

KBRA Affirms Ratings for Enterprise Financial Services Corp

NEW YORK (October 25, 2019) – Kroll Bond Rating Agency (KBRA) affirms the senior unsecured debt rating of BBB+, subordinated debt rating of BBB, and short-term debt rating of K2 for Clayton, Missouri based Enterprise Financial Services Corp (NASDAQ: EFSC, “the company”, or “Enterprise”). Moreover, KBRA affirms the deposit and senior unsecured debt ratings of A-, subordinated debt rating of BBB+, and short-term deposit and debt ratings of K2 for the subsidiary bank, Enterprise Bank & Trust. The Outlook for all long-term ratings is Stable.

The ratings are supported by the company’s strong profitability metrics (core ROA of 1.6%) that have tracked above peer median over a multi-year reporting period, driven by an efficient operating model, competitive NIM, and continued low credit costs. KBRA’s positive views of Enterprise’s management team have been enhanced as a result of the successful integrations of recently acquired institutions, while also considering the company’s conservative underwriting and effective credit administration favorably. The ratings are also underpinned by EFSC’s continued investment in a stronger enterprise risk management framework that reflects its contemporary size and business complexity. Ratings are somewhat constrained by some of the concentrations in the company’s commercially oriented loan portfolio, notably the enterprise value loan (EVL) exposures; a well-managed, though typically higher risk loan category. That said, in aggregate, the C&I portfolio is reasonably diversified with industry borrower segments, and as noted, incorporates effective risk management principles. The company’s revenue mix, which includes fees representing 17% of its total, is somewhat less diverse than select, higher rated peers.

A surveillance report will be forthcoming.

The ratings are based on KBRA’s [Bank & Bank Holding Company Global Rating Methodology](#) published on October 16, 2019.

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