

# ENTERPRISE FINANCIAL SERVICES CORP



## FOURTH QUARTER 2015 INVESTOR PRESENTATION





# 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  
**\$3.6 Billion**  
IN TOTAL ASSETS

ENTERPRISE TRUST  
**\$1.5 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 15,000 PARTICIPANTS TO DATE
- ▶ BUILT TO ENHANCE THE SALES PROCESS, SET THE BANK APART FROM COMPETITORS
- ▶ CREATES "RAVING FANS" FOR ENTERPRISE





# STRONG TRACK RECORD OF SUCCESS IN ST. LOUIS

**6<sup>th</sup>** RANKED IN  
DEPOSIT SHARE<sup>1</sup>,  
LARGEST PUBLICLY  
HELD BANK BASED IN  
ST. LOUIS<sup>2</sup>

**\$1.4<sup>3</sup>**  
BILLION IN  
LOANS

**\$1.5**  
BILLION IN  
DEPOSITS

**\$1.5**  
BILLION WEALTH  
MANAGEMENT  
BUSINESS

ATTRACTING  
**Top  
Level**  
BANKERS

CONSISTENT ABILITY  
TO PRODUCE  
LOAN GROWTH –  
**6% CAGR<sup>3</sup>**  
**in C&I**  
**Loans** OVER  
PAST FIVE YEARS

<sup>1</sup> 6/30/15 FDIC data

<sup>2</sup> Excludes Bank Unit of Stifel Nicolaus

<sup>3</sup> Excludes specialized lending products

# ADDITIONAL GROWTH OPPORTUNITIES

## *Kansas City*

ENTERED MARKET IN *2000*

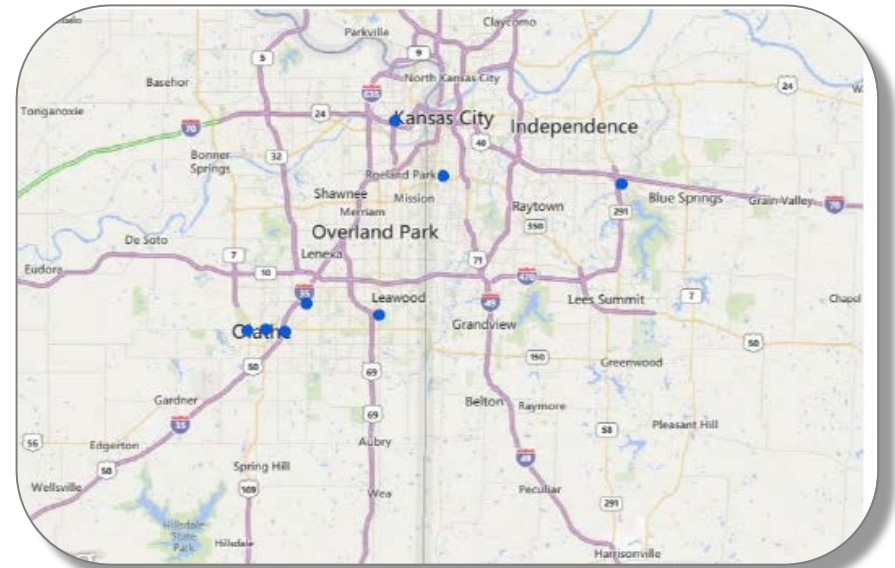
*\$535 Million* IN LOANS

*\$580 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**

**\$190 Million** IN LOANS

**\$98 Million** IN DEPOSITS

REBOUNDED ECONOMY WITH **Strong Growth** POTENTIAL. **Twelfth Largest Metro** AREA IN THE NATION

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%

\* Second location opened in November 2015

Source: 6/30/15 FDIC data, SNL Financial



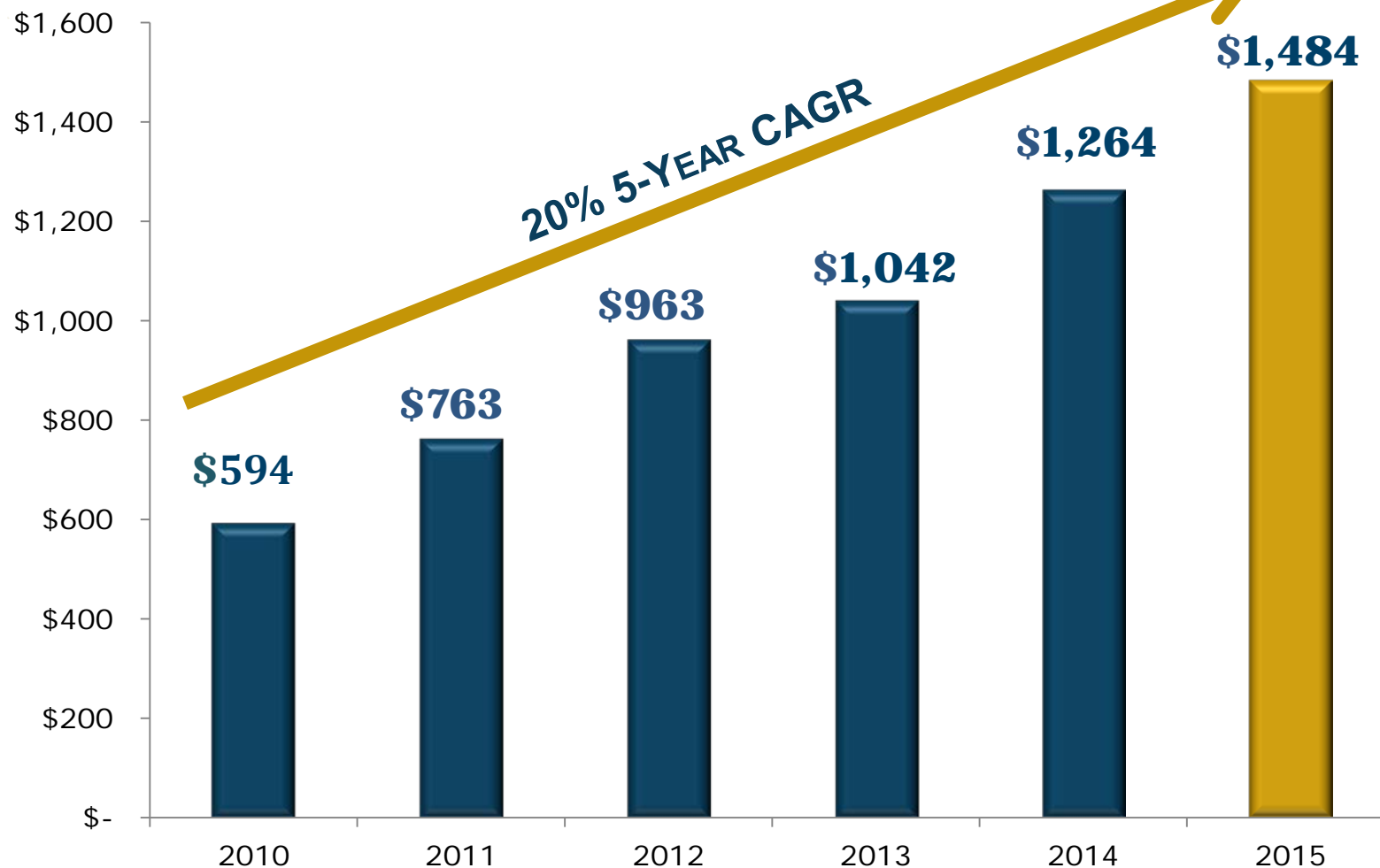


# CROSS-SELLING AND BUSINESS BANKING INITIATIVES COMPLEMENT PRIMARY COMMERCIAL STRATEGY

- ▶ HIGH *Client Satisfaction* PAVES WAY FOR ADD-ON PRODUCT SALES
- ▶ TREASURY MANAGEMENT *Product Implementations Rose 30%* FROM 2014; CROSS-SELLS ACCOUNTED FOR 40% OF OVERALL IMPLEMENTATIONS IN 2015
- ▶ *Business Banking Initiative* TARGETING \$1-10 MILLION REVENUE BUSINESSES, *Produced 62% Increase* IN BUSINESS BANKING RELATIONSHIPS IN 2015; AVERAGE CROSS-SELL RATIO 4.7, 20% *Higher* THAN PRIOR YEAR
- ▶ 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

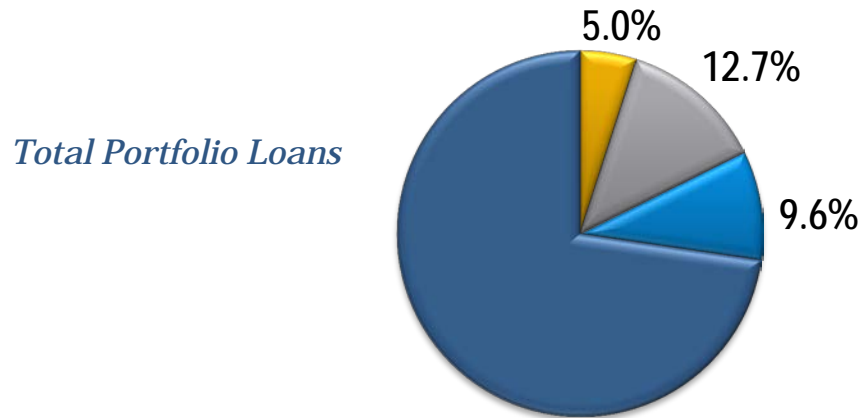
# HISTORY OF STRONG C&I GROWTH

*In millions*



# FOCUSED LOAN GROWTH STRATEGIES

SPECIALIZED MARKET SEGMENTS HAVE GROWN TO 27% 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.** \$137 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.

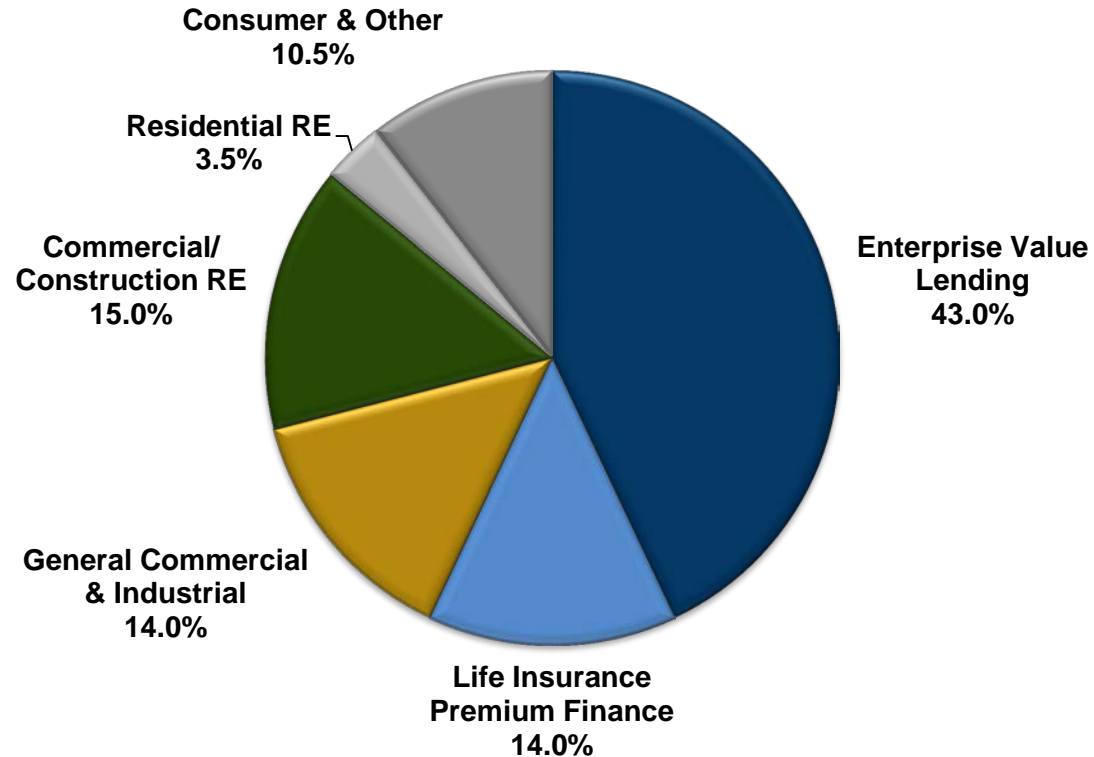
**Enterprise Value Lending.** \$350 MILLION IN M&A RELATED LOANS OUTSTANDING, PARTNERING WITH PE AND VC FIRMS

**Life Insurance Premium Financing.** \$265 MILLION IN LOANS OUTSTANDING RELATED TO HIGH NET WORTH ESTATE PLANNING

# DRIVERS OF LOAN GROWTH

Dec 31, 2014 – Dec 31, 2015

**\$317 MILLION**

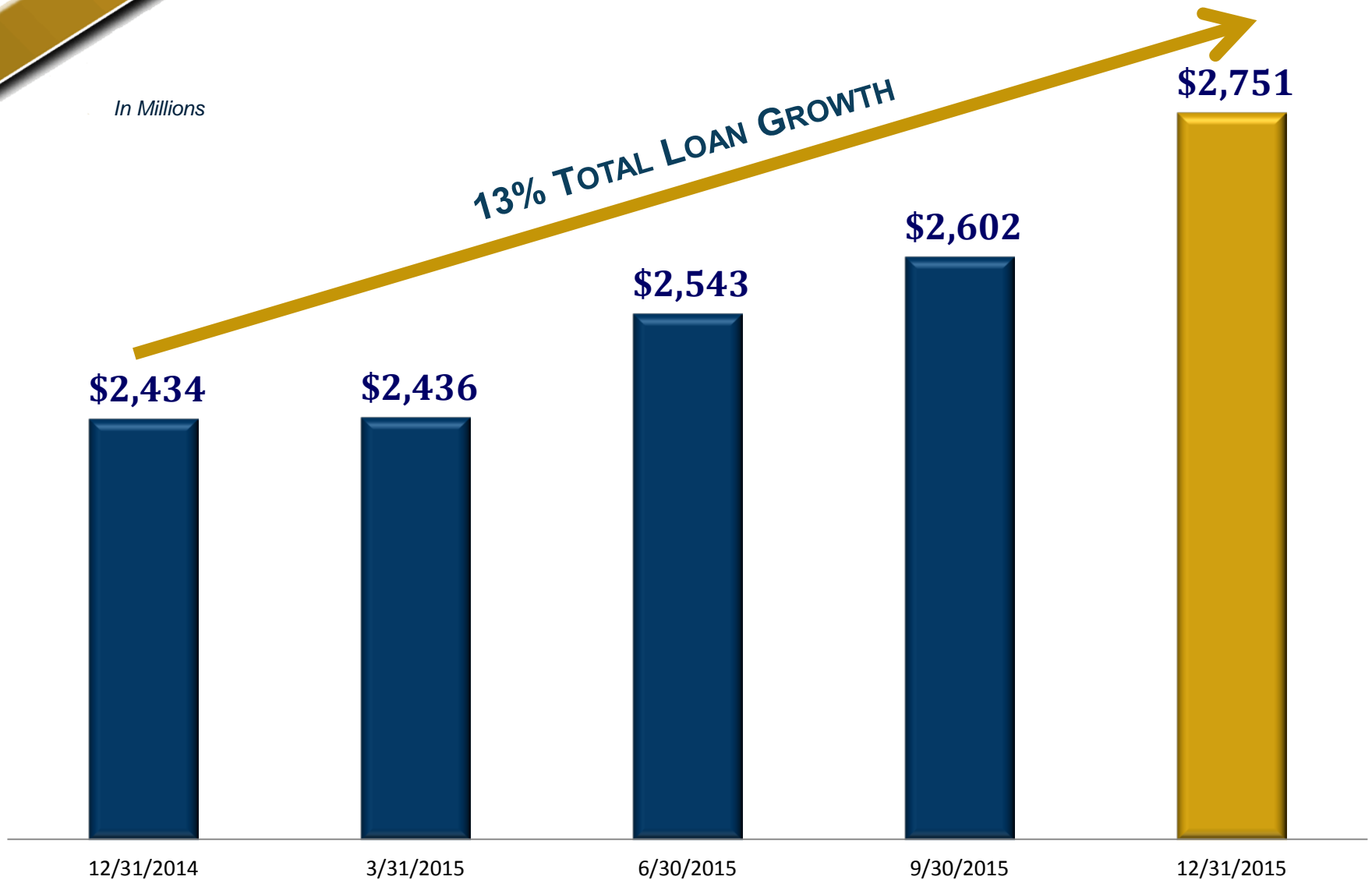


- ENTERPRISE VALUE LENDING
- LIFE INSURANCE PREMIUM FINANCE
- GENERAL COMMERCIAL & INDUSTRIAL
- COMMERCIAL/CONSTRUCTION RE
- RESIDENTIAL RE
- CONSUMER & OTHER

# PORTFOLIO LOAN TRENDS

*In Millions*

**13% TOTAL LOAN GROWTH**



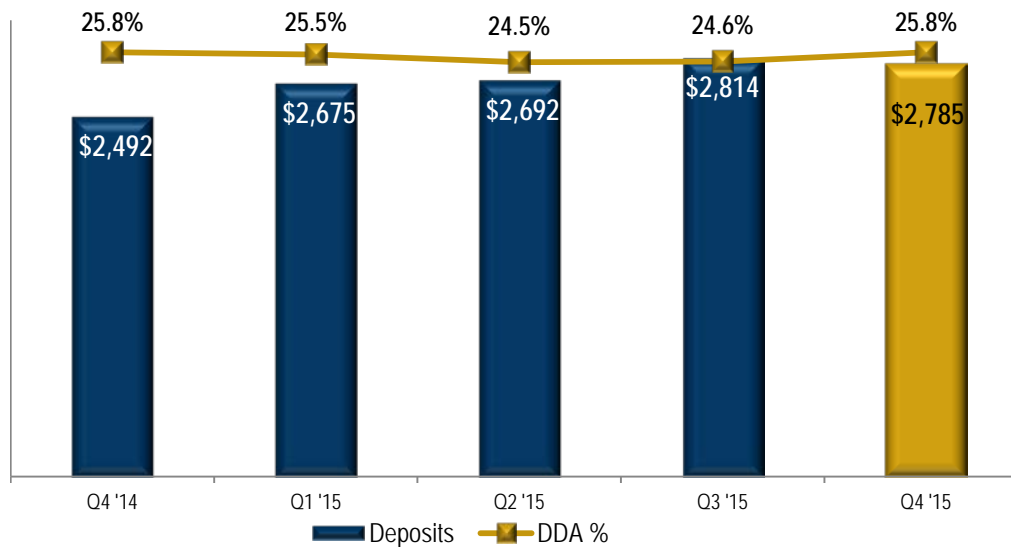
# ATTRACTIVE DEPOSIT MIX

▶ *Significant* DDA COMPOSITION

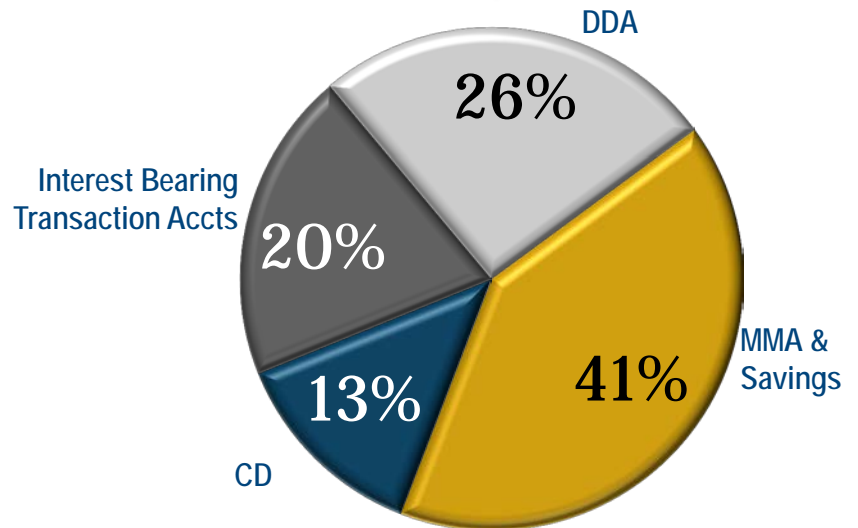
▶ *Declining* COST OF DEPOSITS

▶ IMPROVING *Core Funding*

▶ 80% OF *Core Deposits* ARE COMMERCIAL CUSTOMERS



DEC 31, 2015  
\$2,785MM



Cost of Deposits 0.36%

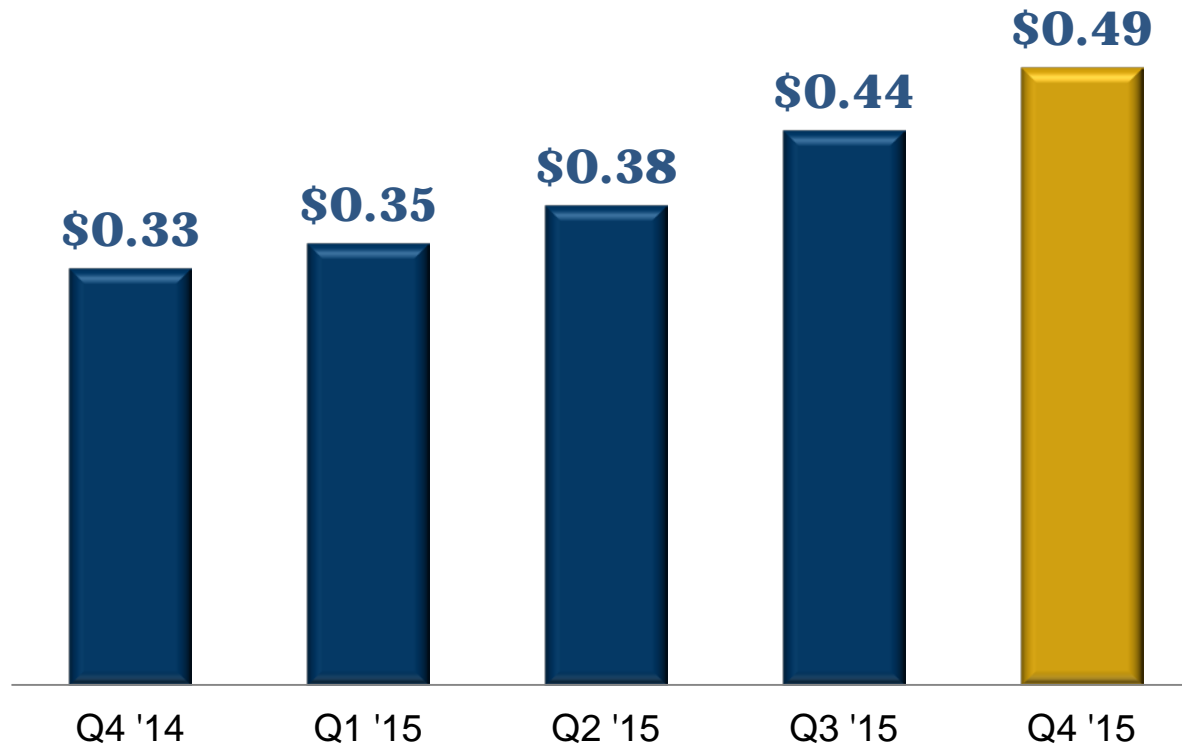
12% DEPOSIT GROWTH  
DURING 2015

# FINANCIAL PRIORITIES

Q4 2015 Compared to Q4 2014

- ▶ CONTINUED GROWTH IN CORE EPS ↑ 48%
- ❖ DRIVE NET INTEREST INCOME GROWTH IN DOLLARS WITH FAVORABLE LOAN GROWTH TRENDS ↑ 12%
- ❖ DEFEND NET INTEREST MARGIN + 5 bps
- ❖ MAINTAIN HIGH QUALITY CREDIT PROFILE - 58 bps NPLs/Loans
- ▶ ACHIEVE FURTHER IMPROVEMENT IN OPERATING LEVERAGE - 7%
- ▶ ENHANCE DEPOSIT LEVELS TO SUPPORT GROWTH + 12%

# POSITIVE MOMENTUM IN CORE\* EARNINGS PER SHARE



**48% CORE EPS GROWTH FROM Q4 2014 TO Q4 2015**

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



# EARNINGS PER SHARE

## REPORTED VS. CORE EPS\*

2015 YTD

*In Millions*

**\$1.89**

**<\$0.23>**

**\$1.66**

EPS

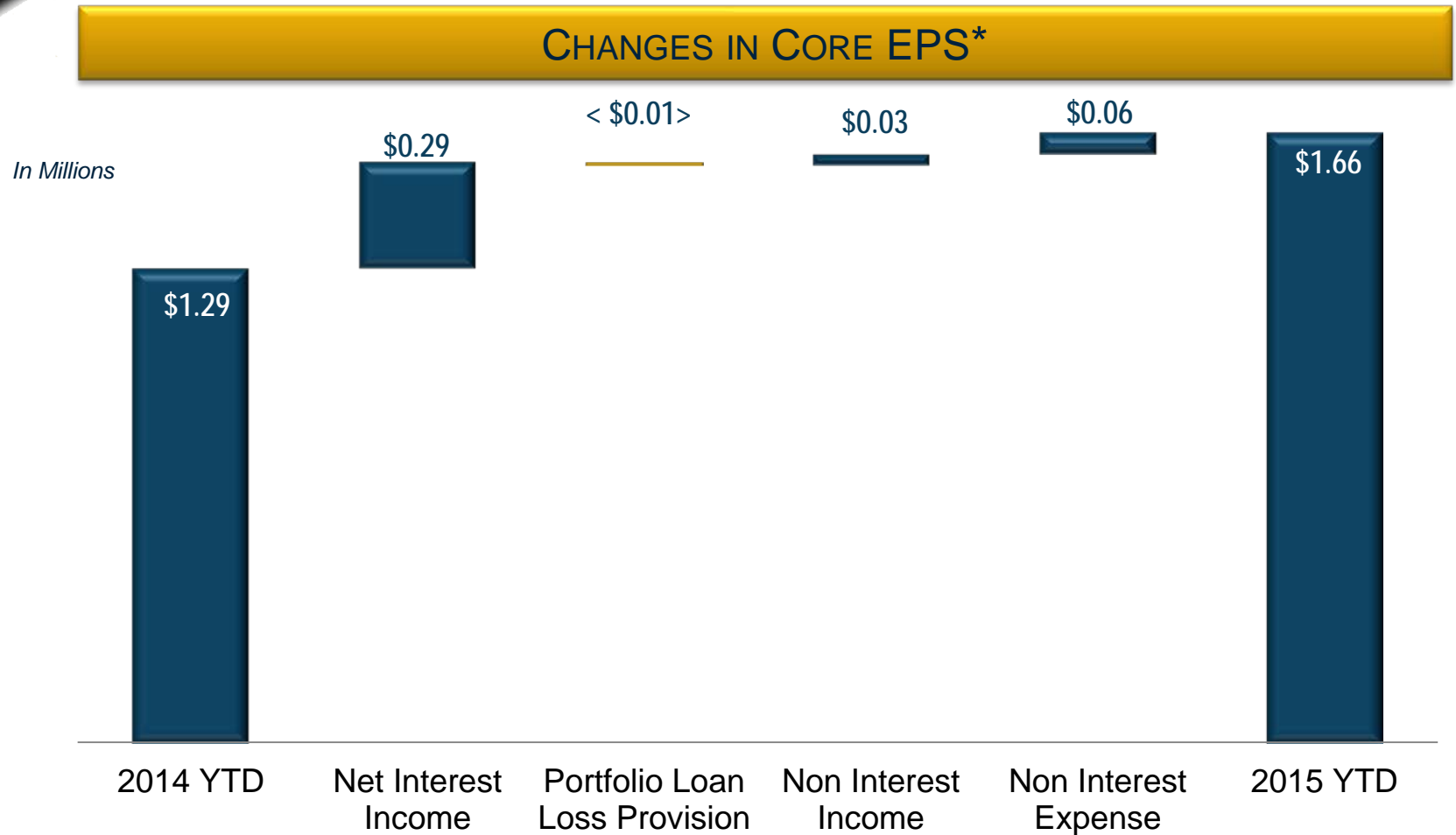
Non-Core Acquired Assets

Core  
EPS

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



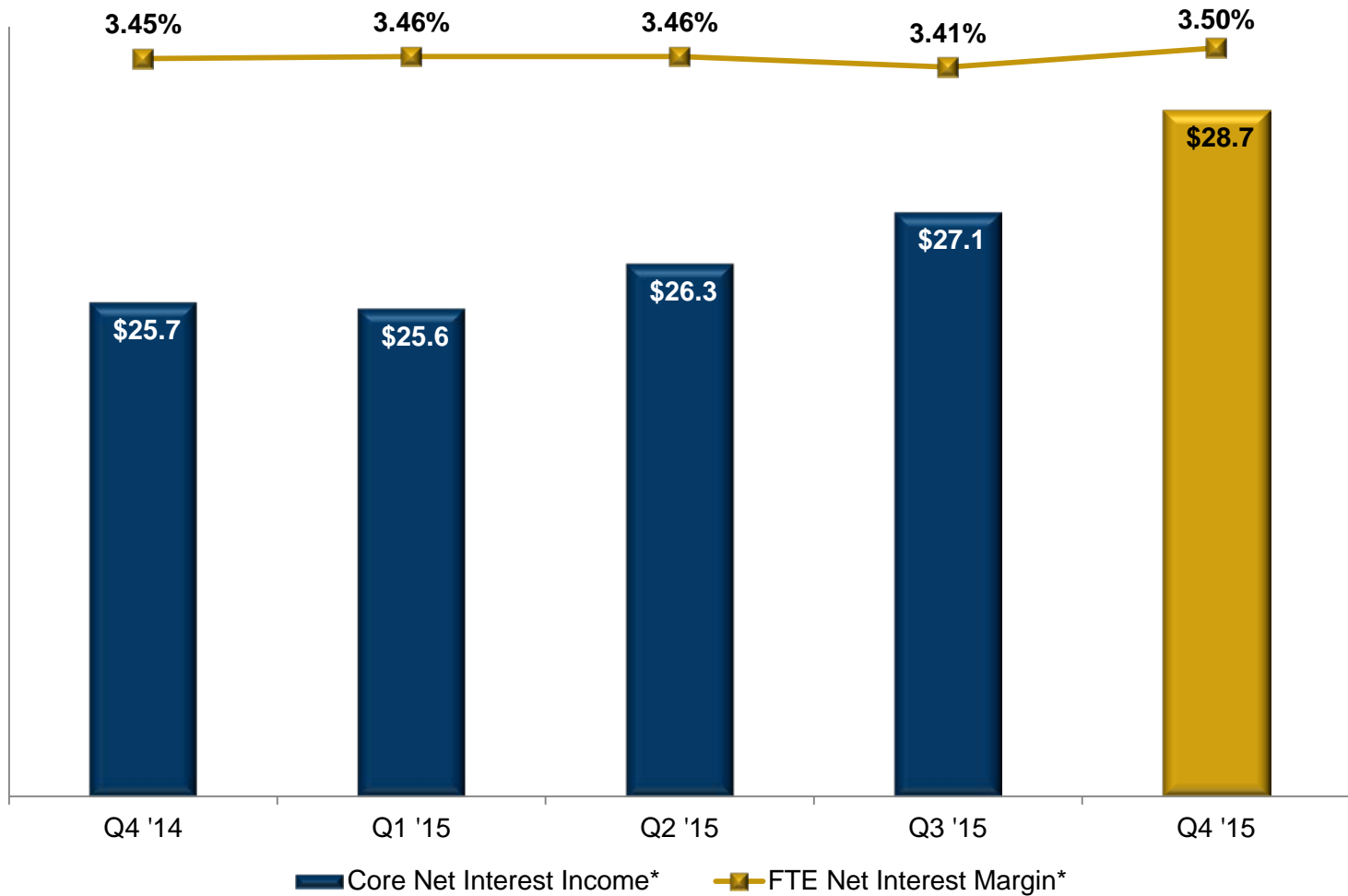
# FULL YEAR EARNINGS PER SHARE TREND



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

# NET INTEREST INCOME DRIVING CORE REVENUE GROWTH\*

In Millions

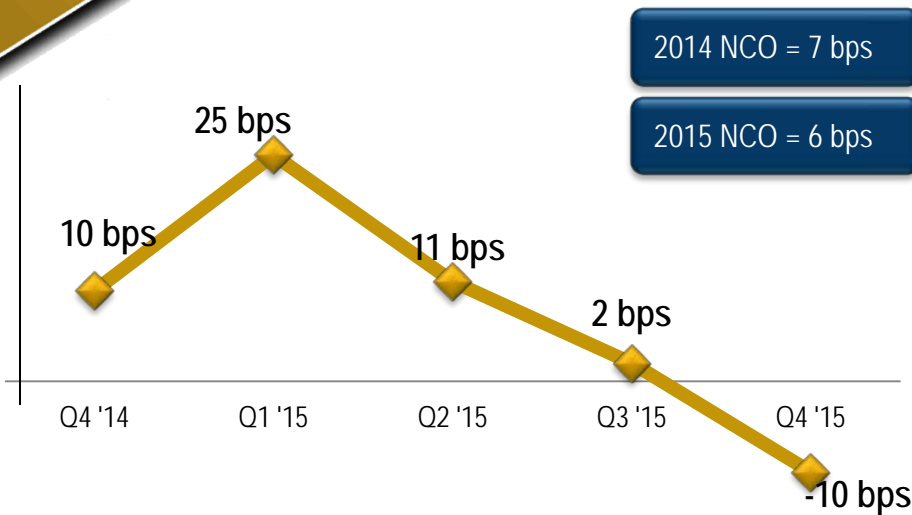


■ Core Net Interest Income\*    ■ FTE Net Interest Margin\*

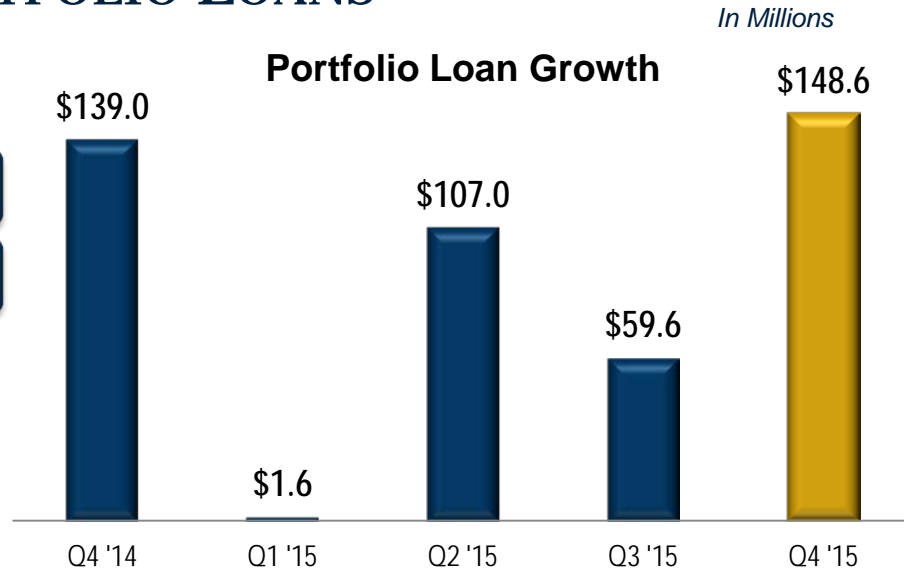
Note: \* A Non-GAAP Measure, Refer to Appendix for Reconciliation

# CREDIT TRENDS FOR PORTFOLIO LOANS

**Net Charge-offs (1)**

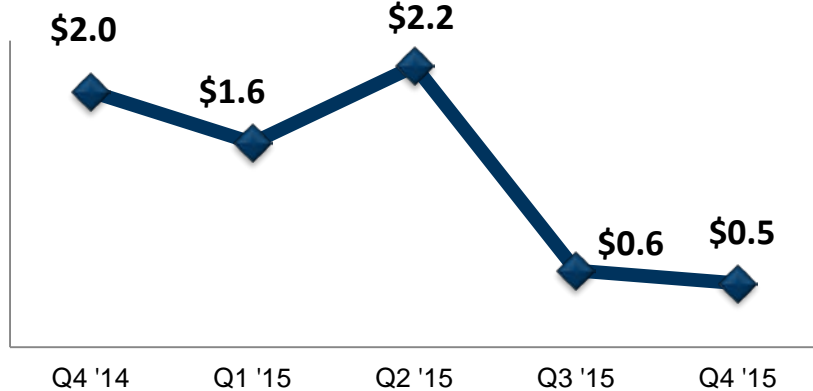


**Portfolio Loan Growth**



*In Millions*

**Provision for Portfolio Loans**



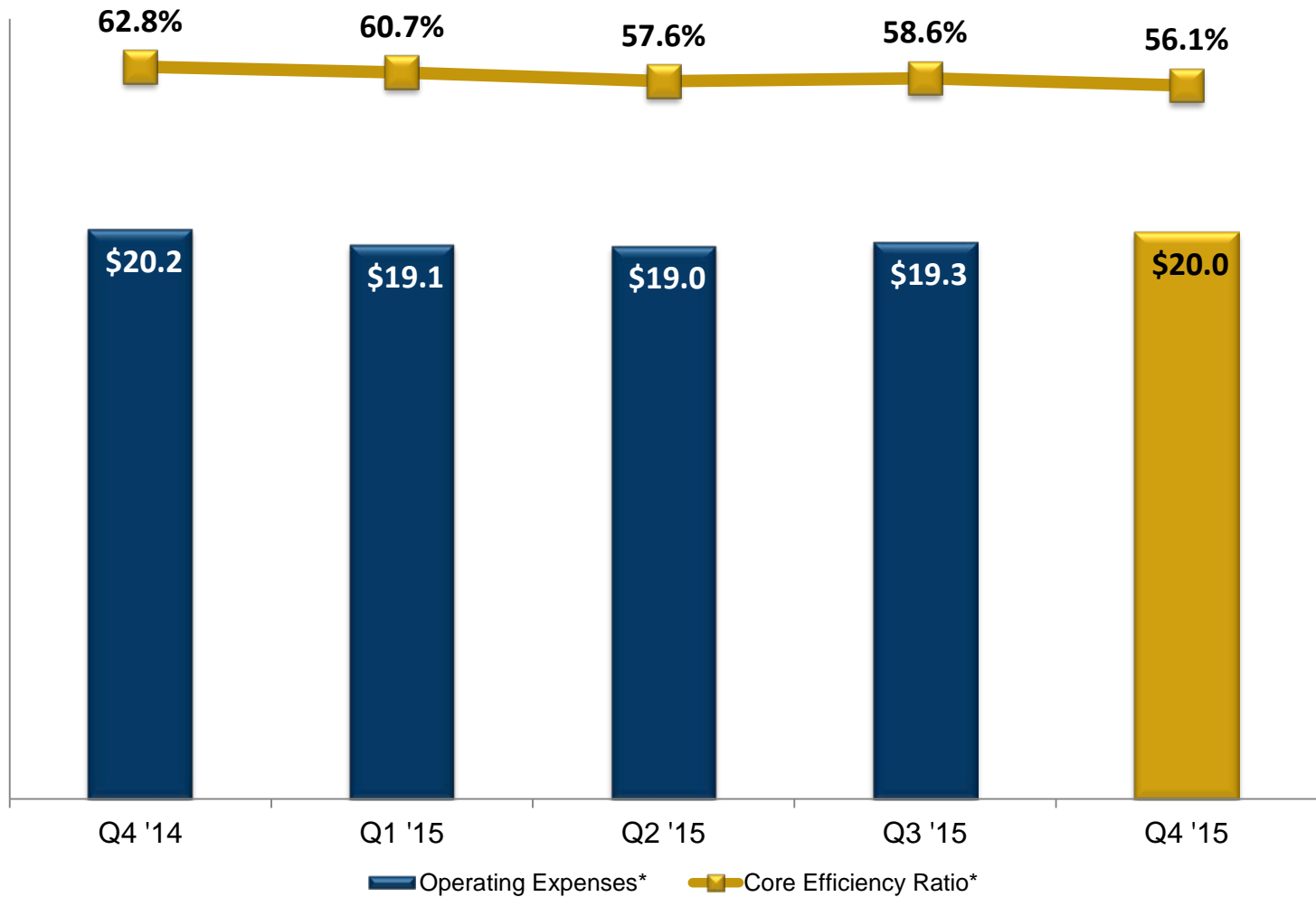
Q4 2015	EFSC	PEER <sup>(2)</sup>
NPA'S/ASSETS =	0.48%	0.74%
NPL'S/LOANS =	0.33%	0.71%
ALLL/NPL'S =	368%	160%
ALLL/LOANS =	1.22%	1.16%

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

<sup>(2)</sup> Peer data as of 9/30/2015 (source: SNL Financial)

# MANAGED OPERATING EXPENSES\* IMPROVING EFFICIENCY

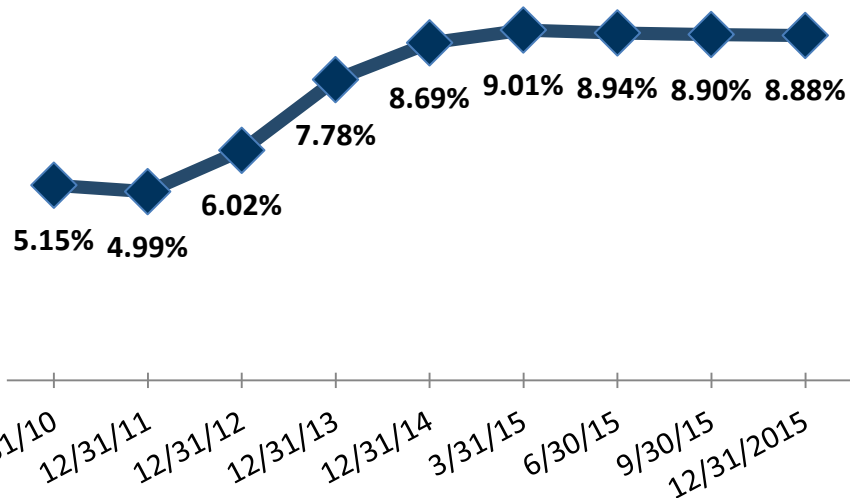
In Millions



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

# STRONG CAPITAL LEVELS FACILITATE GROWTH AND RETURNS

## TANGIBLE COMMON EQUITY/TANGIBLE ASSETS

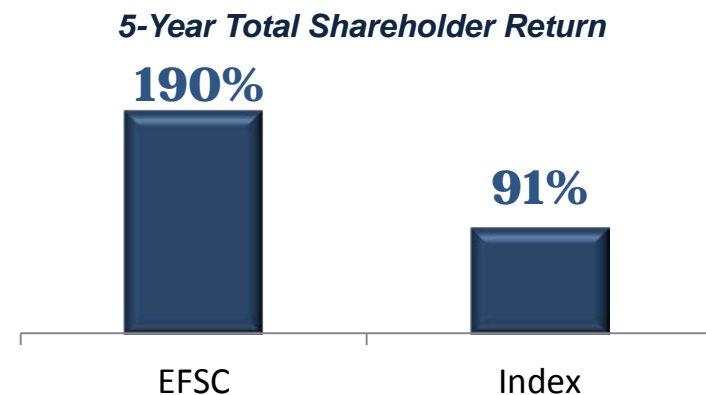


- ▶ FIRST QUARTER 2016 DIVIDEND INCREASED 13% TO \$0.09 PER COMMON SHARE
  - ❖ 4TH CONSECUTIVE INCREASE
- ▶ 2,000,000 SHARE COMMON STOCK REPURCHASE PLAN INSTITUTED
  - ❖ ~ 10% OF EFSC OUTSTANDING SHARES
  - ❖ NO SPECIFIED END DATE
  - ❖ DISCIPLINED, PATIENT APPROACH BASED ON MARKET CONDITIONS
- ▶ SUFFICIENT 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 12/31/2015  
Source: SNL





# 4Q 2015 INVESTOR PRESENTATION

## APPENDIX





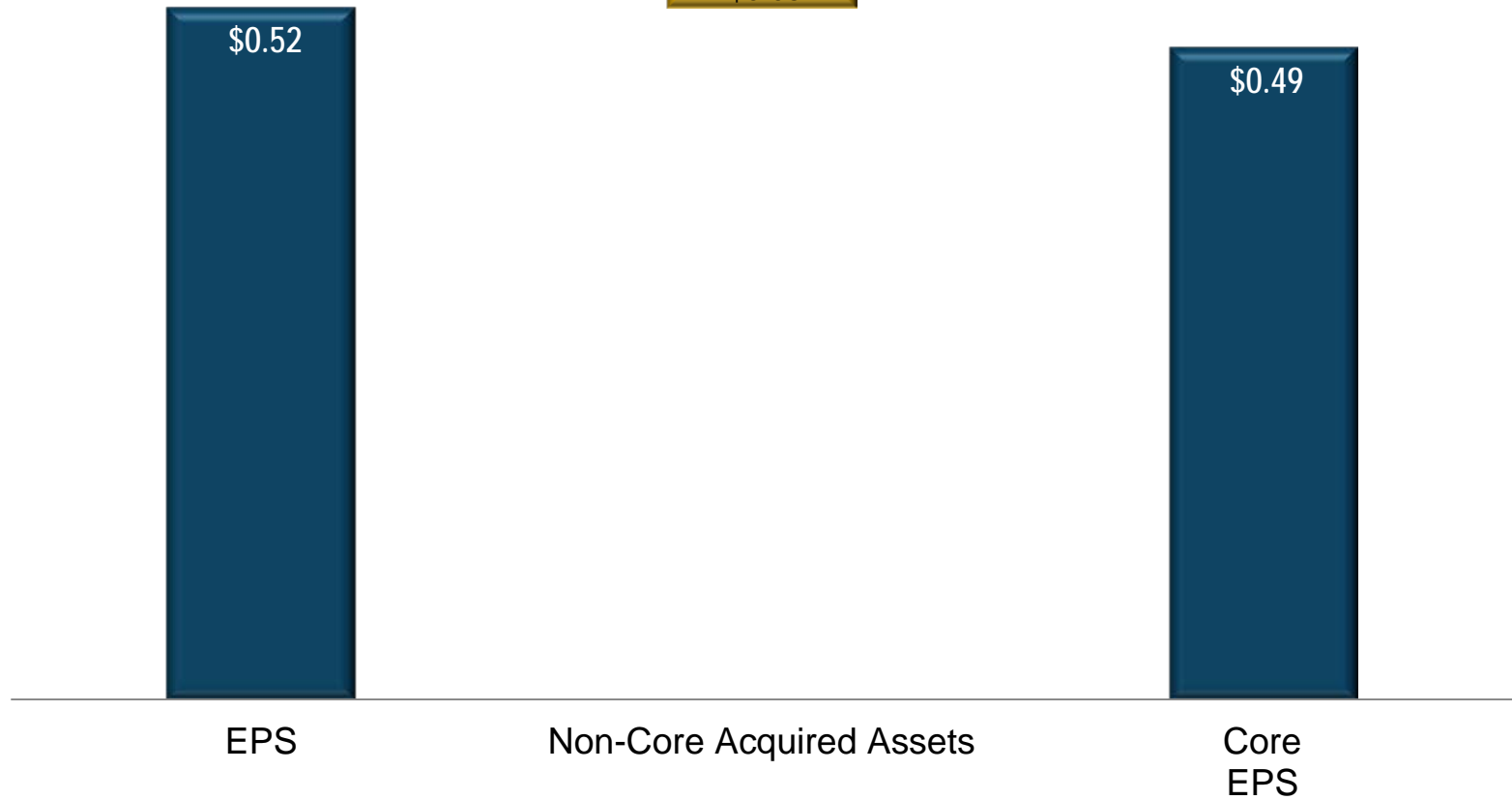
# EARNINGS PER SHARE

## REPORTED VS. CORE EPS\*

*In Millions*

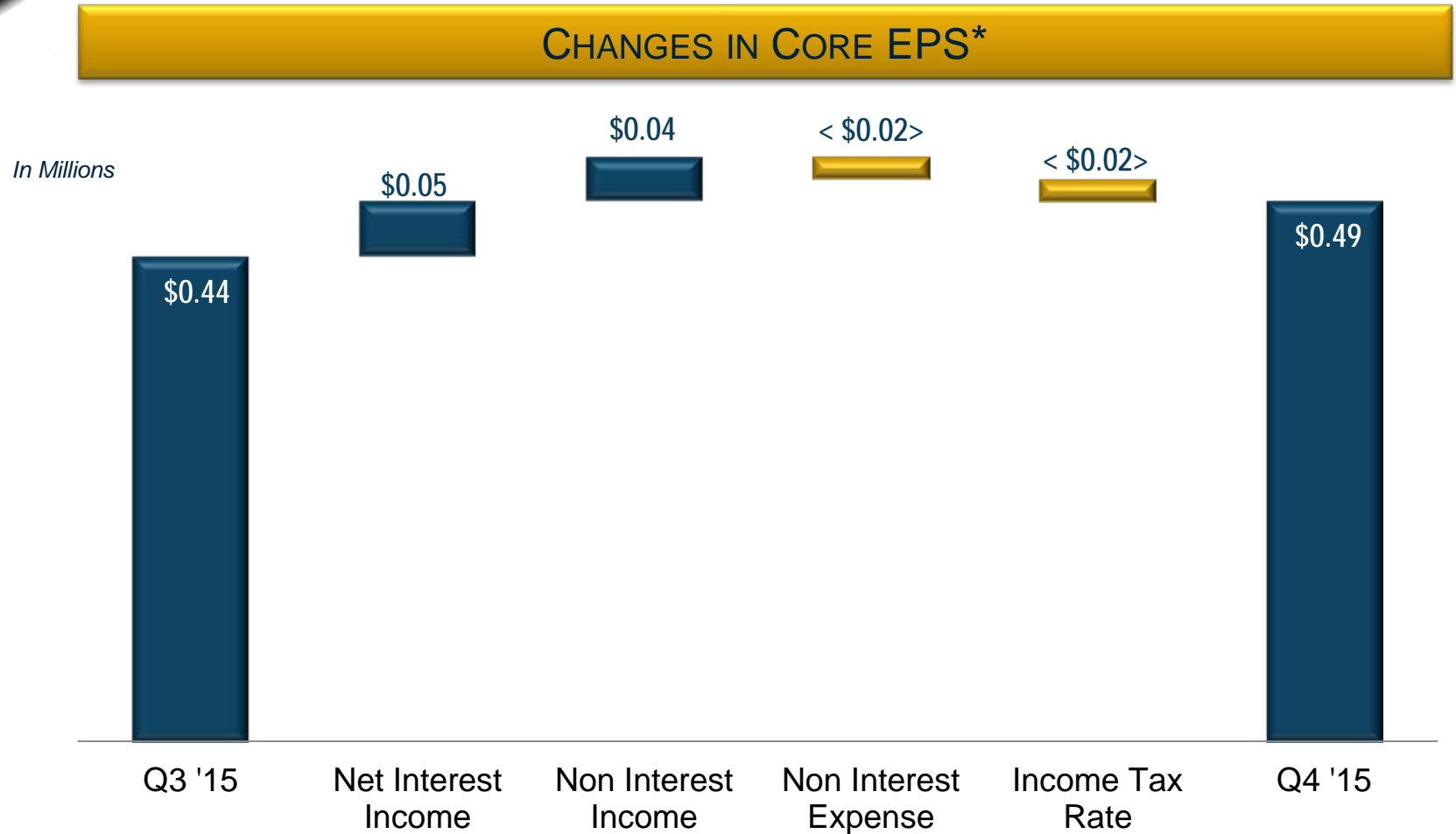
Q4 2015

< \$0.03 >



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

# EARNINGS PER SHARE TREND – FOURTH QUARTER



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



## BALANCE SHEET POSITIONED FOR GROWTH

- ▶ ***Modest Asset Sensitivity*** (200 BPS RATE SHOCK INCREASES NII BY 4.1%)
- ▶ ***62%*** FLOATING RATE LOANS, WITH THREE-YEAR AVERAGE DURATION
- ▶ ***High-quality, Cash-flowing*** SECURITIES PORTFOLIO WITH FOUR YEAR AVERAGE DURATION
- ▶ ***26% 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 **\$55 Million** IN **Net Earnings** SINCE  
ACQUISITION

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**\$117 Million** OF  
CONTRACTUAL CASH FLOWS WITH  
**\$65 Million** CARRYING  
VALUE

SIGNIFICANT EARNINGS CONTRIBUTION (PRE-TAX)

<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>\$15,459</b>	<b>\$10,860</b>	<b>\$11,680</b>

*Dollars in Thousands*

**Significant** CONTRIBUTION TO FUTURE EARNINGS  
WITH ESTIMATED FUTURE ACCRETABLE YIELD  
OF **\$25 Million**

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SUCCESSFULLY ENTERED INTO AGREEMENT TO TERMINATE ALL  
EXISTING LOSS SHARE AGREEMENTS WITH THE FDIC IN  
DECEMBER 2015



# 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 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 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

<i>(in thousands)</i>	For the Quarter ended				For the Year ended		
	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Dec 31, 2014	
<b>CORE PERFORMANCE MEASURES</b>							
Net interest income	\$ 32,079	\$ 30,006	\$ 29,280	\$ 29,045	\$ 30,816	\$ 120,410	\$ 117,368
Less: Incremental accretion income	3,412	2,919	3,003	3,458	5,149	12,792	18,930
Core net interest income	28,667	27,087	26,277	25,587	25,667	107,618	98,438
Total noninterest income	6,557	4,729	5,806	3,583	4,852	20,675	16,631
Less: Change in FDIC loss share receivable	(580)	(1,241)	(945)	(2,264)	(1,781)	(5,030)	(9,307)
Less (Plus): Gain (loss) on sale of other real estate from PCI loans	81	31	10	(15)	195	107	445
Less: Gain on sale of investment securities	-	-	-	23	-	23	-
Less: Closing fee	-	-	-	-	-	-	945
Core noninterest income	7,056	5,939	6,741	5,839	6,438	25,575	24,548
Total core revenue	35,723	33,026	33,018	31,426	32,105	133,193	122,986
Provision for portfolio loans	543	599	2,150	1,580	1,968	4,872	4,409
Total noninterest expense	22,886	19,932	19,458	19,950	24,795	82,226	87,463
Less: FDIC clawback	-	298	50	412	141	760	1,201
Less: FDIC loss share termination	2,436	-	-	-	-	2,436	-
Less: Other loss share expenses	423	287	378	470	544	1,558	2,953
Less: FHLB prepayment penalty	-	-	-	-	2,936	-	2,936
Less: Facilities disposal charge	-	-	-	-	1,004	-	1,004
Core noninterest expense	20,027	19,347	19,030	19,068	20,170	77,472	79,369
Core income before income tax expense	15,153	13,080	11,838	10,778	9,967	50,849	39,208
Core income tax expense	5,073	4,204	4,134	3,647	3,264	17,058	13,165
Core net income	\$ 10,080	\$ 8,876	\$ 7,704	\$ 7,131	\$ 6,703	\$ 33,791	\$ 26,043
Core diluted earnings per share	\$ 0.49	\$ 0.44	\$ 0.38	\$ 0.35	\$ 0.33	\$ 1.66	\$ 1.29
Core return on average assets	1.13%	1.03%	0.93%	0.88%	0.82%	1.00%	0.82%
Core return on average common equity	11.46%	10.41%	9.34%	8.99%	8.43%	10.08%	8.63%
Core return on average tangible common equity	12.68%	11.56%	10.41%	10.06%	9.47%	11.22%	9.77%
Core efficiency ratio	56.06%	58.58%	57.64%	60.67%	62.83%	58.17%	64.53%
<b>NET INTEREST MARGIN TO CORE NET INTEREST MARGIN</b>							
Net interest income (fully tax equivalent)	\$ 32,546	\$ 30,437	\$ 29,691	\$ 29,467	\$ 31,223	\$ 122,141	\$ 119,002
Less: Incremental accretion income	3,412	2,919	3,003	3,458	5,149	12,792	18,930
Core net interest income (fully tax equivalent)	\$ 29,134	\$ 27,518	\$ 26,688	\$ 26,009	\$ 26,074	\$ 109,349	\$ 100,072
Average earning assets	\$ 3,304,827	\$ 3,201,181	\$ 3,096,294	\$ 3,047,815	\$ 2,998,467	\$ 3,163,339	\$ 2,921,978
Reported net interest margin (fully tax equivalent)	3.91%	3.77%	3.85%	3.92%	4.13%	3.86%	4.07%
Core net interest margin (fully tax equivalent)	3.50%	3.41%	3.46%	3.46%	3.45%	3.46%	3.42%