



Enterprise Financial Services Corp

2021 Fourth Quarter Earnings Webcast



Forward-Looking Statements

Some of the information in this report may contain “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. Such forward-looking statements may include projections based on management’s current expectations and beliefs concerning future developments and their potential effects on the Company including, without limitation, plans, strategies and goals, and statements about the Company’s expectations regarding revenue and asset growth, financial performance and profitability, loan and deposit growth, yields and returns, loan diversification and credit management, shareholder value creation and the impact of the Company’s integration of First Choice Bancorp (“First Choice”) and other acquisitions.

Forward-looking statements are typically identified by words such as “believe,” “expect,” “anticipate,” “intend,” “outlook,” “estimate,” “forecast,” “project,” “pro forma” and other similar words and expressions. Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made. Because forward-looking statements are subject to assumptions and uncertainties, actual results or future events could differ, possibly materially, from those anticipated in the forward-looking statements and future results could differ materially from historical performance. Factors that could cause or contribute to such differences include, but are not limited to, the Company’s ability to efficiently integrate acquisitions, including the First Choice acquisition, into its operations, retain the customers of these businesses and grow the acquired operations, as well as 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 in the banking industry, competition from banks and other financial institutions, the Company’s 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 policies and practices or accounting standards, changes in the method of determining LIBOR and the phase-out of LIBOR, natural disasters, war or terrorist activities, or pandemics, including the COVID-19 pandemic, and their effects on economic and business environments in which we operate including the ongoing disruption to the financial market and other economic activity caused by the COVID-19 pandemic, and those factors and risks referenced from time to time in EFSC’s filings with the Securities and Exchange Commission (“SEC”), including in the Company’s Annual Reports on Form 10-K for the fiscal year ended December 31, 2020, and the Company’s other filings with the SEC. For any forward-looking statements made in this report or in any documents, EFSC claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Annualized, pro forma, projected and estimated numbers in this document are used for illustrative purposes only, are not forecasts and may not reflect actual results.

Except to the extent required by applicable law or regulation, EFSC disclaims any obligation to revise or publicly release any revision or update to any of the forward-looking statements included herein to reflect events or circumstances that occur after the date on which such statements were made.

Financial Highlights - 4Q21

Earnings



- Net Income \$50.8 million; Earnings per Share \$1.33; \$1.37 adjusted EPS* for merger-related expenses
- PPNR* \$63.3 million
- ROAA 1.52%; PPNR ROAA* 1.89%
- ROATCE* 18.81%

Loans & Deposits



- Total Loans \$9.0 billion
- PPP Loans, \$272 million, net of deferred fees
- Loan/Deposits 79%
- Total Deposits \$11.3 billion
- Noninterest-bearing Deposits/Total Deposits 40%

Asset Quality



- Nonperforming Assets/Assets 0.23%
- Nonperforming Loans/Loans 0.31%
- Allowance Coverage Ratio 1.61%; 1.84% adjusted for guaranteed loans including PPP

Capital



- Tangible Common Equity/Tangible Assets* 8.13%; Adjusted for PPP* 8.31%
- Quarterly dividend of \$0.20 per share, increased 5% to \$0.21 in first quarter 2022
- Repurchased 577,478 shares at an average price of \$47.65 per share
- Redeemed \$50.0 million subordinated debentures
- Issued \$75.0 million of 5% noncumulative perpetual preferred stock

Acquisitions



- Completed acquisition of First Choice Bancorp on July 21, 2021
- Completed core systems integration of First Choice Bancorp on October 18, 2021

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



Areas of Focus



Organic Loan Growth and Pipeline



Leverage Position as Top 10 SBA Lender in 7a Loans



Talent Acquisitions to Accelerate Higher Growth Specialty Segments and Geographic Markets



Expand Strategic Approach to Loan Participations



Expand Tax Credit Business, Geographically

- **Awarded \$60 million allocation from New Markets Tax Credit program in 3Q21**



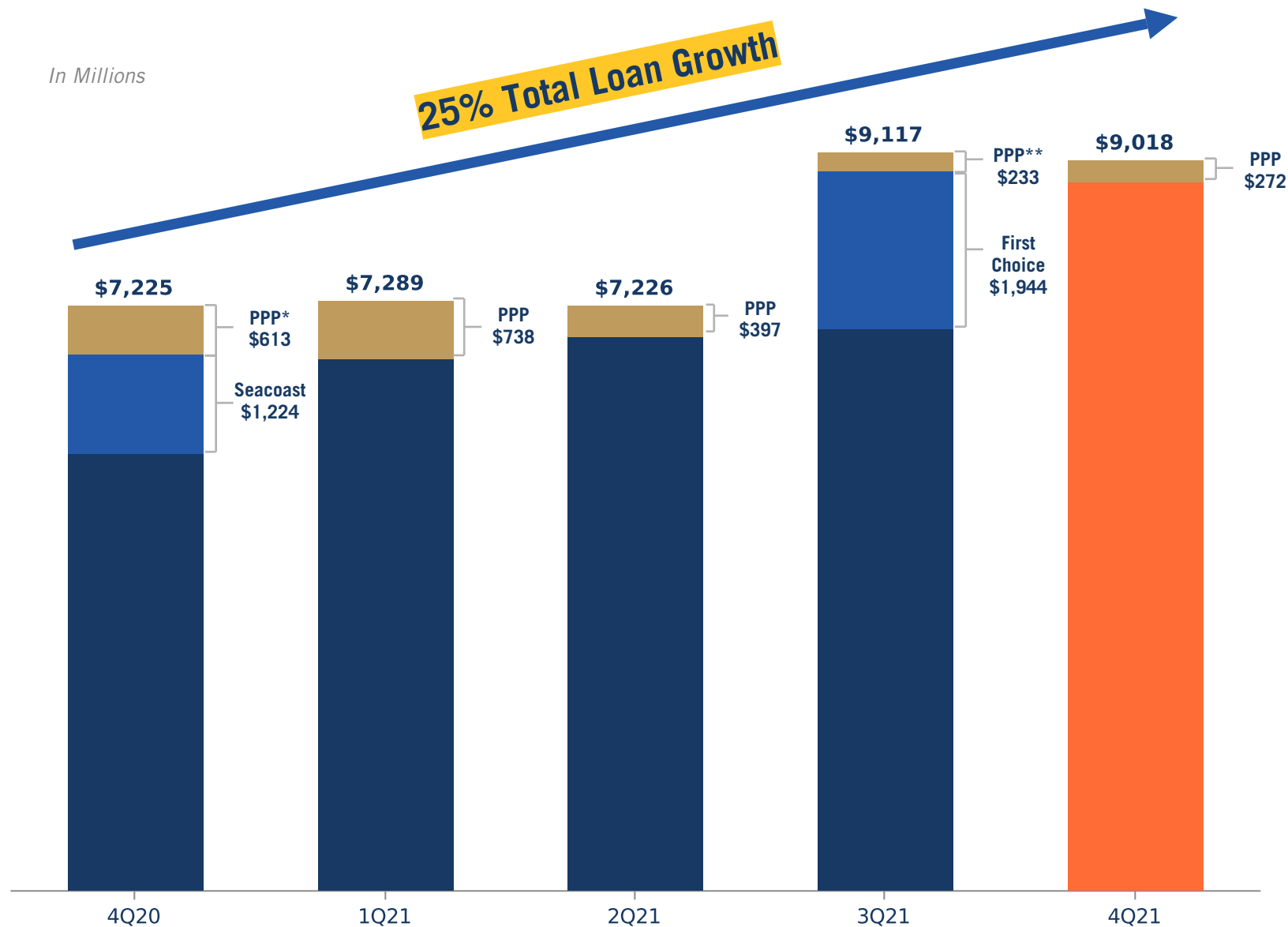
Workforce Opportunities

- **Remote Workforce and Return to Office**
- **Economical Branch Structure**

Total Loan Trends

In Millions

25% Total Loan Growth



*Excludes Seacoast PPP loans of \$86 million included in acquisition total.

**Excludes First Choice PPP loans of \$206 million included in acquisition total.

Loan Details - LTM

in Millions						
	4Q21	4Q20	LTM Change	First Choice	Net Organic Change	
C&I	\$ 1,538	\$ 1,103	\$ 435	\$ 299	\$ 136	
CRE, Investor Owned	1,955	1,421	534	554	(20)	
CRE, Owner Occupied	1,113	826	287	291	(4)	
SBA loans* ¹	1,241	896	345	164	181	
Sponsor Finance*	508	396	112	—	112	
Life Insurance Premium Financing*	594	534	60	—	60	
Tax Credits*	487	383	104	—	104	
Residential Real Estate	431	318	113	152	(39)	
Construction and Land Development	626	474	152	174	(22)	
Other	253	175	78	32	46	
Subtotal	\$ 8,746	\$ 6,526	\$ 2,220	\$ 1,666	\$ 554	
SBA PPP loans	272	699	(427)	149	(576)	
Total Loans	\$ 9,018	\$ 7,225	\$ 1,793	\$ 1,815	\$ (22)	

* Specialty loan category.

¹Includes \$854 and \$575 million of SBA guaranteed loans for 4Q21 and 4Q20, respectively.

Loan Details - QTR

Millions	4Q21	3Q21	QTR Change
C&I	\$ 1,538	\$ 1,458	\$ 80
CRE, Investor Owned	1,955	1,935	20
CRE, Owner Occupied	1,113	1,163	(50)
SBA loans* ¹	1,241	1,200	41
Sponsor Finance*	508	455	53
Life Insurance Premium Financing*	594	573	21
Tax Credits*	487	462	25
Residential Real Estate	431	520	(89)
Construction and Land Development	626	652	(26)
Other	253	260	(7)
Subtotal	\$ 8,746	\$ 8,678	\$ 68
SBA PPP loans	272	439	(167)
Total Loans	\$ 9,018	\$ 9,117	\$ (99)

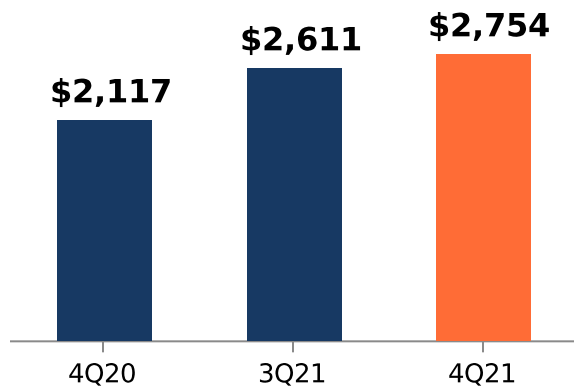
* Specialty loan category.

¹Includes \$854 million and \$808 million of SBA guaranteed loans for 4Q21 and 3Q21, respectively.

Total Loans By Business Unit

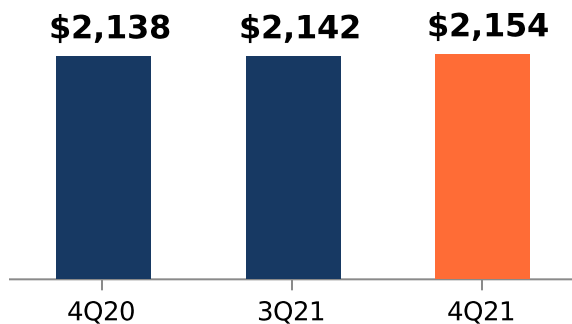
In Millions

Specialty Lending*

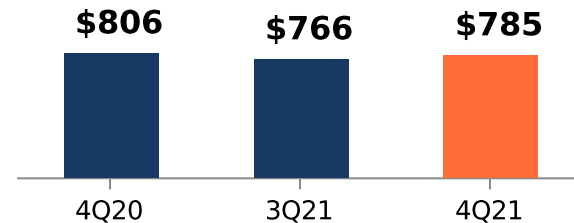


*3Q21 includes acquired First Choice SBA loans

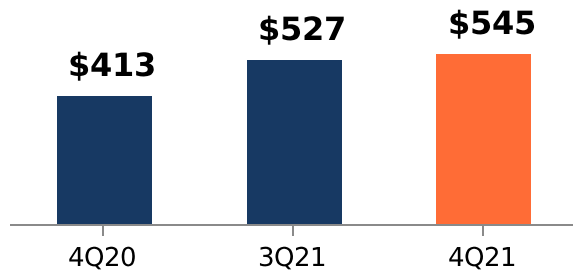
St. Louis



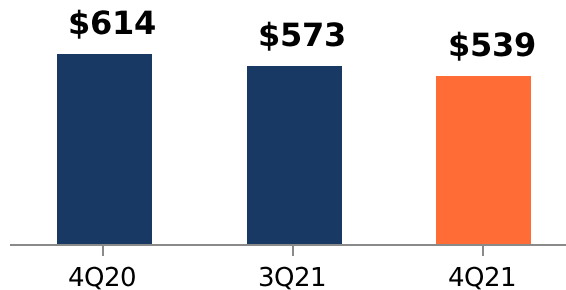
Kansas City



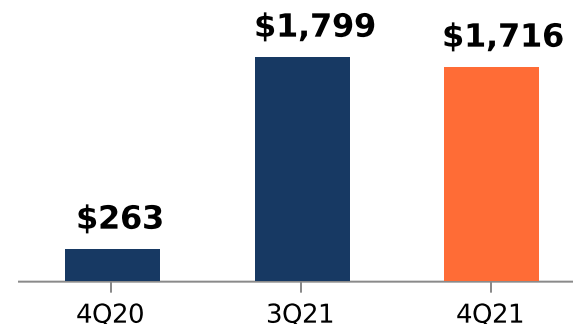
Arizona



New Mexico



California**



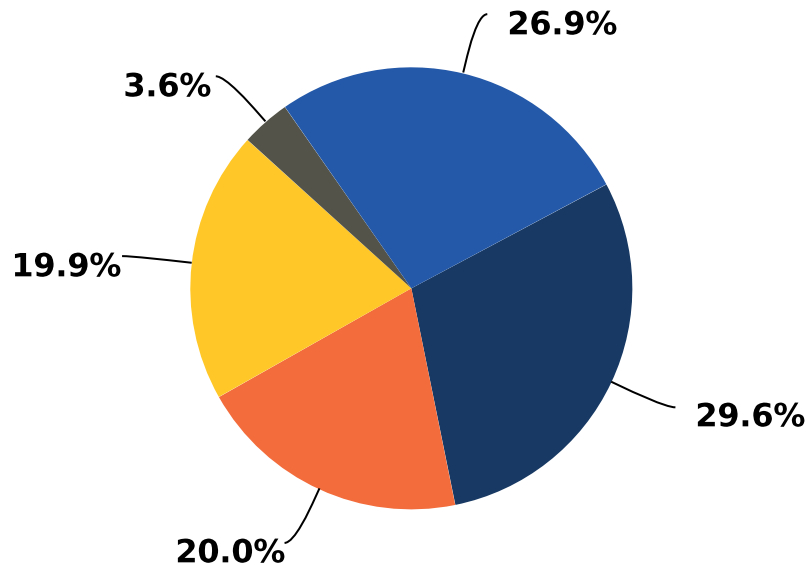
**3Q21 includes First Choice acquisition

Note: Excludes PPP and Other loans

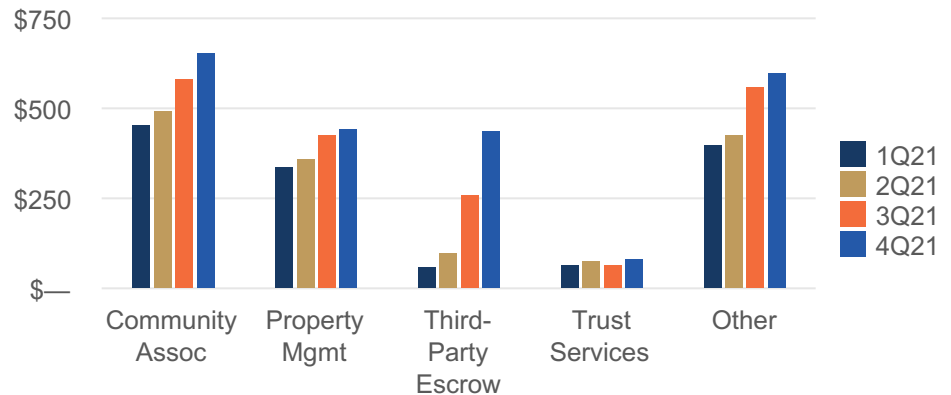
Specialty Deposits

Specialty deposits of \$2.2 billion represent 20% of total deposits.

Includes high composition of noninterest-bearing deposits with a low cost of funds.



In Millions



Community Associations

\$658 million in deposit accounts specifically designed to serve the needs of community associations.



Property Management

\$444 million in deposits. Specializing in the compliance of Property Management Trust Accounts.



Third-Party Escrow

\$441 million in deposits. Growing product line providing independent escrow services.



Trust Services

\$81 million in deposit accounts. Providing services to nondepository trust companies.

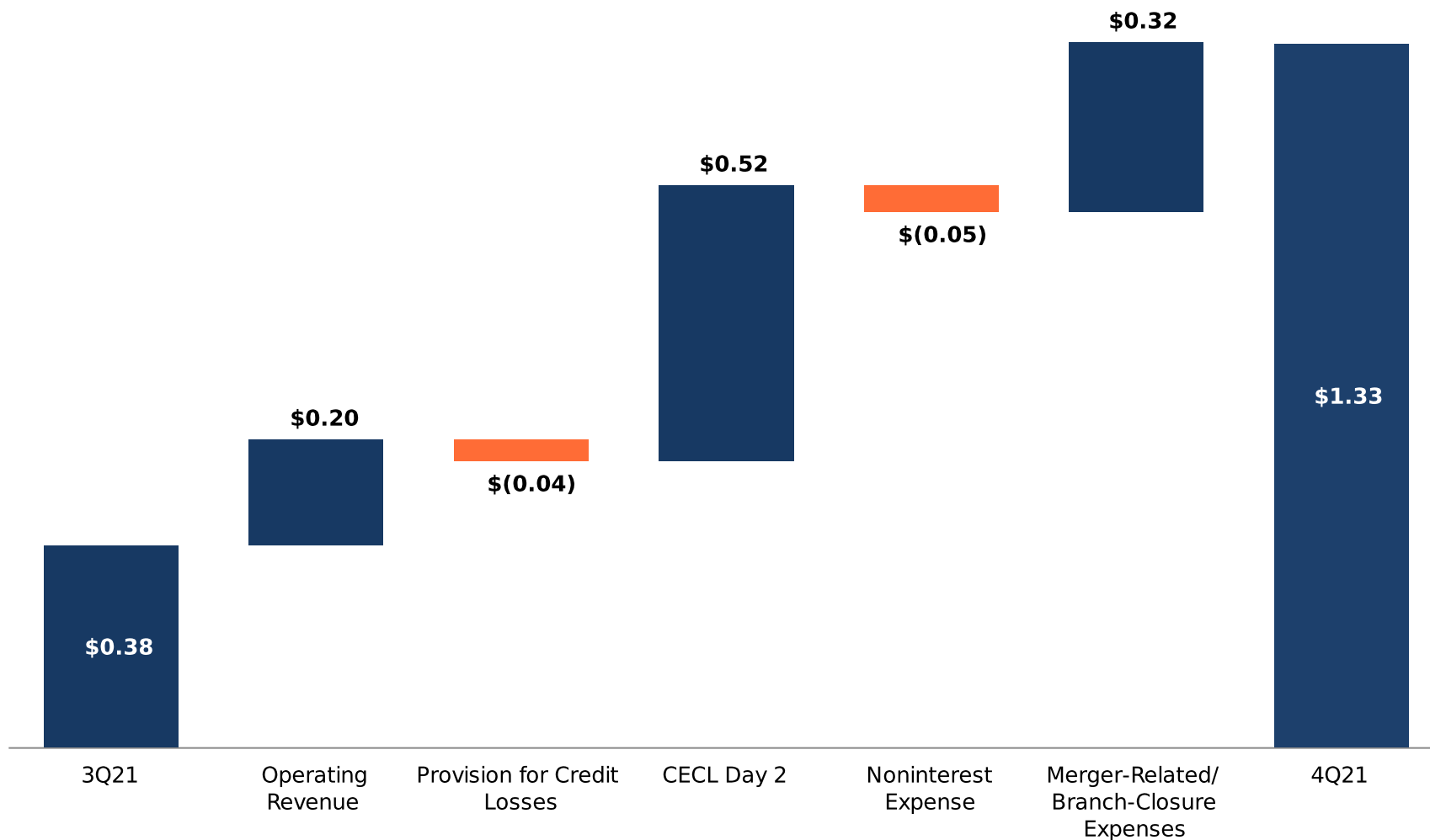


Other

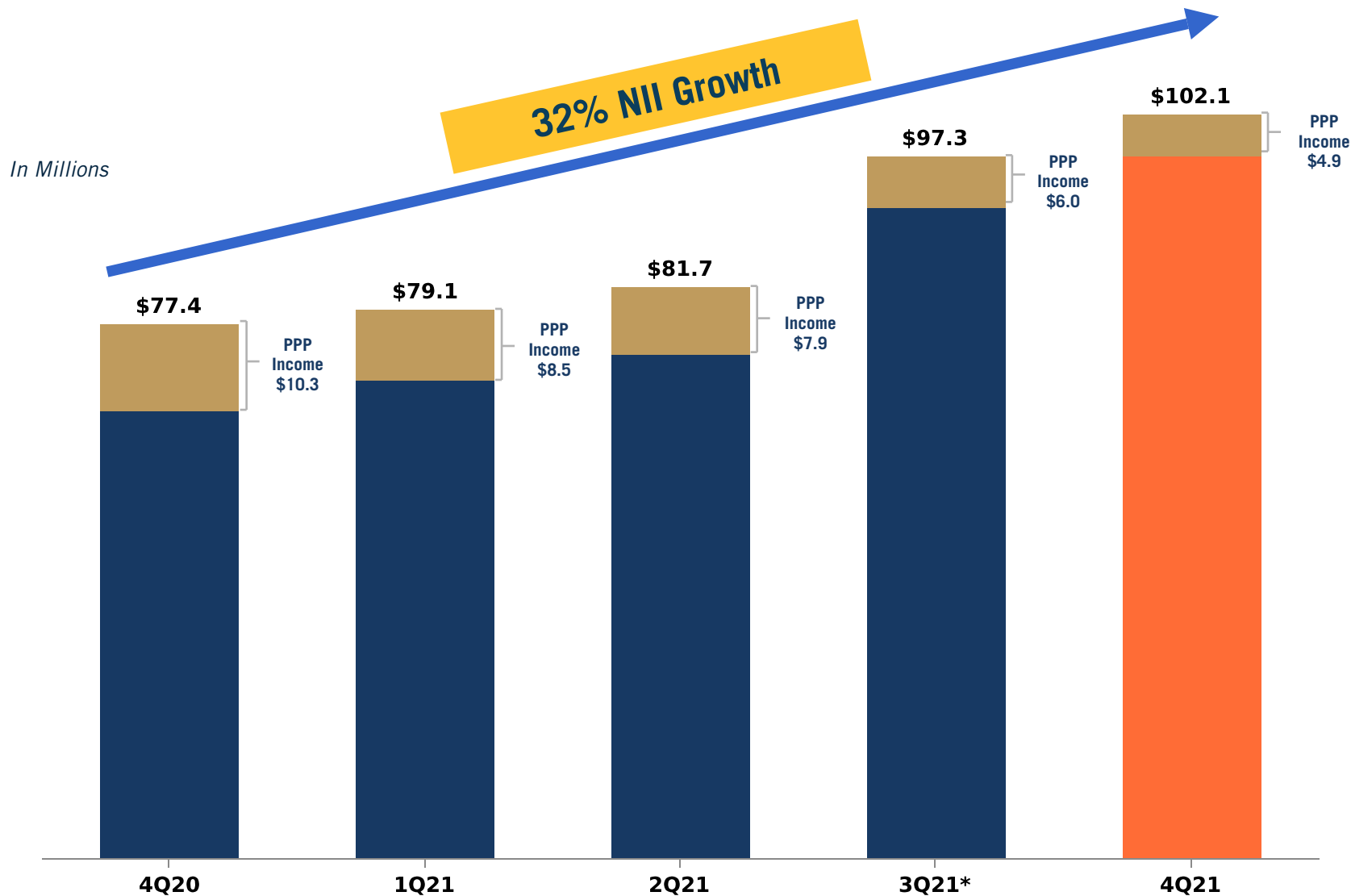
\$598 million in deposit accounts primarily related to Sponsor Finance and Life Insurance Premium Financing loans.

Earnings Per Share Trend - 4Q21

Change in EPS



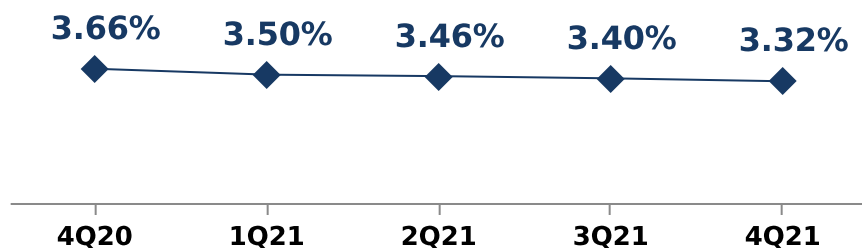
Net Interest Income Trend



* First Choice acquisition completed 7/21/21.

Net Interest Margin

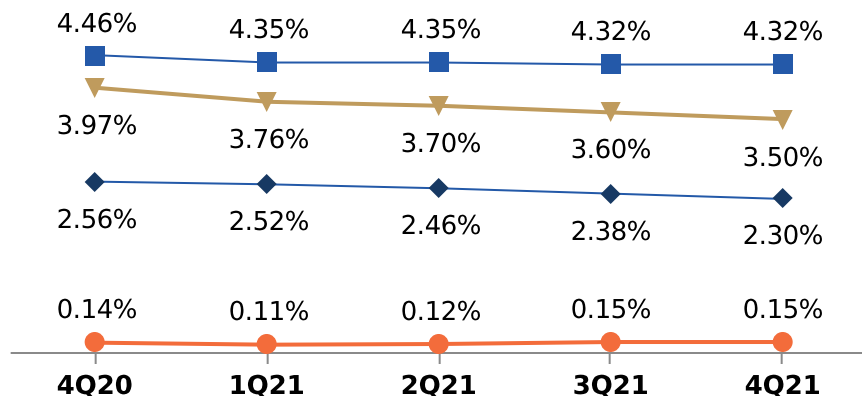
Net Interest Margin Trend



Net Interest Margin Bridge

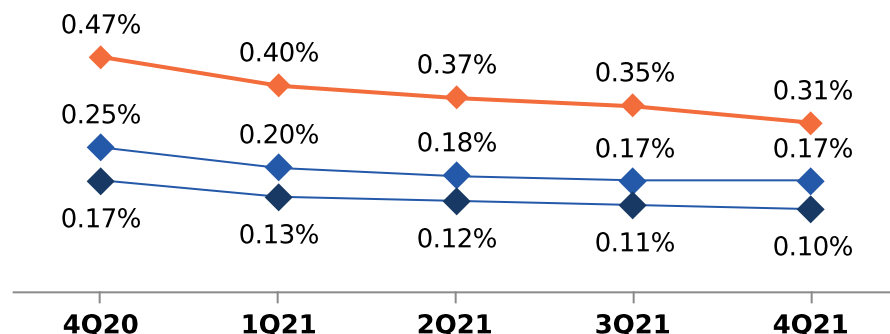
3Q21	3.40 %
Cash/Liquidity	(0.09)%
Loans	0.03 %
Investments	(0.03)%
Cost of Funds	0.01 %
4Q21	3.32 %

Components of Interest-earning Assets



▼ Earning asset yield ● Short-term investment yield
◆ Investment yield ■ Loan yield

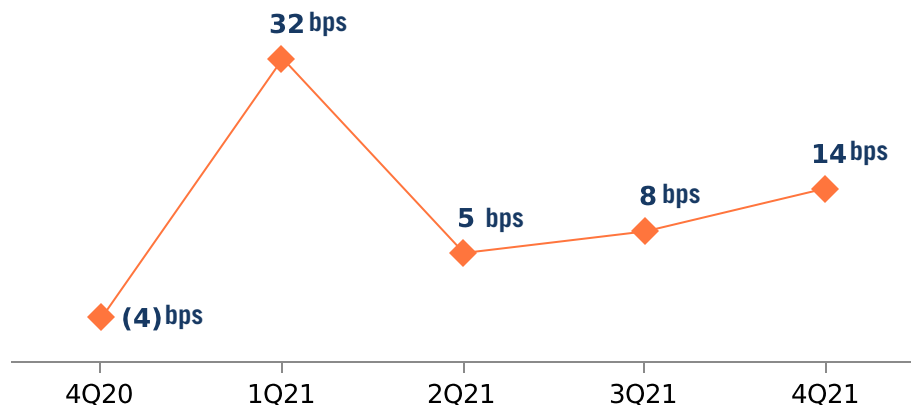
Components of Interest-bearing Liabilities



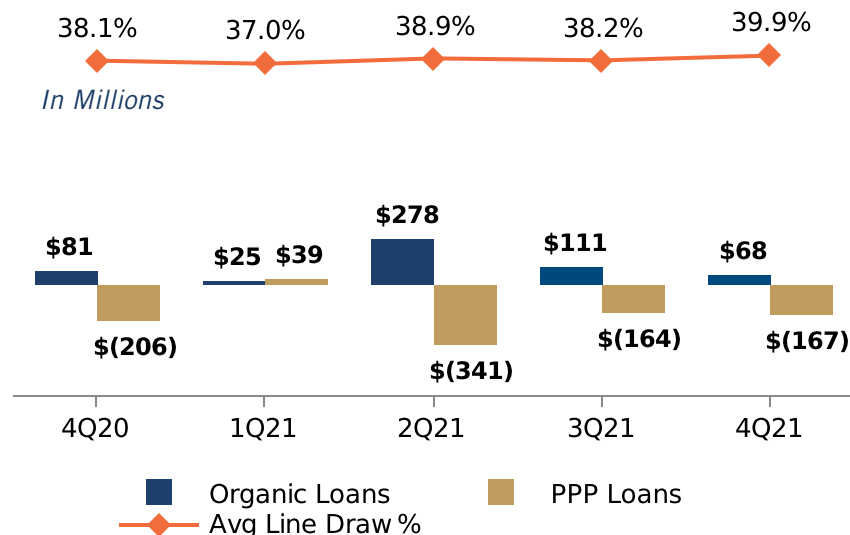
◆ Interest-bearing deposit rate ◆ Total cost of deposits
◆ Interest-bearing liabilities

Credit Trends for Loans

Annualized Net Charge-offs (Recoveries) to Average Loans

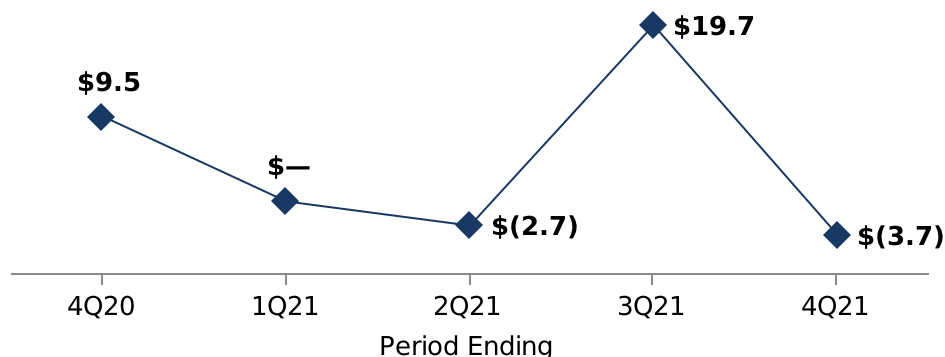


Loan Growth and Average Line of Credit Utilization*



Provision for Credit Losses

In Millions



	4Q21	3Q21	4Q20
NPA's/Assets	0.23%	0.35%	0.45%
NPL's/Loans	0.31%	0.46%	0.53%
ACL/NPL's	517.6%	366.0%	354.9%
ACL/Loans**	1.84%	1.94%	2.31%

*Excludes acquisition of Seacoast for 4Q20 and acquisition of First Choice for 3Q21

**Excludes guaranteed loans.

Allowance for Credit Losses for Loans

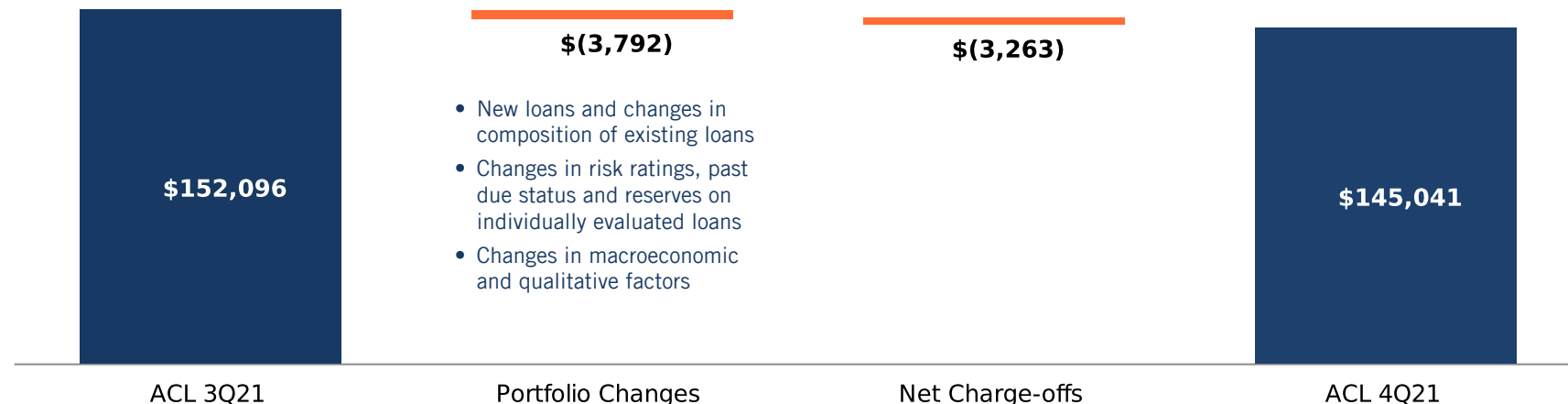
Key Assumptions:

- Reasonable and supportable forecast period is one year with a one year reversion period.
- Forecast considers a weighted average of baseline, upside and downside scenarios.
- Primary macroeconomic factors:
 - Percentage change in GDP
 - Unemployment
 - Retail Sales
 - CRE Index

<i>In Thousands</i>	4Q21		
	Loans	ACL	ACL as a % of Loans
Commercial and industrial	\$ 3,392,375	\$ 63,825	1.88 %
Commercial real estate	4,176,928	53,437	1.28 %
Construction real estate	734,073	14,536	1.98 %
Residential real estate	454,052	7,927	1.75 %
Other	260,214	5,316	2.04 %
Total	\$ 9,017,642	\$ 145,041	1.61 %

Reserves on sponsor finance, which is included in the categories above, represented \$18.2 million. Total ACL percentage of loans excluding PPP and other government guaranteed loans was 1.84%

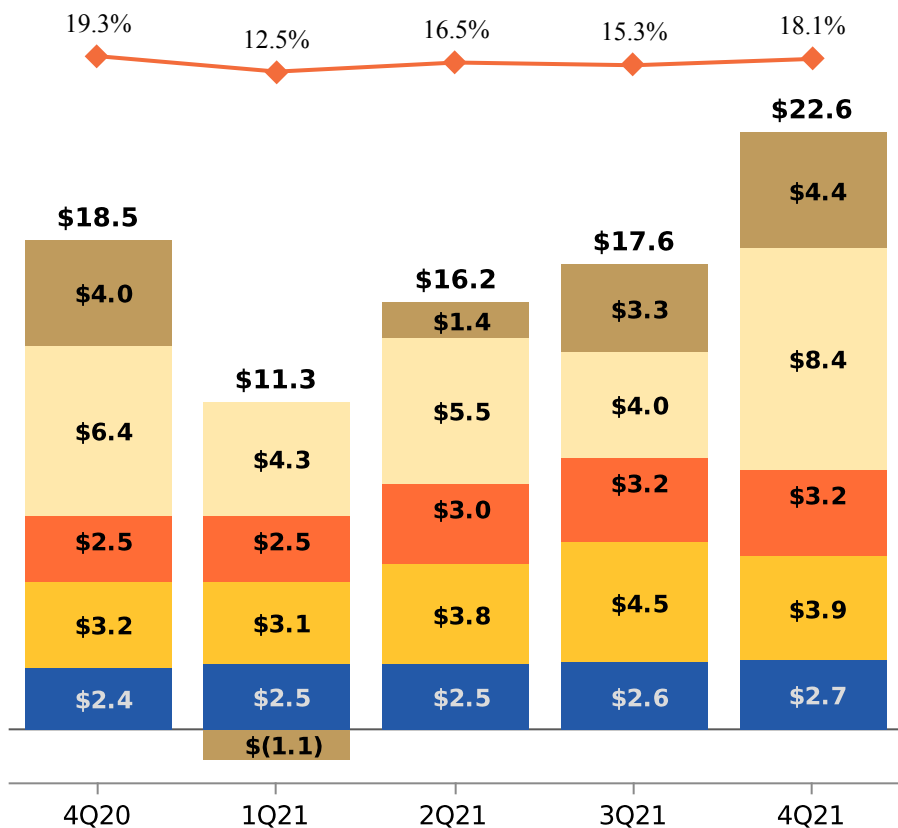
In Thousands



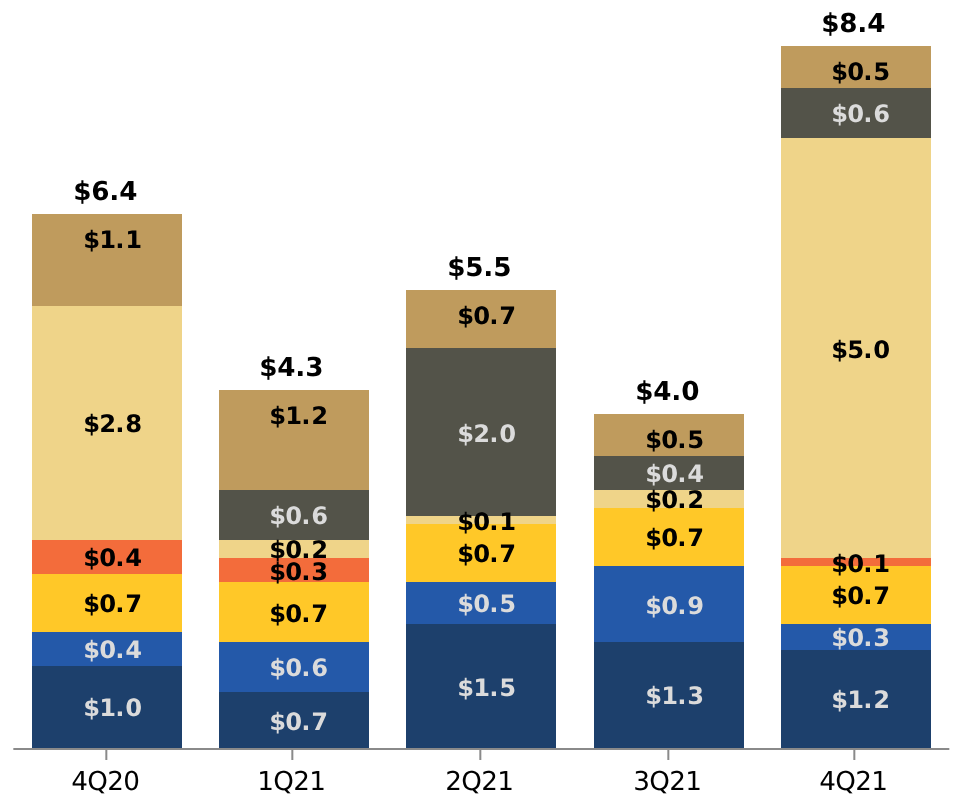
Noninterest Income Trend

In Millions

Fee Income



Other Fee Income Detail



■ Wealth Management
■ Card Services
■ Tax Credit Income

■ Deposit Services Charge
■ Other
◆ Fee income/Total income

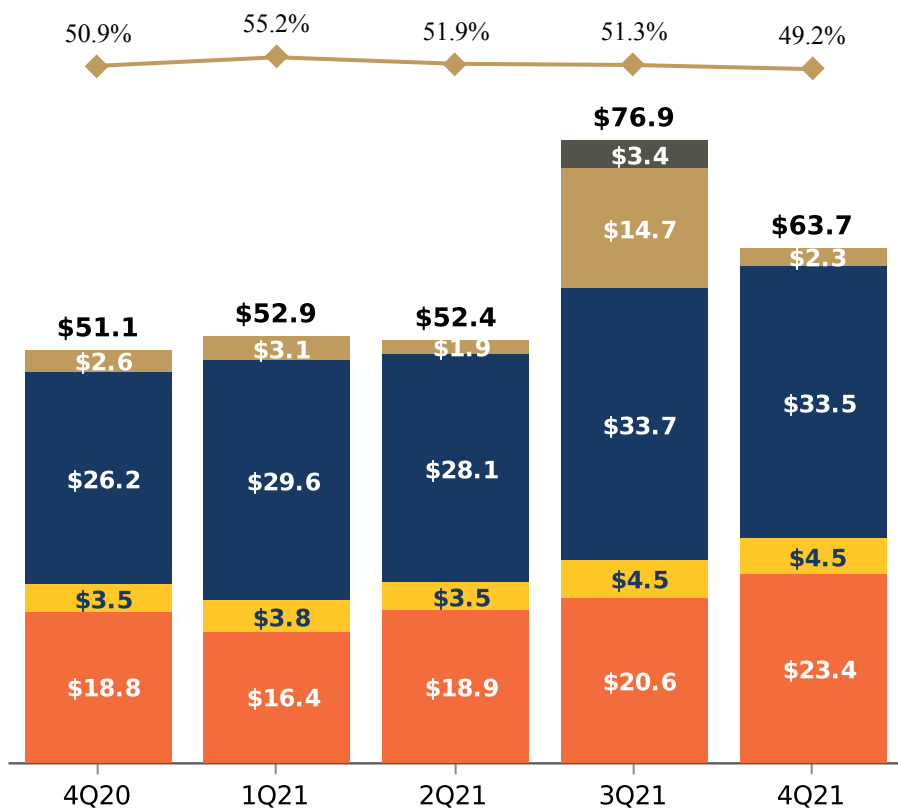
■ Miscellaneous
■ BOLI
■ CDE
■ Mortgage

■ Servicing Fees
■ Swap Fees
■ Private Equity Fund Distribution

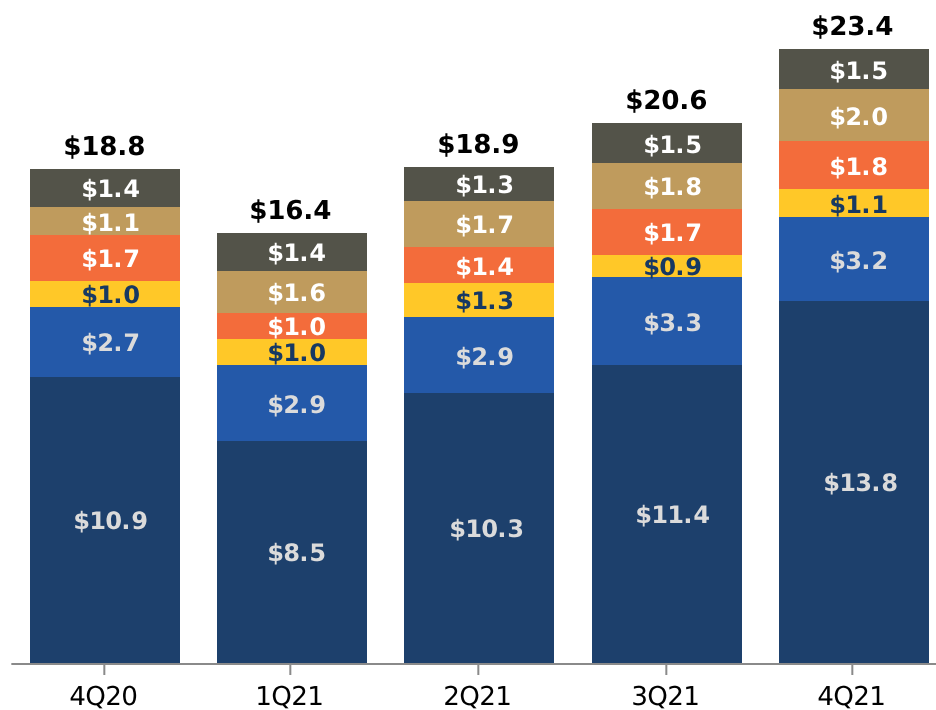
Operating Expenses Trend

In Millions

Operating Expenses



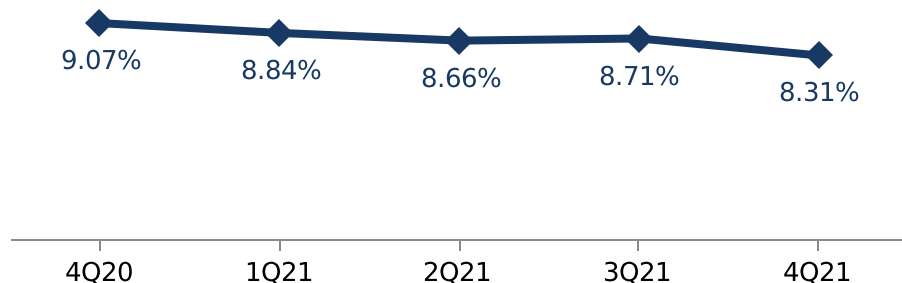
Other Operating Expenses Detail



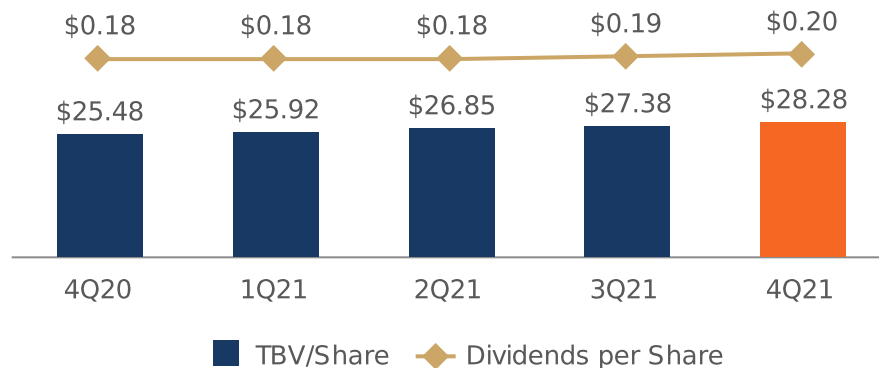
- Other
- Employee compensation and benefits
- Branch-closure expenses
- Occupancy
- Merger-related expenses
- Core efficiency ratio*
- Miscellaneous
- Professional fees
- Loan, legal expenses
- Data processing
- FDIC and other insurance
- Amortization expense

Capital

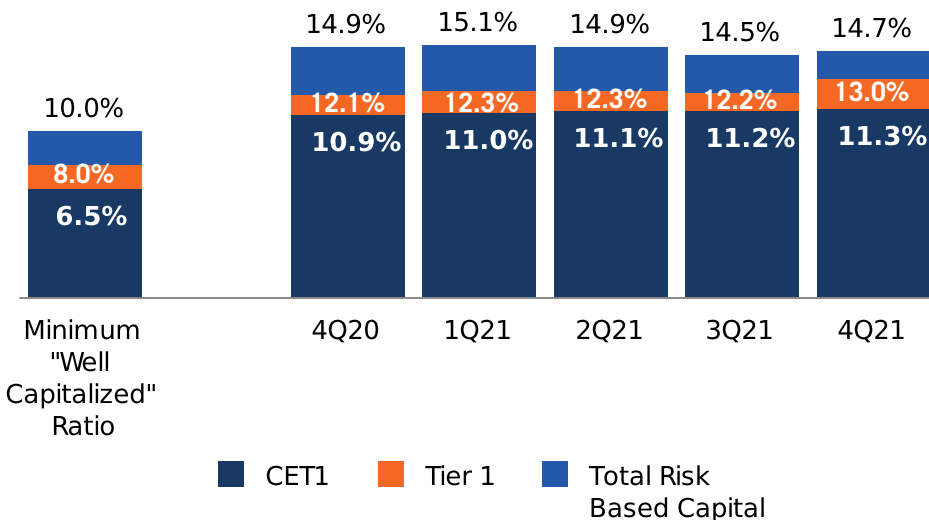
Tangible Common Equity/Tangible Assets*



TBV and Dividends per Share



Regulatory Capital



EFSC Capital Strategy: Low Cost - Highly Flexible

High Capital Retention Rate

- Strong earnings profile
- Sustainable dividend profile

Supporting Robust Asset Growth

- Organic loan and deposit growth
- High quality M&A to enhance commercial franchise and geographic diversification

Maintain High Quality Capital Stack

- Minimize WACC over time (preferred, sub debt, etc.)
- Optimize capital levels T1 Common ~10%, Tier 1 ~12%, and Total Capital ~14%
- Redeemed \$50MM subordinated debentures and issued \$72.0 million, net, of 5% noncumulative perpetual preferred stock in 4Q21

Maintain 8-9% TCE

- Common stock repurchases
 - 577,478 repurchased at average price of \$47.65 in 4Q21;
 - 1,299,527 repurchased at average price of \$46.62 YTD 21
- M&A deal structures
- Drives ROATCE above peer levels

*A Non-GAAP Measure, Refer to Appendix for Reconciliation. Excludes PPP loans.

Fourth Quarter 2021 Earnings Webcast

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 tangible common equity, ROATCE, PPNR, PPNR ROAA, financial metrics adjusted for PPP impact, 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 tangible common equity, ROATCE, PPNR, PPNR ROAA, financial metrics adjusted for PPP impact, and the tangible common equity ratio, 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 tables, 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.

Reconciliation of Non-GAAP Financial Measures

(\$ in thousands)	Quarter ended				
	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
SHAREHOLDERS' EQUITY TO TANGIBLE COMMON EQUITY AND TOTAL ASSETS TO TANGIBLE ASSETS					
Shareholders' equity	\$ 1,529,116	\$ 1,439,635	\$ 1,118,301	\$ 1,092,497	\$ 1,078,975
Less preferred stock	71,988	—	—	—	—
Less goodwill	365,164	365,415	260,567	260,567	260,567
Less intangible assets	22,286	23,777	20,358	21,670	23,084
Tangible common equity	<u>\$ 1,069,678</u>	<u>\$ 1,050,443</u>	<u>\$ 837,376</u>	<u>\$ 810,260</u>	<u>\$ 795,324</u>
Total assets	\$ 13,537,358	\$ 12,888,016	\$ 10,346,993	\$ 10,190,699	\$ 9,751,571
Less goodwill	365,164	365,415	260,567	260,567	260,567
Less intangible assets	22,286	23,777	20,358	21,670	23,084
Tangible assets	<u>\$ 13,149,908</u>	<u>\$ 12,498,824</u>	<u>\$ 10,066,068</u>	<u>\$ 9,908,462</u>	<u>\$ 9,467,920</u>
Tangible common equity to tangible assets	8.13 %	8.40 %	8.32 %	8.18 %	8.40 %

Reconciliation of Non-GAAP Financial Measures

(\$ in thousands)	Quarter ended				
	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
IMPACT OF PAYCHECK PROTECTION PROGRAM					
Tangible assets - Non-GAAP (see reconciliation above)	\$ 13,149,908	\$ 12,498,824	\$ 10,066,068	\$ 9,908,462	\$ 9,467,920
PPP loans outstanding, net	(271,958)	(438,959)	(396,660)	(737,660)	(698,645)
Adjusted tangible assets - Non-GAAP	<u>\$ 12,877,950</u>	<u>\$ 12,059,865</u>	<u>\$ 9,669,408</u>	<u>\$ 9,170,802</u>	<u>\$ 8,769,275</u>
Tangible common equity Non - GAAP (see reconciliation above)	\$ 1,069,678	\$ 1,050,443	\$ 837,376	\$ 810,260	\$ 795,324
Tangible common equity to tangible assets	8.13 %	8.40 %	8.32 %	8.18 %	8.40 %
Tangible common equity to tangible assets - adjusted tangible assets	8.31 %	8.71 %	8.66 %	8.84 %	9.07 %

AVERAGE SHAREHOLDERS' EQUITY AND AVERAGE TANGIBLE COMMON EQUITY

Average shareholder's equity	\$ 1,495,396
Less average preferred stock	35,322
Less average goodwill	365,164
Less average intangible assets	23,008
Average tangible common equity	<u>\$ 1,071,902</u>
Return on average tangible common equity	18.81 %

(\$ in thousands)	Quarter ended				
	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
CALCULATION OF PRE-PROVISION NET REVENUE					
Net interest income	\$ 102,060	\$ 97,273	\$ 81,738	\$ 79,123	\$ 77,446
Noninterest income	22,630	17,619	16,204	11,290	18,506
Less noninterest expense	63,694	76,885	52,456	52,884	51,050
Branch-closure expenses	—	3,441	—	—	—
Merger-related expenses	2,320	14,671	1,949	3,142	2,611
PPNR	<u>\$ 63,316</u>	<u>\$ 56,119</u>	<u>\$ 47,435</u>	<u>\$ 40,671</u>	<u>\$ 47,513</u>
Average assets	\$ 13,267,193	\$ 12,334,558	\$ 10,281,344	\$ 9,940,052	\$ 9,141,159
ROAA - GAAP net income	1.52 %	0.45 %	1.50 %	1.22 %	1.26 %
PPNR ROAA - PPNR	1.89 %	1.81 %	1.85 %	1.66 %	2.07 %

Reconciliation of Non-GAAP Financial Measures

(\$ in thousands)	Quarter ended				Year ended		
	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
CORE PERFORMANCE MEASURES							
Net interest income	\$ 102,060	\$ 97,273	\$ 81,738	\$ 79,123	\$ 77,446	\$ 360,194	\$ 270,001
Less incremental accretion income	—	—	—	—	856	—	4,083
Core net interest income	102,060	97,273	81,738	79,123	76,590	360,194	265,918
Total noninterest income	22,630	17,619	16,204	11,290	18,506	67,743	54,503
Less gain on sale of investment securities owned	—	—	—	—	—	—	421
	—	335	549	—	—	884	—
Less other non-core income	—	—	—	—	—	—	265
Core noninterest income	22,630	17,284	15,655	11,290	18,506	66,859	53,817
Total core revenue	124,690	114,557	97,393	90,413	95,096	427,053	319,735
Total noninterest expense	63,694	76,885	52,456	52,884	51,050	245,919	167,159
Less other expenses related to non-core acquired loans	—	—	—	—	8	—	57
Less branch closure expenses	—	3,441	—	—	—	3,441	—
Less merger-related expenses	2,320	14,671	1,949	3,142	2,611	22,082	4,174
Core noninterest expense	61,374	58,773	50,507	49,742	48,431	220,396	162,928
Core efficiency ratio	49.22 %	51.30 %	51.86 %	55.02 %	50.93 %	51.61 %	50.96 %

(in thousands, except per share data)	Quarter ended		Year ended	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2021	Dec 31, 2020
IMPACT OF MERGER-RELATED EXPENSES				
Net income - GAAP	\$ 50,811	\$ 13,913	\$ 133,055	\$ 74,384
Merger-related expenses	2,320	14,671	22,082	4,174
Branch-closure expenses	—	3,441	3,441	—
CECL double count	—	25,353	25,353	8,557
Related tax effect	(775)	(10,340)	(12,382)	(2,734)
Adjusted net income - Non-GAAP	\$ 52,356	\$ 47,038	\$ 171,549	\$ 84,381
Average diluted common shares	38,311	36,946	34,496	26,989
EPS - GAAP net income	\$ 1.33	\$ 0.38	\$ 3.86	\$ 2.76
EPS - Adjusted net income	\$ 1.37	\$ 1.27	\$ 4.97	\$ 3.13

Fourth Quarter 2021 Earnings Webcast

Q & A