

Enterprise Financial Services Corp



2016 SECOND QUARTER EARNINGS RELEASE





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.



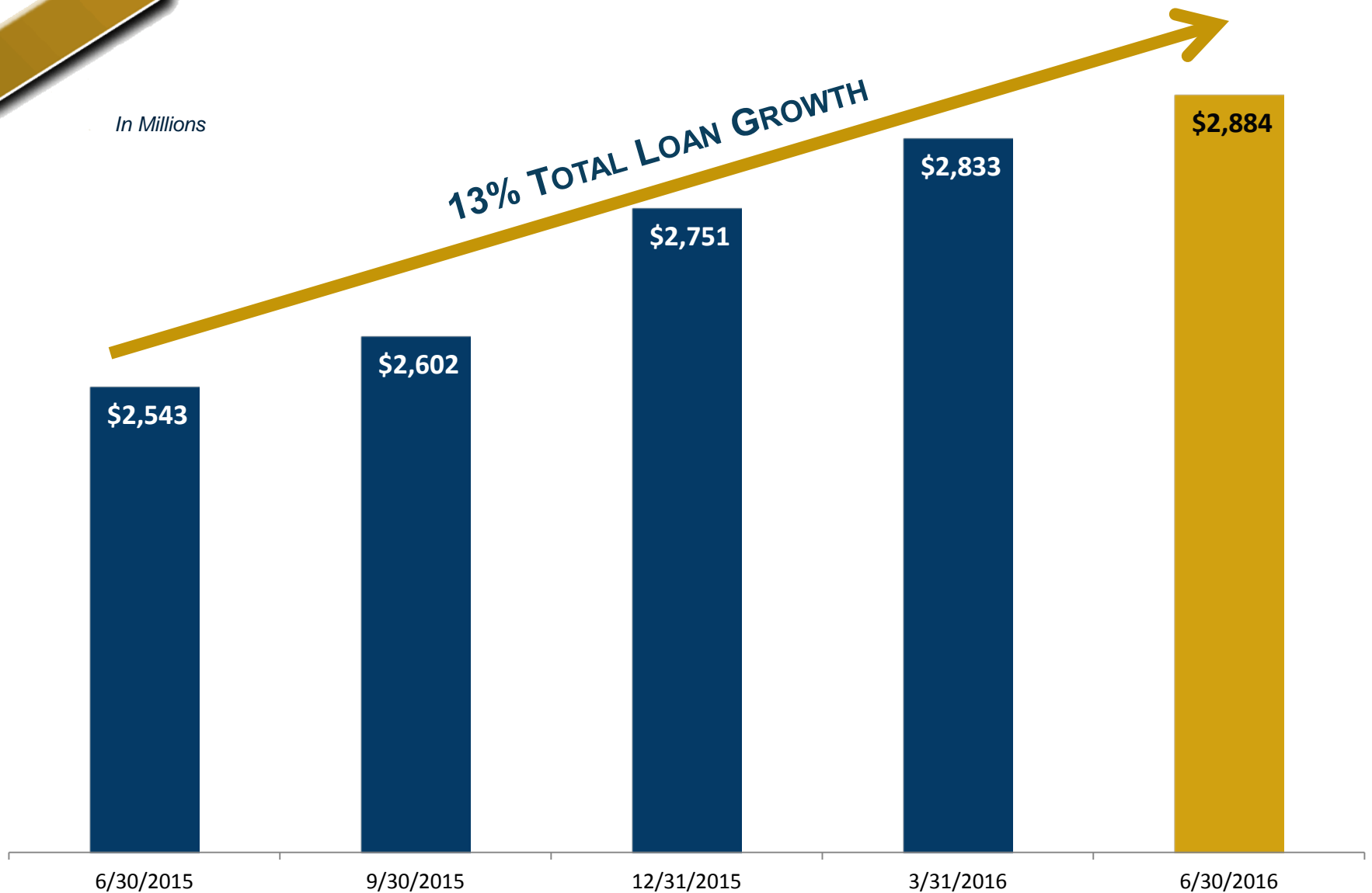
2016 OBJECTIVES

- ▶ **SUSTAIN CORE GROWTH TRENDS**
- ▶ **CONTINUE INVESTMENT IN BANKING BUSINESS – SOLIDIFY LOAN AND DEPOSIT GENERATION CAPABILITIES**
- ▶ **ELEVATE FOCUS ON GROWTH IN WEALTH & OTHER FEE BUSINESSES**

PORTFOLIO LOAN TRENDS

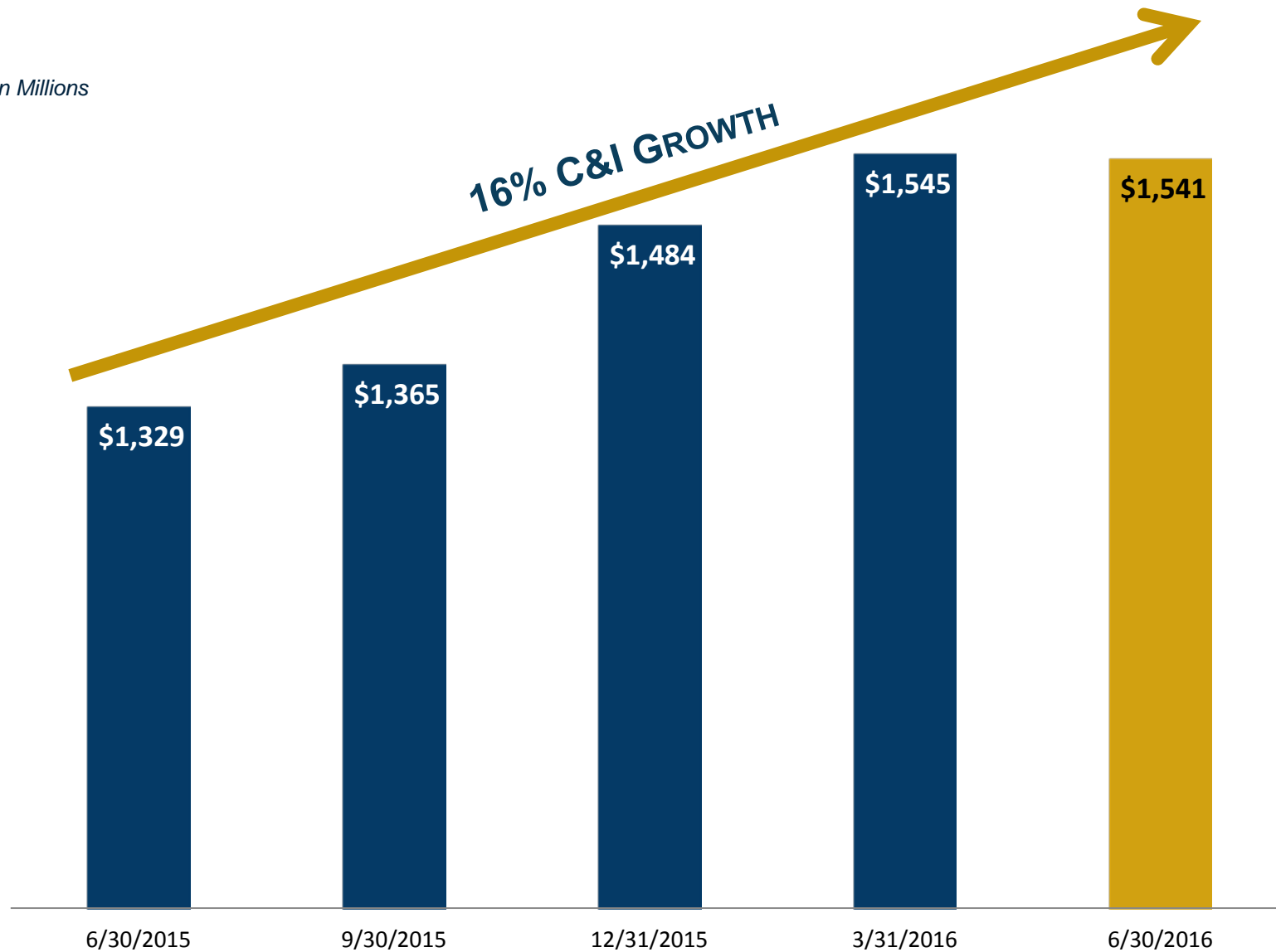
In Millions

13% TOTAL LOAN GROWTH



COMMERCIAL & INDUSTRIAL LOAN TRENDS

In Millions





PORTFOLIO LOAN DETAILS

In Millions

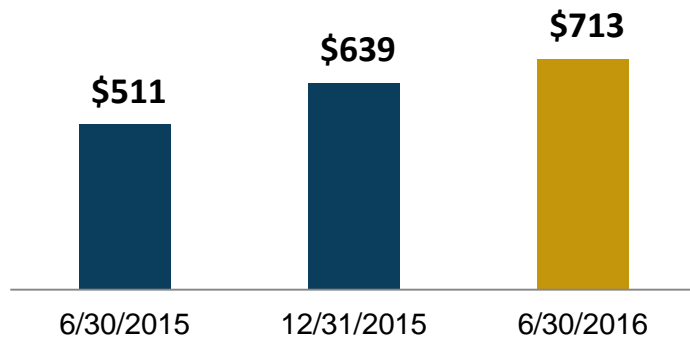
	6/30/16	3/31/16	QTR CHANGE		6/30/15	LTM CHANGE
ENTERPRISE VALUE LENDING	\$ 354	\$ 360	\$ (6)		\$ 272	\$ 82
C&I GENERAL	738	760	(22)		685	53
LIFE INSURANCE PREMIUM FINANCING	296	272	24		239	57
TAX CREDIT	153	153	0		133	20
COMMERCIAL REAL ESTATE	971	949	22		910	61
RESIDENTIAL	211	202	9		186	25
OTHER	161	137	24		118	43
PORTFOLIO LOANS	\$ 2,884	\$ 2,833	\$ 51		\$ 2,543	\$ 341



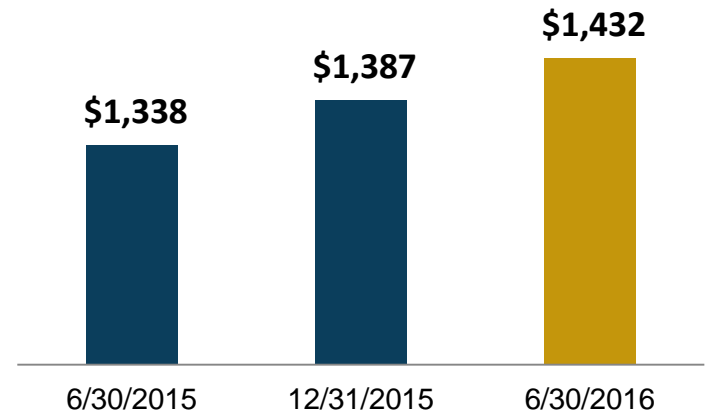
PORTFOLIO LOANS BY BUSINESS UNIT

In Millions

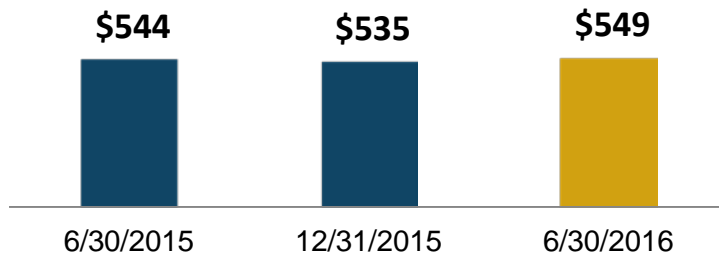
Specialized Lending



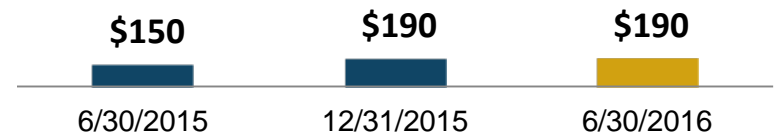
St. Louis



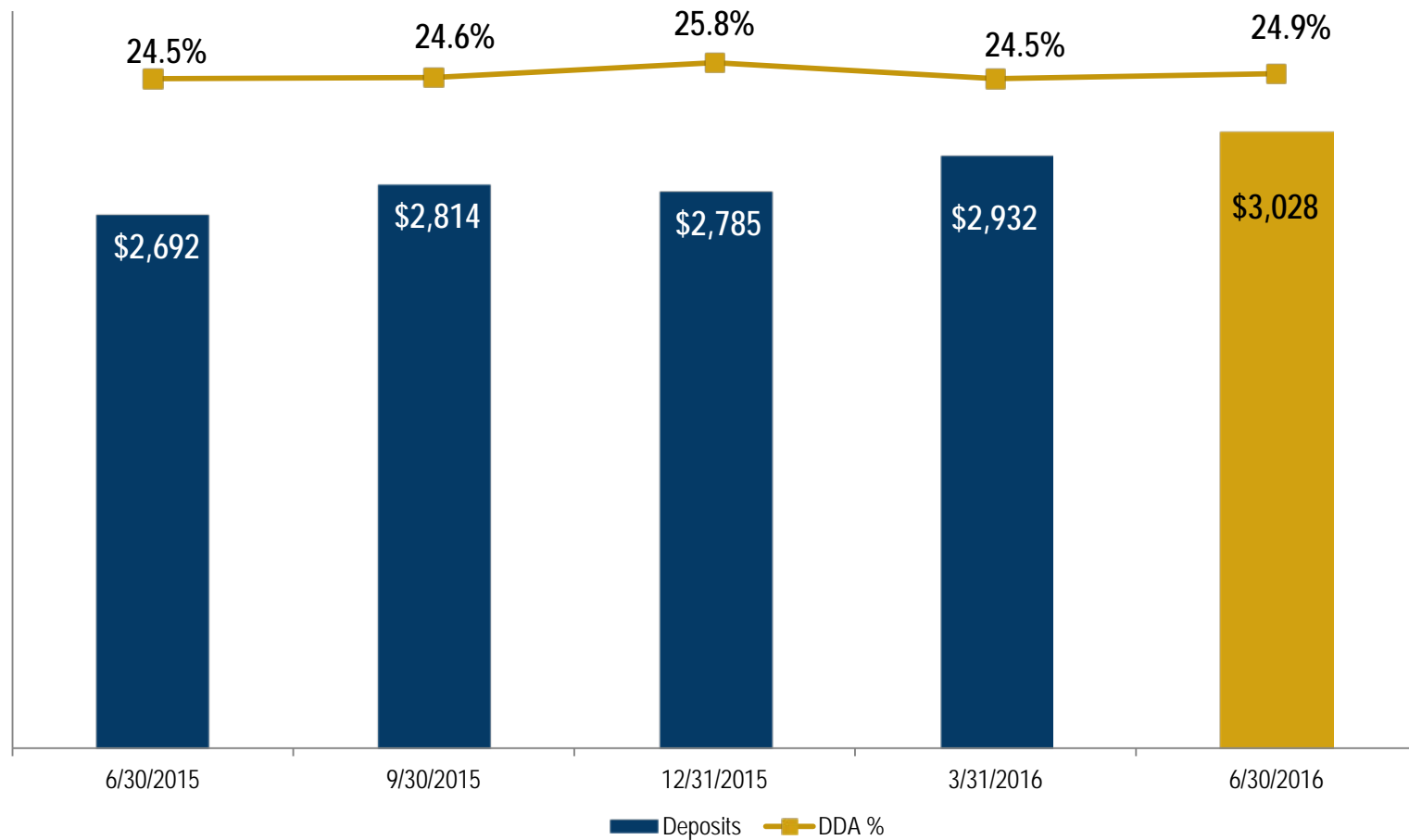
Kansas City



Arizona



DEPOSIT TRENDS



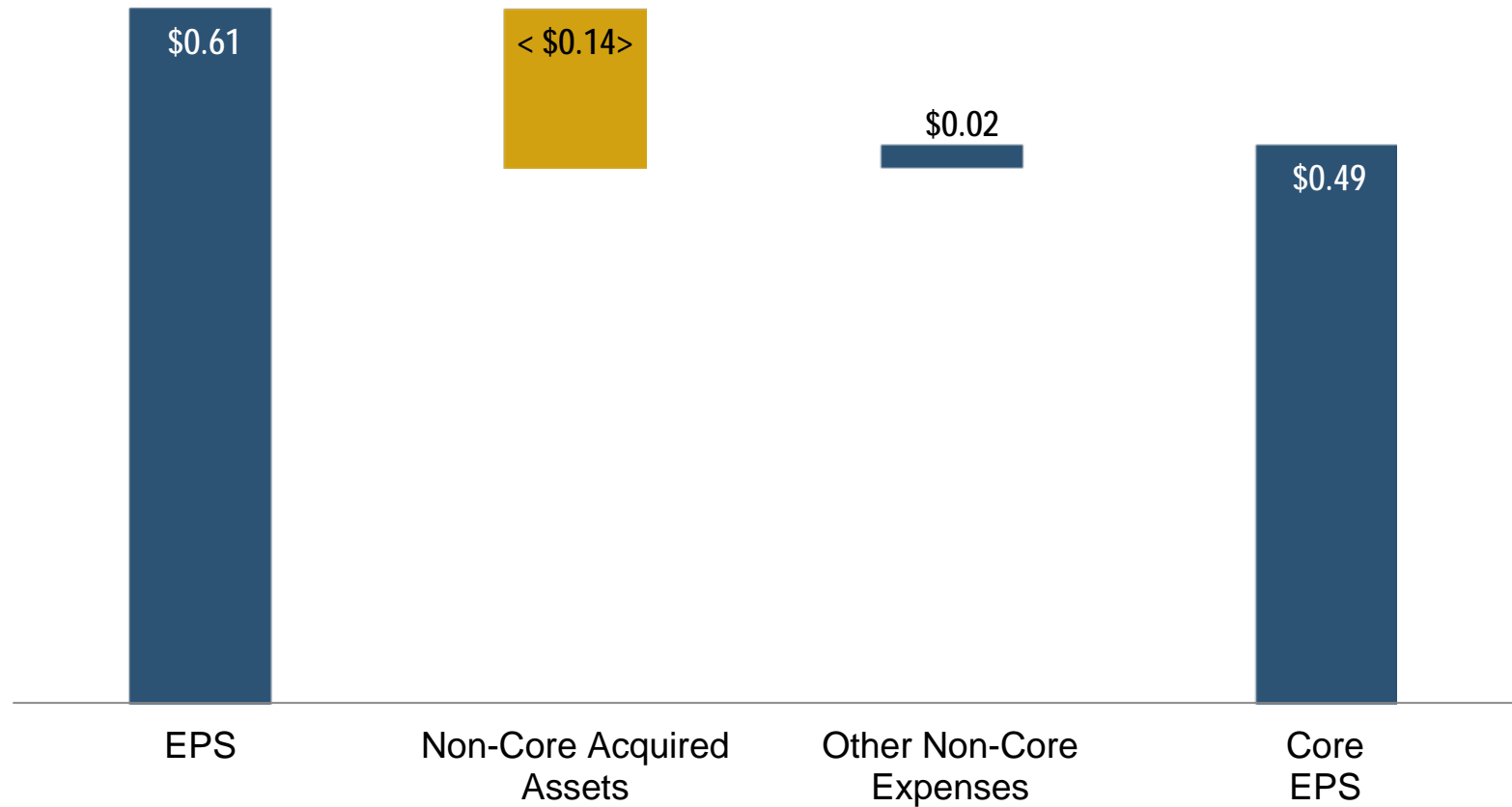
▶ Last Twelve Months Growth Rate = 13%

EARNINGS PER SHARE

REPORTED VS. CORE EPS*

Q2 2016

In Millions

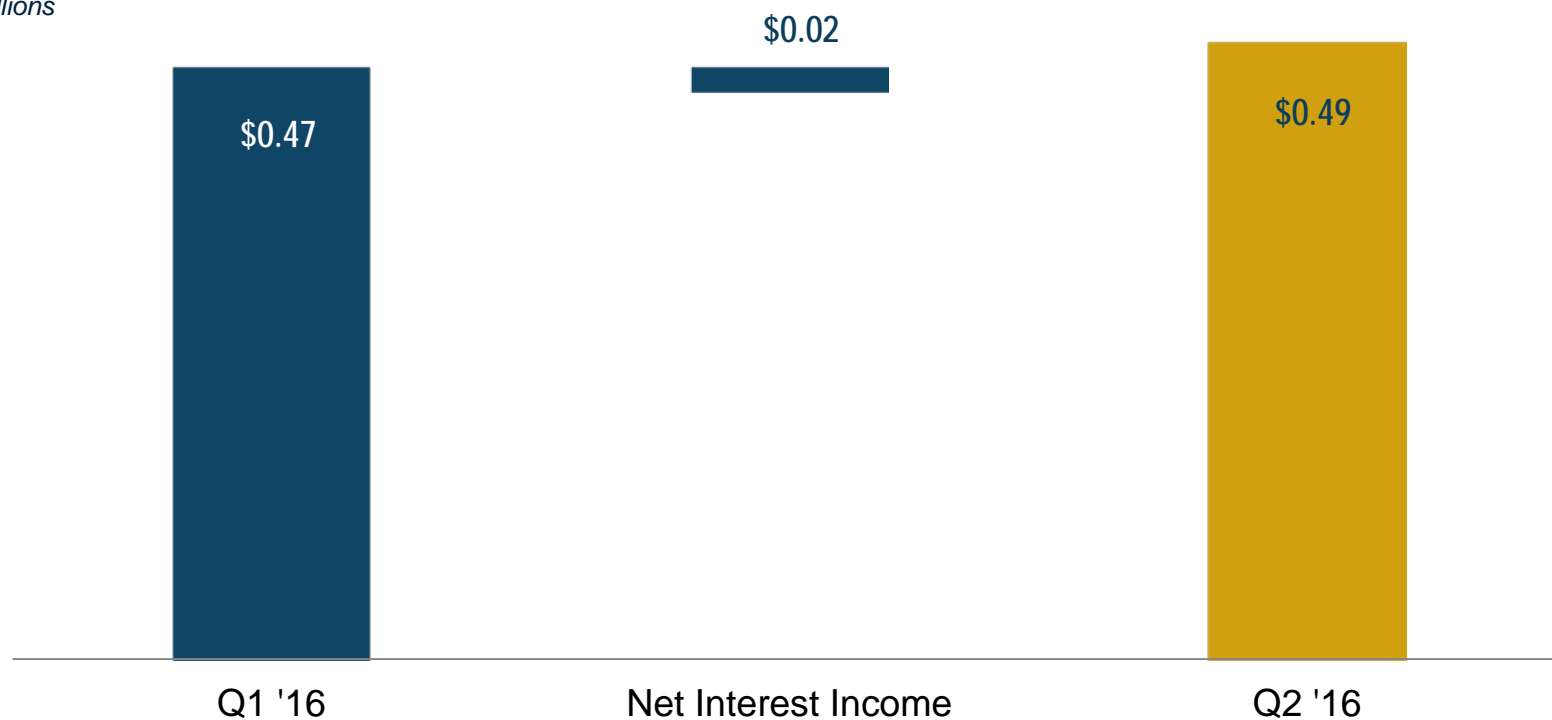


* A Non GAAP Measure, Refer to Appendix for Reconciliation

EARNINGS PER SHARE TREND

CHANGES IN CORE EPS*

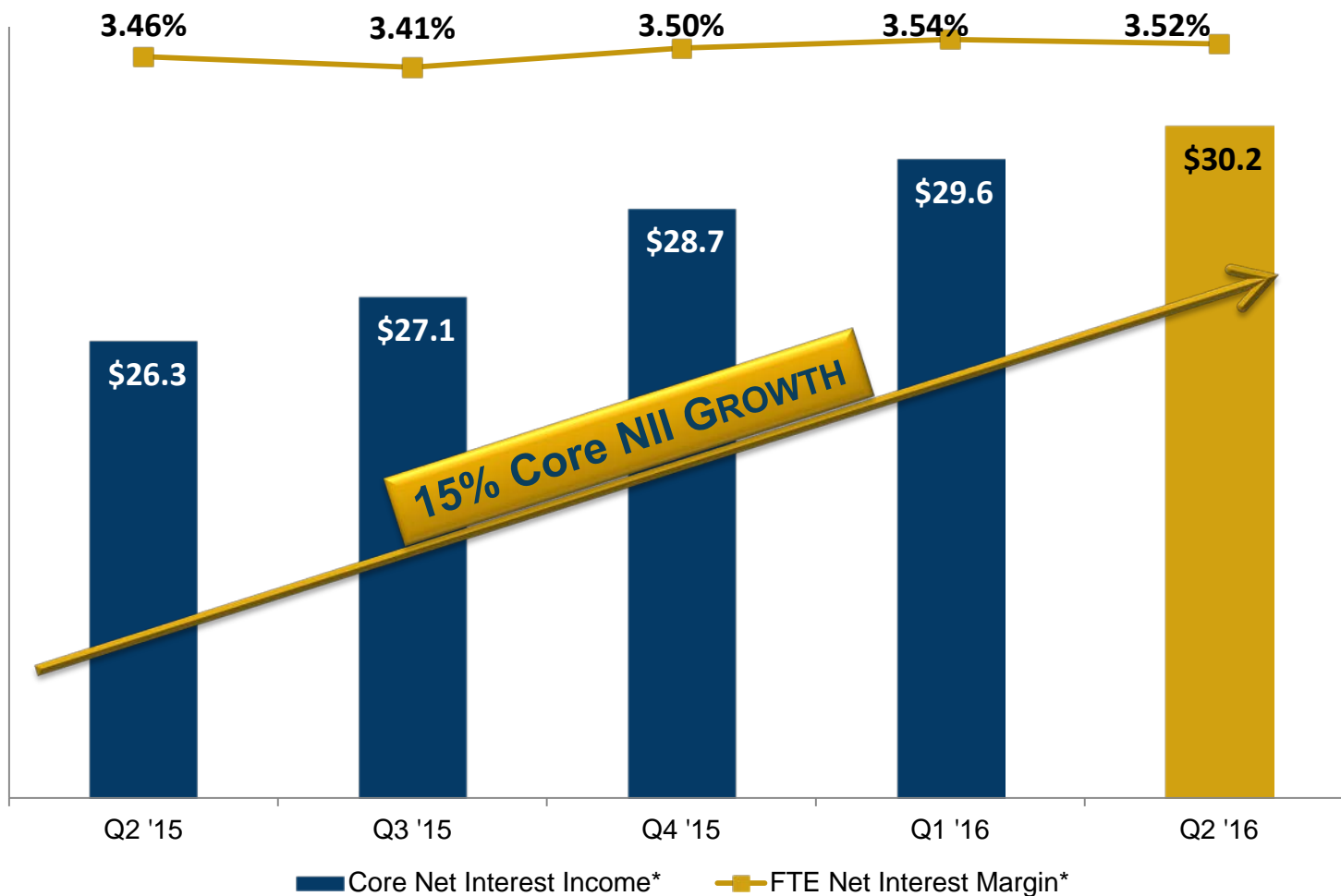
In Millions



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

CORE NET INTEREST INCOME TREND*

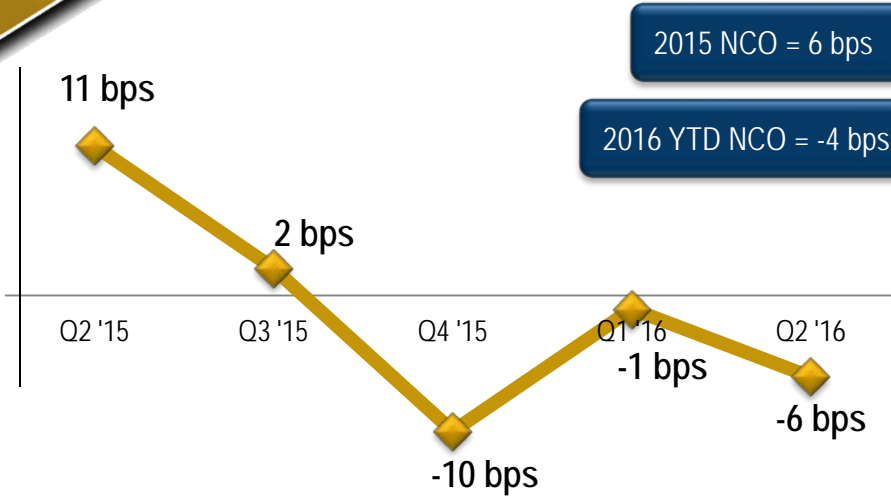
In Millions



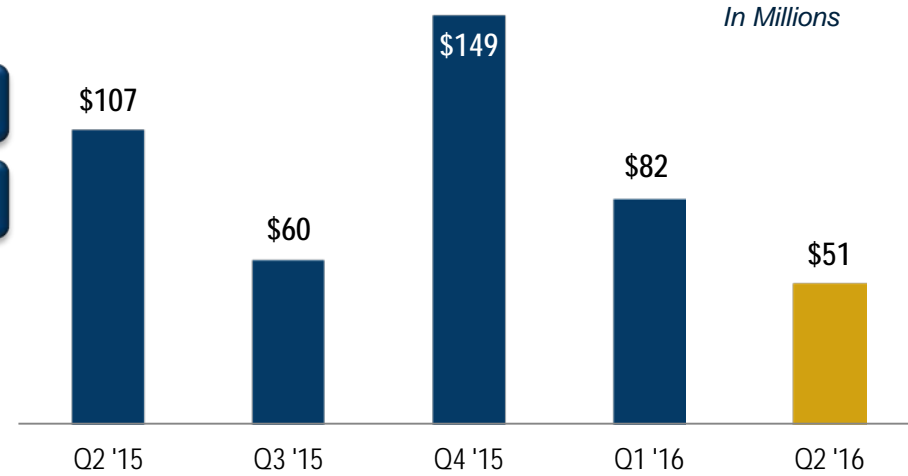
Note: * A Non-GAAP Measure, Refer to Appendix for Reconciliation

CREDIT TRENDS FOR PORTFOLIO LOANS

Net Charge-offs (1)

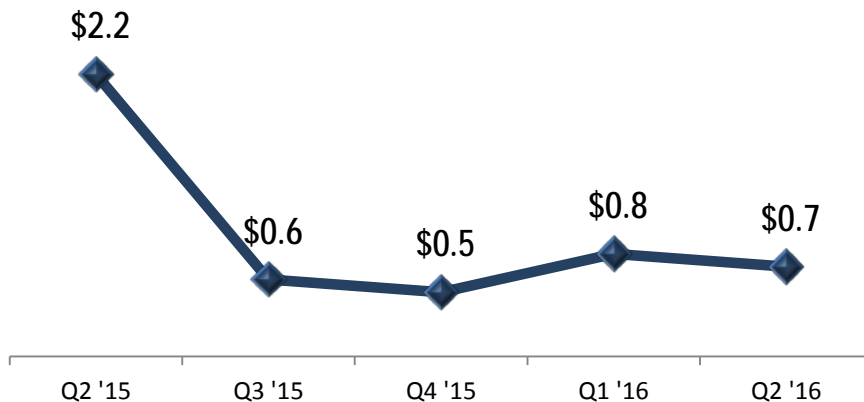


Portfolio Loan Growth



In Millions

Provision for Portfolio Loans

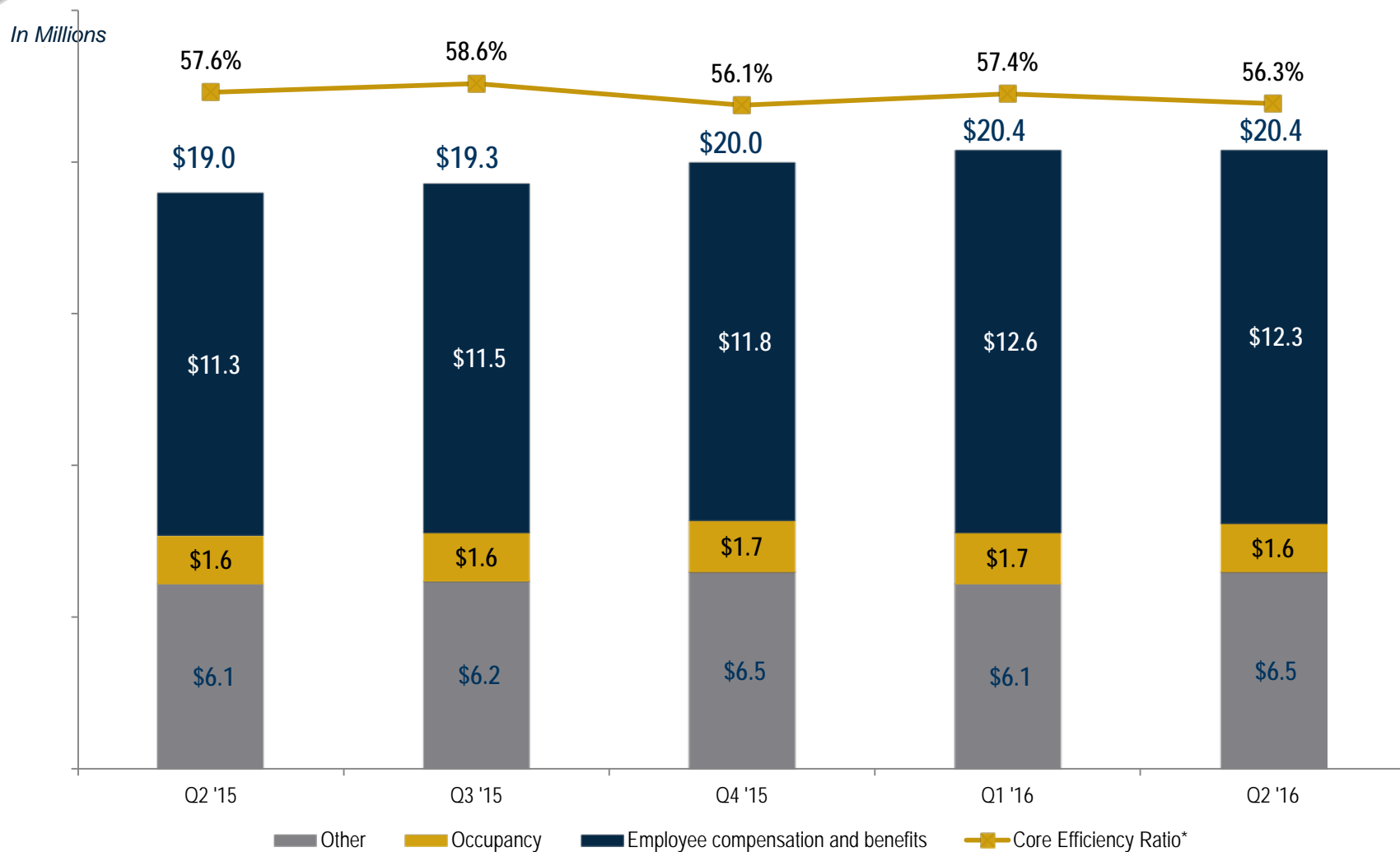


Q2 2016	EFSC	PEER(2)
NPA'S/ASSETS =	0.47%	0.76%
NPL'S/LOANS =	0.44%	0.94%
ALLL/NPL'S =	277%	116%
ALLL/LOANS =	1.23%	1.14%

(1) Portfolio loans only, excludes PCI (Purchased Credit Impaired) loans

(2) Peer data as of 3/31/2016 (source: SNL Financial)

OPERATING EXPENSES TREND*



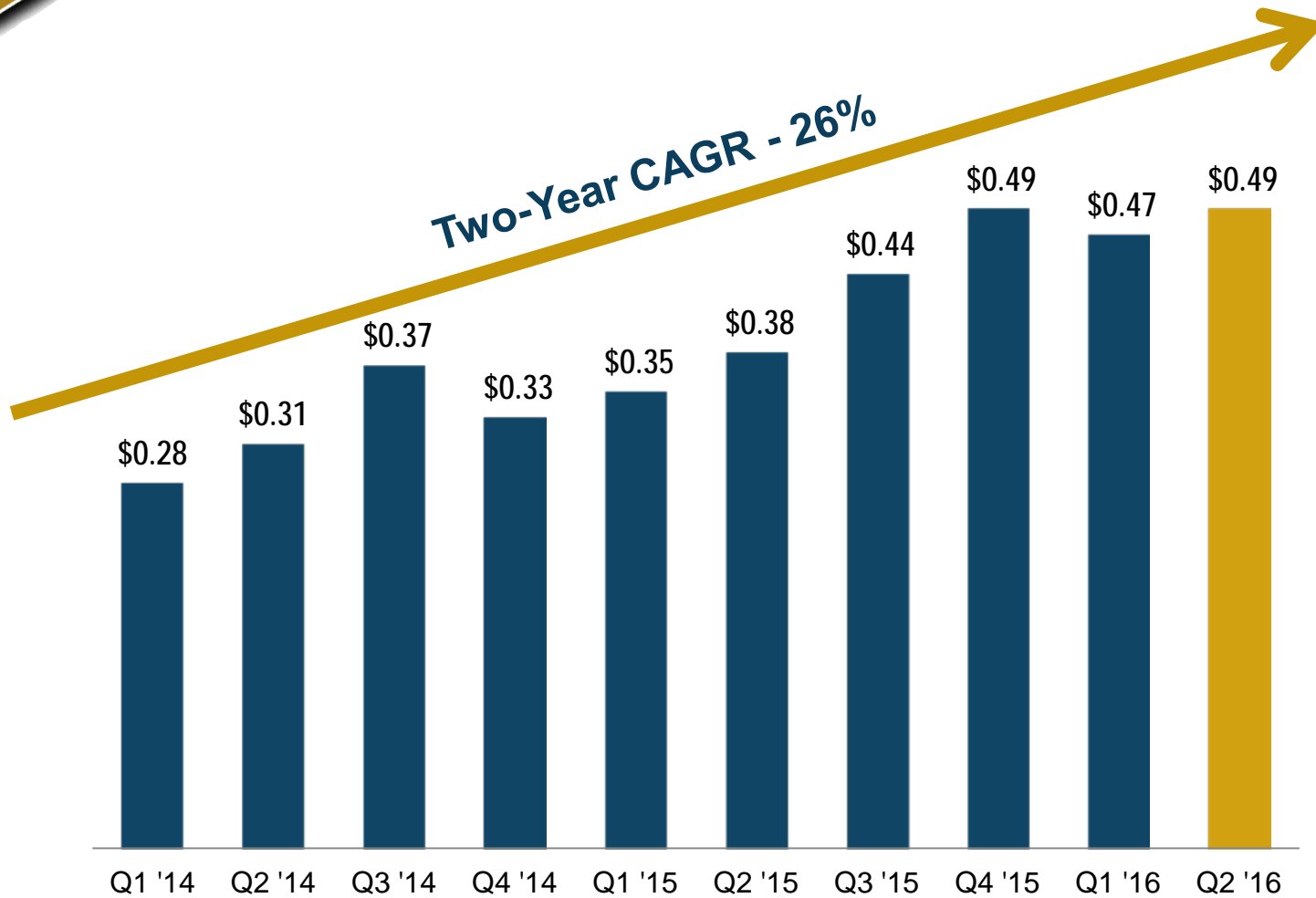
Note: * A Non-GAAP Measure, Refer to Appendix for Reconciliation

FINANCIAL SCORECARD

Q2 2016 Compared to Q2 2015

- ▶ CONTINUED GROWTH IN CORE EPS ↑ 29%
- ❖ DRIVE NET INTEREST INCOME GROWTH IN DOLLARS WITH FAVORABLE LOAN GROWTH TRENDS ↑ 15%
- ❖ DEFEND NET INTEREST MARGIN ↑ 6 bps
- ❖ MAINTAIN HIGH QUALITY CREDIT PROFILE ↓ 25 bps NPLs/Loans
- ▶ ACHIEVE FURTHER IMPROVEMENT IN OPERATING LEVERAGE ↓ 1%
- ▶ ENHANCE DEPOSIT LEVELS TO SUPPORT GROWTH ↑ 13%

POSITIVE MOMENTUM IN CORE* EARNINGS PER SHARE



29% Core EPS Growth from Q2 2015 to Q2 2016

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

Appendix





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 interest 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 this 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 from PCI loans and expenses directly related to the PCI loans and other assets formerly covered under FDIC loss share agreements. Core performance measures also exclude certain other income and expense items, such as executive separation costs and gain/loss on sale of investment securities, 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.

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

<i>(in thousands)</i>	For the Quarter ended				For the Six Months ended		
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Jun 30, 2015	
CORE PERFORMANCE MEASURES							
Net interest income	\$ 33,783	\$ 32,428	\$ 32,079	\$ 30,006	\$ 29,280	\$ 66,211	\$ 58,325
Less: Incremental accretion income	3,571	2,834	3,412	2,919	3,003	6,405	6,461
Core net interest income	30,212	29,594	28,667	27,087	26,277	59,806	51,864
Total noninterest income	7,049	6,005	6,557	4,729	5,806	13,054	9,389
Less: Change in FDIC loss share receivable	-	-	(580)	(1,241)	(945)	-	(3,209)
Less (plus): Gain (loss) on sale of other real estate from PCI loans	705	-	81	31	10	705	(5)
Less: Gain on sale of investment securities	-	-	-	-	-	-	23
Less: Other income from PCI assets	239	-	-	-	-	239	-
Core noninterest income	6,105	6,005	7,056	5,939	6,741	12,110	12,580
Total core revenue	36,317	35,599	35,723	33,026	33,018	71,916	64,444
Provision for portfolio loans	716	833	543	599	2,150	1,549	3,730
Total noninterest expense	21,353	20,762	22,886	19,932	19,458	42,115	39,408
Less: FDIC clawback	-	-	-	298	50	-	462
Less: FDIC loss share termination	-	-	2,436	-	-	-	-
Less: Other expenses related to PCI loans	325	327	423	287	378	652	848
Less: Executive severance	332	-	-	-	-	332	-
Less: Other non-core expense	250	-	-	-	-	250	-
Core noninterest expense	20,446	20,435	20,027	19,347	19,030	40,881	38,098
Core income before income tax expense	15,155	14,331	15,153	13,080	11,838	29,486	22,616
Core income tax expense	5,237	4,897	5,073	4,204	4,134	10,134	7,781
Core net income	\$ 9,918	\$ 9,434	\$ 10,080	\$ 8,876	\$ 7,704	\$ 19,352	\$ 14,835
Core diluted earnings per share	\$ 0.49	\$ 0.47	\$ 0.49	\$ 0.44	\$ 0.38	\$ 0.96	\$ 0.74
Core return on average assets	1.07%	1.04%	1.13%	1.03%	0.93%	1.06%	0.91%
Core return on average common equity	10.89%	10.66%	11.46%	10.41%	9.34%	10.78%	9.17%
Core return on average tangible common equity	11.98%	11.76%	12.68%	11.56%	10.41%	11.87%	10.24%
Core efficiency ratio	56.30%	57.40%	56.06%	58.58%	57.64%	56.85%	59.12%
NET INTEREST MARGIN TO CORE NET INTEREST MARGIN							
Net interest income (fully tax equivalent)	\$ 34,227	\$ 32,887	\$ 32,546	\$ 30,437	\$ 29,691	\$ 67,114	\$ 59,158
Less: Incremental accretion income	3,571	2,834	3,412	2,919	3,003	6,405	6,461
Core net interest income (fully tax equivalent)	\$ 30,656	\$ 30,053	\$ 29,134	\$ 27,518	\$ 26,688	\$ 60,709	\$ 52,697
Average earning assets	\$ 3,506,801	\$ 3,413,792	\$ 3,304,827	\$ 3,201,181	\$ 3,096,294	\$ 3,460,296	\$ 3,072,188
Reported net interest margin (fully tax equivalent)	3.93%	3.87%	3.91%	3.77%	3.85%	3.90%	3.88%
Core net interest margin (fully tax equivalent)	3.52%	3.54%	3.50%	3.41%	3.46%	3.53%	3.46%



SECOND QUARTER 2016 EARNINGS WEBCAST

Q & A

