

# ENTERPRISE FINANCIAL SERVICES CORP

## THIRD QUARTER 2015 INVESTOR PRESENTATION



PETER F. BENOIST, PRESIDENT & CEO  
KEENE S. TURNER, EXECUTIVE VICE PRESIDENT & CFO  
SCOTT R. GOODMAN, PRESIDENT, ENTERPRISE BANK & TRUST





# FORWARD-LOOKING STATEMENT

Some of the information in this report contains “forward-looking statements” within the meaning of and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified with use of terms such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “could,” “continue” and the negative of these terms and similar words, although some forward-looking statements are expressed differently. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. You should be aware that our actual results could differ materially from those contained in the forward-looking statements due to a number of factors, including, but not limited to: credit risk; changes in the appraised valuation of real estate securing impaired loans; outcomes of litigation and other contingencies; exposure to general and local economic conditions; risks associated with rapid increases or decreases in prevailing interest rates; consolidation within the banking industry; competition from banks and other financial institutions; our ability to attract and retain relationship officers and other key personnel; burdens imposed by federal and state regulation; changes in regulatory requirements; changes in accounting regulation or standards applicable to banks; and other risks discussed under the caption “Risk Factors” of our most recently filed Form 10-K and in Part II, 1A of our most recently filed Form 10-Q, all of which could cause the Company’s actual results to differ from those set forth in the forward-looking statements.

Readers are cautioned not to place undue reliance on our forward-looking statements, which reflect management’s analysis and expectations only as of the date of such statements. Forward-looking statements speak only as of the date they are made, and the Company does not intend, and undertakes no obligation, to publicly revise or update forward-looking statements after the date of this report, whether as a result of new information, future events or otherwise, except as required by federal securities law. You should understand that it is not possible to predict or identify all risk factors. Readers should carefully review all disclosures we file from time to time with the Securities and Exchange Commission which are available on our website at [www.enterprisebank.com](http://www.enterprisebank.com).



# COMPANY SNAPSHOT

ENTERPRISE BANK  
**\$3.5 Billion**  
IN TOTAL ASSETS

ENTERPRISE TRUST  
**\$1.4 Billion**  
IN ASSETS UNDER ADMINISTRATION



## FOCUSED BUSINESS MODEL:

CONCENTRATED ON PRIVATE BUSINESSES AND OWNER FAMILIES

RELATIONSHIP DRIVEN

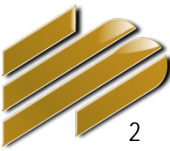
ATTRACT TOP TALENT IN MARKETS

PRODUCT BREADTH

- BANKING
- TRUST & WEALTH MANAGEMENT
- TREASURY MANAGEMENT

PROVEN ABILITY TO GROW COMMERCIAL AND INDUSTRIAL "C&I" LOANS

STRONG BALANCE SHEET WITH ATTRACTIVE RISK PROFILE





# DIFFERENTIATED BUSINESS MODEL: BUILT FOR QUALITY EARNINGS GROWTH

- ▶ FOCUSED AND WELL-DEFINED STRATEGY AIMED AT BUSINESS OWNERS, EXECUTIVES AND PROFESSIONALS
- ▶ TARGETED ARRAY OF BANKING AND WEALTH MANAGEMENT SERVICES TO MEET OUR CLIENTS' NEEDS
- ▶ EXPERIENCED BANKERS AND ADVISORS

## Enterprise Bank

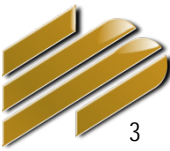
Enterprise University  
Treasury Management  
Personal & Private Banking  
Commercial & Business Banking  
Mortgage Banking



PRIVATE  
BUSINESSES  
& OWNER  
FAMILIES

## Enterprise Trust

Financial & Estate Planning  
Tax Credit Brokerage  
Business & Succession Planning  
Trust Administration  
Investment Management



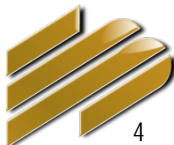
# ENTERPRISE UNIVERSITY: A KEY BRAND DIFFERENTIATOR

*EU is a Continuing Series of More than 30 High-Impact Workshops for Business Owners*

- ▶ DESIGNED TO HELP MANAGEMENT TEAMS GROW THEIR BUSINESSES
- ▶ EU IS OFFERED SEMI-ANNUALLY TO ENTERPRISE CLIENTS AND PROSPECTS ALIKE

*EU is Unique and Highly Valued; A Clear Differentiator*

- ▶ MORE THAN 12,000 PARTICIPANTS TO DATE
- ▶ BUILT TO ENHANCE THE SALES PROCESS, CLOSE TO 20% PROSPECT CONVERSION RATE
- ▶ CREATES "RAVING FANS" FOR ENTERPRISE





# STRONG TRACK RECORD OF SUCCESS IN ST. LOUIS

**6<sup>th</sup>** RANKED IN  
DEPOSIT SHARE,  
LARGEST PUBLICLY  
HELD BANK BASED IN  
ST. LOUIS\*

**\$1.8**

BILLION IN  
LOANS

**\$1.4**

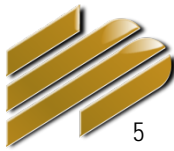
BILLION IN  
DEPOSITS

**\$1.4**

BILLION WEALTH  
MANAGEMENT  
BUSINESS

ATTRACTING  
**Top  
Level**  
BANKERS

CONSISTENT ABILITY  
TO PRODUCE  
LOAN GROWTH –  
**18% CAGR**  
**in C&I**  
**Loans** OVER  
PAST FIVE YEARS



# ADDITIONAL GROWTH OPPORTUNITIES

## *Kansas City*

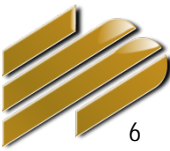
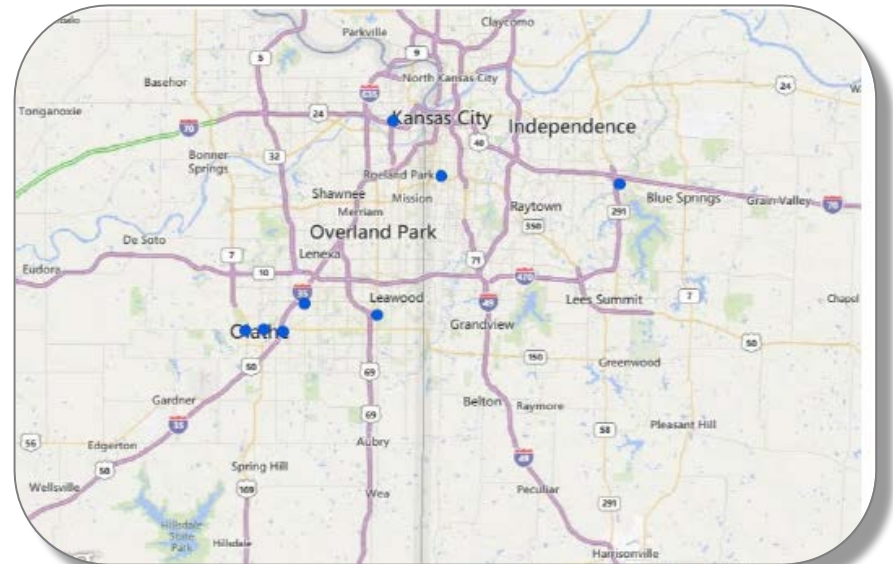
ENTERED MARKET IN *2000*

*\$629 Million* IN LOANS

*\$615 Million* IN DEPOSITS

SIMILARITY TO ST. LOUIS' *Stable and Diverse Economic Profile*  
ENABLES SIMILAR MARKET STRATEGIES

STRONG FOOTPRINT IN DESIRABLE *Johnson County*



# ADDITIONAL GROWTH OPPORTUNITIES

## Phoenix

ESTABLISHED PRESENCE IN **2009**

**\$164 Million** IN LOANS

**\$90 Million** IN DEPOSITS

REBOUNDED ECONOMY WITH **Strong Growth** POTENTIAL. RANKED **10 of 100 Largest Metro** AREAS IN OVERALL ECONOMIC PERFORMANCE POST-RECESSION.

HIGHLY CONCENTRATED BANKING MARKET **Favorable for EFSC's Business Focused**, HIGH SERVICE MODEL

### Phoenix-Mesa-Scottsdale, AZ

Institution (ST)	2015 Number of Branches	2015 Total Deposits in Market (\$000)	2015 Total Market Share (%)
JPMorgan Chase & Co. (NY)	186	21,240,263	27.11
Wells Fargo & Co. (CA)	174	19,909,586	25.41
Bank of America Corp. (NC)	106	15,932,016	20.34
Western Alliance Bancorp (AZ)	7	2,924,037	3.73
BBVA	50	2,676,363	3.42
Bank of Montreal	41	2,138,579	2.73
Zions Bancorp. (UT)	24	1,619,477	2.07
U.S. Bancorp (MN)	65	1,442,391	1.84
Midland Financial Co. (OK)	26	1,262,768	1.61
New York Community Bancorp (NY)	14	970,523	1.24
<b>Enterprise Financial Services (MO)</b>	<b>1</b>	<b>86,979</b>	<b>0.11</b>
<b>Total For Institutions In Market</b>	<b>877</b>	<b>78,343,619</b>	

73%

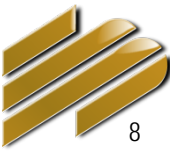






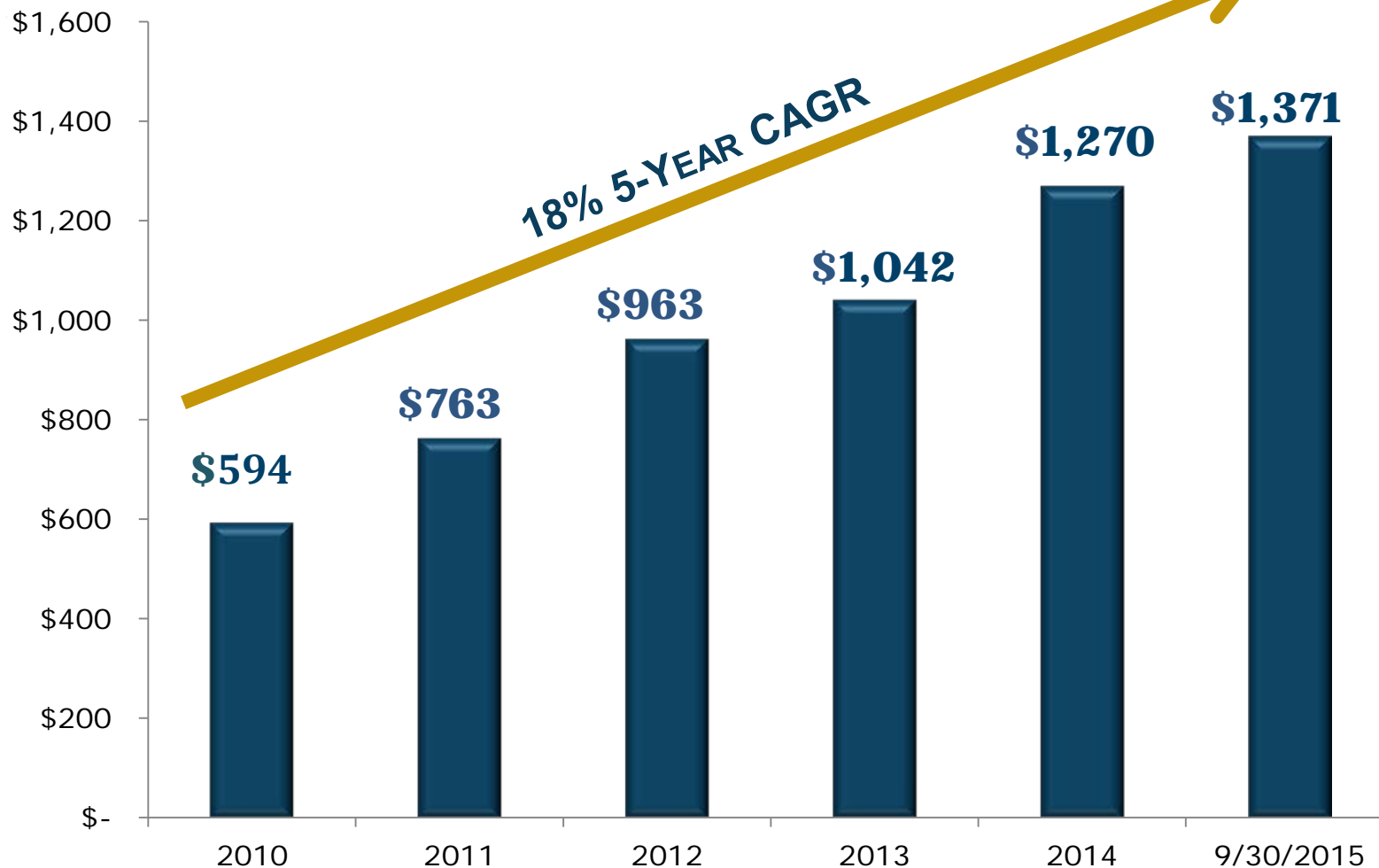
# CROSS-SELLING AND BUSINESS BANKING INITIATIVES COMPLEMENT PRIMARY COMMERCIAL STRATEGY

- ▶ HIGH *Client Satisfaction* PAVES WAY FOR ADD-ON PRODUCT SALES
- ▶ TREASURY MANAGEMENT *Product Implementations Rose 18%* IN 2014; 40% OF ALL NEW IMPLEMENTATIONS WERE CROSS-SELLS TO CURRENT CLIENTS
- ▶ *Business Banking Initiative* TARGETING \$1-10 MILLION REVENUE BUSINESSES, *Produced 17% Increase* IN BANKING RELATIONSHIPS IN 2014; AVERAGE CROSS-SELL RATIO 4.3
- ▶ BRANCH ORGANIZATION MOBILIZED TO *Cross-Sell Personal Banking Services* TO COMMERCIAL AND BUSINESS BANKING CLIENTS
- ▶ ESTABLISHED *Distinct Sales and Relationship Management Models* TO EFFICIENTLY PENETRATE AND SERVICE THE MARKET



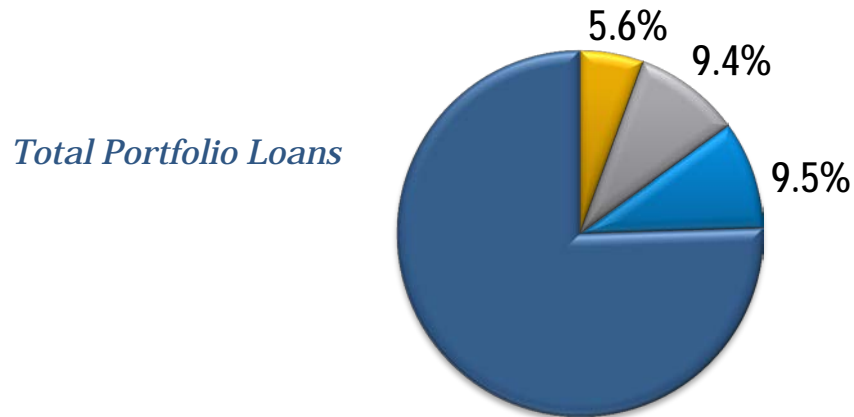
# HISTORY OF STRONG C&I GROWTH

*In millions*



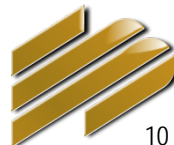
# FOCUSED LOAN GROWTH STRATEGIES

SPECIALIZED MARKET SEGMENTS HAVE GROWN TO 25% OF TOTAL PORTFOLIO LOANS, OFFERING COMPETITIVE ADVANTAGES, RISK ADJUSTED PRICING AND FEE INCOME OPPORTUNITIES.



EXPECTATIONS FOR FUTURE GROWTH INCLUDE CONTINUED FOCUS IN THESE SPECIALIZED MARKET SEGMENTS.

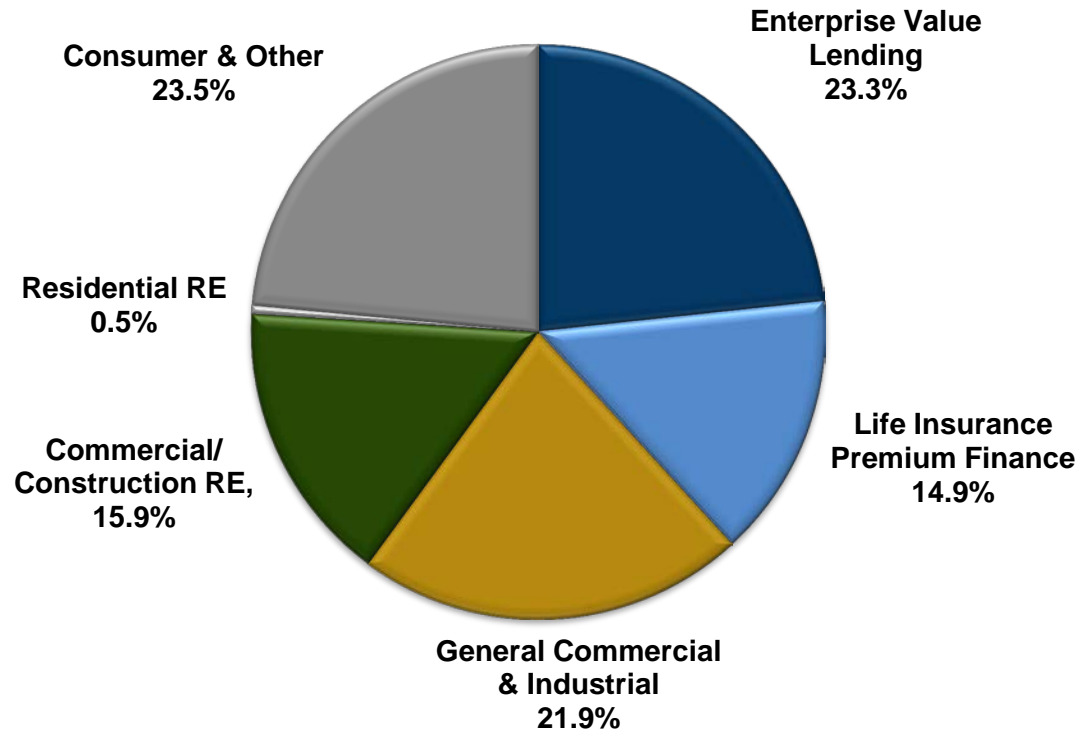
- Tax Credit Programs.** \$145 MILLION IN LOANS OUTSTANDING RELATED TO FEDERAL NEW MARKETS, HISTORIC AND MISSOURI AFFORDABLE HOUSING TAX CREDITS. \$183 MILLION IN FEDERAL & STATE NEW MARKETS TAX CREDITS AWARDED TO DATE.
- Enterprise Value Lending.** \$246 MILLION IN M&A RELATED LOANS OUTSTANDING, PARTNERING WITH PE AND VC FIRMS
- Life Insurance Premium Financing.** \$248 MILLION IN LOANS OUTSTANDING RELATED TO HIGH NET WORTH ESTATE PLANNING



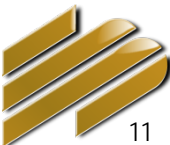
# DRIVERS OF LOAN GROWTH

Sept 30, 2014 – Sept 30, 2015

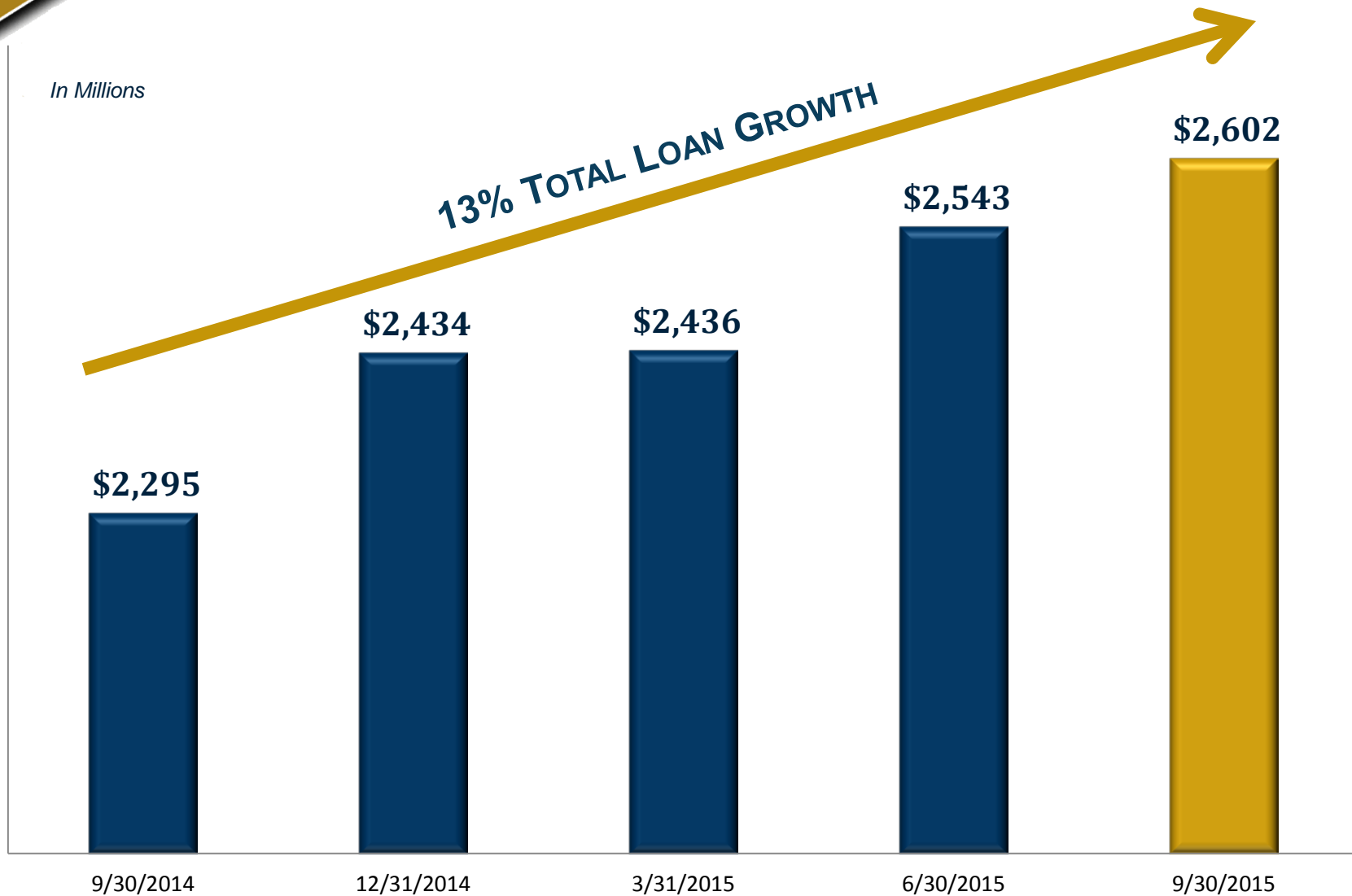
**\$307 MILLION**



- ENTERPRISE VALUE LENDING
- LIFE INSURANCE PREMIUM FINANCE
- GENERAL COMMERCIAL & INDUSTRIAL
- COMMERCIAL/CONSTRUCTION RE
- RESIDENTIAL RE
- CONSUMER & OTHER



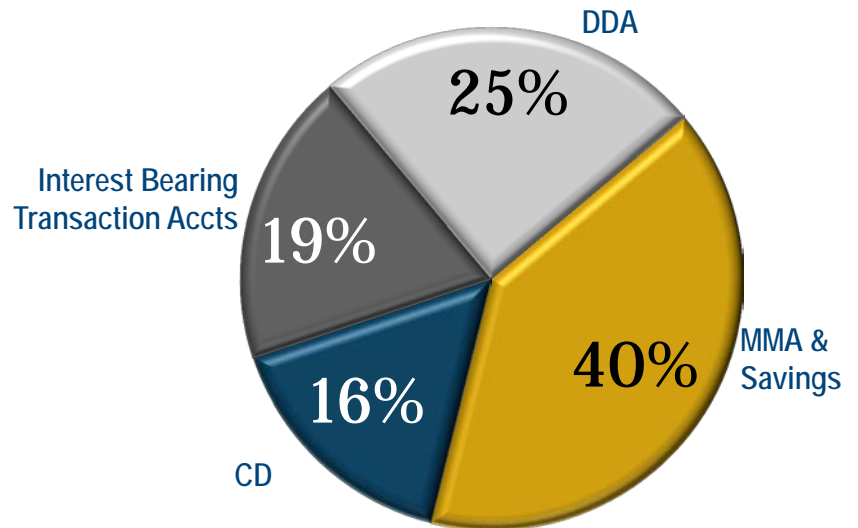
# PORTFOLIO LOAN TRENDS



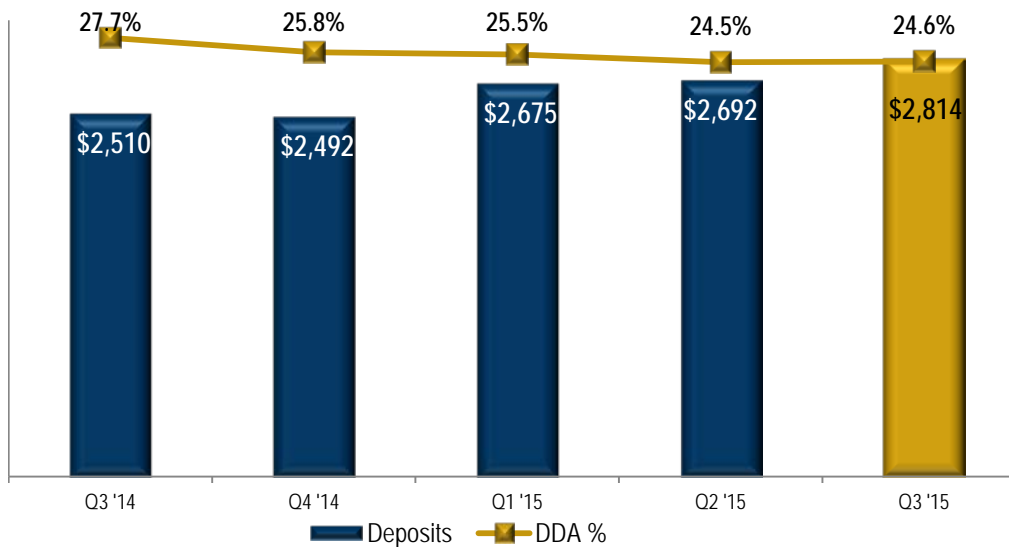
# ATTRACTIVE DEPOSIT MIX

- ▶ *Significant* DDA BASE
- ▶ *Declining* COST OF DEPOSITS
- ▶ IMPROVING *Core Funding*
- ▶ 80% OF *Core Deposits* ARE COMMERCIAL CUSTOMERS

SEPT 30, 2015  
\$2,814MM



Cost of Deposits 0.39%



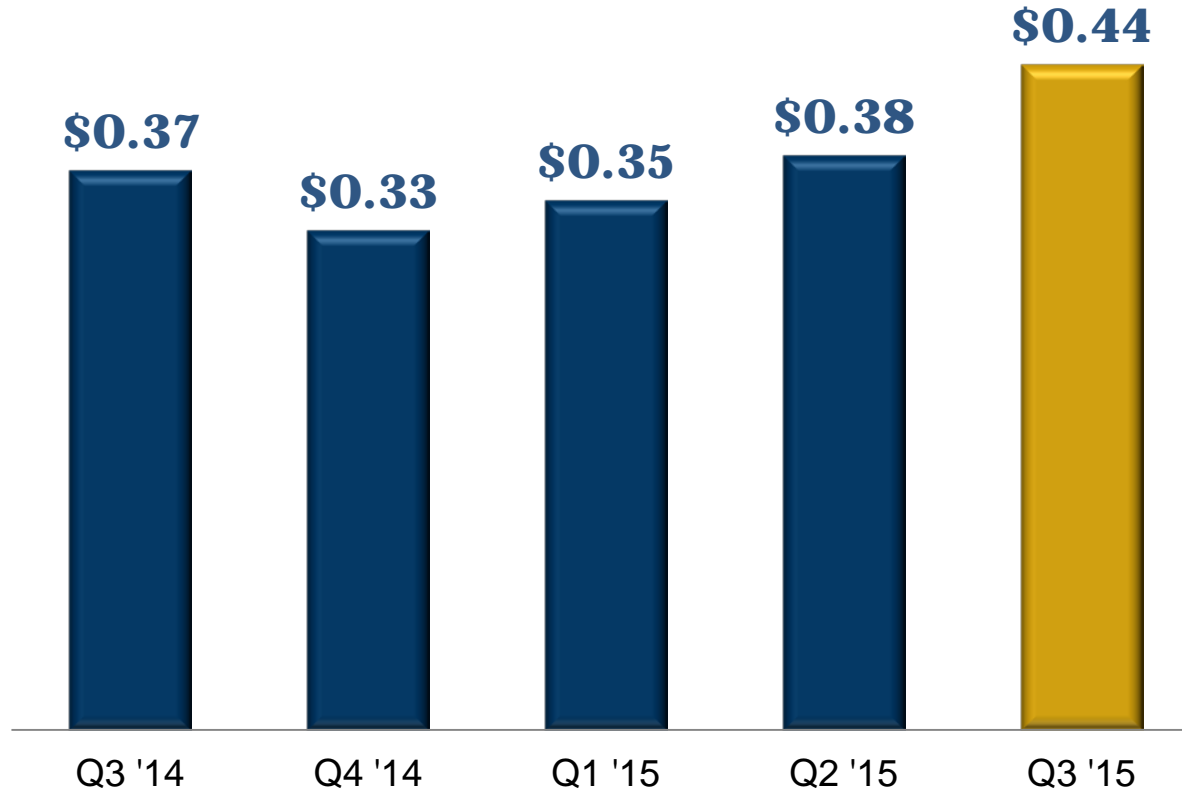
# FINANCIAL PRIORITIES

Q3 2015 Compared to Q3 2014

- ▶ CONTINUED GROWTH IN CORE EPS  19%
- ❖ DRIVE NET INTEREST INCOME GROWTH IN DOLLARS WITH FAVORABLE LOAN GROWTH TRENDS  9%
- ❖ DEFEND NET INTEREST MARGIN  0 bps
- ❖ MAINTAIN HIGH QUALITY CREDIT PROFILE  44 bps NPLs/Loans
- ▶ ACHIEVE FURTHER IMPROVEMENT IN OPERATING LEVERAGE  4%
- ▶ ENHANCE DEPOSIT LEVELS TO SUPPORT GROWTH  12%

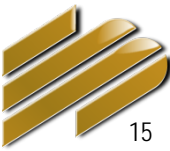


# POSITIVE MOMENTUM IN CORE\* EARNINGS PER SHARE



**19% CORE EPS GROWTH FROM Q3 2014 TO Q3 2015**

*Note: \* A Non-GAAP Measure, Refer to Appendix for Reconciliation*





# EARNINGS PER SHARE

## REPORTED VS. CORE EPS\*

2015 YTD

In Millions

<\$0.20>

\$1.37

\$1.17

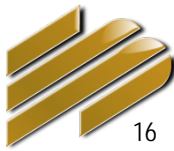
EPS

Non-Core Covered Assets <sup>(1)</sup>

Core  
EPS

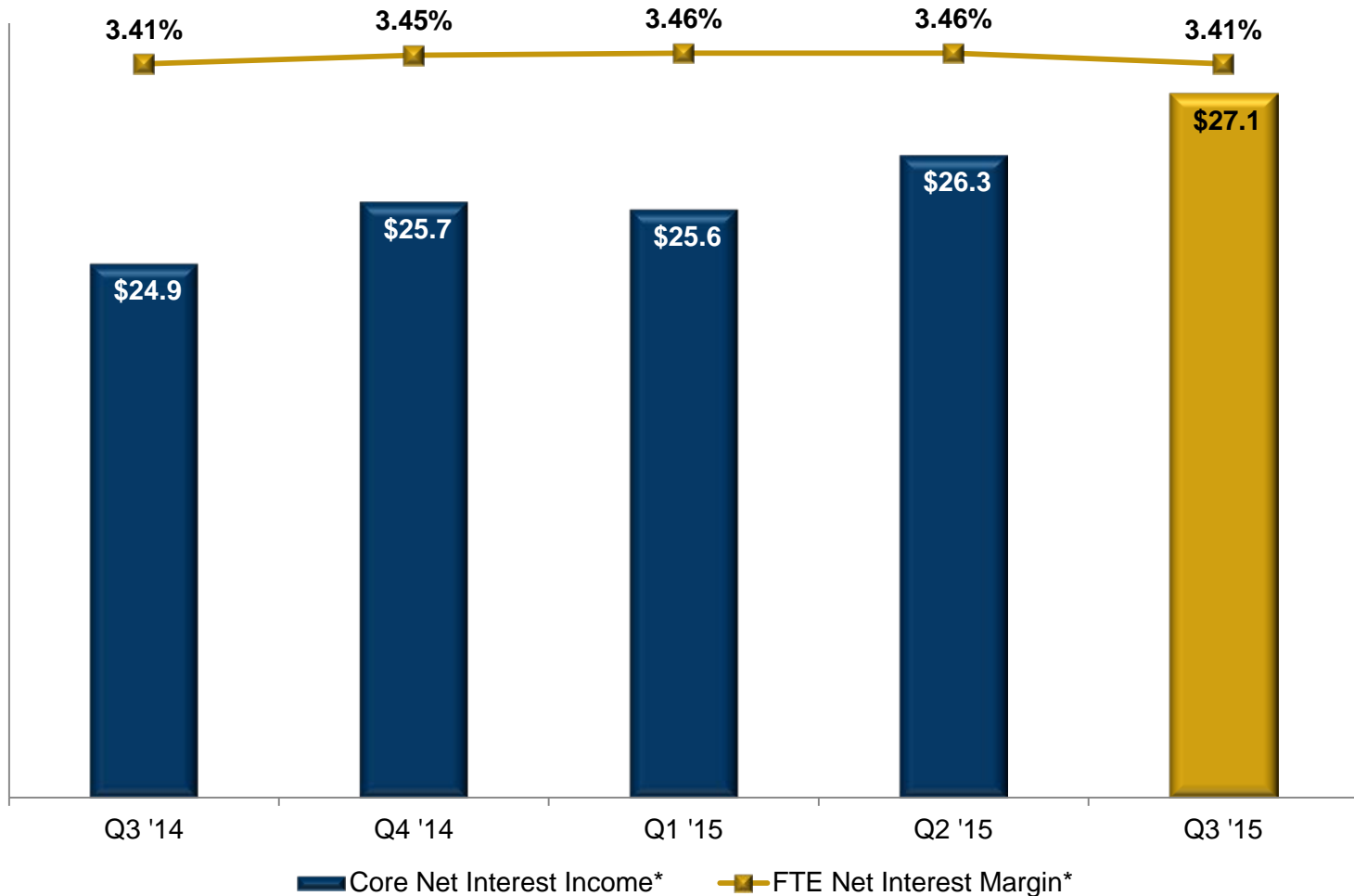
\* A Non GAAP Measure, Refer to Appendix for Reconciliation

<sup>(1)</sup> FDIC Loss Sharing Agreements



# NET INTEREST INCOME DRIVING CORE REVENUE GROWTH\*

In Millions



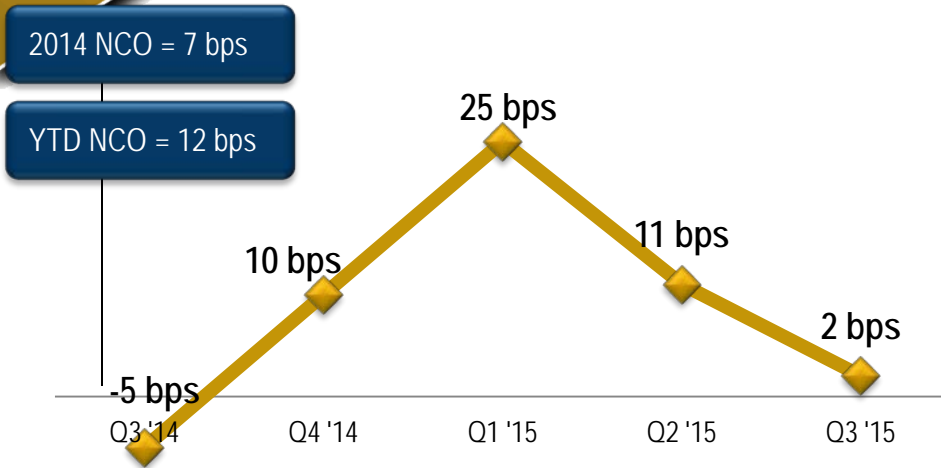
■ Core Net Interest Income\*    ■ FTE Net Interest Margin\*

Note: \* A Non-GAAP Measure, Refer to Appendix for Reconciliation

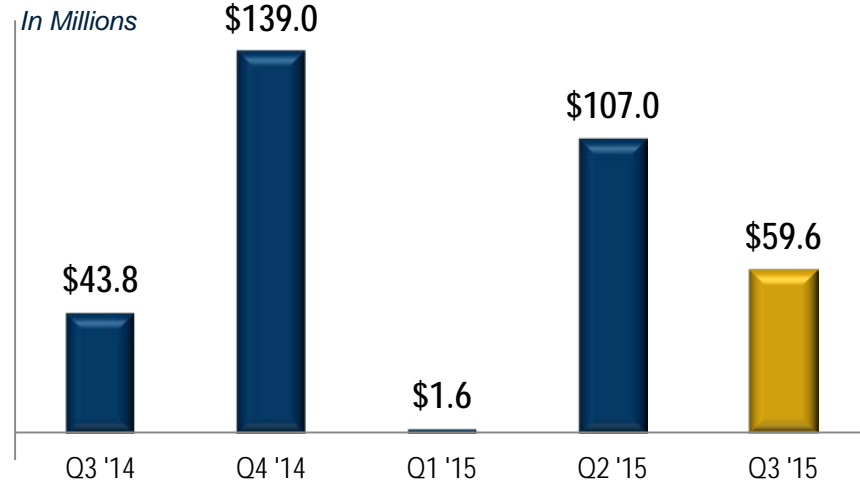


# CREDIT TRENDS FOR PORTFOLIO LOANS

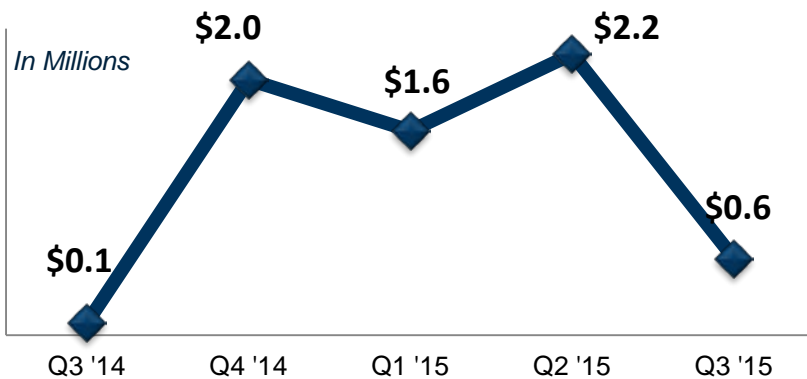
## Net Charge-offs <sup>(1)</sup>



## Portfolio Loan Growth



## Provision for Portfolio Loans



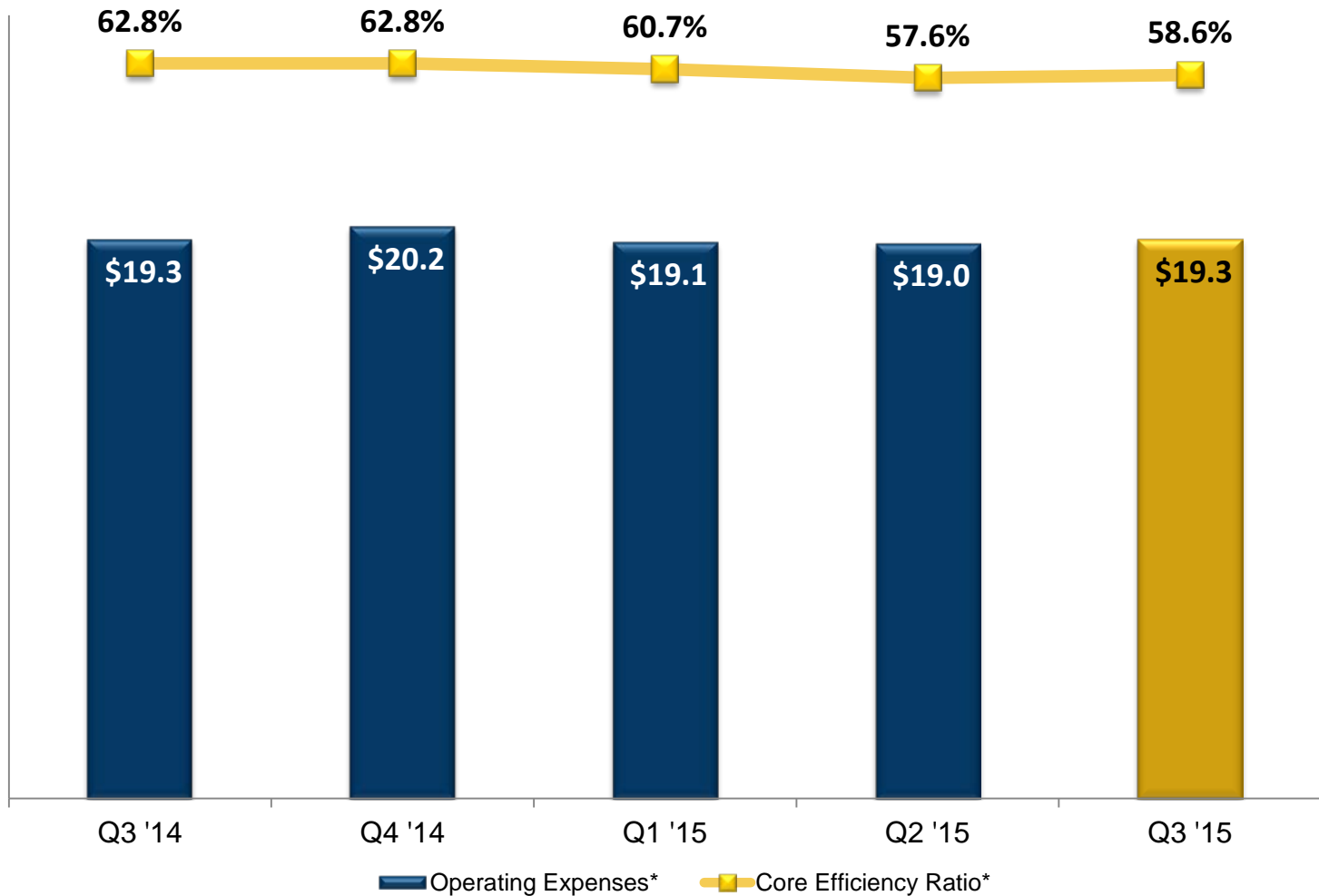
Q3 2015	EFSC	PEER <sup>(2)</sup>
NPA'S/ASSETS =	0.30%	0.74%
NPL'S/LOANS =	0.35%	0.73%
ALLL/NPL'S =	354%	153%
ALLL/LOANS =	1.24%	1.22%

<sup>(1)</sup> Portfolio loans only, excludes PCI loans

<sup>(2)</sup> Peer data as of 6/30/2015 (source: SNL Financial)

# MANAGED OPERATING EXPENSES\* IMPROVING EFFICIENCY

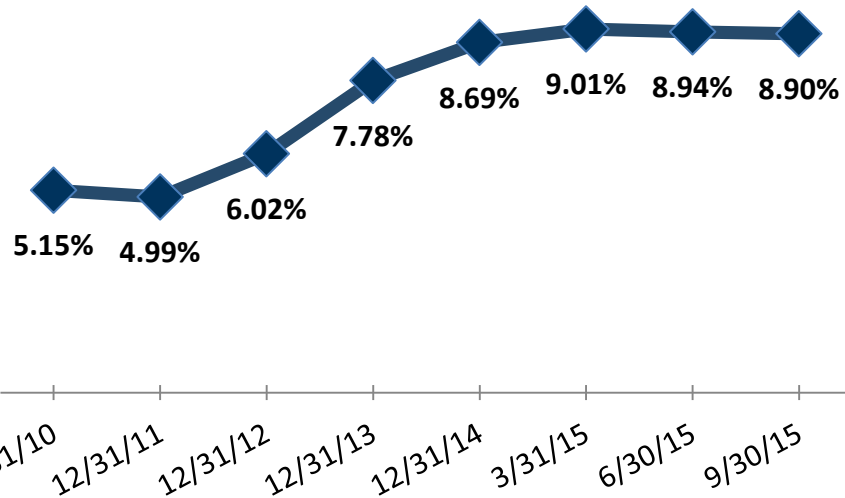
In Millions



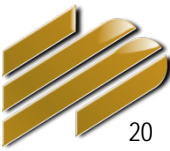
Note: \* A Non-GAAP Measure, Refer to Appendix for Reconciliation

# STRONG CAPITAL LEVELS FACILITATE GROWTH AND RETURNS

## TANGIBLE COMMON EQUITY/TANGIBLE ASSETS



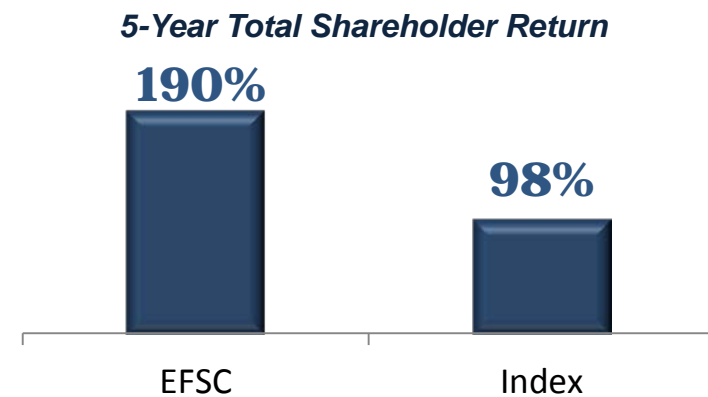
- ▶ FOURTH QUARTER DIVIDEND INCREASED 14% TO \$0.08 PER COMMON SHARE
  - ❖ 3RD CONSECUTIVE INCREASE
- ▶ 2,000,000 SHARE COMMON STOCK REPURCHASE PLAN INSTITUTED
  - ❖ ~ 10% OF EFSC OUTSTANDING SHARES
  - ❖ NO SPECIFIED END DATE
  - ❖ DISCIPLINED, PATIENT APPROACH BASED ON MARKET CONDITIONS
- ▶ SUFFICIENT CAPITAL TO SUPPORT GROWTH PLANS



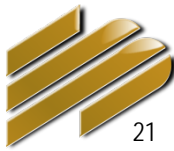


# ENTERPRISE FINANCIAL

- ▶ HIGHLY FOCUSED, *Proven* BUSINESS MODEL
- ▶ STRONG TRACK RECORD OF *Commercial Loan Growth*
- ▶ DIFFERENTIATED COMPETITIVE *Lending Expertise*
- ▶ *Replicating* ST. LOUIS MODEL IN *Kansas City* AND *Phoenix*
- ▶ DEMONSTRATED PROGRESS TOWARD INCREASED RETURNS AND *Enhancing Shareholder Value*



Note: Index = SNL U.S. Bank \$1B - \$5B, as of 09/30/2015  
Source: SNL





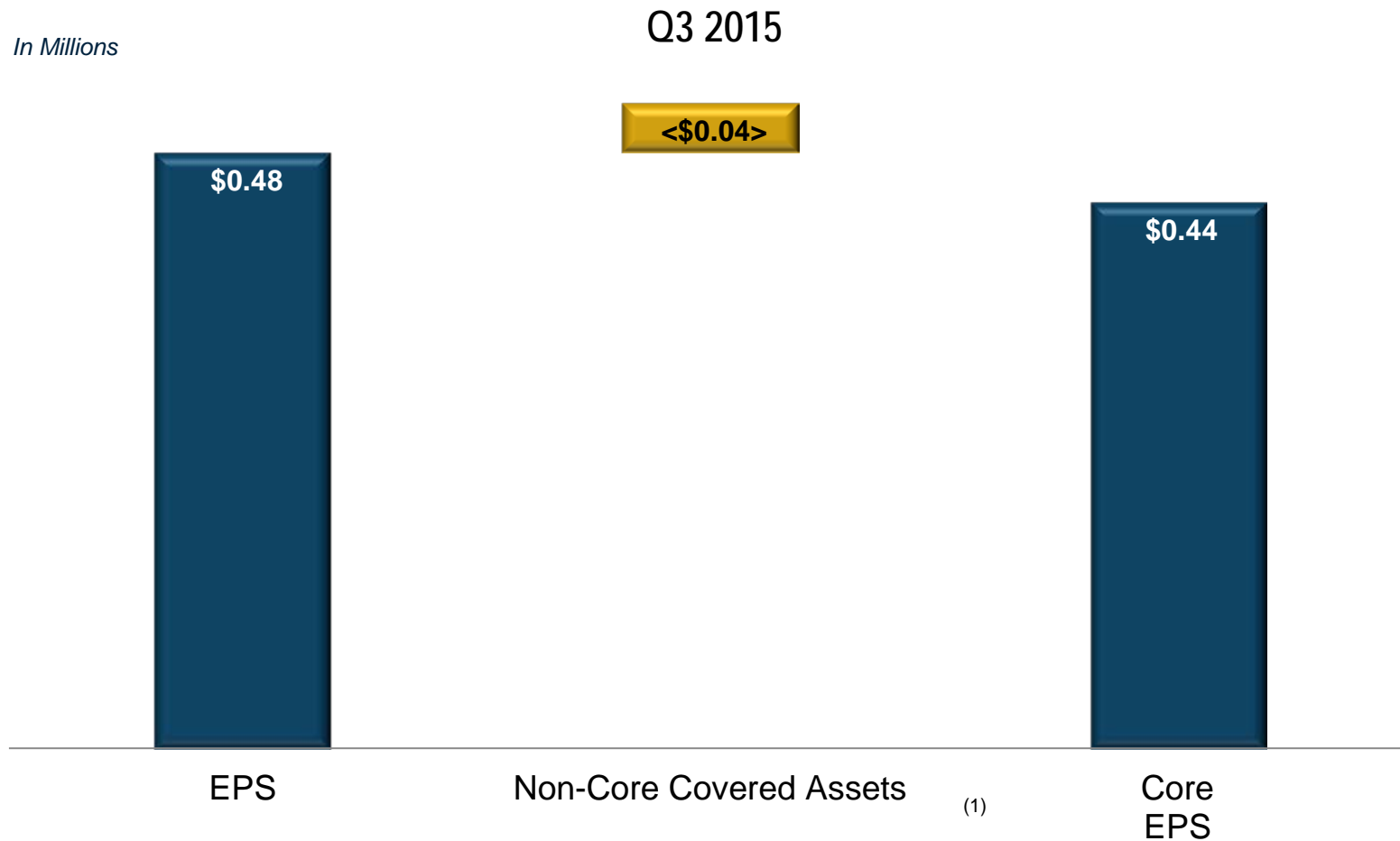
# 3Q 2015 INVESTOR PRESENTATION

## APPENDIX



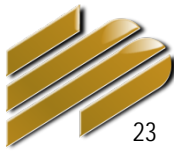
# EARNINGS PER SHARE

## REPORTED VS. CORE EPS\*



\* A Non GAAP Measure, Refer to Appendix for Reconciliation

<sup>(1)</sup> FDIC Loss Sharing Agreements

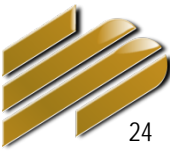






## BALANCE SHEET POSITIONED FOR GROWTH

- ▶ ***Modest Asset Sensitivity*** (200 BPS RATE SHOCK INCREASES NII BY 3.3%)
- ▶ ***62%*** FLOATING RATE LOANS, WITH THREE-YEAR AVERAGE DURATION
- ▶ ***High-quality, Cash-flowing*** SECURITIES PORTFOLIO WITH FOUR YEAR AVERAGE DURATION
- ▶ ***25% DDA*** TO TOTAL DEPOSITS
- ▶ ***8.9% Tangible Common Equity/Tangible*** ASSETS





# SUCCESSFUL FDIC-ASSISTED ACQUISITION STRATEGY

COMPLETED **4 FDIC-Assisted** TRANSACTIONS  
SINCE DECEMBER 2009

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CONTRIBUTED **\$53 Million** IN **Net Earnings** SINCE  
ACQUISITION

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**\$133 Million** OF  
CONTRACTUAL CASH FLOWS WITH  
**\$72 Million** CARRYING  
VALUE

## SIGNIFICANT EARNINGS CONTRIBUTION (PRE-TAX)

<u>2013</u>	<u>2014</u>	<u>2015 YTD</u>
<b>\$15,459</b>	<b>\$10,860</b>	<b>\$9,616</b>

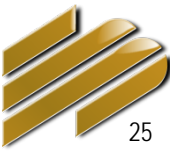
*Dollars in Thousands*

**Significant** CONTRIBUTION TO FUTURE EARNINGS  
WITH ESTIMATED FUTURE ACCRETABLE YIELD  
OF **\$26 Million**

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## **Loss Share Agreements** EXPIRATION DATES

	<b>Valley Capital</b>	<b>Home Natl</b>	<b>Legacy Bank</b>	<b>First Natl Olathe</b>
Single Family	Dec 2019	Jul 2020	Jan 2021	Aug 2021
Non Single Family	Expired	Expired	Jan 2016	Aug 2016





# USE OF NON-GAAP FINANCIAL MEASURES

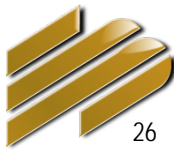
The Company's accounting and reporting policies conform to generally accepted accounting principles in the United States ("GAAP") and the prevailing practices in the banking industry. However, the Company provides other financial measures, such as Core net income margin and other Core performance measures, in this presentation that are considered "non-GAAP financial measures." Generally, a non-GAAP financial measure is a numerical measure of a company's financial performance, financial position or cash flows that exclude (or include) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP.

The Company considers its Core performance measures presented in presentation as important measures of financial performance, even though they are non-GAAP measures, as they provide supplemental information by which to evaluate the impact of PCI loans and related income and expenses, the impact of nonrecurring items, and the Company's operating performance on an ongoing basis. Core performance measures include contractual interest on PCI loans but exclude incremental accretion on these loans. Core performance measures also exclude the Change in FDIC receivable, Gain or loss of other real estate covered under FDIC loss share agreements and expenses directly related to the PCI loans and other assets covered under FDIC loss share agreements. Core performance measures also exclude certain other income and expense items the Company believes to be not indicative of or useful to measure the Company's operating performance on an ongoing basis. The attached tables contain a reconciliation of these Core performance measures to the GAAP measures.

The Company believes these non-GAAP measures and ratios, when taken together with the corresponding GAAP measures and ratios, provide meaningful supplemental information regarding the Company's performance and capital strength. The Company's management uses, and believes that investors benefit from referring to, these non-GAAP measures and ratios in assessing the Company's operating results and related trends and when forecasting future periods. However, these non-GAAP measures and ratios should be considered in addition to, and not as a substitute for or preferable to, ratios prepared in accordance with GAAP. In the tables below, the Company has provided a reconciliation of, where applicable, the most comparable GAAP financial measures and ratios to the non-GAAP financial measures and ratios, or a reconciliation of the non-GAAP calculation of the financial measure for the periods indicated.

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Peer group data consists of banks with total assets from \$1-\$10 billion with commercial loans greater than 20% and consumer loans less than 20%.



# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(in thousands)	For the Quarter ended					For the Nine Months ended	
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
<b>CORE PERFORMANCE MEASURES</b>							
Net interest income	\$ 30,006	\$ 29,280	\$ 29,045	\$ 30,816	\$ 27,444	\$ 88,331	\$ 86,552
Less: Incremental accretion income	2,919	3,003	3,458	5,149	2,579	9,380	13,781
Core net interest income	27,087	26,277	25,587	25,667	24,865	78,951	72,771
Total noninterest income	4,729	5,806	3,583	4,852	4,452	14,118	11,779
Less: Change in FDIC loss share receivable	(1,241)	(945)	(2,264)	(1,781)	(2,374)	(4,450)	(7,526)
Less (Plus): Gain (loss) on sale of other real estate covered under FDIC loss share	31	10	(15)	195	(45)	26	250
Less: Gain on sale of investment securities	-	-	23	-	-	23	-
Less: Closing fee	-	-	-	-	945	-	945
Core noninterest income	5,939	6,741	5,839	6,438	5,926	18,519	18,110
Total core revenue	33,026	33,018	31,426	32,105	30,791	97,470	90,881
Provision for portfolio loans	599	2,150	1,580	1,968	66	4,329	2,441
Total noninterest expense	19,932	19,458	19,950	24,795	21,121	59,340	62,668
Less: FDIC clawback	298	50	412	141	1,028	760	1,060
Less: Other loss share expenses	287	378	470	544	746	1,135	2,409
Less: FHLB prepayment penalty	-	-	-	2,936	-	-	-
Less: Facilities disposal charge	-	-	-	1,004	-	-	-
Core noninterest expense	19,347	19,030	19,068	20,170	19,347	57,445	59,199
Core income before income tax expense	13,080	11,838	10,778	9,967	11,378	35,696	29,241
Core income tax expense	4,204	4,134	3,647	3,264	3,926	11,985	9,901
Core net income	\$ 8,876	\$ 7,704	\$ 7,131	\$ 6,703	\$ 7,452	\$ 23,711	\$ 19,340
Core diluted earnings per share	\$ 0.44	\$ 0.38	\$ 0.35	\$ 0.33	\$ 0.37	\$ 1.17	\$ 0.97
Core return on average assets	1.03%	0.93%	0.88%	0.82%	0.93%	0.95%	0.83%
Core return on average common equity	10.41%	9.34%	8.99%	8.43%	9.65%	9.59%	8.70%
Core return on average tangible common equity	11.56%	10.41%	10.06%	9.47%	10.89%	10.70%	9.88%
Core efficiency ratio	58.58%	57.64%	60.67%	62.83%	62.83%	58.94%	65.14%
<b>NET INTEREST MARGIN TO CORE NET INTEREST MARGIN</b>							
Net interest income (fully tax equivalent)	\$ 30,437	\$ 29,691	\$ 29,467	\$ 31,223	\$ 27,843	\$ 89,595	\$ 87,779
Less: Incremental accretion income	2,919	3,003	3,458	5,149	2,579	9,380	13,781
Core net interest income (fully tax equivalent)	\$ 27,518	\$ 26,688	\$ 26,009	\$ 26,074	\$ 25,264	\$ 80,215	\$ 73,998
Average earning assets	\$ 3,201,181	\$ 3,096,294	\$ 3,047,815	\$ 2,998,467	\$ 2,943,070	\$ 3,115,658	\$ 2,896,202
Reported net interest margin (fully tax equivalent)	3.77%	3.85%	3.92%	4.13%	3.75%	3.84%	4.05%
Core net interest margin (fully tax equivalent)	3.41%	3.46%	3.46%	3.45%	3.41%	3.44%	3.42%

