » Tewksbury branch opens at 910 Andover Street.
- » Enterprise Bank launches presence on the World Wide Web with the bank's first website.
- » Enterprise Bank reaches \$500 million in loans made.



1997

- » Dracut branch opens at 1168 Lakeview Avenue.
- » Combined assets under management reach \$500 million mark.
- » Enterprise Bank opens an in-house training center to continually educate and train Bank employees to better serve our customers.



1998

- » Enterprise Bank family grows to 150 employees.
- » *Boston Business Journal* lists Enterprise Bank as #2 of Top 5 SBA lenders in Massachusetts and the top lender in Eastern Massachusetts.



1994

- » Enterprise Bank celebrates 5th anniversary.
- » Enterprise Bank is recognized by the Small Business Administration as "one of the leading banks lending to small businesses."
- » Enterprise Bank is listed by asset size in September (*Boston Business Journal*) for the first time in the top 25 commercial banks in Massachusetts.
- » Enterprise Bank family grows to 100 employees.





1999

- » Enterprise Bank celebrates 10th anniversary.
- » Westford branch opens at 237 Littleton Road.
- » Online banking services are introduced on the Bank's website.
- » Enterprise Bank stock splits 2 for 1.



2000

- » Enterprise Insurance Services is established.
- » Branches at 20 Drum Hill Road, Chelmsford, and 223 Boston Road, North Billerica, are added to the Enterprise Bank family on July 24.
- » Enterprise Bank reaches \$1 billion in loans made.



2001

- » Enterprise Bank reaches #1 in market share of FDIC deposits for the region containing Billerica, Dracut, Lowell, Tewksbury, and Westford.
- » The Enterprise Bank 9/11 Fund raises more than \$112,500 to provide assistance to local families whose lives were affected by the September 11 terrorist attacks.



2002

- » Enterprise Bank reaches milestone of \$1 billion in assets under management.
- » Enterprise Bank is ranked #1 in Massachusetts by *Entrepreneur Magazine* as the "top small-business friendly micro-lender."
- » Connector branch opens at 430 Gorham Street, Lowell.



2003

- » Fitchburg branch opens at 420 John Fitch Highway.





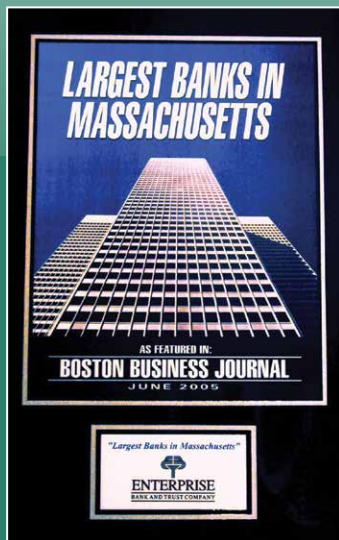
2004

- » Enterprise celebrates 15th anniversary.
- » Enterprise Bank enters Southern New Hampshire market with opening of Salem branch at 130 Main Street.



2005

- » EBTC is listed on NASDAQ.
- » Tewksbury Center branch opens at 1120 Main Street.
- » Enterprise Bank is recognized as the #1 504 Lender in Massachusetts by SBA.
- » Enterprise is ranked the 12th largest commercial bank in Massachusetts.



2006

- » Enterprise Bank unveils new logo.
- » Andover branch opens in the heart of downtown at 8 High Street.
- » Enterprise is ranked the 10th largest commercial bank in Massachusetts.
- » Enterprise Bank stock splits 2 for 1.
- » Enterprise Bank launches Business Remote Deposit Capture.



Enterprise
Bank



2007

- » Enterprise Bank reaches milestone of \$1 billion in assets.
- » Recognizing hours spent by employees in community service, the *Boston Business Journal* honors Enterprise Bank with a Corporate Philanthropy award, the first of seven consecutive years receiving the award.
- » Enterprise Bank installs first sustainable and environmentally friendly "green" roof in downtown Lowell.



Enterprise Bank's
Celebration of Excellence

2008

- » Enterprise Bank introduces the Non-Profit Collaborative, offering educational forums and resources to benefit local non-profit organizations.
- » Methuen branch opens at 255 Broadway.
- » Enterprise Bank launches first Celebration of Excellence to recognize the individuals, businesses, educators, and non-profit organizations that envision, create, sustain, support, and foster our communities.



Enterprise Bank named one of the 2010 Best Places to Work in America



2009

- » Enterprise Bank celebrates 20th anniversary.
- » Acton branch opens at 340 Great Road.
- » Enterprise Bank issues third stock offering (October–December), raising \$8.94 million in capital.
- » Enterprise Bank commissions dozens of local artists to create “Community Ties,” a unique art display in the Bank’s lobbies that interprets our purpose statement through various art mediums.



2010

- » Derry, NH branch opens at 47 Crystal Avenue.
- » Enterprise Bank earns national recognition as one of the Best Places to Work in America (14th for mid-sized companies).
- » Enterprise Bank launches retail and business mobile banking.



2011

- » Hudson, NH branch opens at 45 Lowell Road.
- » Total assets under management exceed \$2 billion.
- » *Boston Business Journal* ranks Enterprise Bank #2 among Massachusetts businesses for average hours spent by employees in community-based activities.



2012

- » Pelham, NH branch opens at 139 Bridge Street.
- » Tyngsborough branch opens at 253 Middlesex Road.
- » Enterprise Bank family grows to over 400 employees.
- » Enterprise Bank launches mobile application for smartphones.



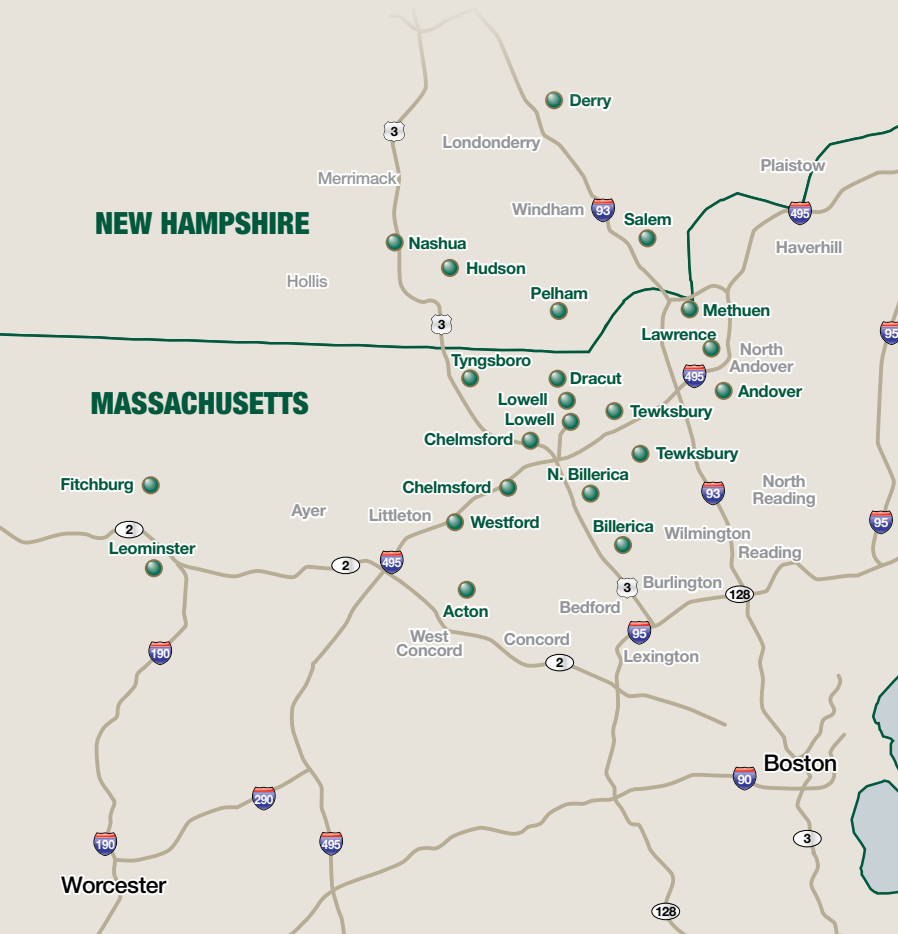
2013

- » Lawrence branch opens at 290 Merrimack Street.
- » Nashua, NH branch opens at 88 Main Street.
- » Enterprise Bank reaches \$5.6 billion in loans made.
- » Enterprise Bank launches mobile deposit and application for tablets.



Branches

Our expanding market includes opportunities for future growth. In order to best serve our growing customer base, Enterprise Bank seeks out convenient branch locations throughout the Merrimack Valley and North Central regions of Massachusetts and Southern New Hampshire.



Branch locations are shown in green.

Enterprise Bancorp, Inc. and Enterprise Bank Board of Directors

George L. Duncan

Founder and Chairman of the Board

John P. Harrington

Retired Energy Industry Executive

Arnold S. Lerner

Vice Chairman and Lead Director of the Board;
Retired Radio Station Owner

John A. Koutsos

President, Alec's Shoe Store, Inc.

Michael A. Spinelli

Secretary of the Board;
Founder, Global Tourism Solutions

Richard W. Main

President, Enterprise Bank

Eric W. Hanson

Assistant Secretary of the Board;
Chairman of the Board and CFO,
Klin Groupe, LLC

Dr. Jacqueline F. Moloney

Executive Vice Chancellor,
University of Massachusetts Lowell

Gino J. Baroni

Owner and Managing Principal, Trident
Project Advisors and Development Group

Michael T. Putziger

Chairman, WinnCompanies and
of Counsel, Murtha Cullina, LLP

John P. Clancy, Jr.

Chief Executive Officer, Enterprise Bank

Carol L. Reid

Financial Executive; Former Vice
President, Corporate Controller and Chief
Accounting Officer, Avid Technology, Inc.

John R. Clementi

Chief Executive Officer,
Longview Development, LLC

GENERAL COUNSEL

Philip S. Nyman

James F. Conway III

President, CEO and Chairman,
Courier Corporation

SEC & REGULATORY COUNSEL

Hunton & Williams

Dr. Carole A. Cowan

President, Middlesex Community College

FINANCIAL CONSULTANT

Raymond L. Anstiss, Jr., CPA

Normand E. Deschene

President and Chief Executive Officer,
Circle Health and Chief Executive Officer,
Lowell General Hospital

TRUST & INVESTMENT MANAGEMENT COUNSEL

George B. Leahey

Lucy A. Flynn

Principal, LAF Associates, LLC

HONORARY BOARD MEMBERS

Kathleen M. Bradley
Nancy L. Donahue
Charles P. Sarantos
Nickolas Stavropoulos

John T. Grady, Jr.

Senior Advisor, Moelis & Company

Enterprise Bank

222 Merrimack Street, Lowell, Massachusetts 01852 » 978-459-9000

22 Convenient Locations in:

Massachusetts: Acton » Andover » Billerica » Chelmsford » Dracut » Fitchburg » Lawrence » Leominster » Lowell » Methuen » Tewksbury » Tyngsborough » Westford

New Hampshire: Derry » Hudson » Nashua » Pelham » Salem

Investor Relations

Enterprise Bancorp, Inc.
222 Merrimack Street, Lowell, MA 01852
978-459-9000
shareholders@ebtc.com

Transfer Agent and Registrar

Shareholders who have questions regarding their ownership of Enterprise Bancorp, Inc. stock should contact the Registrar:
Computershare Trust Company, N.A.
250 Royall Street, Canton, MA 02021
1-888-218-4390

Annual Meeting

The 2014 Annual Meeting of shareholders will be held on May 6, 2014 at 4pm at the Vesper Country Club
185 Pawtucket Boulevard
Tyngsborough, MA 01879

info@ebtc.com » EnterpriseBanking.com

The common stock of Enterprise Bancorp, Inc. is traded on the NASDAQ Stock Market under the symbol "EBTC."

Our Purpose

*The Enterprise Bank team helps create
successful businesses, jobs, opportunities, wealth,
and vibrant, prosperous communities.*

EB Enterprise Bancorp, Inc.

parent company of Enterprise Bank

EnterpriseBanking.com

ENT-MKT76

Member
FDIC



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