

Enterprise Financial Services Corp

2019 Second 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

Q2 2019 Compared to Q2 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

↓ 28%

↑ 31%

↑ 5 bps

↑ 4 bps NPLs/Loans

↑ 1%

Enhance Deposit Levels to Support Growth

↑ 31%

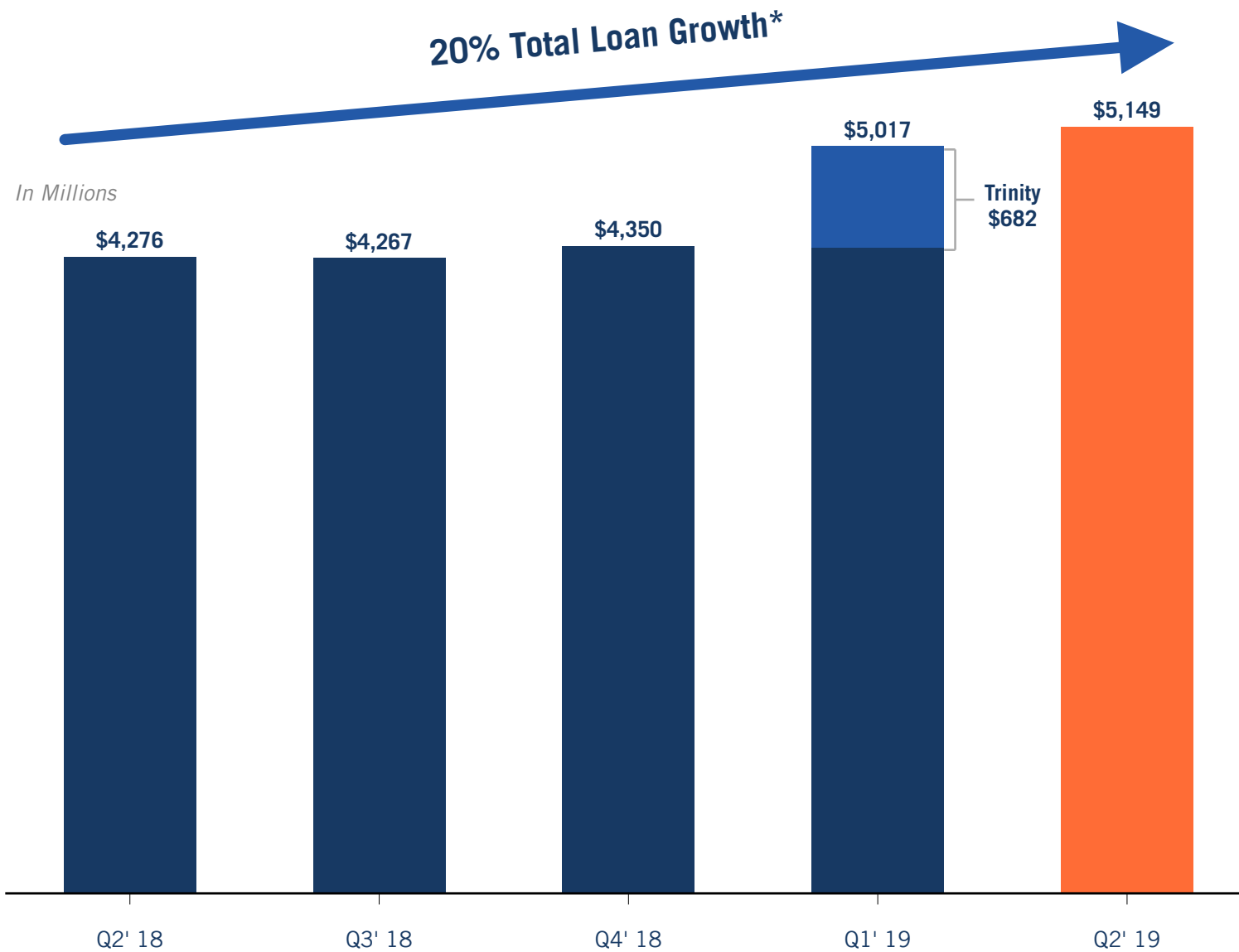
¹A Non GAAP Measure, Refer to Appendix for Reconciliation



2019 Focus

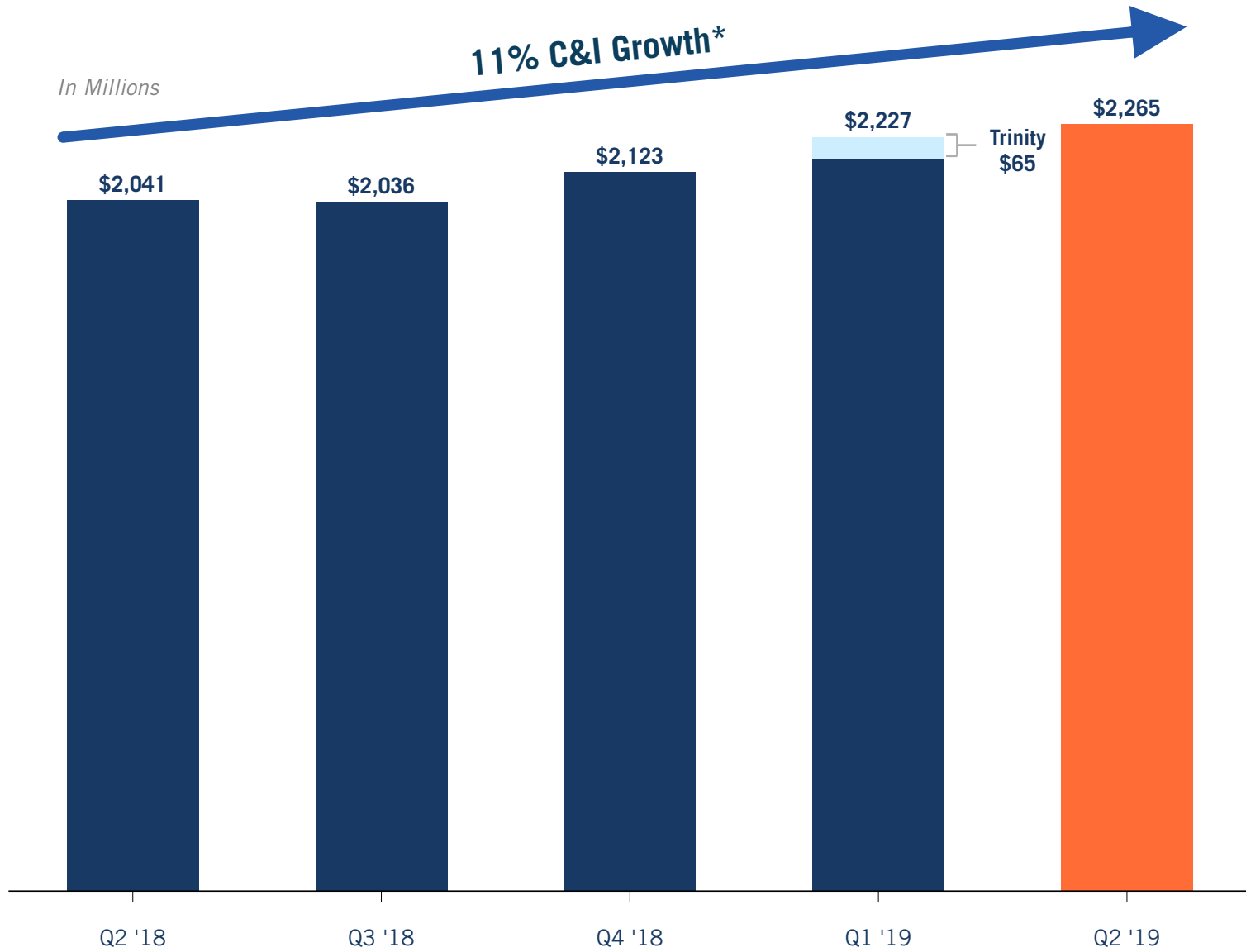
- **Closing and Integration of the Trinity Acquisition**
- **Achieve Organic Loan and Deposit Goals**
- **Continued Incremental Improvement of Our Sales and Operational Processes**

Total Loan Trends



***Note: 4% Excluding Acquisition of Trinity**

Commercial & Industrial Loan Trends



***Note: 8% Excluding Acquisition of Trinity**

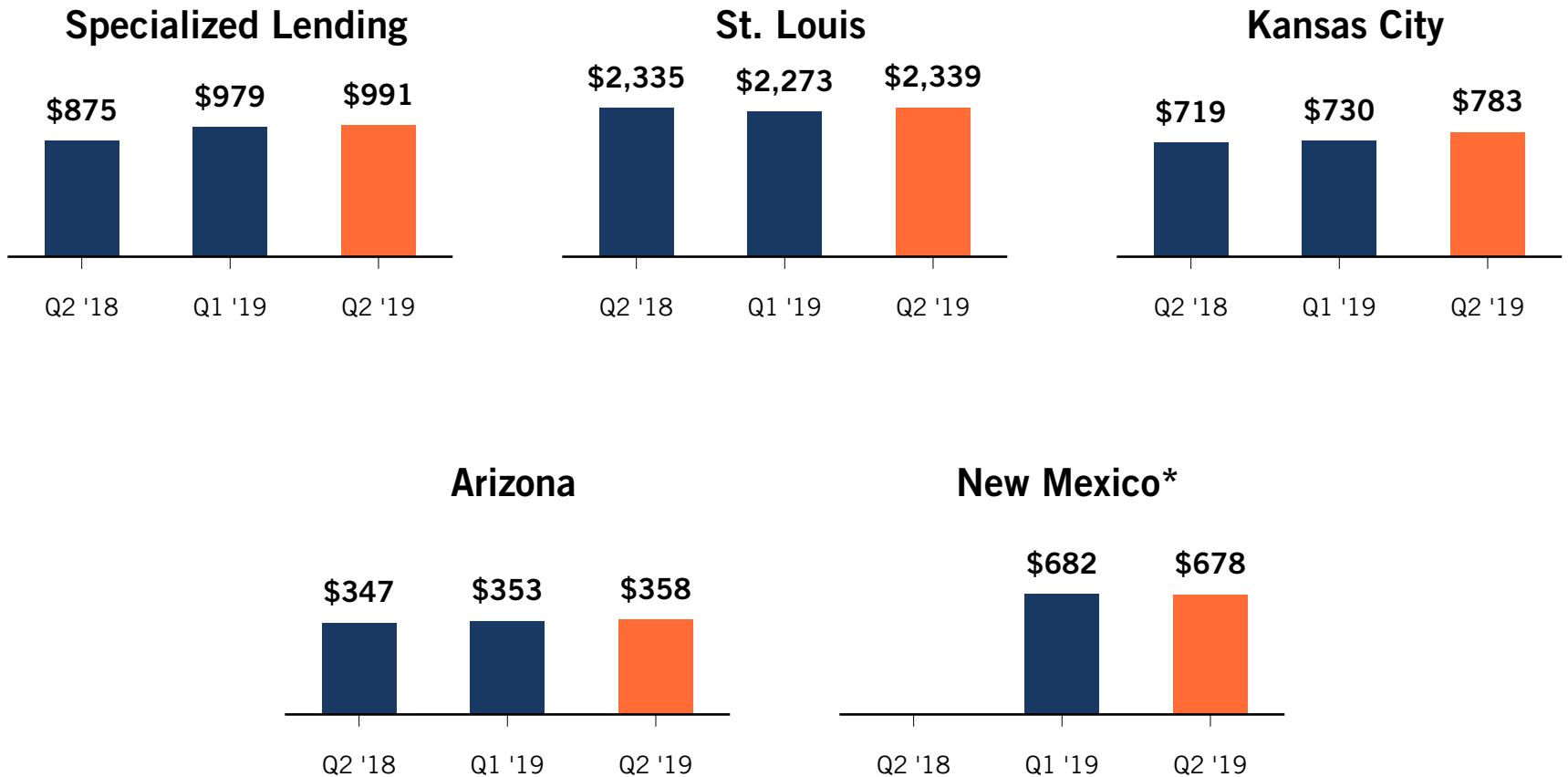
Loan Details

<i>In Millions</i>	Q2 '19	Q1 '19	QTR Change	Trinity	Q2 '18	LTM Change
C&I - General	\$ 1,104	\$ 1,129	\$ (25)	\$ 65	\$ 992	\$ 112
CRE, Investor Owned - General	1,235	1,183	52	305	842	393
CRE, Owner Occupied - General	591	576	15	92	498	93
Enterprise Value Lending ¹	446	440	6	—	443	3
Life Insurance Premium Financing ¹	466	441	25	—	359	107
Residential Real Estate - General	409	433	(24)	137	327	82
Construction and Land Development - General	377	345	32	70	289	88
Tax Credits ¹	268	235	33	—	261	7
Agriculture ¹	132	126	6	—	128	4
Consumer & Other - General	121	109	12	13	137	(16)
Total Loans	\$ 5,149	\$ 5,017	\$ 132	\$ 682	\$ 4,276	\$ 873

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

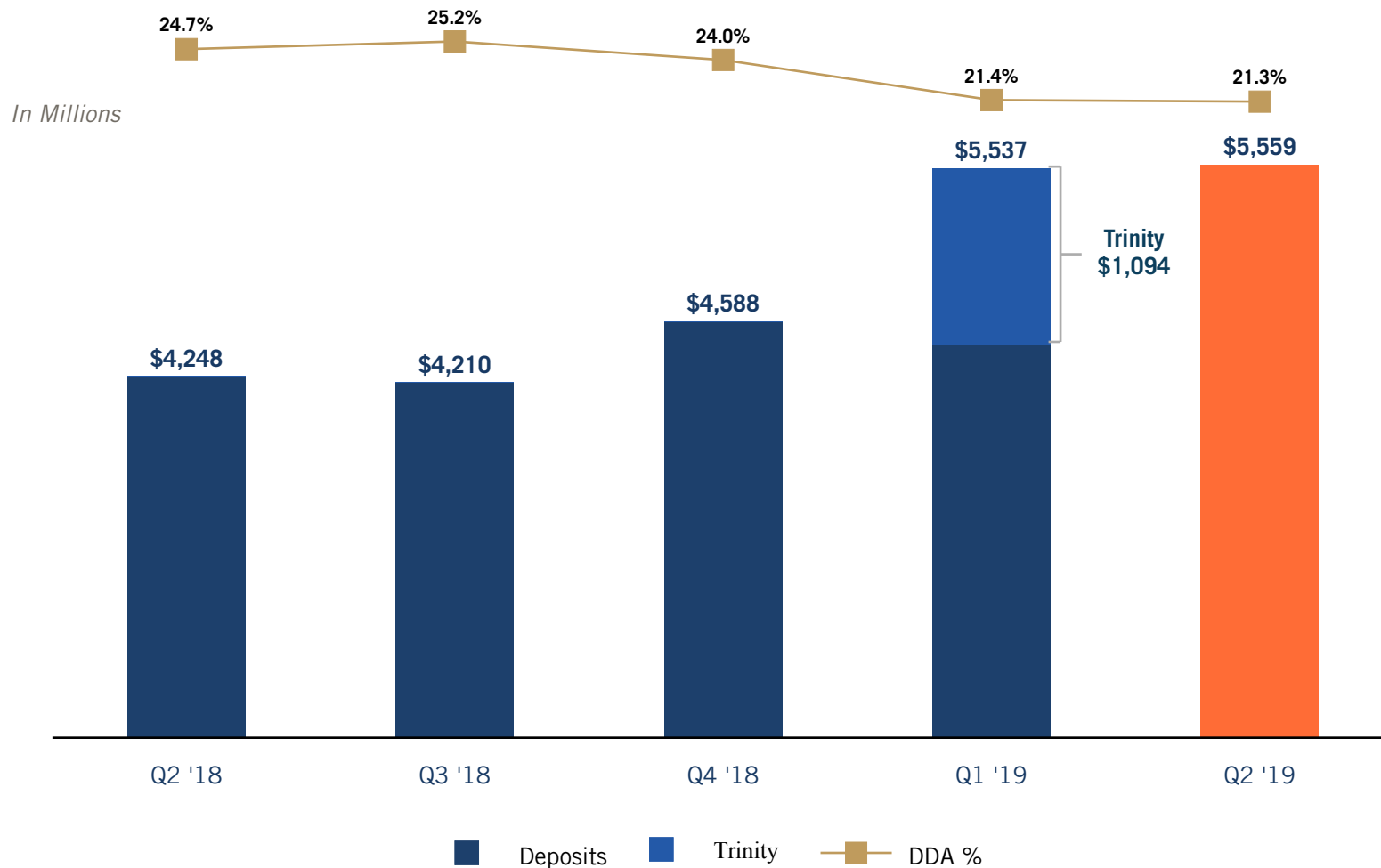
Total Loans By Business Unit

In Millions



* Acquisition of Trinity completed on March 8, 2019.

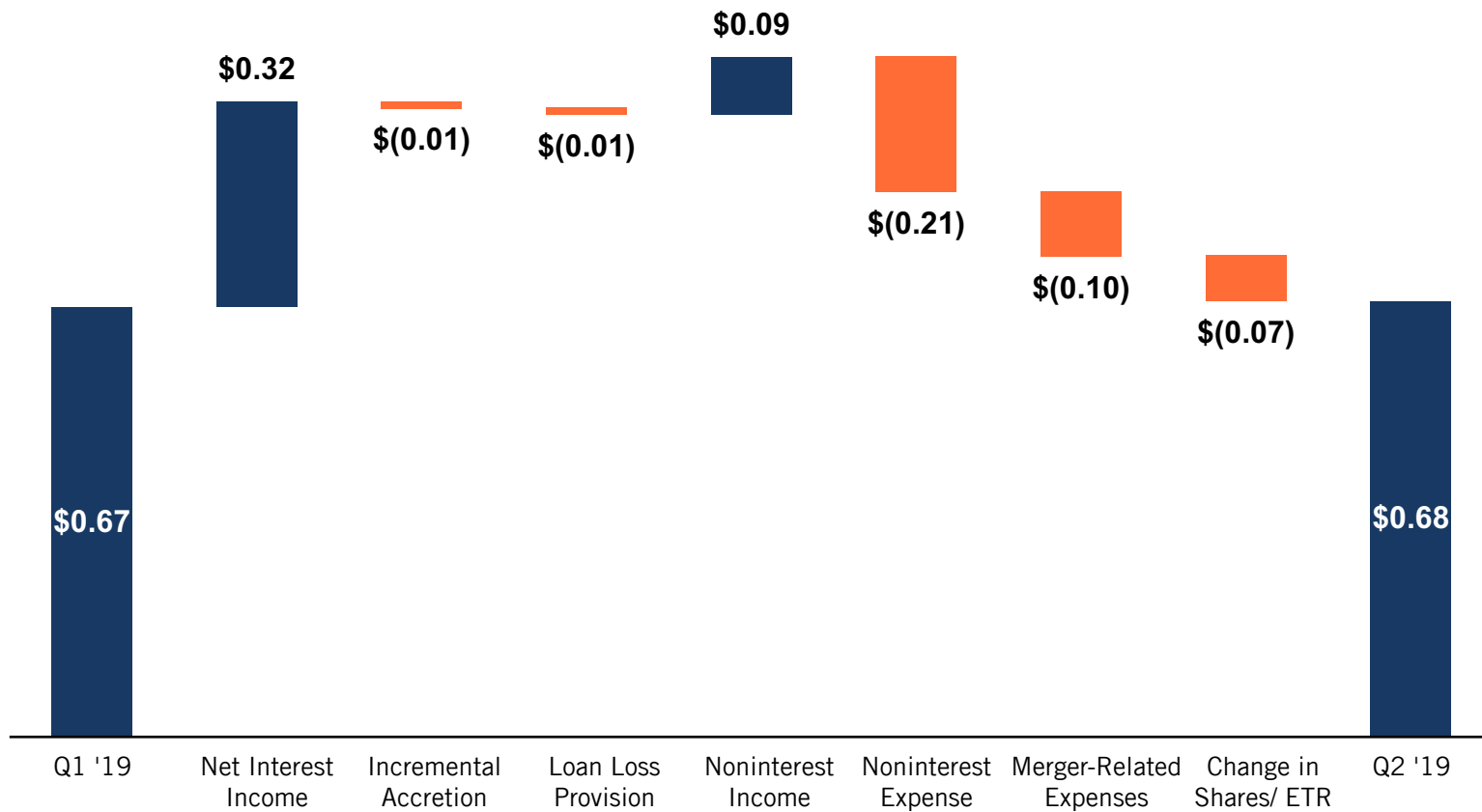
Deposit Trend



▶ Last Twelve Months Growth Rate = 31%, 5% Excluding Acquisition of Trinity

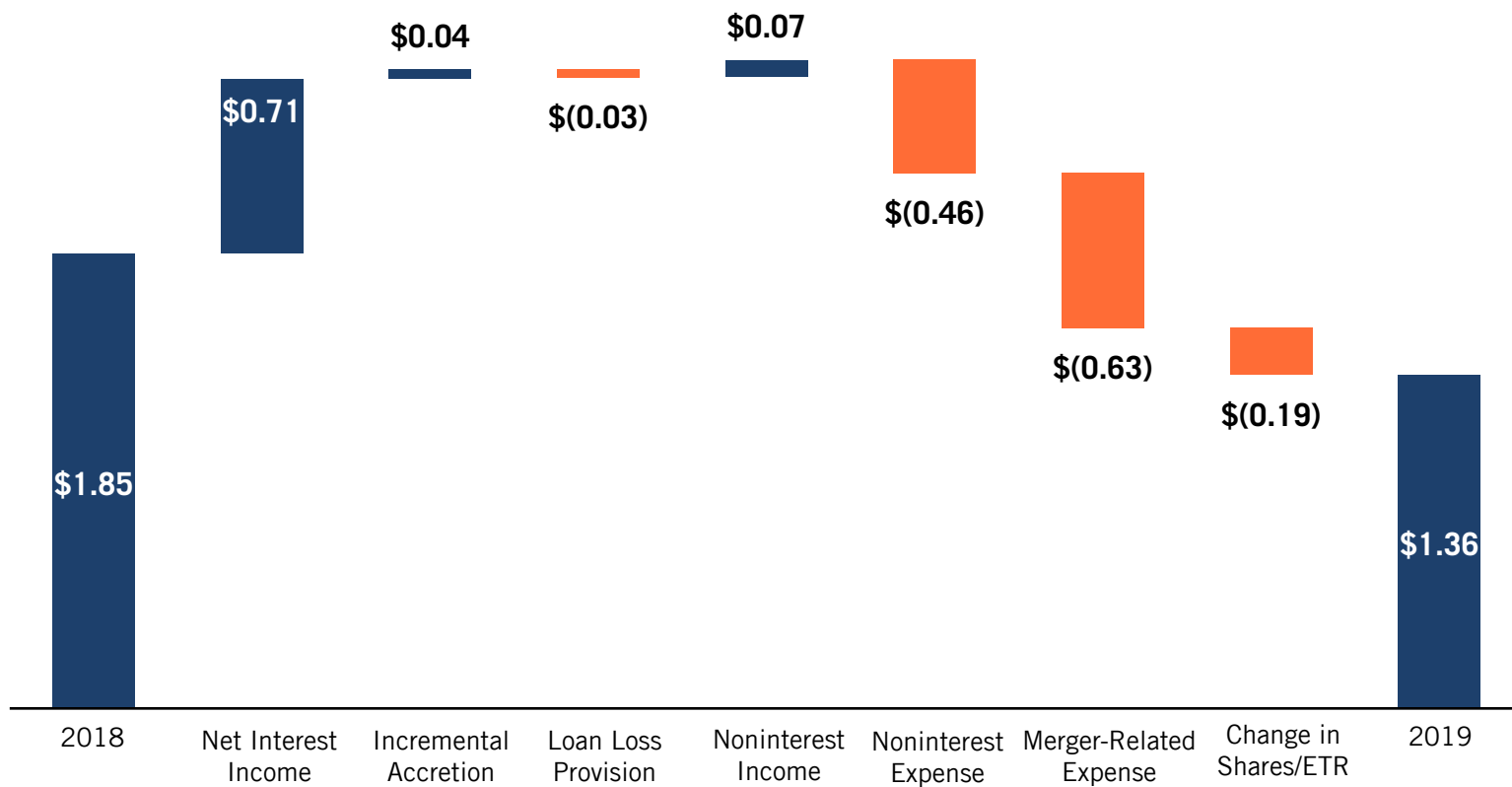
Earnings Per Share Trend - Q2 2019

Changes in EPS

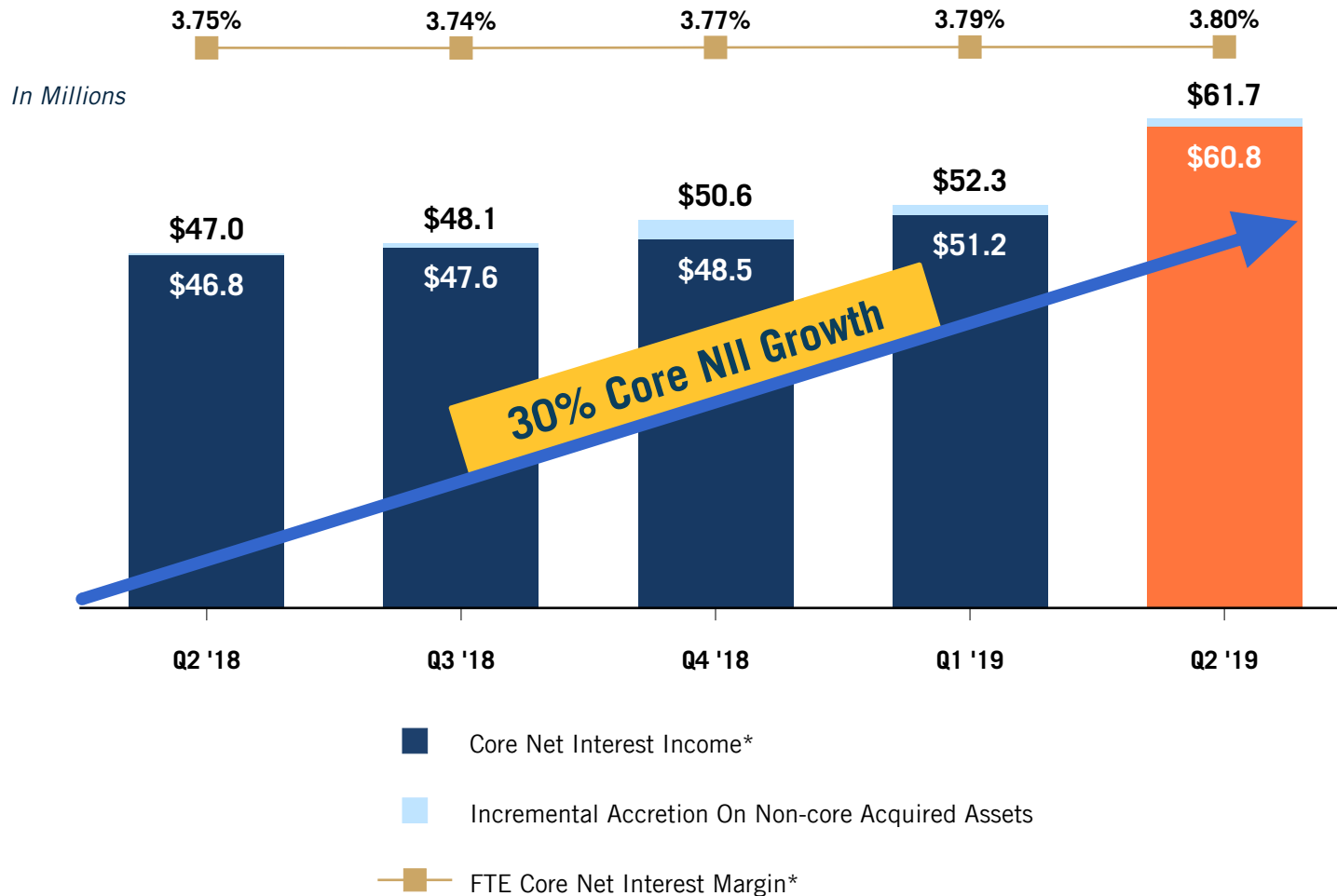


Earnings Per Share Trend - 2019 Year to Date

Changes in EPS



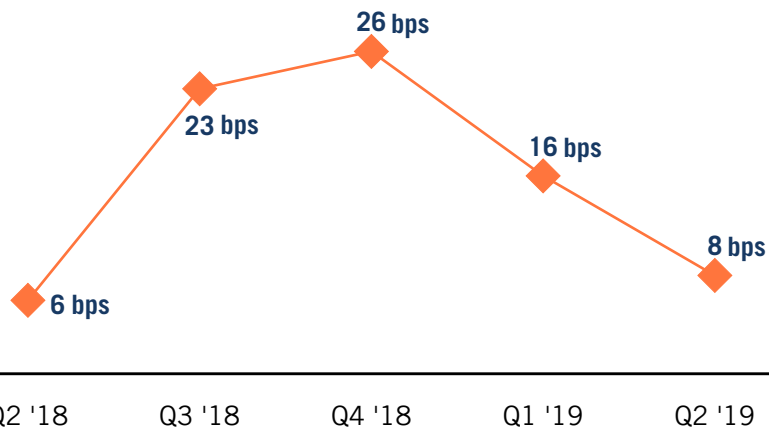
Net Interest Income Trend



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

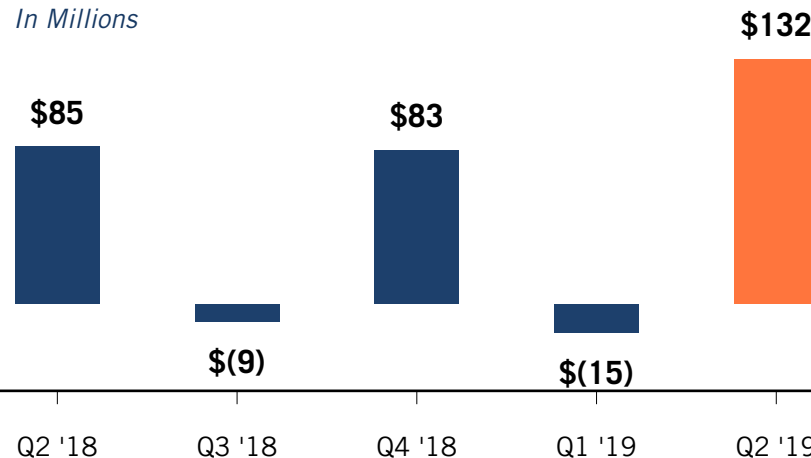
Credit Trends for Loans

Net Charge-offs



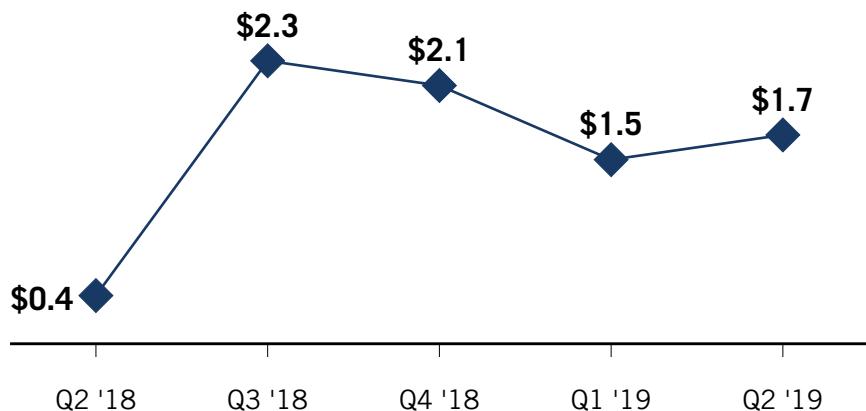
Total Loan Growth ⁽¹⁾

In Millions



Net Provision for Loans

In Millions



Q2 2019

EFSC

Peer⁽²⁾

NPAs/Assets =	0.42%	0.63%
NPLs/Loans =	0.39%	0.75%
ALLL/NPLs =	220.9%	112.5%
ALLL/Loans =	0.85%	0.97%

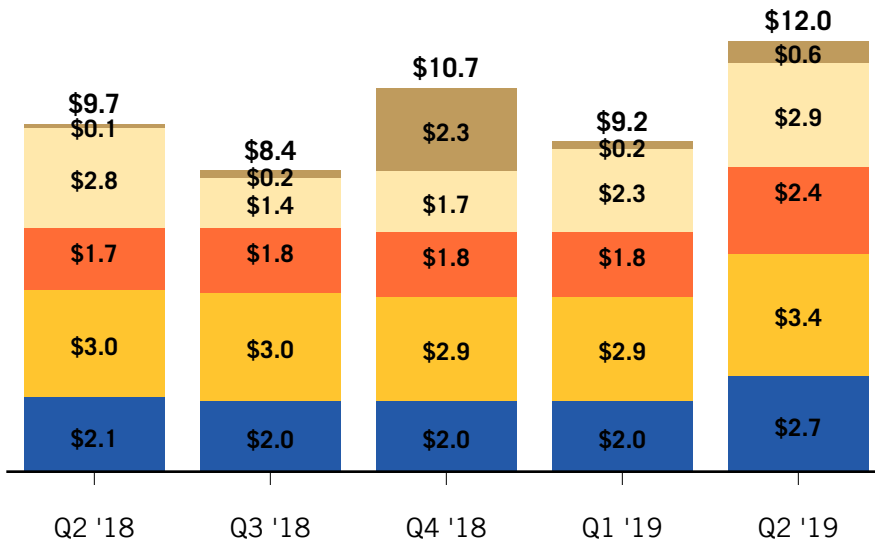
⁽¹⁾ Excludes Trinity

⁽²⁾ Peer median data as of 3/31/19 (source: S&P Global Market Intelligence)

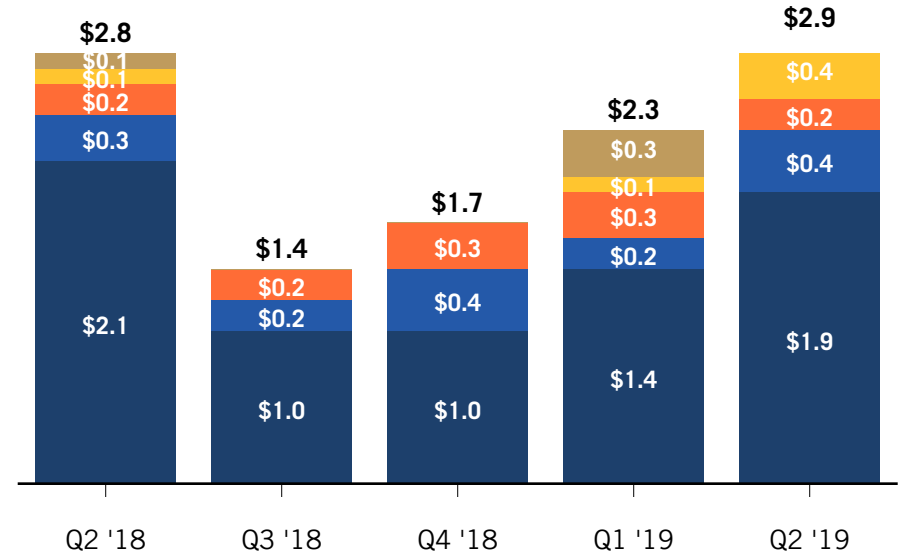
Noninterest Income Trend

In Millions

Fee Income



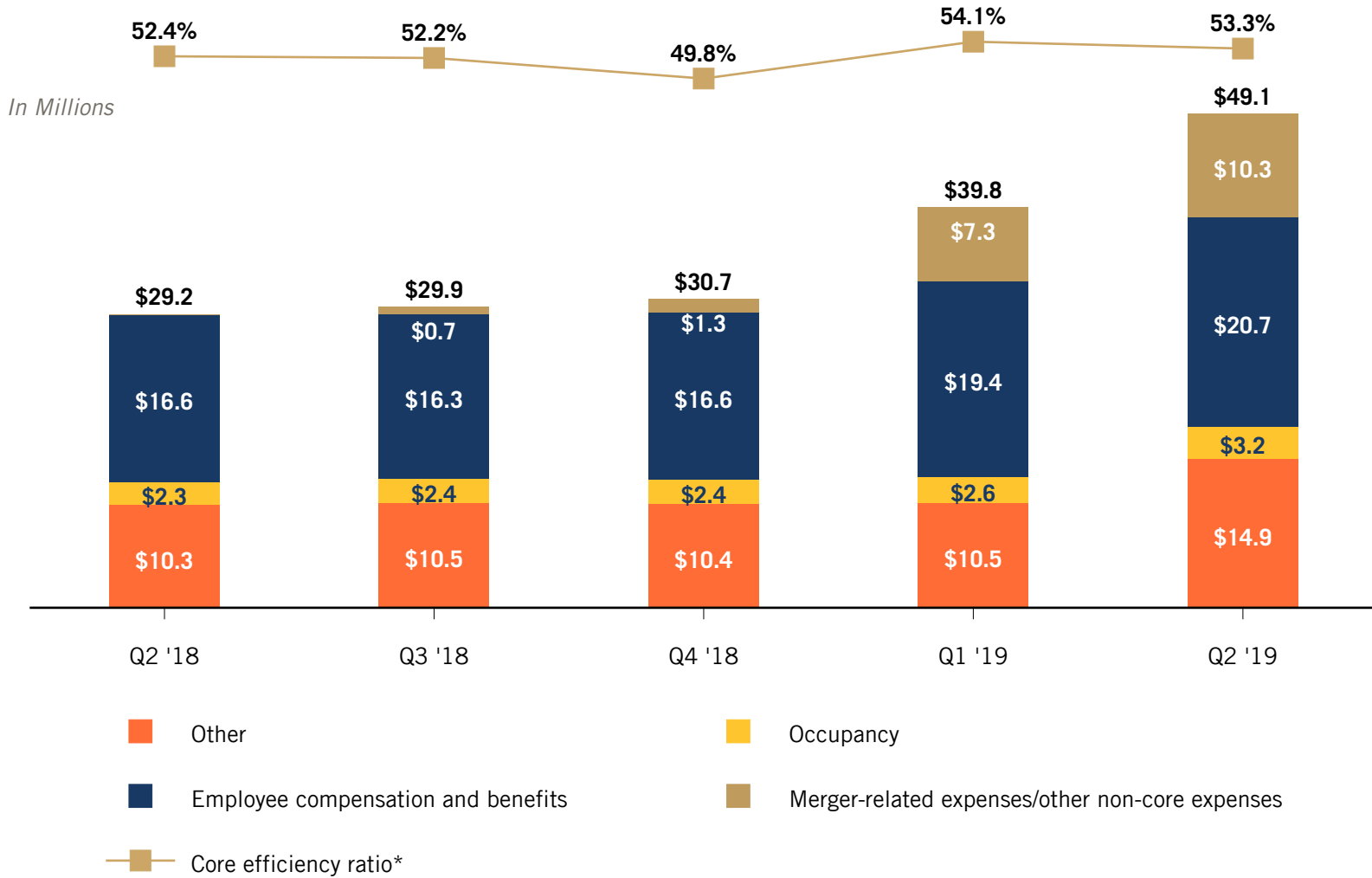
Other Fee Income Detail



- Wealth Management
- Card Services
- Tax Credit Income
- Deposit Services Charge
- Other

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

Operating Expenses Trend

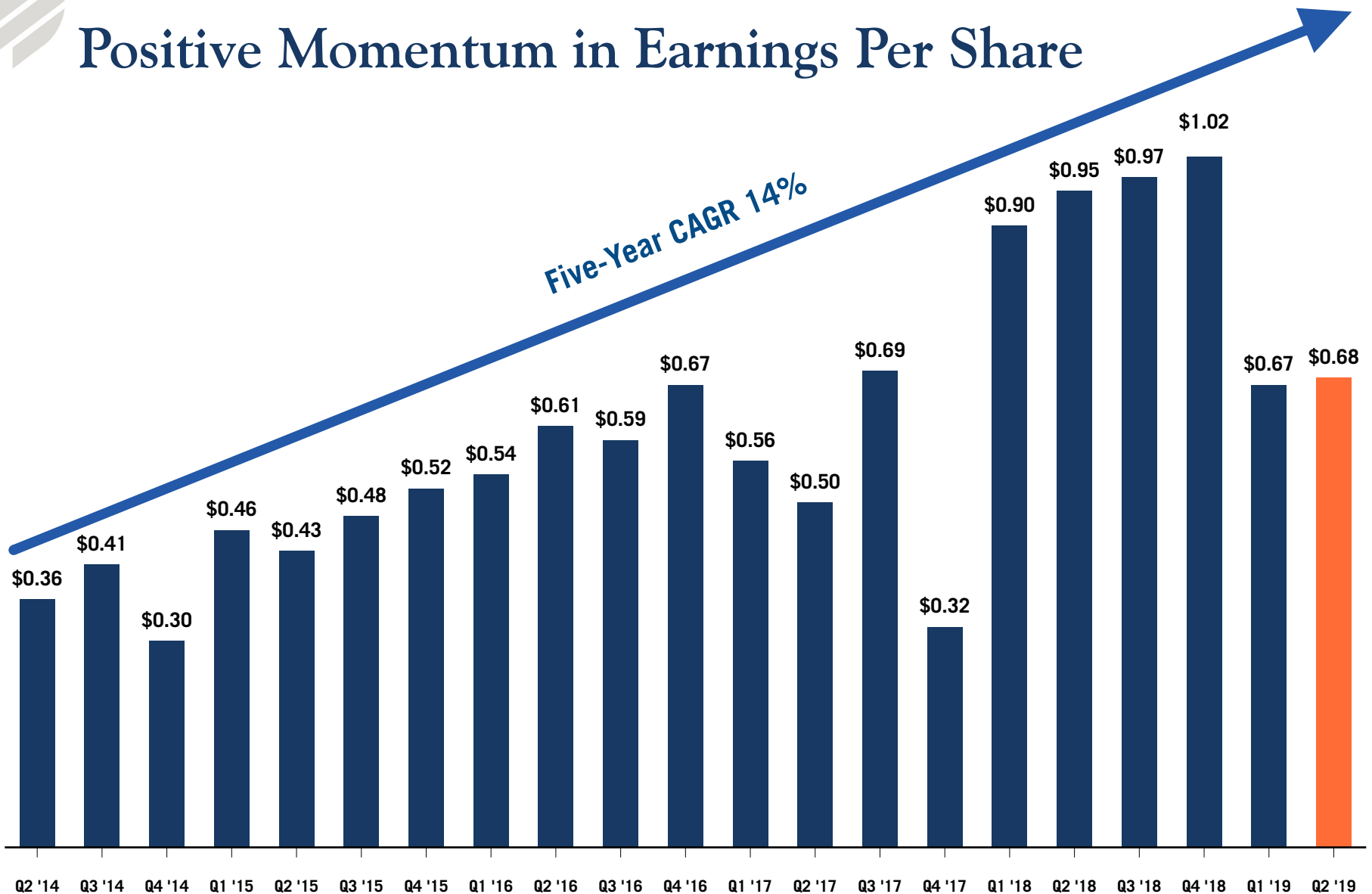


Note: * A Non-GAAP Measure, Refer to Appendix for Reconciliation

Effective Tax Rate Reconciliation

	YTD 2019	2018
Federal Tax Rate	21.00%	21.00%
State Tax, Net of Federal Benefit	2.16%	2.32%
Excess Tax Benefits	(1.09)%	(1.56)%
Tax Credit Investments	(2.16)%	(4.66)%
Merger Expenses	1.10%	—%
Other Tax Adjustments	(1.13)%	0.23%
Pre-DTA Effective Tax Rate	19.88%	17.33%
Impact of Tax Law Changes	—%	(2.64)%
Ending Effective Tax Rate	19.88%	14.69%

Positive Momentum in Earnings Per Share



89% EPS Growth from Q2 2014 to Q2 2019

Note: Q1 2017, Q2 2017, Q1 2019, and Q2 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 core net interest income, and core net interest margin, 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 net interest income, and core net interest margin, collectively "core performance measures," included 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, 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 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 the 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

(\$ in thousands)	For the Quarter ended					For the Six Months ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Jun 30, 2019	Jun 30, 2018
CORE PERFORMANCE MEASURES							
Net interest income	\$ 61,715	\$ 52,343	\$ 50,593	\$ 48,093	\$ 47,048	\$ 114,058	\$ 93,219
Less: Incremental accretion income	910	1,157	2,109	535	291	2,067	1,057
Core net interest income	60,805	51,186	48,484	47,558	46,757	111,991	92,162
Total noninterest income	11,964	9,230	10,702	8,410	9,693	21,194	19,235
Less: Other income from non-core acquired assets	2	365	10	7	18	367	1,031
Less: Gain on sale of investment securities	—	—	—	—	—	—	9
Less: Other non-core income	266	—	26	—	649	266	649
Core noninterest income	11,696	8,865	10,666	8,403	9,026	20,561	17,546
Total core revenue	72,501	60,051	59,150	55,961	55,783	132,552	109,708
Total noninterest expense	49,054	39,838	30,747	29,922	29,219	88,892	58,362
Less: Other expenses related to non-core acquired loans	103	103	40	12	(229)	206	(215)
Less: Facilities disposal	—	—	—	—	239	—	239
Less: Merger related expenses	10,306	7,270	1,271	—	—	17,576	—
Less: Non-recurring excise tax	—	—	—	682	—	—	—
Core noninterest expense	38,645	32,465	29,436	29,228	29,209	71,110	58,338
Core efficiency ratio	53.30%	54.06%	49.77%	52.23%	52.36%	53.65%	53.18%
NET INTEREST MARGIN TO CORE NET INTEREST MARGIN (TAX EQUIVALENT)							
Net interest income	\$ 62,109	\$ 52,595	\$ 50,786	\$ 48,299	\$ 47,254	\$ 114,704	\$ 93,640
Less: Incremental accretion income	910	1,157	2,109	535	291	2,067	1,057
Core net interest income	\$ 61,199	\$ 51,438	\$ 48,677	\$ 47,764	\$ 46,963	\$ 112,637	\$ 92,583
Average earning assets	\$ 6,453,005	\$ 5,510,489	\$ 5,118,319	\$ 5,072,573	\$ 5,023,607	\$ 5,984,351	\$ 4,986,447
Reported net interest margin	3.86%	3.87%	3.94%	3.78%	3.77%	3.87%	3.79%
Core net interest margin	3.80	3.79	3.77	3.74	3.75	3.80	3.74

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Q & A