

Enterprise Financial Services Corp

2019 First 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."

Financial Scorecard

Q1 2019 Compared to Q1 2018

Continued Growth in EPS

- Drive Net Interest Income Growth in Dollars with Favorable Loan Growth Trends
- Defend Core Net Interest Margin¹
- Maintain High Quality Credit Profile
- Achieve Further Improvement in Core Operating Leverage¹

↓ 26%

↑ 13%

↑ 5 bps

↓ 18 bps NPLs/Loans

Consistent efficiency ratio

Enhance Deposit Levels to Support Growth

↑ 29%

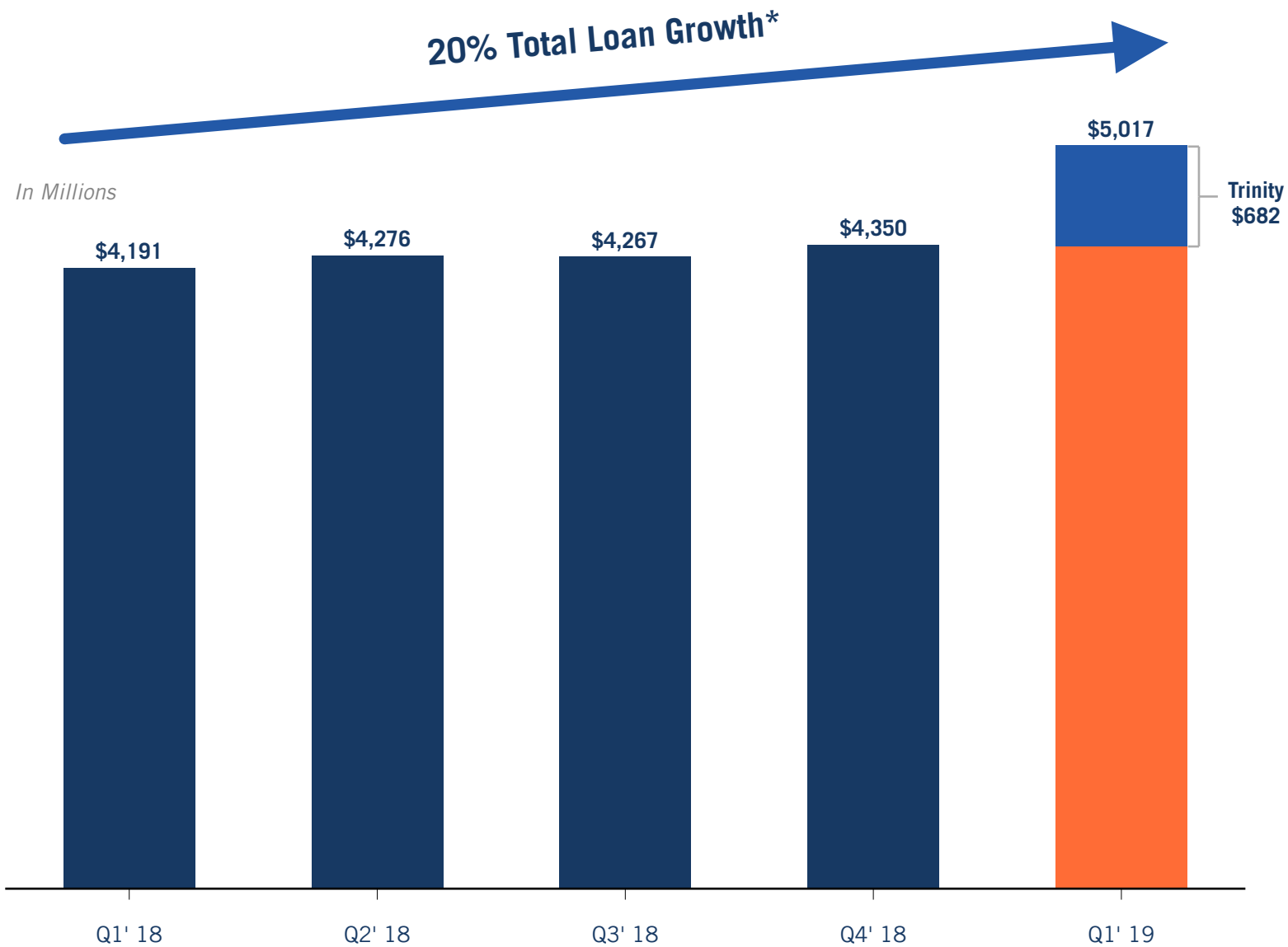
¹A Non GAAP Measure, Refer to Appendix for Reconciliation



2019 Focus

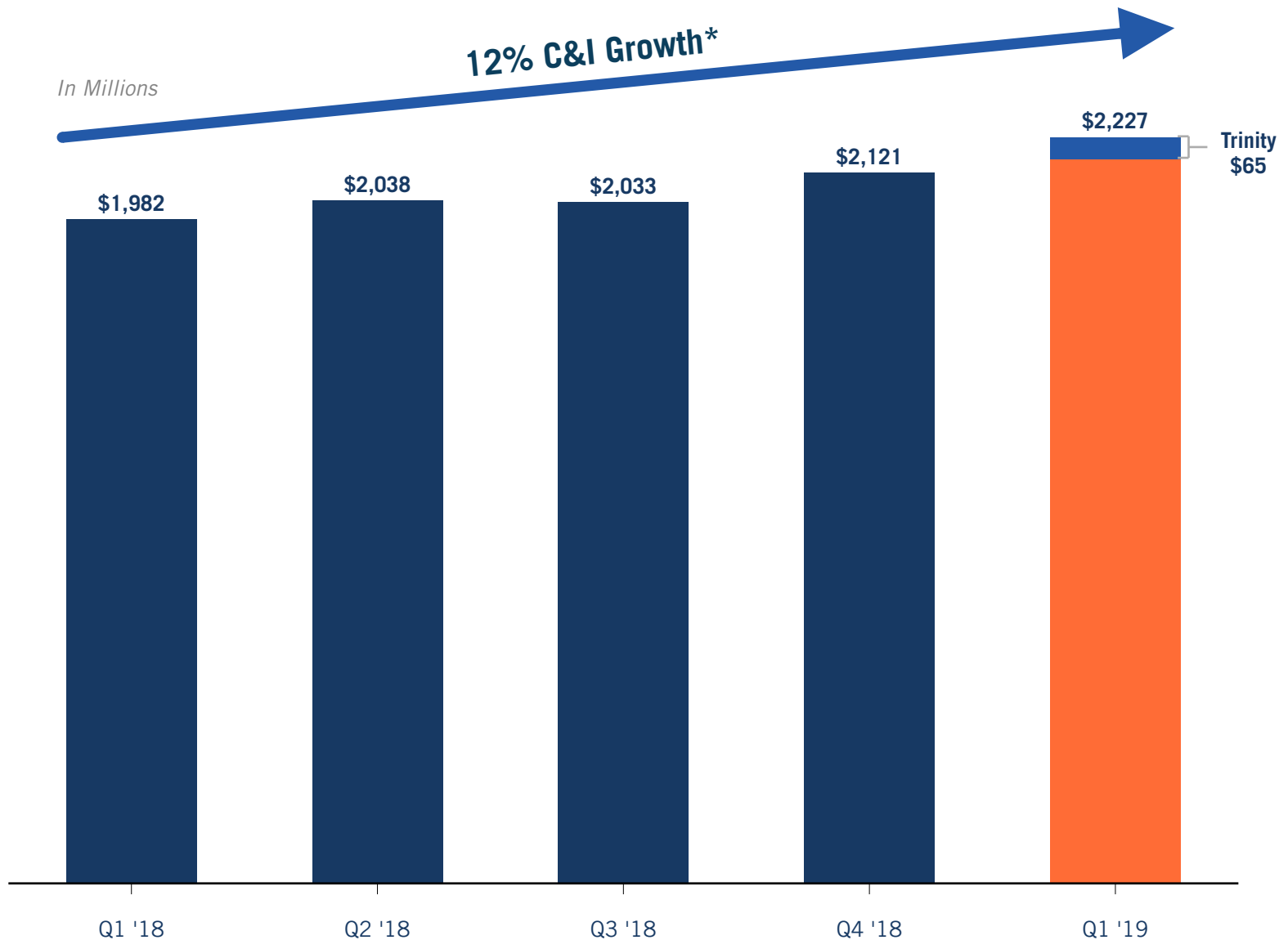
- **Closing and Integration of the TCC Acquisition**
- **Achieve Organic Loan and Deposit Goals**
- **Continued Incremental Improvement of Our Sales and Operational Processes**

Total Loan Trends



***Note: 3% Excluding Acquisition of Trinity**

Commercial & Industrial Loan Trends



***Note: 9% Excluding Acquisition of Trinity**

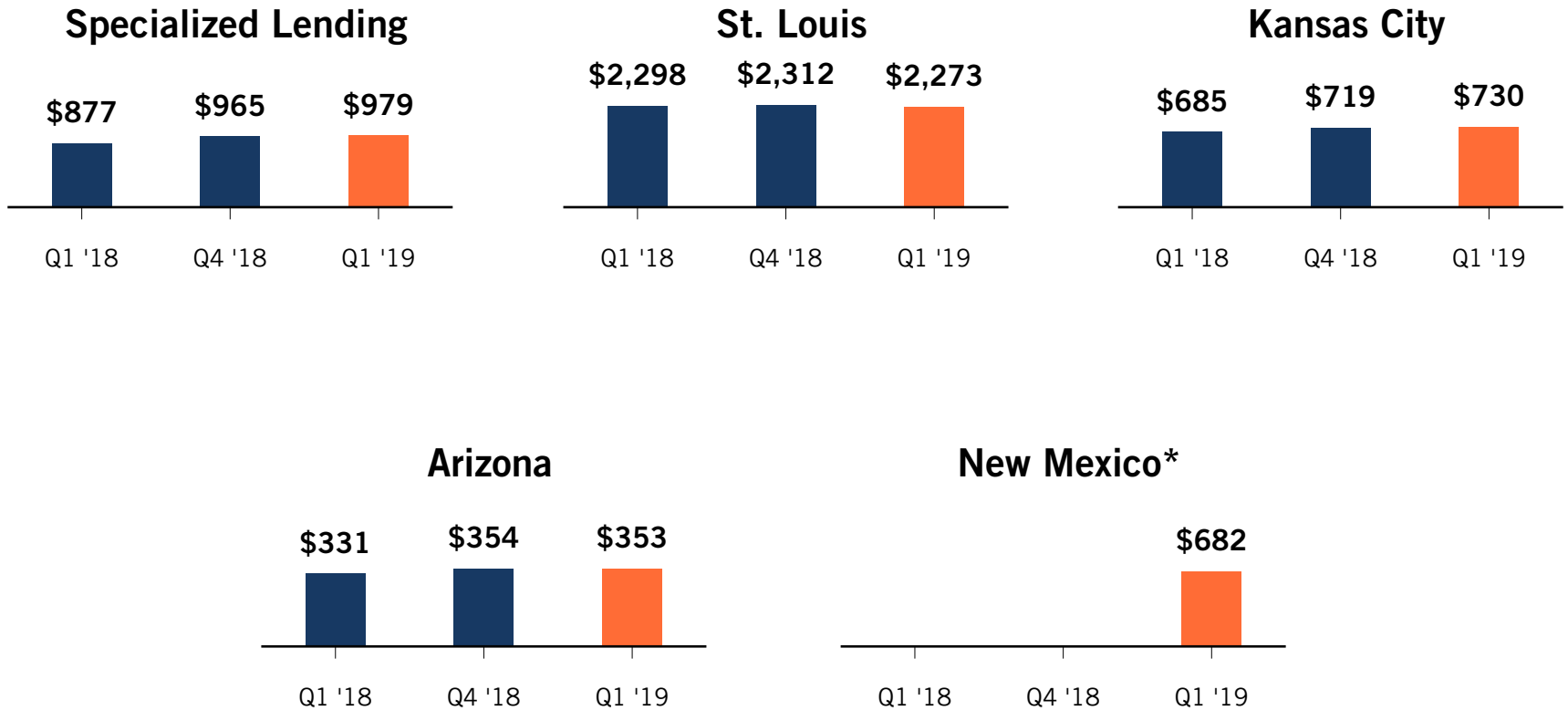
Loan Details

<i>In Millions</i>	Q1 '19	Q4 '18	QTR Change	Trinity	Q1 '18	LTM Change
C&I - General	\$ 1,129	\$ 995	\$ 134	\$ 65	\$ 948	\$ 181
CRE, Investor Owned - General	1,183	862	321	305	842	341
CRE, Owner Occupied - General	576	497	79	92	480	96
Enterprise Value Lending ¹	440	466	(26)	—	439	1
Life Insurance Premium Financing ¹	441	418	23	—	366	75
Residential Real Estate - General	433	305	128	137	338	95
Construction and Land Development - General	345	311	34	70	297	48
Tax Credits ¹	235	263	(28)	—	244	(9)
Agriculture ¹	126	136	(10)	—	119	7
Consumer & Other - General	109	97	12	13	118	(9)
Total Loans	\$ 5,017	\$ 4,350	\$ 667	\$ 682	\$ 4,191	\$ 826

¹Specialized categories may include a mix of C&I, CRE, Construction and land development, or Consumer and other loans.

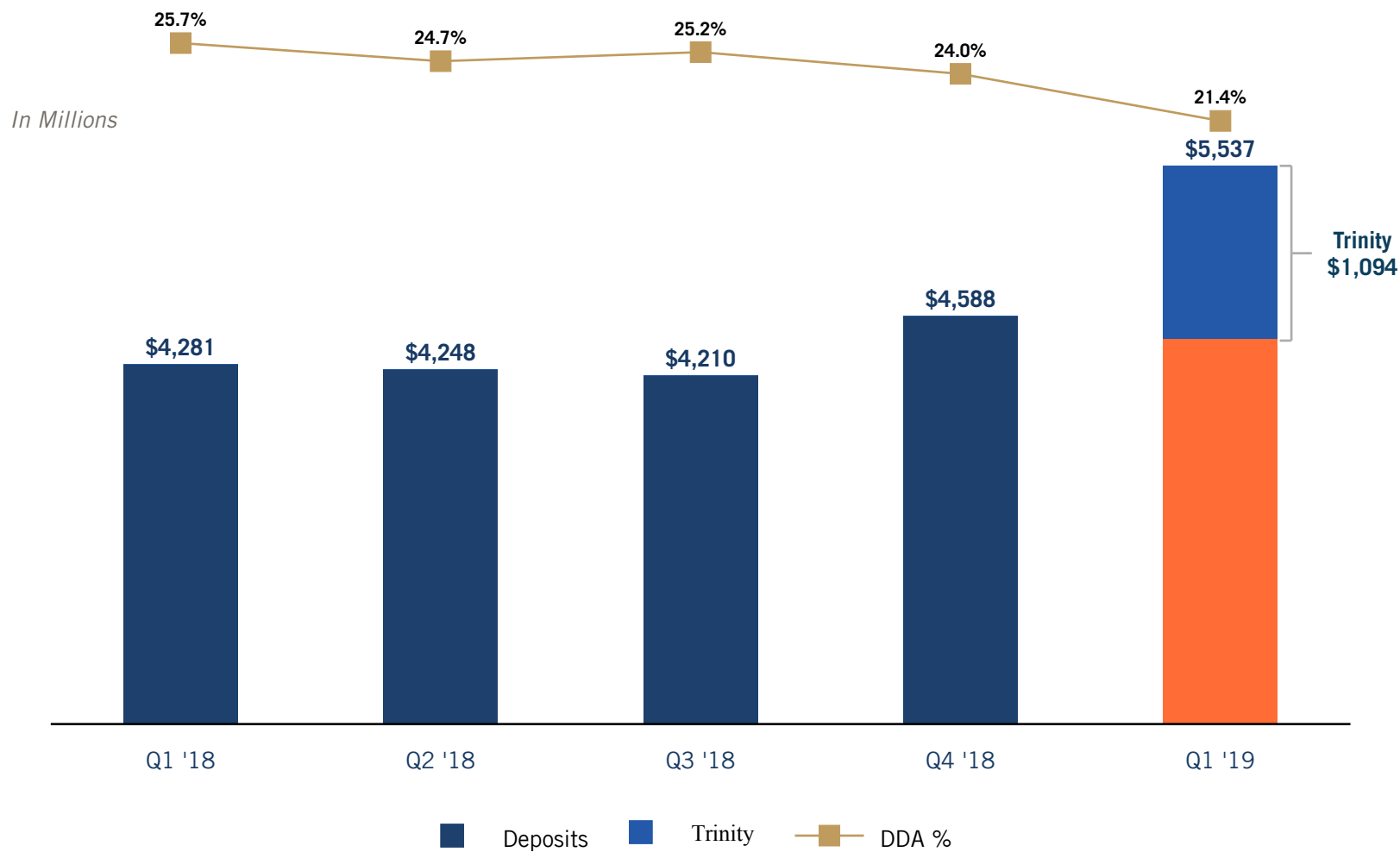
Total Loans By Business Unit

In Millions



* Acquisition of Trinity completed on March 8, 2019.

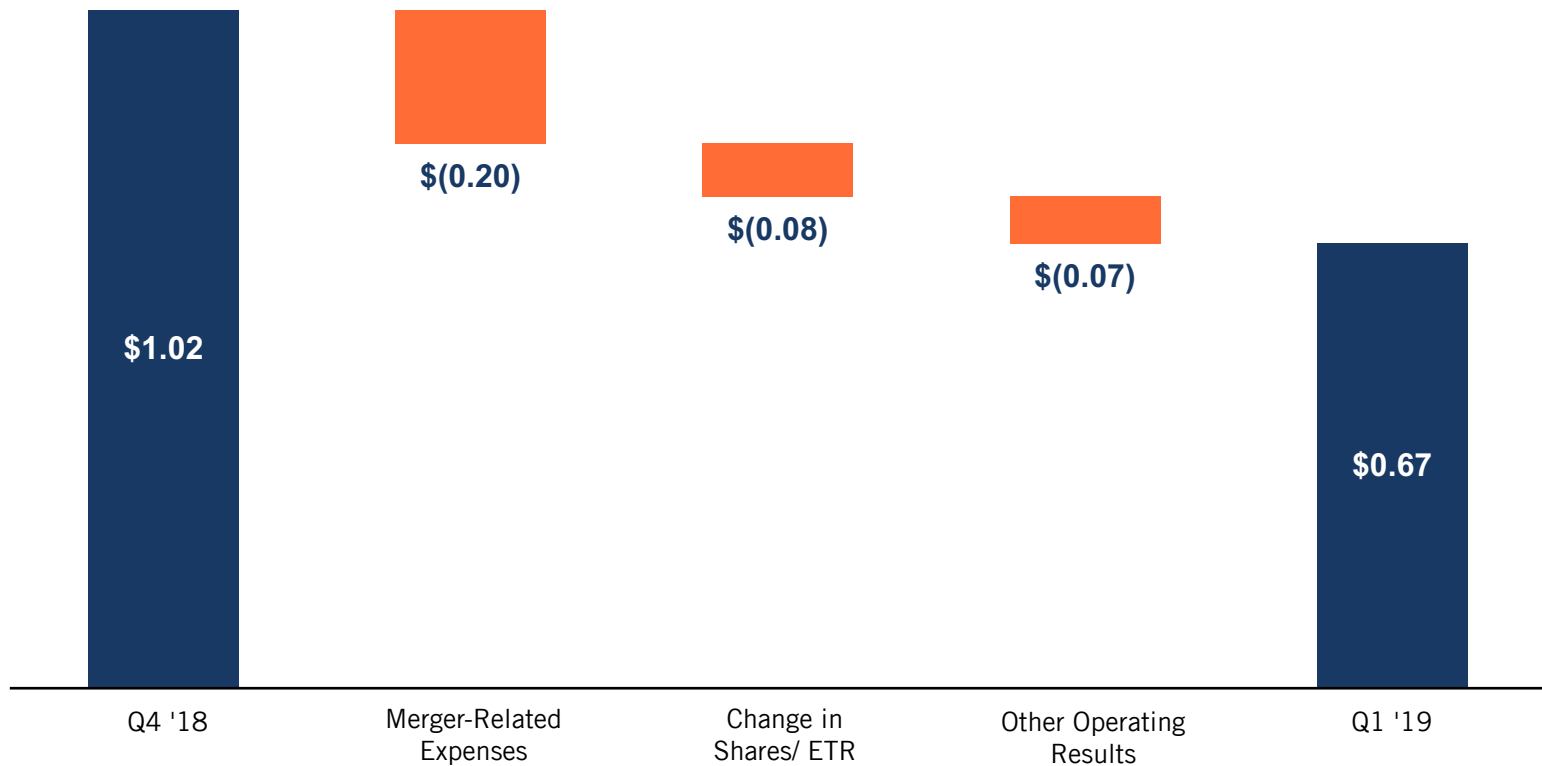
Deposit Trend



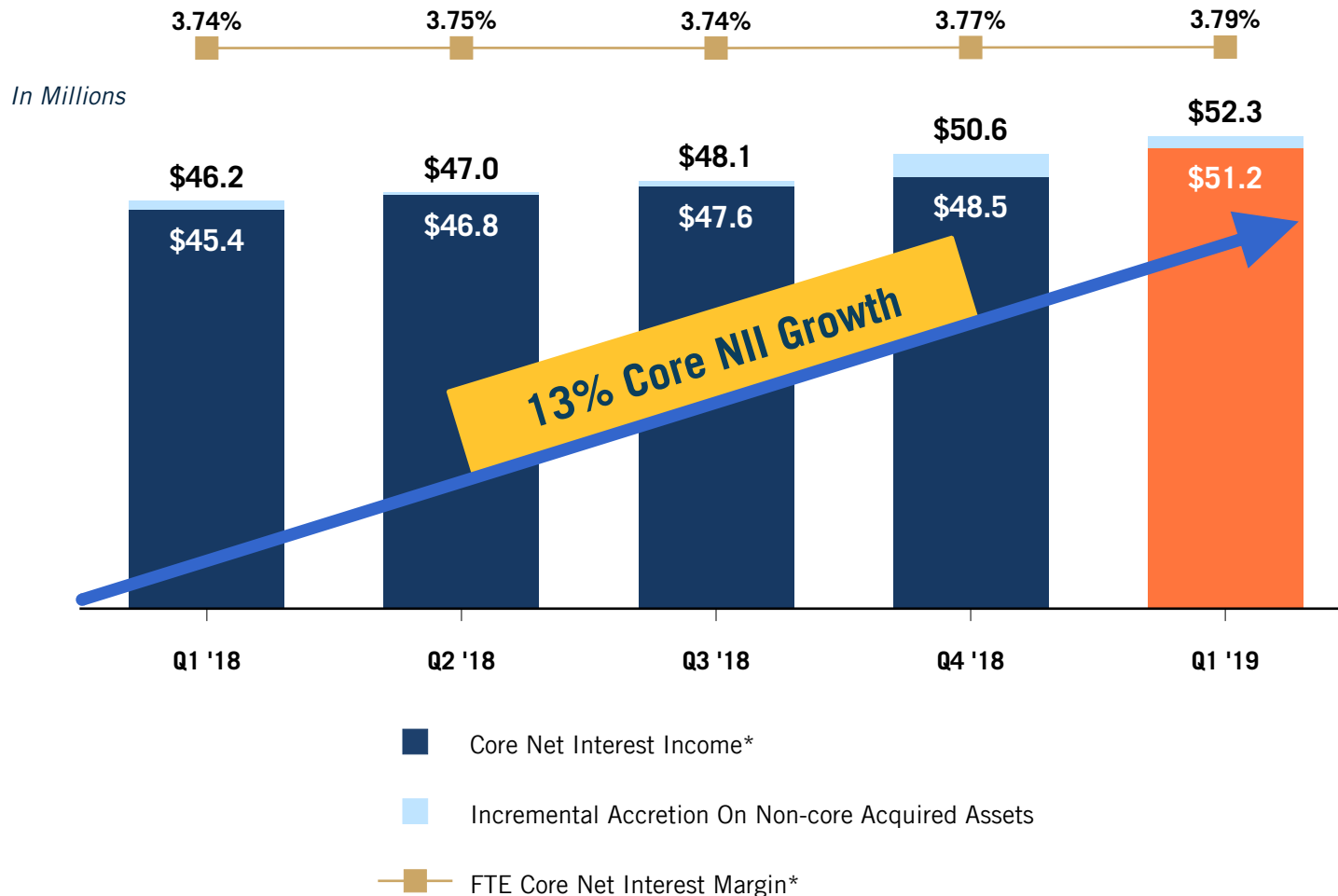
► Last Twelve Months Growth Rate = 29%, 4% Excluding Acquisition of Trinity

Earnings Per Share Trend - Q1 2019

Changes in EPS



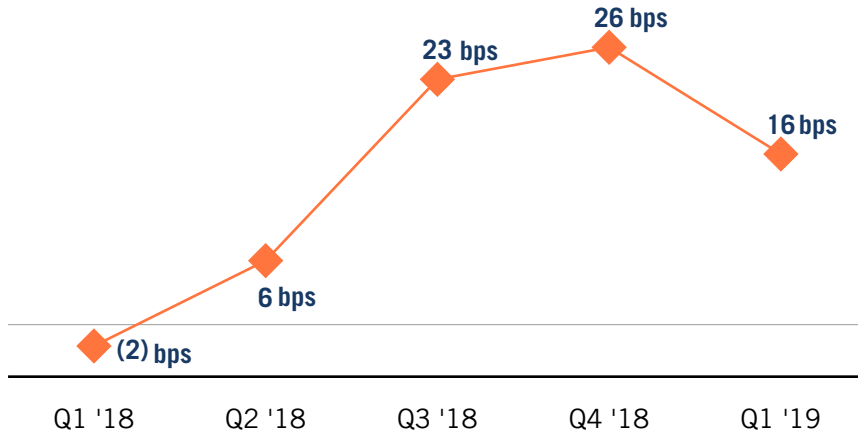
Net Interest Income Trend



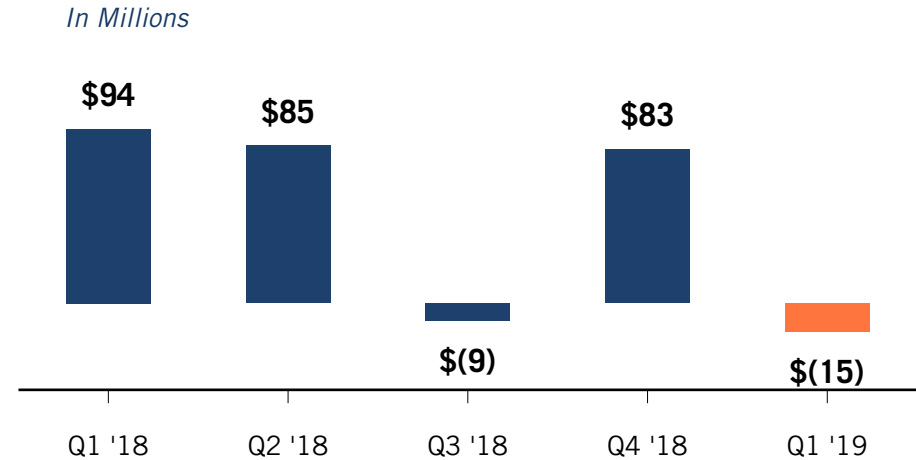
Note: * A Non-GAAP Measure, Refer to Appendix for Reconciliation

Credit Trends for Loans

Net Charge-offs

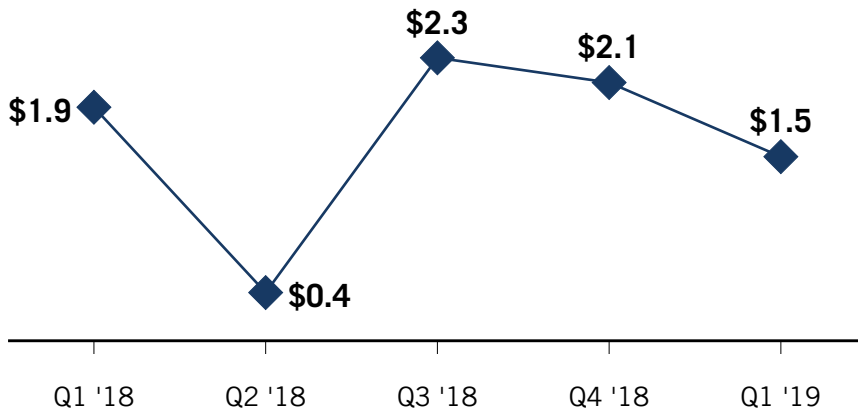


Total Loan Growth⁽²⁾



Net Provision for Loans

In Millions



Q1 2019	EFSC	Peer ⁽¹⁾
NPA's/Assets =	0.24%	0.57%
NPL's/Loans =	0.19%	0.74%
ALLL/NPL's =	448.6%	116.6%
ALLL/Loans =	0.86%	0.95%

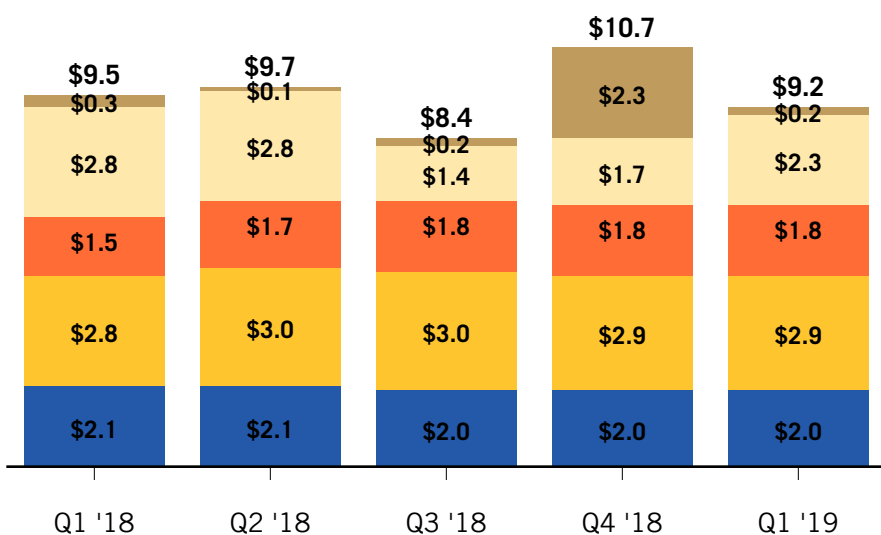
⁽¹⁾ Peer median data as of 12/31/2018 (source: S&P Global Market Intelligence)

⁽²⁾ Excludes Trinity

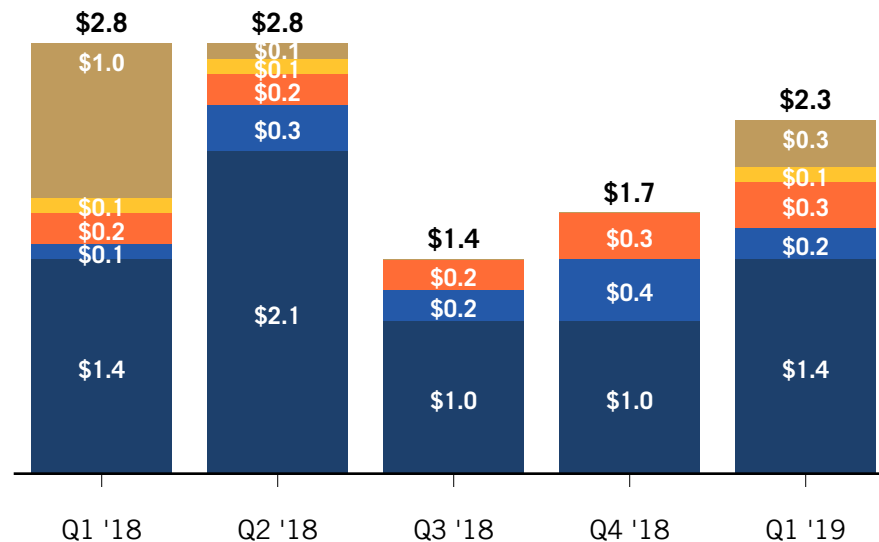
Noninterest Income

In Millions

Fee Income



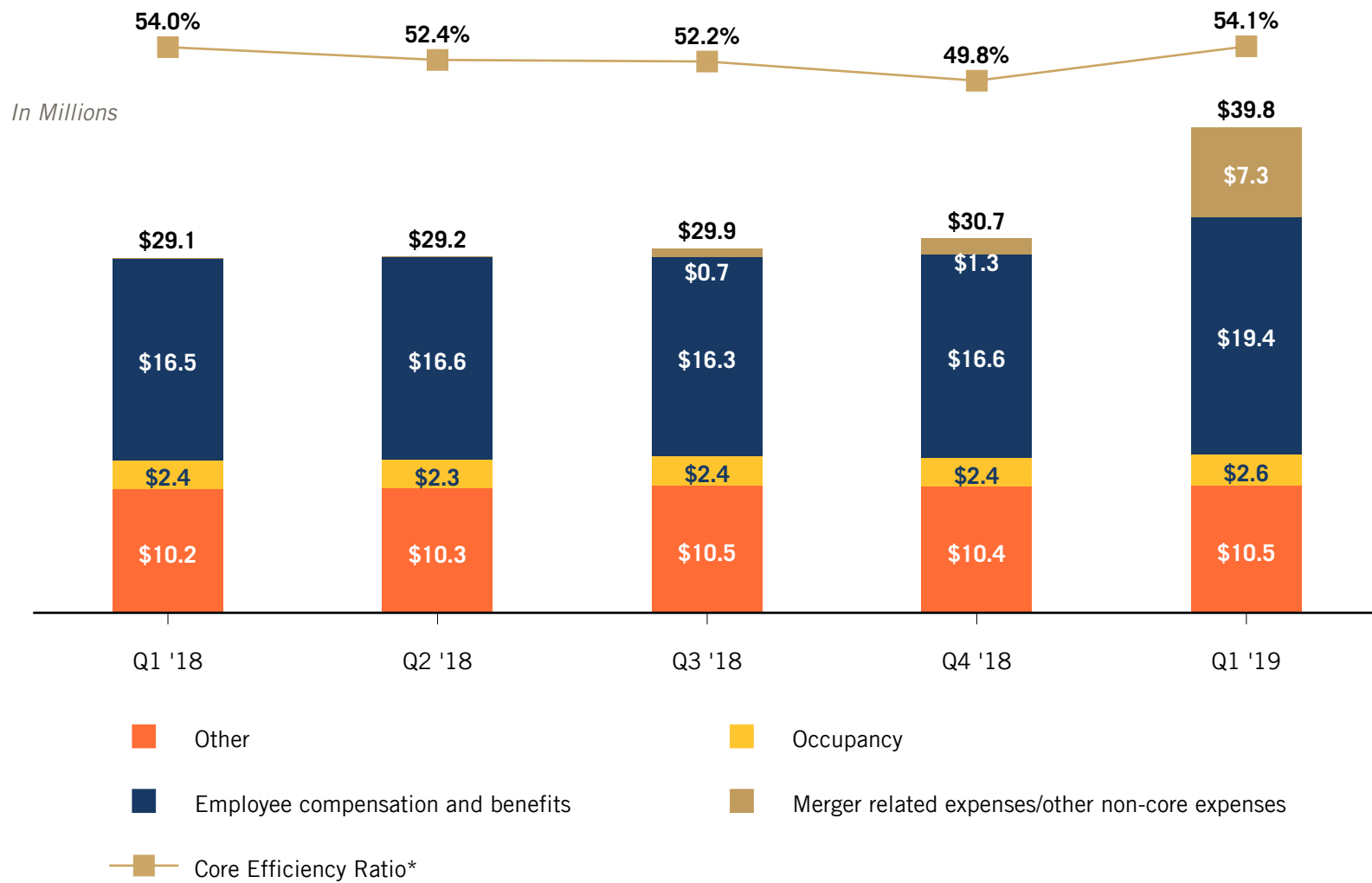
Other Fee Income Detail



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

- Miscellaneous
- CDE
- Non-core Acquired
- Swap Fees
- Mortgage

Operating Expenses Trend

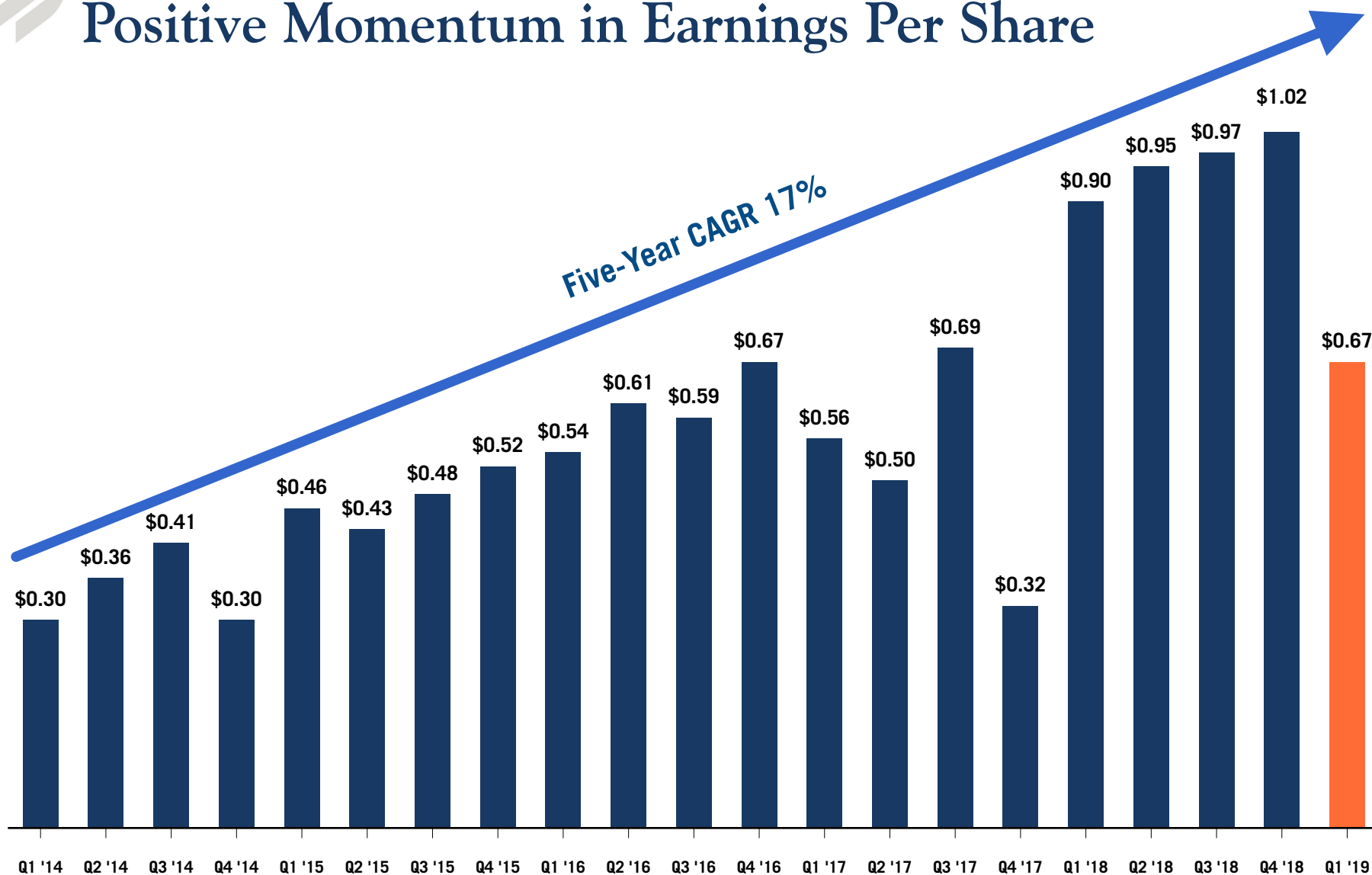


Note: * A Non-GAAP Measure, Refer to Appendix for Reconciliation

Effective Tax Rate Reconciliation

	Q1 2019	2018	Q1 2018
Federal Tax Rate	21.00%	21.00%	21.00%
State Tax, Net of Federal Benefit	2.42%	2.32%	2.65%
Excess Tax Benefits	(2.07)%	(1.56)%	(4.06)%
Tax Credit Investments	(0.88)%	(4.66)%	(3.98)%
Nondeductible-Merger Expenses	1.29%	—%	—%
Other Tax Adjustments	(1.15)%	0.23%	(0.31)%
Pre-DTA Effective Tax Rate	20.61%	17.33%	15.30%
Impact of Tax Law Changes	—%	(2.64)%	—%
Ending Effective Tax Rate	20.61%	14.69%	15.30%

Positive Momentum in Earnings Per Share



123% EPS Growth from Q1 2014 to Q1 2019

Note: Q1 2017, Q2 2017, and Q1 2019 included merger related charges. Q4 2017 included the impact of deferred tax asset charges due to tax reform.

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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 net interest margin, efficiency ratios, return on average assets, return on average equity, and the tangible common equity ratio, in this release 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 net interest margin, core efficiency ratio, return on average assets, return on average equity, and return on average tangible common equity, collectively "core performance measures," presented in this earnings release and the included tables 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, which were acquired from the FDIC and previously covered by loss share agreements, and the related income and expenses, the impact of certain 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 expenses directly related to non-core acquired loans. Core performance measures also exclude certain other income and expense items, such as merger related expenses, facilities charges, 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 that the tangible common equity ratio provides useful information to investors about the Company's capital strength even though it is considered to be a non-GAAP financial measure and is not part of the regulatory capital requirements to which the Company is subject.

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 attached table, 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 measures for the periods indicated.

Peer group data consists of median of publicly traded banks with total assets from \$2-\$10 billion with commercial loans greater than 20% and consumer loans less than 10%.

Reconciliation of Non-GAAP Financial Measures

	For the Quarter ended				
	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
<i>(\$ in thousands, except per share data)</i>					
CORE PERFORMANCE MEASURES					
Net interest income	\$ 52,343	\$ 50,593	\$ 48,093	\$ 47,048	\$ 46,171
Less: Incremental accretion income	1,157	2,109	535	291	766
Core net interest income	51,186	48,484	47,558	46,757	45,405
Total noninterest income	9,230	10,702	8,410	9,693	9,542
Less: Other income from non-core acquired assets	365	10	7	18	1,013
Less: Gain on sale of investment securities	—	—	—	—	9
Less: Other non-core income	—	26	—	649	—
Core noninterest income	8,865	10,666	8,403	9,026	8,520
Total core revenue	60,051	59,150	55,961	55,783	53,925
Total noninterest expense	39,838	30,747	29,922	29,219	29,143
Less: Other expenses related to non-core acquired loans	103	40	12	(229)	14
Less: Facilities disposal	—	—	—	239	—
Less: Merger related expenses	7,270	1,271	—	—	—
Less: Non-recurring excise tax	—	—	682	—	—
Core noninterest expense	32,465	29,436	29,228	29,209	29,129
Core efficiency ratio	54.06%	49.77%	52.23%	52.36%	54.02%

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Q & A