

SEMI-ANNUAL
REPORT

2024



*ENTERPRISE FINANCIAL
SERVICES GROUP, INC.*

Letter to Our Shareholders

We are pleased to report that Enterprise Financial Services Group, Inc. achieved a strong operating performance for the six-month period ending March 31, 2024. The operating income grew more than 43% as compared to last year.

The industry has struggled with interest rate risk and declining margins. The Bank has managed interest rate risk so that our margins have been maintained and growth has increased the bottom line.

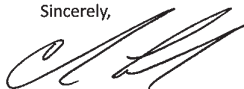
We continue to work with our subsidiaries to improve performance. While fee revenue reflects those improvement efforts, the net income goals are still far from acceptable. We will continue to work on improving those operations.

The regulatory environment continues to migrate in a manner that forces bureaucracy and overhead costs on community banks. FDIC insurance has also increased even though our performance has been strong. The Board believes the pressure will continue under the current political environment.

Loan growth has been on budget. We expect that the level of OREO and nonaccrual loans will grow to the usual pre-covid levels over the next year. We do not foresee this normalizing trend causing any material increases to charge-offs or loss of income. We believe year end will finish on budget.

As always, we appreciate your investment, your trust, and your ongoing support of Enterprise Financial Services Group, Inc.

Sincerely,



Chuck Leyh
Chairman of the Board



Doug Lockard
Vice Chairman of the Board



Consolidated Statements of Financial Condition (Unaudited)

	<u>March 31, 2024</u>	<u>March 31, 2023 (1)</u>
ASSETS		
Cash and due from banks	\$ 749,256	\$ 935,955
Cash on deposit with Federal Reserve Bank	63,367,189	59,362,423
Interest bearing deposits with banks	713,469	441,723
Cash and cash Equivalents	64,829,914	60,740,101
Loans receivable	332,557,110	309,304,392
Allowance for loan losses	(1,771,854)	(1,999,565)
Net Loans	330,785,256	307,304,827
Accrued interest receivable	2,337,578	1,551,459
Premises and equipment, net	11,055,721	11,239,949
Foreclosed real estate	5,567,653	2,095,041
Restricted investments in Bank stock	2,396,600	2,339,800
Other assets	3,418,627	3,538,390
Total Assets	\$ 420,391,349	\$ 388,809,567
LIABILITIES & STOCKHOLDERS' EQUITY		
LIABILITIES:		
Non-interest bearing deposits	\$ 9,394,164	\$ 8,558,014
Interest bearing deposits	314,985,404	288,103,087
Total Deposits	324,379,568	296,661,101
Borrowings	55,866,500	54,476,500
Accrued interest payable	747,934	491,174
Accrued expenses and other liabilities	2,073,956	1,516,404
Total Liabilities	383,067,958	353,145,179
STOCKHOLDERS' EQUITY		
Preferred Stock	2,500,000	3,750,000
Common stock	600,160	600,160
Additional paid-in capital	13,932,779	13,861,123
Retained earnings	20,539,110	17,750,102
Treasury Stock, cost	(248,658)	(296,997)
Total Stockholders' Equity	37,323,391	35,664,388
Total Liabilities and Stockholders' Equity	\$ 420,391,349	\$ 388,809,567

(1) Six-months ended March 31, 2023 was restated for change in implementation of ASU 2016-13 "Measurement of Credit Losses on Financial Instruments" (CECL Methodology)



Consolidated Statements of Income (Unaudited)

	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023 (1)
INTEREST INCOME		
Interest and fees on loans	10,252,936	7,970,719
Interest on Federal Reserve balances	1,870,963	1,415,276
Other interest and dividend income	134,521	96,597
Total Interest Income	12,258,420	9,482,592
INTEREST EXPENSE		
Interest on deposits	4,214,772	2,386,731
Interest on borrowings	1,059,928	661,184
Total Interest Expense	5,274,700	3,047,915
Net Interest Income	6,983,720	6,434,677
PROVISION FOR (CREDIT FROM) LOAN LOSSES	50,951	180,501
Net Interest Income After Provision For (Credit From) Loan Losses	6,932,769	6,254,176
OTHER OPERATING INCOME		
Service charges on deposit accounts	185,516	173,176
Other fee revenue	1,133,911	890,937
Gain/(Loss) on sale of foreclosed real estate	17,692	-
Gain/(Loss) on valuation of foreclosed real estate	19,528	(38,677)
Total Other Operating Income	1,356,647	1,025,436
OTHER OPERATING EXPENSES		
Salaries and employee benefits	2,362,792	2,244,346
Relationship manager's expense	987,122	994,395
Occupancy	297,982	282,707
Furniture and office equipment	210,774	219,726
Data processing and computer equipment	497,295	453,807
FDIC insurance expense	291,823	197,876
Other	1,476,668	1,371,043
Total Other Operating Expenses	6,124,456	5,763,900
Net Income From Continuing Operations, Before Tax	2,164,960	1,515,712
Income Tax Expense	474,287	336,181
Net Income	1,690,673	1,179,531
Preferred stock dividends	112,500	168,750
Net Income Attributable to Common Stockholders	\$ 1,578,173	\$ 1,010,781
Earnings Per Share	\$ 1.35	\$ 0.87

