

Enterprise Financial Services Corp

2017 Fourth Quarter Earnings Webcast



Forward-Looking Statements

Some of the information in this report contains “forward-looking statements” within the meaning of and 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 may be expressed differently. Forward-looking statements also include, but are not limited to, statements regarding plans, objectives, expectations or consequences of announced transactions and statements about the future performance, operations, products and services of the Company and its subsidiaries. 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 anticipated by the forward-looking statements or historical performance due to a number of factors, including, but not limited to: our ability to efficiently integrate acquisitions into our operations, retain the customers of these businesses and grow the acquired operations; reputational risks; 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 (the “SEC”) which are available on our website at www.enterprisebank.com under "Investor Relations."



2017 Focus

- **Sustain Core Growth Trends**
- **Successfully Convert and Integrate Jefferson County Bancshares ("JCB")**
- **Maintain Focus on Long-Term Strategic Development**

Financial Scorecard

Q4 2017 Compared to Q4 2016

Continued Growth in Core EPS

- Drive Net Interest Income Growth in Dollars with Favorable Loan Growth Trends
- Defend Net Interest Margin
- Maintain High Quality Credit Profile
- Achieve Further Improvement in Operating Leverage

↑ 31%

↑ 40%

↑ 29 bps

↓ 9 bps NPLs/Loans

↓ 2.5%

Enhance Deposit Levels to Support Growth

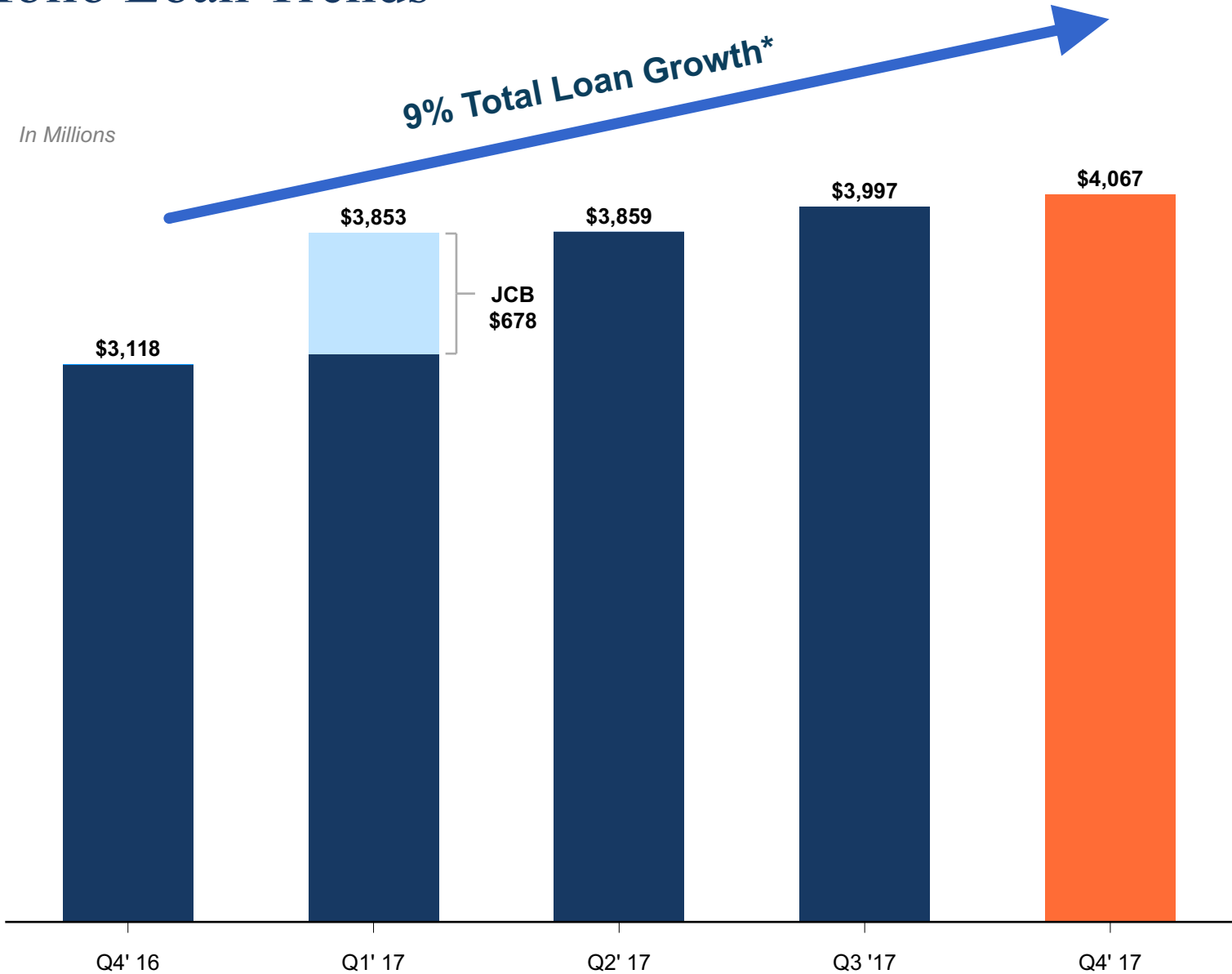
↑ 29%



2018 Focus

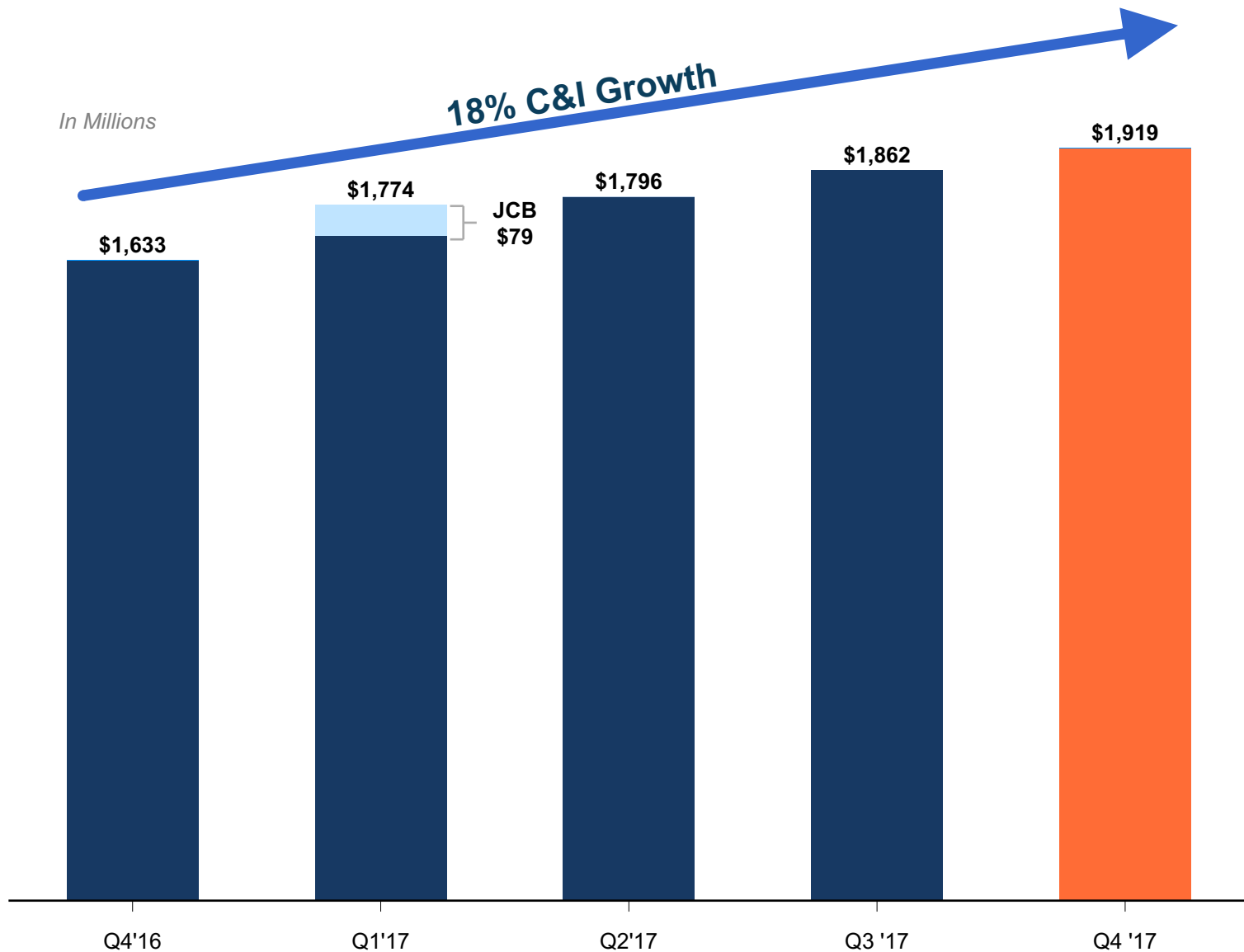
- **Achieve Organic Loan and Deposit Growth**
- **Maintain Focus on Long-Term Strategic Development**
- **Improve Overall Sales Culture Through a Refreshed Sales Process and External Message**

Portfolio Loan Trends



***Note: 30% including acquisition of JCB**

Commercial & Industrial Loan Trends



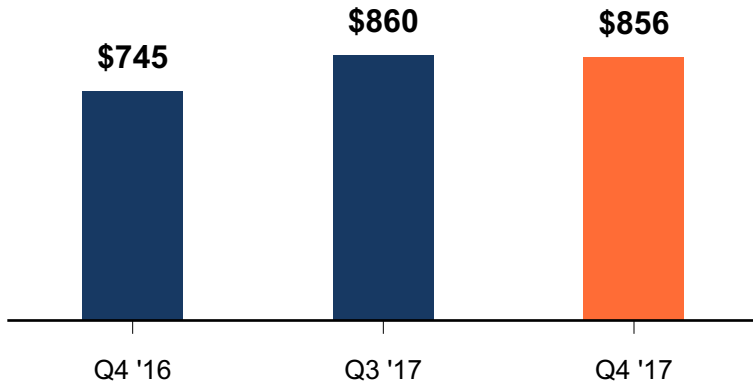
Portfolio Loan Details

<i>In Millions</i>	Q4 '17	Q3 '17	QTR Change	Q4 '16	LTM Change
Enterprise Value Lending	\$ 408	\$ 456	\$ (48)	\$ 389	\$ 19
C&I General	912	886	26	794	118
Life Insurance Premium Financing	365	331	34	306	59
Tax Credit	235	189	46	144	91
Commercial Real Estate	1,669	1,639	30	1,089	580
Residential Real Estate	342	342	—	241	101
Consumer & Other	136	154	(18)	155	(19)
Portfolio Loans	\$ 4,067	\$ 3,997	\$ 70	\$ 3,118	\$ 949

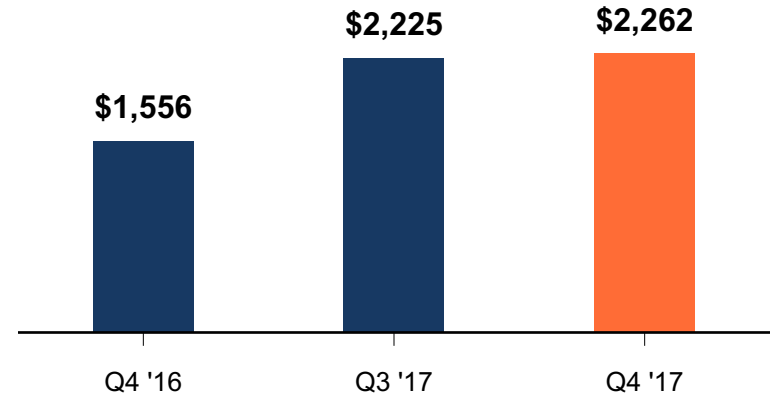
Portfolio Loans By Business Unit

In Millions

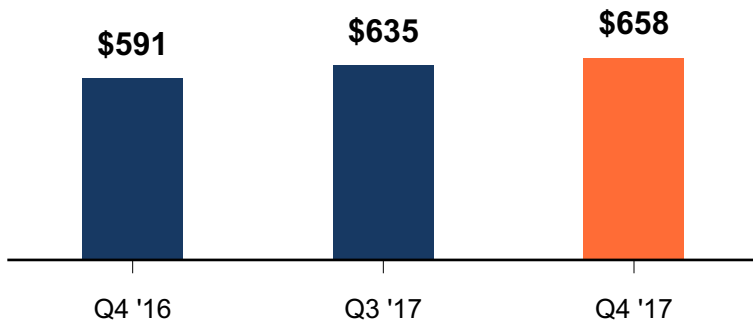
Specialized Lending



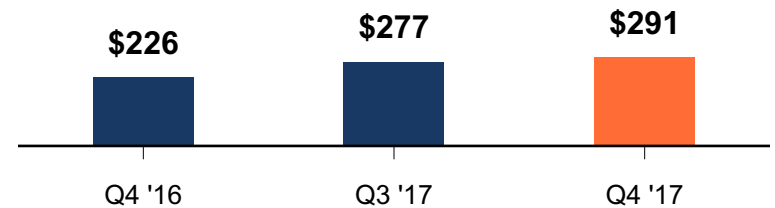
St. Louis



Kansas City

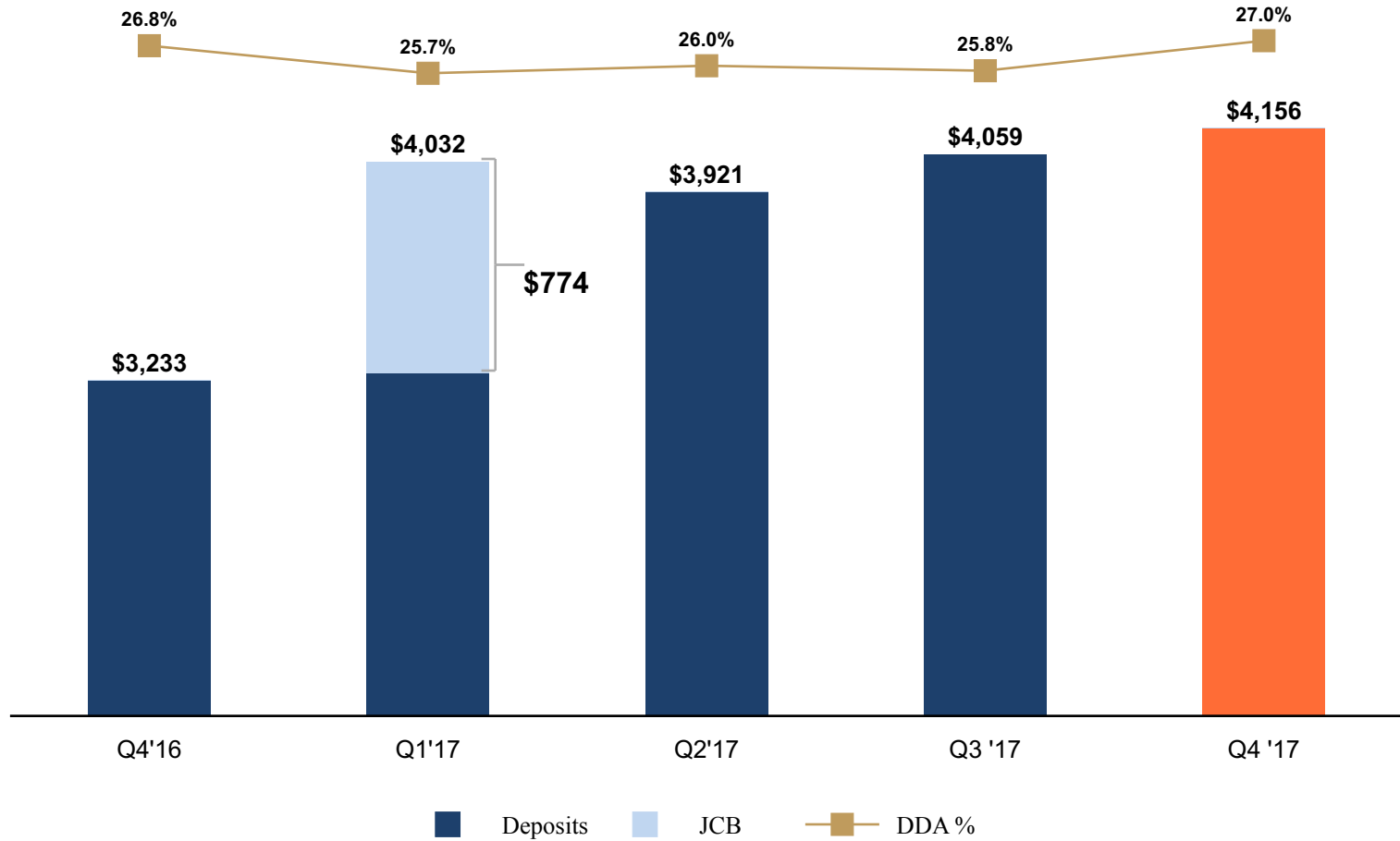


Arizona



Deposit Trend

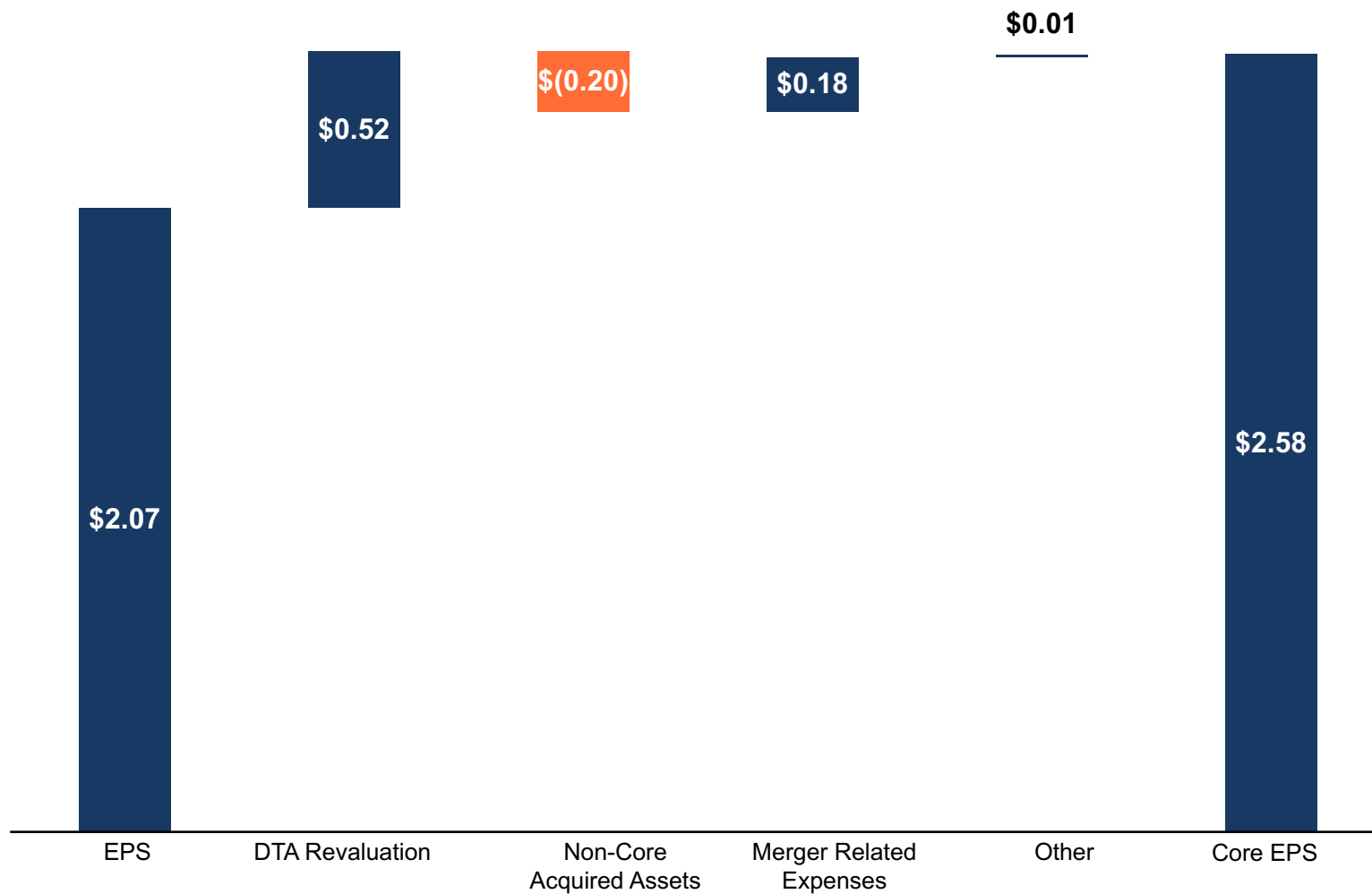
In Millions



► Last Twelve Months Growth Rate = 29%, 5% Excluding Acquisition of JCB

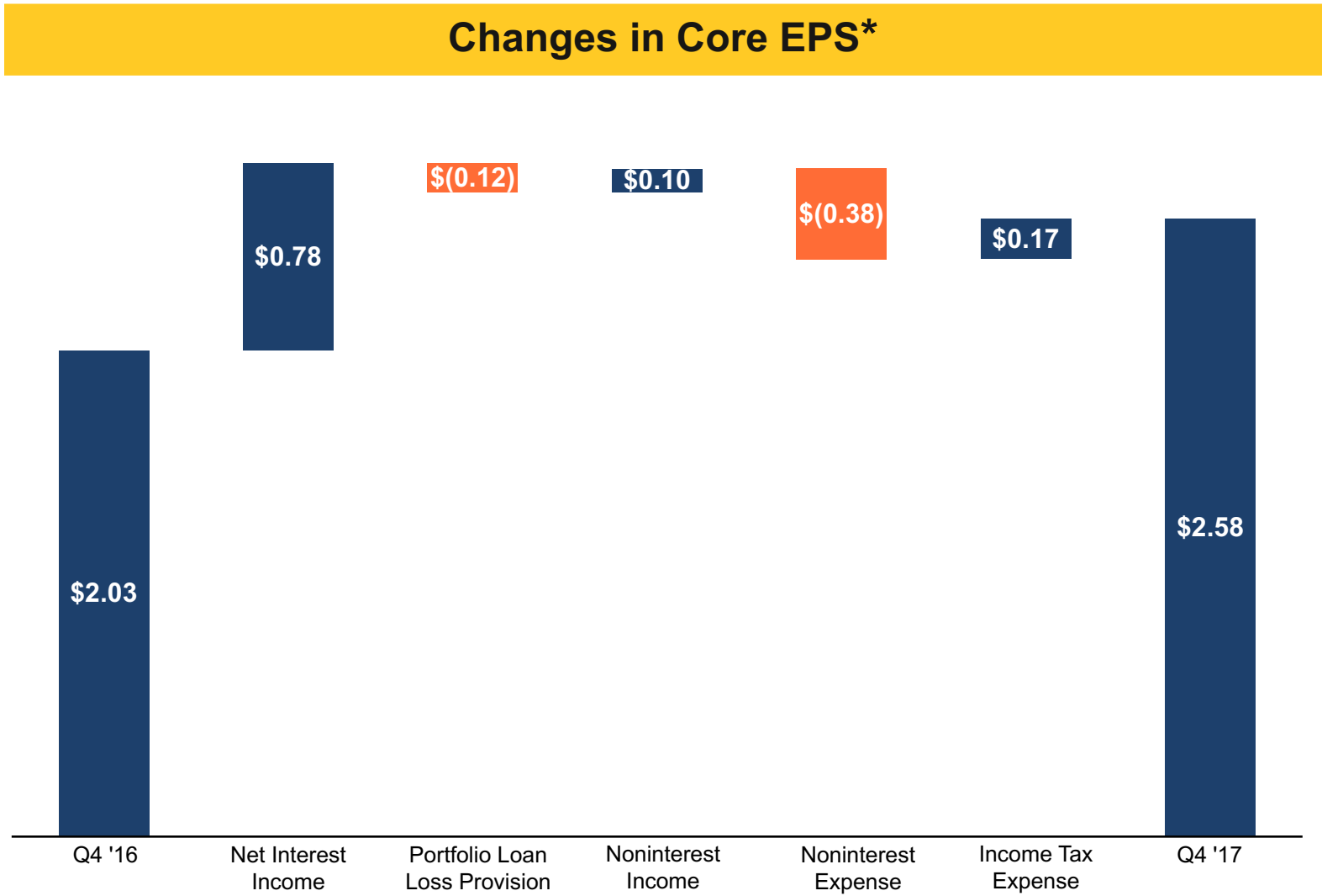
Earnings Per Share - Full Year

Reported vs. Core EPS*



* A Non GAAP Measure, Refer to Appendix for Reconciliation

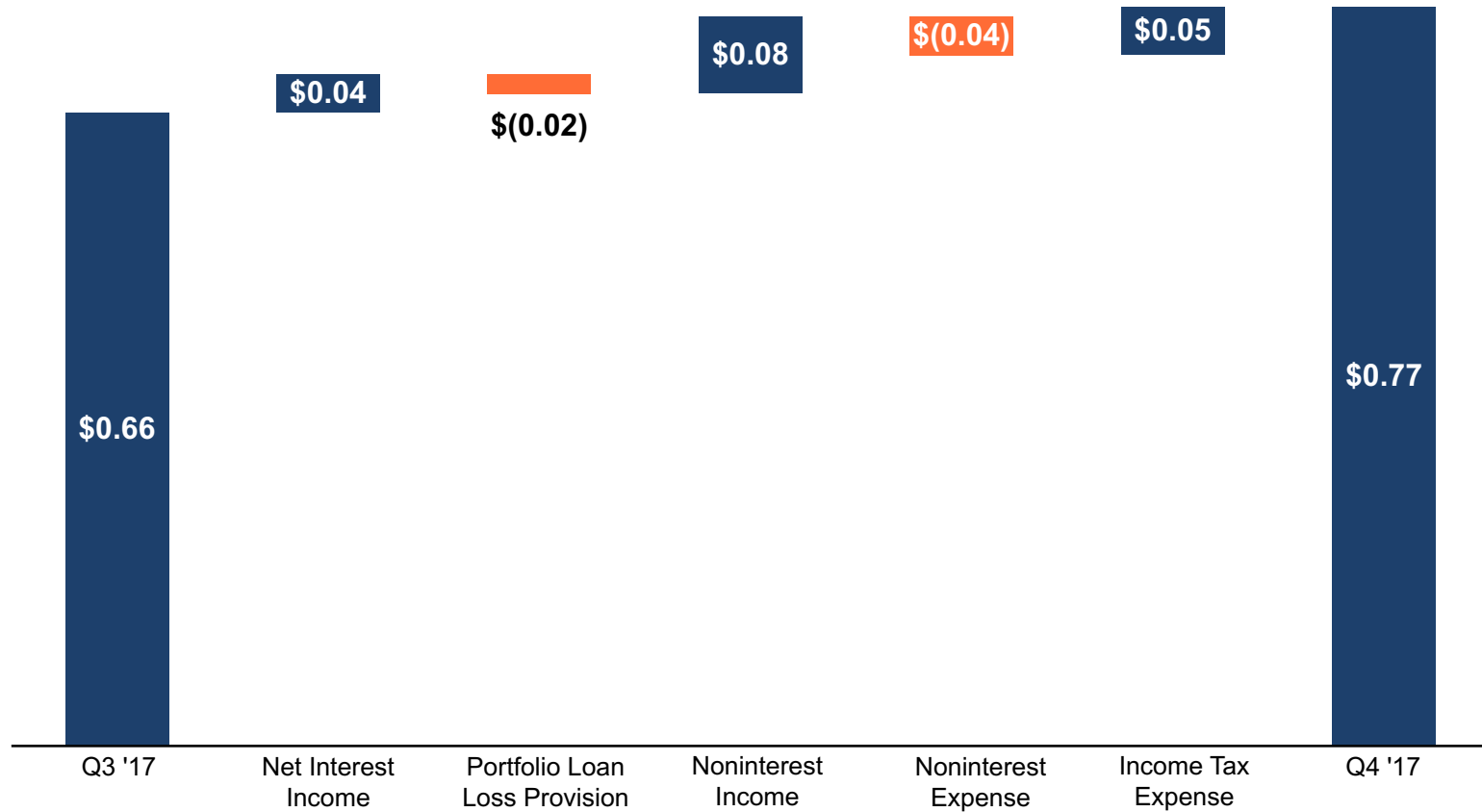
Earnings Per Share Trend - Full Year



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

Earnings Per Share Trend - Q4 2017

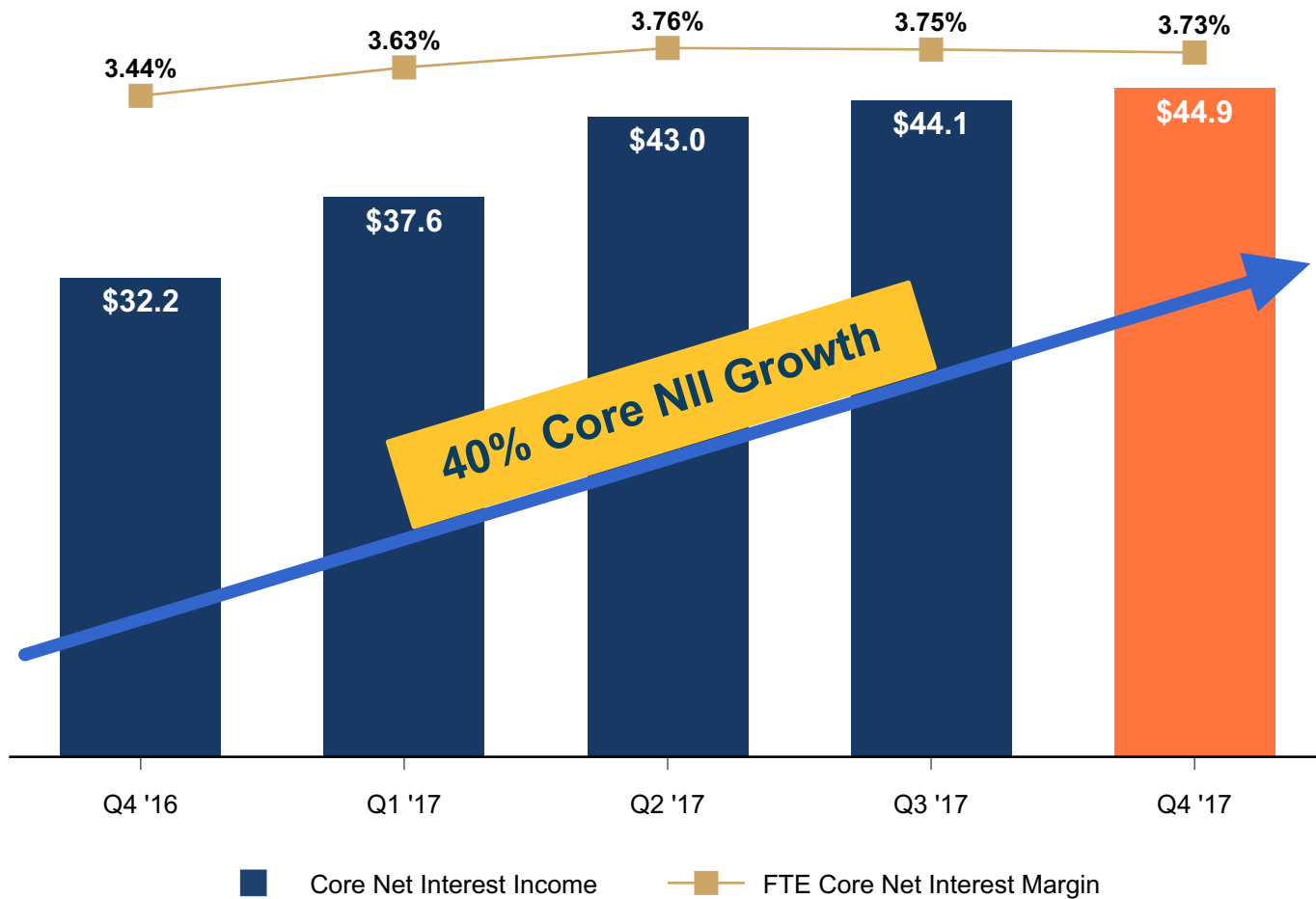
Changes in Core EPS*



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

Core Net Interest Income Trend*

In Millions

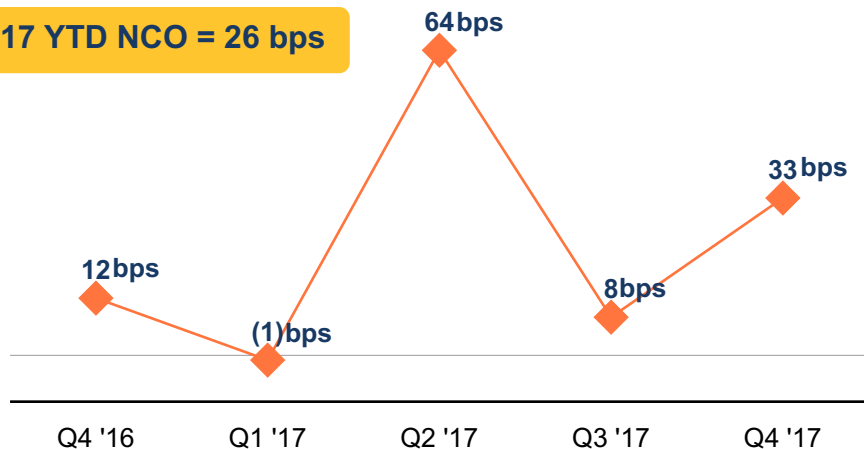


Note: * A Non-GAAP Measure, Refer to Appendix for Reconciliation

Credit Trends for Portfolio Loans

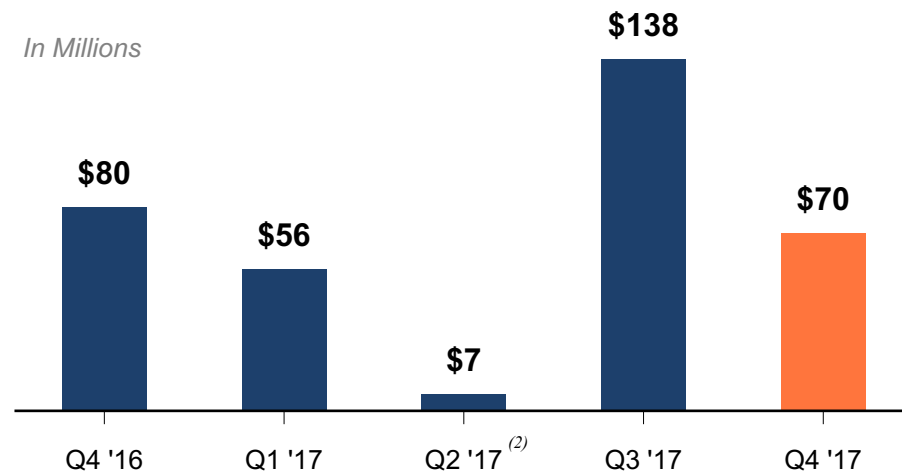
Net Charge-offs ⁽¹⁾

2017 YTD NCO = 26 bps



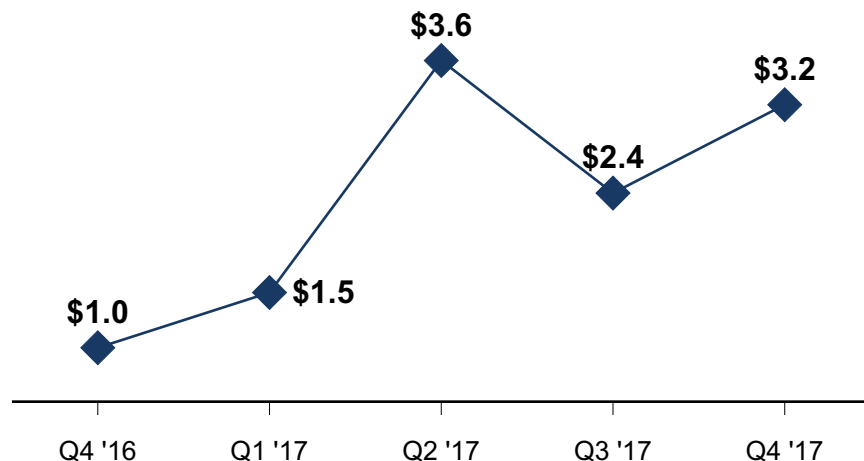
Portfolio Loan Growth

In Millions



In Millions

Provisions for Portfolio Loans



Q4 2017

EFSC

Peer ⁽³⁾

NPA's/Assets =	0.31%	0.66%
NPL's/Loans =	0.39%	0.79%
ALLL/NPL's =	243.3%	120.2%
ALLL/Loans =	0.95%	1.05%

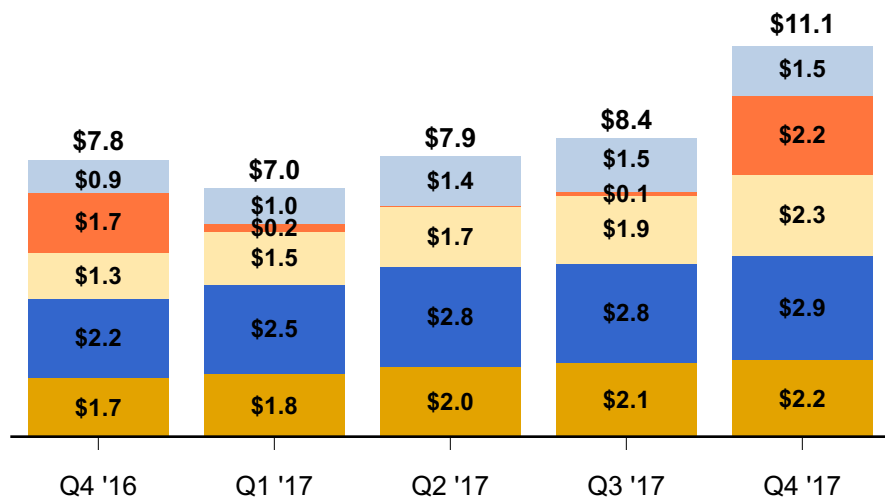
⁽¹⁾ Portfolio loans only, excludes non-core acquired loans; ⁽²⁾ Excludes JCB;

⁽³⁾ Peer median data as of 9/30/2017 (source: SNL Financial)

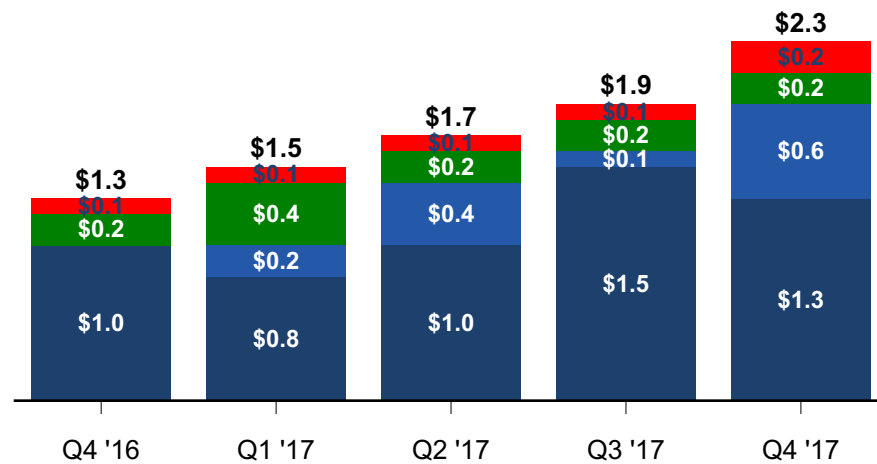
Core Fee Income*

In Millions

Core Fee Income



Other Core Fee Income Detail



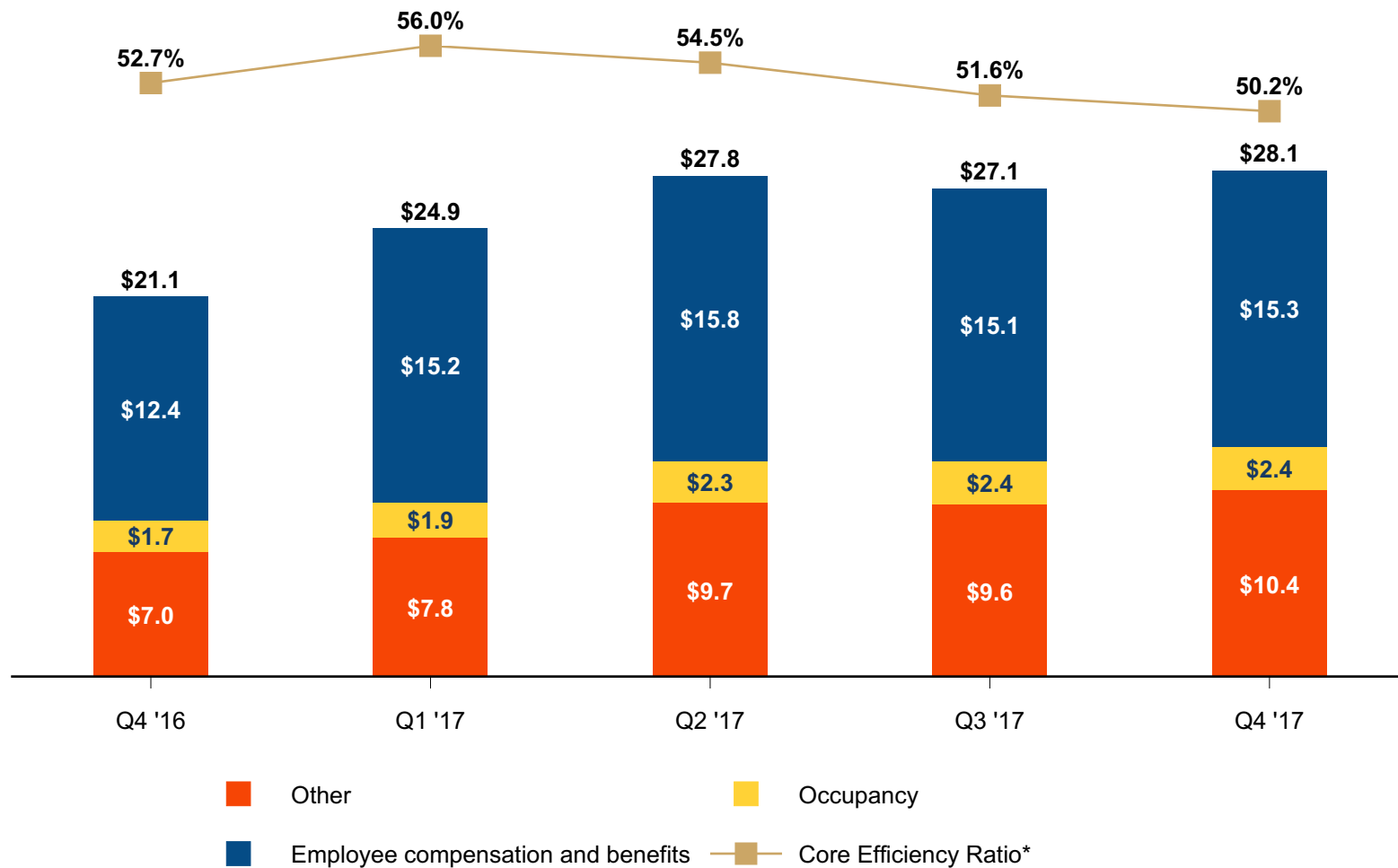
- Wealth Management
- Deposit Services Charge
- Other
- State Tax Credits
- Card Services

- Miscellaneous
- Swap Fees
- CDE
- Mortgage

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

Operating Expenses Trend*

In Millions

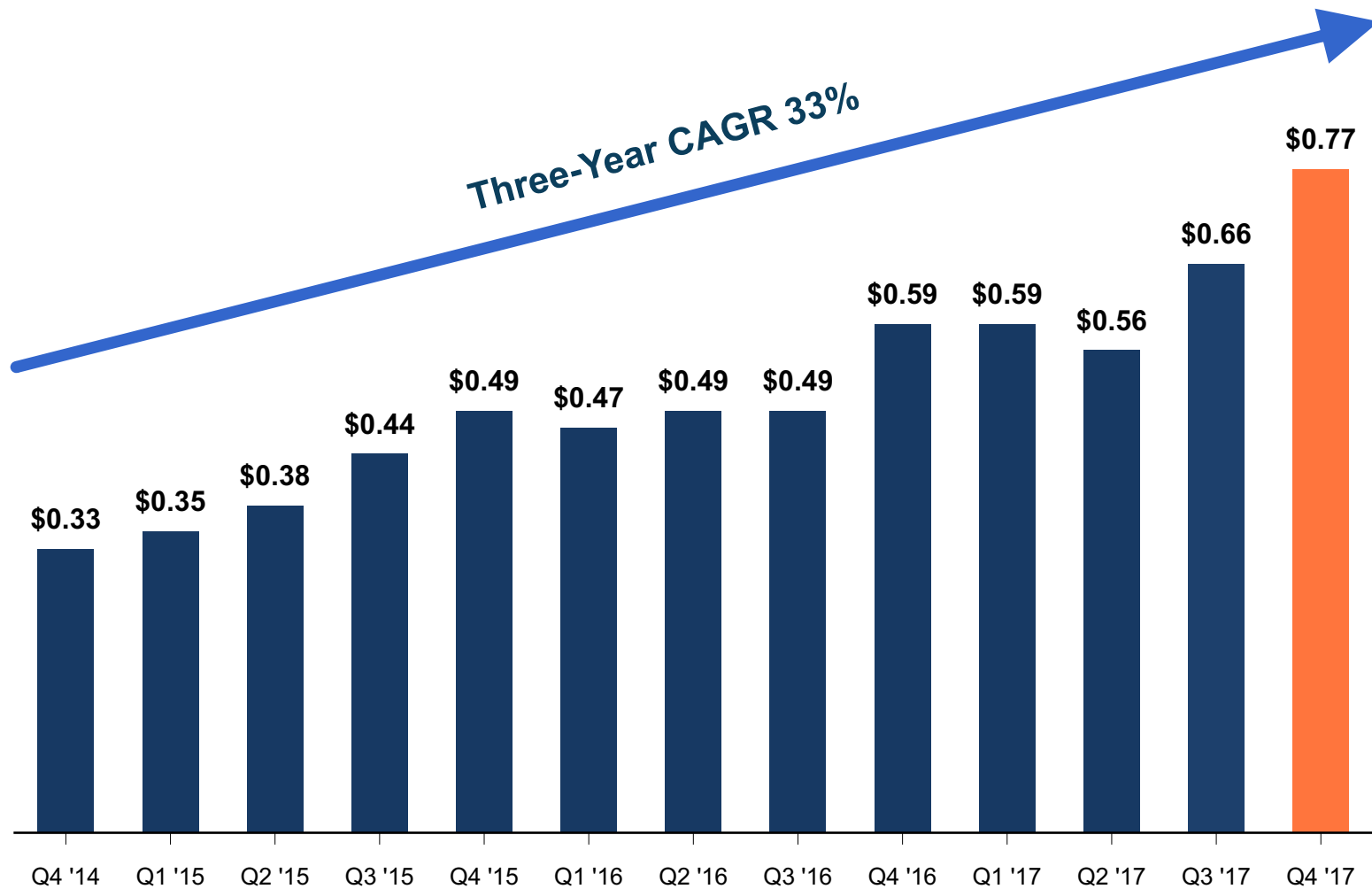


Note: * A Non-GAAP Measure, Refer to Appendix for Reconciliation

Effective Tax Rate Reconciliation

	2017	Q4 2017	Q3 2017
Federal Tax Rate	35.00%	35.00%	35.00%
State Tax, Net of Federal Benefit	1.94%	1.94%	1.97%
Excess Tax Benefits	(2.47)%	(1.25)%	(0.01)%
Tax Credit Investments	(1.89)%	(3.62)%	(2.69)%
Other Tax Adjustments	(2.28)%	(3.90)%	(1.77)%
Pre-DTA Effective Tax Rate	30.30%	28.17%	32.50%
Deferred Tax Asset Revaluation	14.00%	44.30%	—%
Ending Effective Tax Rate	44.30%	72.47%	32.50%

Positive Momentum in Core Earnings Per Share*



133% Core EPS Growth from Q4 2014 to Q4 2017

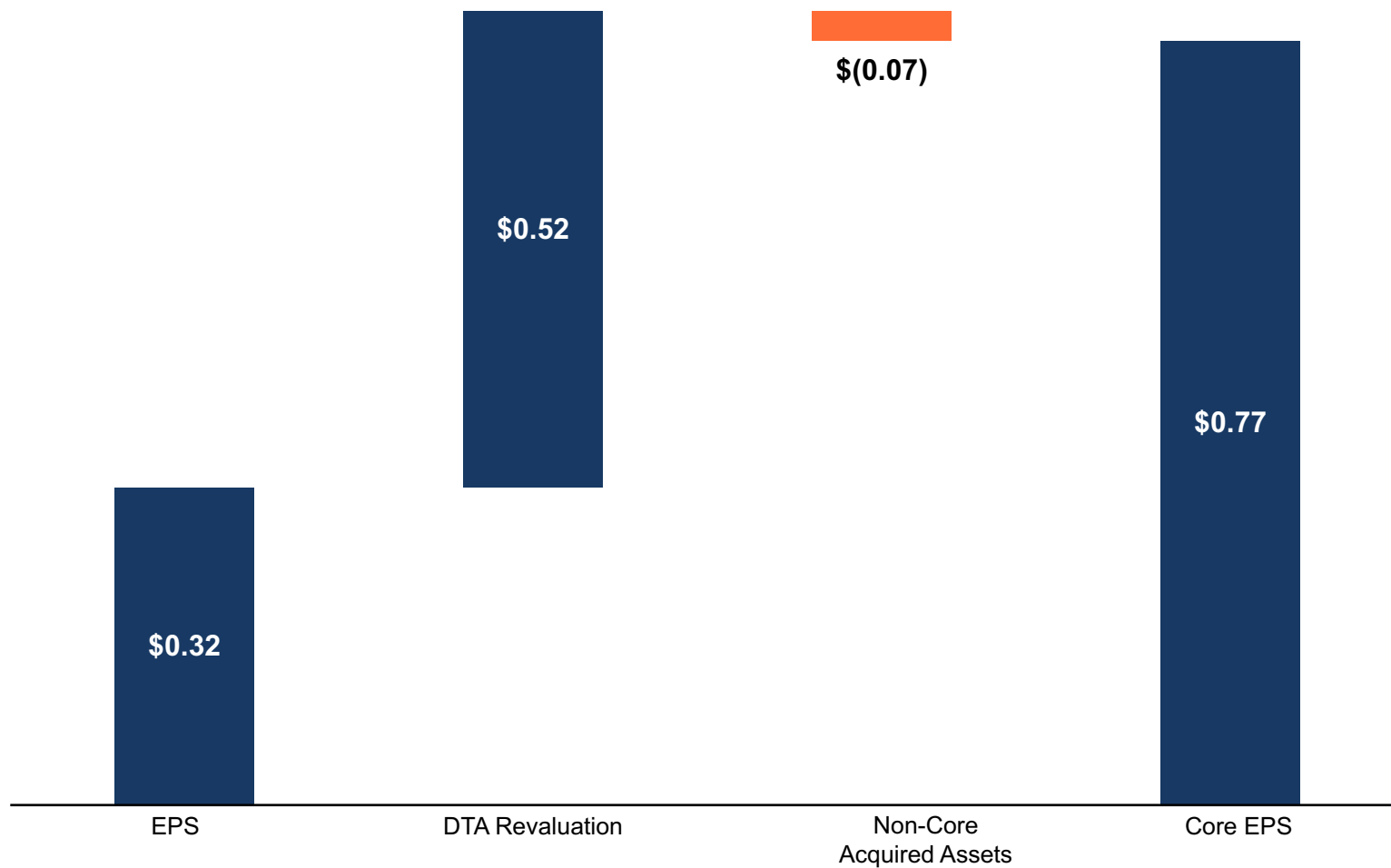
Note: * A Non-GAAP Measure, Refer to Appendix for Reconciliation

Fourth Quarter 2017 Earnings Webcast

Appendix

Earnings Per Share - Q4 2017

Reported vs. Core EPS*



* A Non GAAP Measure, Refer to Appendix for Reconciliation

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 non-core acquired loans and related income and expenses, the impact of non-comparable items, and the Company's operating performance on an ongoing basis. Core performance measures include contractual interest on non-core acquired loans but exclude incremental accretion on these loans. Core performance measures also exclude the gain or loss on sale of other real estate from non-core acquired loans, and expenses directly related to the non-core acquired 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, merger related expenses, facilities charges, deferred tax asset revaluation, and the gain or 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 median 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

	For the Quarter ended				
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016
<i>(\$ in thousands, except per share data)</i>					
CORE PERFORMANCE MEASURES					
Net interest income	\$ 47,404	\$ 45,625	\$ 45,633	\$ 38,642	\$ 35,454
Less: Incremental accretion income	2,503	1,556	2,584	1,075	3,279
Core net interest income	44,901	44,069	43,049	37,567	32,175
Total noninterest income	11,112	8,372	7,934	6,976	9,029
Less: Gain (loss) on sale of other real estate from non-core acquired loans	(6)	—	—	—	1,085
Less: Other income from non-core acquired assets	—	—	—	—	95
Less: Gain on sale of investment securities	—	22	—	—	—
Core noninterest income	11,118	8,350	7,934	6,976	7,849
Total core revenue	56,019	52,419	50,983	44,543	40,024
Provision for portfolio loan losses	3,186	2,422	3,623	1,533	964
Total noninterest expense	28,260	27,404	32,651	26,736	23,181
Less: Other expenses related to non-core acquired loans	114	19	(16)	123	172
Less: Facilities disposal	—	—	389	—	1,040
Less: Merger related expenses	—	315	4,480	1,667	1,084
Less: Other non-core expenses	—	—	—	—	(209)
Core noninterest expense	28,146	27,070	27,798	24,946	21,094
Core income before income tax exp	24,687	22,927	19,562	18,064	17,966
Total income tax expense	19,820	7,856	5,545	5,106	7,053
Less: income tax expense from deferred tax asset revaluation	12,117	—	—	—	—
Less: Other non-core income tax expense ¹	1,011	465	(784)	190	1,032
Core income tax expense	6,692	7,391	6,329	4,916	6,021
Core net income	<u>\$ 17,995</u>	<u>\$ 15,536</u>	<u>\$ 13,233</u>	<u>\$ 13,148</u>	<u>\$ 11,945</u>
Core diluted earnings per share	\$ 0.77	\$ 0.66	\$ 0.56	\$ 0.59	\$ 0.59
Core return on average assets	1.37%	1.21%	1.06%	1.17%	1.19%
Core return on average common equity	12.84%	11.13%	9.72%	11.29%	12.31%
Core return on average tangible common equity	16.71%	14.50%	12.72%	13.75%	13.44%
Core efficiency ratio	50.24%	51.64%	54.52%	56.01%	52.70%
NET INTEREST MARGIN TO CORE NET INTEREST MARGIN (FULLY TAX EQUIVALENT)					
Net interest income	\$ 47,824	\$ 46,047	\$ 46,096	\$ 39,147	\$ 35,884
Less: Incremental accretion income	2,503	1,556	2,584	1,075	3,279
Core net interest income	<u>\$ 45,321</u>	<u>\$ 44,491</u>	<u>\$ 43,512</u>	<u>\$ 38,072</u>	<u>\$ 32,605</u>
Average earning assets	\$4,826,271	\$4,712,672	\$4,641,198	\$4,259,198	\$3,767,272
Reported net interest margin	3.93%	3.88%	3.98%	3.73%	3.79%
Core net interest margin	3.73%	3.75%	3.76%	3.63%	3.44%

¹Non-core income tax expense calculated at 38% of non-core pretax income plus an estimate of taxes payable related to non-deductible JCB acquisition costs.

Fourth Quarter 2017 Earnings Webcast

Q & A