



ENTERPRISE
FINANCIAL

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March 2, 2009

Mr. Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky:

In response to your request of February 6, 2009, I am providing the following information concerning Enterprise Financial Services Corp's (the "Company's") use of the U.S. Treasury's Capital Purchase Program ("CPP") funds and our compliance with the executive compensation requirements of the Emergency Economic Stabilization Act of 2008 ("EESA").

On December 19, 2008, pursuant to the terms of a Letter Agreement and Securities Purchase Agreement between the Company and the U.S. Treasury (collectively, the "Purchase Agreement"), the Company issued to the U.S. Treasury \$35 million in senior preferred stock and a warrant to purchase 324,074 shares of common stock for \$16.20 per share.

The Company's banking subsidiary, Enterprise Bank & Trust ("Bank"), lends primarily to small and mid-size businesses in St. Louis, Kansas City and Phoenix. We are also an active community development lender for affordable housing, neighborhood revitalization and economic development. Consistent with our business model, we are not a large-volume consumer or mortgage lender.

The Bank met the Federal Deposit Insurance Corporation's ("FDIC's") "well-capitalized" standard with respect to its risk-based capital ratio before participating in CPP. However, given the difficult economic environment and the Company's desire to continue its growth, our Board of Directors approved the addition of \$60 million in "regulatory capital," qualifying as Tier 1 or Tier 2 capital under guidelines of the Federal Reserve Board and the FDIC, as applicable. The Company was approved by the U.S. Treasury for a \$62 million CPP investment. The Company's Board of Directors decided to combine private and public capital sources - \$25 million in a private placement of convertible trust preferred securities and \$35 million under the CPP - to achieve our objective of \$60 million in additional regulatory capital.

With the addition of the above described private capital and CPP capital, at year end 2008 the Company's total risk-based capital ratio was 12.8%, allowing the flexibility to continue growth of our lending activities based on current expectations.

The CPP funds are not segregated from other capital resources.

We expect to use these CPP funds to invest in programs, products, facilities, technology and staff that will generate deposits to support continuing lending activities. In addition, these funds might also be used to strengthen bank capital for adverse loan classification in the event of a severe and protracted economic downturn.

As of December 31, 2008, we have injected \$18 million of the CPP funds into the Bank, increasing its regulatory capital. Assuming that we maintain "well capitalized" status, the Bank's capital can be leveraged against loans at an approximately eight-to-one ratio. Therefore these funds could support an additional \$144 million in loan fundings from deposits or other sources of liquidity. The Bank has continued its lending activities since the Treasury's investment on December 19, 2008. From the close of business December 18, 2008 through February 20, 2009, the Bank funded \$50.0 million in new loans. This represents an annualized growth rate in new loan production of approximately 15%. The Bank advanced another \$73.3 million on existing loans during that two month period. Total portfolio loans, net of payoffs and paydowns, grew \$37.4 million, or roughly 11% annualized between December 18, 2008 and February 20, 2009. (For a longer term perspective, from December 31, 2007 through February 20, 2009 our loan portfolio grew \$350.0 million, or 21%, to \$1.991 billion.)

We expect that the remaining \$17 million in CPP funds will be used for subsequent capital injections to the Bank to support continued loan growth or to provide a cushion against further credit deterioration in light of the recessionary economic environment.

With regard to the executive compensation requirements of EESA, pursuant to the Purchase Agreement, the Company has agreed to not claim any deduction for compensation of a Named Executive Officer ("NEO") in excess of \$500,000 for any year in which the Treasury owns equity or debt securities of the Company.

Effective December 19, 2008, each of the Company's NEOs signed an amendment to their respective Executive Employment Agreement agreeing to comply with the executive compensation restrictions of Section 111(b) of EESA and acknowledging that the regulations may require modification of the NEO's Executive Employment Agreement and/or the Company's compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements. Each amendment included an acknowledgement of the Company's newly adopted "Clawback Policy," an agreement by the NEOs to return any bonus or incentive compensation that is based upon statements

of earnings, gains or other criteria that are later proven to be “materially inaccurate,” and the NEO’s acknowledgment that they are prohibited from receiving any “golden parachute payment” which is in violation of Section 111 of EESA or regulations adopted thereunder. In addition, each NEO has also executed a form of waiver voluntarily waiving any claim against the U.S. Treasury or the Company for any changes to such NEO’s compensation and/or benefits that are required to comply with regulations issued by the U.S. Treasury under the CPP.

As required by regulations adopted by the U.S. Treasury, on January 28, 2009, the Senior Risk Officers of the Company presented the major financial risks facing the organization to the Company’s Compensation Committee. Acting on this presentation, the Compensation Committee recommended several changes to the Short-Term Annual Cash Incentive Plan for our NEOs. The purpose of these recommendations was to ensure there were no unnecessary and excessive risks in the NEOs’ performance goals that would threaten the value of the Company. These changes included:

- Reducing the percent of the incentive bonus attributable to Earnings per Share performance, placing less emphasis on short-term operating results;
- Changing the definition and measurement of “Asset Quality” to focus directly on the major asset risks for the Company;
- Adding a new performance measurement to address “Liquidity risk”;
- Increasing the percent of the bonus payment attributable to Asset Quality for the Chief Credit Officer;
- Defining more clearly the performance evaluation for the Chief Financial Officer in connection with various Company risks; and
- Adding a discretionary component to the CEO’s and CFO’s Target level performance incentives, whereby the Compensation Committee has the opportunity to ensure that their behaviors are clearly aligned with long-term shareholder value.

The Compensation Committee approved the Short-Term Annual Cash Incentive Plan for 2009 (the “2009 Short-Term Plan”) on February 20, 2009. In addition to the above described changes resulting from the Compensation Committee’s risk assessment, the Committee adjusted the 2009 Short-Term Plan to substantially decrease the overall annual short-term cash incentive pool and determined that our NEOs will not receive any increase to their base salary in 2009. The Company does not intend to make any changes to the Company’s Long-Term Incentive Plan or the Deferred Compensation Plan to offset these decreases in short-term incentive compensation.

We are aware of the most recent amendments to Section 111 of the Emergency Economic Stabilization Act of 2008, enacted pursuant to the American Recovery and Reinvestment Act of 2009. Our Committee will review all components of the Company’s

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compensation programs and will seek amendments to existing employment agreements as may be necessary to assure compliance with these requirements.

Attached, please find:

1. Our third quarter 2008, earnings release dated October 23, 2008 announcing the Company's intention to raise \$60 million in regulatory capital.
2. Our press release dated December 12, 2008 announcing the completion of \$25 million in private capital and approval by the U.S. Treasury for up to \$62 million in CPP funds.
3. Our fourth quarter and year end 2008 earnings release dated January 30, 2009 with references to the capital additions.
4. An internal memorandum regarding the CPP dated February 6, 2009 from the Company's CEO, Peter Benoist.
5. A summary of the Bank's lending activity subsequent to the U.S. Treasury's CPP investment.

I hope this information is responsive to your request.

I certify the accuracy of the statements and representations made in this letter and of the attached supporting information, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Sincerely,

Frank H. Sanfilippo
Executive Vice President &
Chief Financial Officer

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Enterprise Bank & Trust
Summary of Changes in Total Loans
December 18, 2008 to February 20, 2009

December 18, 2008 total loans	\$1,954,103,359
New loans	\$50,098,311
Advances on existing loans	\$73,255,300
Payments on existing loans	(\$64,807,310)
Closed loans	(\$24,944,085)
Other (control balances)	\$3,756,346
February 20, 2009 total loans	\$1,991,461,921

The U.S. Treasury invested \$35 million under the CPP on
December 19, 2008

For more information contact:
Peter Benoist or Frank Sanfilippo (314) 725-5500
Jerry Mueller (314) 512-7251 or Ann Marie Mayuga (314) 485 4390

ENTERPRISE FINANCIAL ANNOUNCES THIRD QUARTER RESULTS, CAPITAL INITIATIVES AND GOODWILL ADJUSTMENT

- **Company reports third quarter fully diluted earnings per share of \$0.10 after goodwill impairment charge of \$5.9 million related to Millennium Brokerage Group, its wholesale life insurance brokerage subsidiary**
 - **Enterprise Financial's Board authorizes up to \$62 million in additional capital to increase already "well-capitalized" position**
 - **The Company's principal subsidiary, Enterprise Bank & Trust, earns \$4.8 million in third quarter and \$13.2 million year-to-date, equal to both prior year quarter and year-to-date results, driven by continuing strong loan growth**
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St. Louis, October 23, 2008. Enterprise Financial Services Corp (NASDAQ: EFSC) reported third quarter fully diluted earnings per share of \$0.10 after giving effect to a non-cash goodwill impairment charge associated with Millennium Brokerage Group (MBG), its wholesale insurance brokerage subsidiary, which represented \$0.29 per fully diluted share. Prior year third quarter earnings per fully diluted share were \$0.40.

The goodwill impairment charge is a non-cash accounting adjustment that does not reduce the Company's regulatory capital, cash flow or liquidity.

Peter Benoist, Enterprise Financial President and CEO, commented, "The impairment charge recorded this quarter reflects our assessment that the margins and earnings in our wholesale life insurance brokerage business will continue to be pressured. MBG needs increased scale to strengthen its competitive position in the face of a consolidating insurance industry and the effects of tighter underwriting standards among the major life insurance carriers. We are working with MBG management on strategic alternatives to accomplish that."

Enterprise also announced that its Board of Directors has authorized the addition of up to \$62 million in regulatory capital to support the Company's continued growth. EFSC is already considered "well-capitalized" by regulatory standards. The additional capital may be raised in the form of senior preferred stock purchased by the US Treasury Department, convertible trust preferred securities or a combination of both.

"In these uncertain economic times we believe that positioning the Company with excess capital is not only prudent, but also allows us to take advantage of opportunities that may present themselves in the future," Benoist noted. "The financial industry is transforming right before our eyes, and it's clear to me that highly focused, well-capitalized commercial banking organizations in attractive markets will be the ultimate winners when the dust settles."

The Company reported the completion of the previously announced sale of its Great American Bank charter and related De Soto, Kansas branch location to First Financial Bancshares, Inc. based in Lawrence, Kansas. The charter and branch were not strategic to the Company's plans for the Kansas City market. The sale generated an after-tax gain of \$1.5 million, or \$0.12, per fully diluted share.

Absent the impairment charge and the gain on sale of the branch/charter, the Company's earnings for the third quarter were \$0.27 per fully diluted share, equal to the second quarter of 2008. The decrease in operating earnings per share from the prior year third quarter is due primarily to increased provision for loan losses, increased costs associated with the collection of problem loans, and a decline in revenues from the Company's Wealth Management business.

Benoist concluded, "Our core banking business continues to perform well in light of the unprecedented turmoil in the financial markets and the continued deterioration of the housing market. Our principal subsidiary, Enterprise Bank & Trust, earned \$4.8 million and \$13.2 million for the quarter and year-to-date periods, equaling the earnings levels for both the prior year quarter and year-to-date."

Banking Line of Business

Net interest income increased 4% in the third quarter compared to the prior year period, largely as a result of increased loan volumes. Total loans at quarter end increased \$384 million to \$1.94 billion, a 25% increase over one year ago. On a linked quarter basis loan volumes increased \$93 million, or 5%, driven primarily by strong commercial and industrial loan growth.

Since December 31, 2007, loans have increased \$301 million, or 18%. As previously noted, strong loan growth is attributable in part to a more favorable competitive environment, resulting in both increased volumes and more favorable pricing. Almost two-thirds of the \$301 million loan growth this year has been produced from commercial and industrial businesses, as shown in the table below.

Commercial and industrial businesses	64%
Commercial real estate	17%
Residential construction	7%
Subcontractors (Residential and Commercial)	6%
Commercial construction	5%
Loans to individuals	1%
	100%

Total deposits at September 30, 2008 were \$1.69 billion, up \$242 million, or 17%, from a year ago. During the third quarter, deposits grew \$18 million, or 4%, on an annualized basis. Excluding brokered certificates of deposit, "core" deposits grew \$48 million, or 4%, from a year ago, and declined \$71 million, or 5%, during the quarter. Approximately \$30 million of the third quarter decrease in core deposits was attributable to the sale of the DeSoto KS branch in the quarter. For the third quarter of 2008, brokered certificates of deposit represented 17% of average total deposits.

Linked quarter net interest rate margin declined 22 basis points to 3.34%, compared to 3.56% for the second quarter and 3.87% for the prior year period. The margin has been compressed as a result of

sharply reduced short term rates from a year ago, increased volumes of wholesale funding to support loan growth, as well as elevated levels of nonperforming assets.

Asset Quality

Nonperforming loans were \$23.5 million, or 1.21%, of total loans, a net increase of \$10.4 million from June 30, 2008. Three relationships - a \$2.5 million loan from a Kansas City-based financial services company, a \$3.5 million loan secured by a residential land development in Northwest Arkansas and a \$4.8 million loan secured by a medical office building in the Kansas City area - represented most of the increase.

Nonperforming loans at September 30, 2008 by industry segment were as follows:

Commercial Real Estate	61%
Residential Construction/Land Acquisition Development	26%
Commercial & Industrial	9%
Other	4%
	<u>100%</u>

Nonperforming assets rose to 1.56% of total assets for the third quarter compared to 1.02% in the second quarter and 0.51% for the third quarter of 2007. Net charge-offs during the quarter of \$1.1 million declined to 0.24% of average loans from 0.32% in the second quarter. Third quarter 2007 net charge-offs were 0.14% of average loans. For the nine months ended September 30, 2008 annualized net charge-offs were 0.32% of average loans.

Other real estate owned totaled \$11.3 million at September 30, 2008, compared to \$9.3 million as of June 30, 2008. The increase in the quarter related to the foreclosure of a 43 lot residential subdivision in St. Louis, which is currently under a letter of intent for sale.

Provision for loan losses in the third quarter of 2008 was \$2.8 million compared to \$600,000 in the prior year period and \$3.2 million in the second quarter of 2008. Provision expense covered net charge-offs 2.5 times for the quarter.

The allowance for loan losses rose slightly to 1.32% of total loans compared to 1.30% at June 30, 2008 and 1.27% at September 30, 2007. The allowance for loan losses at September 30, 2008 was equal to 109% of nonperforming loans.

Steve Marsh, Chairman and CEO of Enterprise Bank & Trust, said, "The increase in non-performing assets remains in line with our expectations as certain sectors of the real estate industry remain challenged in this environment. While our credit issues had been largely concentrated in the residential category, we are now also seeing some stress in certain commercial real estate projects. However, most other industry segments represented in our portfolios continue to perform well at this point." Marsh continued, "I expect nonperforming asset levels to remain elevated through the balance of this year and continuing into much of next year."

Wealth Management Line of Business

Fee income from the Wealth Management line of business, including income from state tax credit brokerage activities, totaled \$3.2 million for the third quarter 2008, a 9% decline from a year ago. For the nine months ended September 30, 2008, Wealth Management fee income totaled \$9.5 million, down \$479,000 or 4%.

Trust revenues for the third quarter and year-to-date continue to be negatively impacted by declining market values of assets under management and client attrition related to advisor turnover in the first quarter. Fiduciary revenues continue to grow modestly as new business volumes have been steady.

MBG revenues are down approximately 30% from the prior year quarter and year-to-date due to lower levels of paid premium sales and slightly lower sales margins. Producer sales volumes and carrier commission payouts remain constrained due to continued consolidation of distributors in the industry, uncertainty in the financial markets and tougher underwriting for large insurance cases. Management continues to evaluate strategic options to improve MBG's competitive position.

Fee income from state tax credit brokerage activities during the third quarter was \$593,000 and \$1.6 million year-to-date, versus minimal amounts in 2007. \$413,000 of the fee income recognized in the third quarter relates to a fair value increase under FAS 159 on the \$38 million in tax credits held for sale at September 30, 2008. The Company is considering the purchase of interest rate caps in the fourth quarter to minimize potential fair value reductions in the tax credit assets resulting from future increases in market interest rates.

Excluding the goodwill impairment charge for MBG, expenses in Wealth Management were \$438,000 higher in the third quarter of 2008 versus the same period in 2007, and were \$850,000 higher in the nine months ended September 30, 2008 than in the same period of 2007. These increases were due primarily to the restructuring of Millennium's compensation for principals as part of the buyout of the remaining minority interest on December 31, 2007.

Goodwill Impairment Charge

In accordance with generally accepted accounting principles, Enterprise evaluated MBG's intangible assets and goodwill during the third quarter. In connection with these tests, the Company determined that margin pressures reducing MBG revenues will continue to negatively affect operating performance, thereby reducing the fair value of its investment in MBG. As a result, the Company recorded a \$5.9 million pre-tax goodwill impairment charge against third quarter earnings. The after-tax effect of the charge was \$0.29 per fully diluted share.

Capital Adequacy

On September 30, 2008 EFSC's principal subsidiary, Enterprise Bank & Trust, completed a \$2.5 million private placement of subordinated capital notes. The notes mature in 2018, are callable by Enterprise in 5 years, and pay a fixed interest rate of 10%. The subordinated debt qualifies as Tier II regulatory capital. The subsidiary bank's capital ratios exceeded the regulatory definition of well capitalized as of September 30.

EFSC intends to expand its regulatory capital position by up to \$62 million. The Company is finalizing terms for an issue of Convertible Trust Preferred Securities that will also qualify as Tier II regulatory capital until they would convert to EFSC common stock. The Company also expects to participate in the US Treasury Department's recently announced bank capital purchase program as an additional source of regulatory capital.

As of September 30, 2008 EFSC reported total capital to risk-weighted assets of 10.18%, exceeding the regulatory standard of "well-capitalized."

Other Business Results

The Company has applied for a new Arizona state bank charter with locations in central and west Phoenix. Conditions in the Arizona real estate market have slowed regulatory approvals for de novo charters. Timing on the decision regarding the charter application is uncertain at this time; however, Enterprise Bank & Trust continues to operate a successful loan production office in central Phoenix.

Net of the goodwill impairment charge and the charter/branch sale, the Company's efficiency ratio increased from 59.7% at September 30, 2007 to 61.9% in the current quarter. Noninterest expenses in the third quarter of 2008 increased \$1.1 million, or 8%, excluding the goodwill impairment charge, due primarily to legal and operating costs associated with higher nonperforming asset levels, costs associated with our Phoenix initiatives, higher levels of corporate legal and professional expenses, and higher levels of benefit costs (primarily medical and the Long Term Incentive Plan.)

Enterprise Financial operates commercial banking and wealth management businesses in metropolitan St. Louis and Kansas City and a loan production office in Phoenix. Enterprise is primarily focused on serving the needs of privately held businesses, their owner families, executives and professionals.

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Readers should note that in addition to the historical information contained herein, this press release contains forward-looking statements, which are inherently subject to risks and uncertainties that could cause actual results to differ materially from those contemplated from such statements. We use the words "expect" and "intend" and variations of such words and similar expressions in this communication to identify such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, burdens imposed by federal and state regulations of banks, credit risk, exposure to local and national economic conditions, risks associated with rapid increase or decrease in prevailing interest rates, effects of mergers and acquisitions, effects of critical accounting policies and judgments, legal and regulatory developments and competition from banks and other financial institutions, as well as other risk factors described in Enterprise Financial's 2007 Annual Report on Form 10-K. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events.

ENTERPRISE FINANCIAL SERVICES CORP
CONSOLIDATED FINANCIAL SUMMARY
(unaudited)

(In thousands, except per share data)

INCOME STATEMENTS	For the Quarter Ended		For the Nine Months Ended	
	Sep 30, 2008	Sep 30, 2007	Sep 30, 2008	Sep 30, 2007
Total interest income	\$ 29,289	\$ 31,807	\$ 88,818	\$ 90,600
Total interest expense	12,705	16,002	39,293	45,750
Net interest income	16,584	15,805	49,525	44,850
Provision for loan losses	2,825	600	8,350	2,165
Net interest income after provision for loan losses	13,759	15,205	41,175	42,685
NONINTEREST INCOME				
Wealth Management revenue	2,640	3,495	7,905	9,916
Deposit service charges	1,102	839	3,241	2,302
Gain (loss) on sale of other real estate	242	7	584	(5)
Gain on sale of state tax credits	593	33	1,577	33
Gain on sale of securities	-	-	73	-
Gain on sales of branch/charter	2,840	-	3,400	-
Other income	224	264	842	1,196
Total noninterest income	7,641	4,638	17,622	13,442
NONINTEREST EXPENSE				
Salaries and benefits	7,792	7,523	23,706	21,972
Occupancy	1,100	995	3,160	2,898
Furniture and equipment	346	370	1,065	1,055
Goodwill impairment related to Millennium Brokerage Group	5,900	-	5,900	-
Other	3,995	3,314	11,858	10,508
Total noninterest expense	19,133	12,202	45,689	36,433
Income before income tax	2,267	7,641	13,108	19,694
Income taxes	948	2,642	4,726	7,022
Net income	<u>\$ 1,319</u>	<u>\$ 4,999</u>	<u>\$ 8,382</u>	<u>\$ 12,672</u>
Basic earnings per share	\$ 0.10	\$ 0.40	\$ 0.67	\$ 1.04
Diluted earnings per share	\$ 0.10	\$ 0.40	\$ 0.66	\$ 1.01
Return on average assets	0.24%	1.11%	0.54%	0.99%
Return on average equity	2.81%	11.85%	6.17%	10.75%
Efficiency ratio	78.98%	59.69%	68.04%	62.50%
Noninterest expense to average assets	3.48%	2.72%	2.92%	2.84%
YIELDS (fully tax equivalent)				
Loans	5.94%	7.96%	6.37%	7.96%
Securities	4.75%	4.67%	4.70%	4.49%
Federal funds sold	2.12%	5.48%	2.76%	5.49%
Yield on earning assets	5.86%	7.73%	6.25%	7.71%
Interest bearing deposits	2.72%	4.44%	2.97%	4.45%
Subordinated debt	5.63%	7.20%	6.00%	7.20%
Borrowed funds	2.98%	5.00%	3.36%	5.01%
Cost of paying liabilities	2.85%	4.59%	3.13%	4.59%
Net interest spread	3.01%	3.14%	3.12%	3.12%
Net interest rate margin	3.34%	3.87%	3.51%	3.85%

ENTERPRISE FINANCIAL SERVICES CORP
CONSOLIDATED FINANCIAL SUMMARY (cont.)
(unaudited)

(In thousands)

BALANCE SHEETS	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007
ASSETS					
Cash and due from banks	\$ 38,641	\$ 67,661	\$ 64,108	\$ 76,265	\$ 47,593
Federal funds sold	1,718	15,630	954	75,665	2,585
Interest-bearing deposits	2,178	349	6,435	1,719	1,100
Debt and equity investments	113,932	120,072	116,810	83,333	122,204
Loans held for sale	520	1,666	3,422	3,420	1,117
Portfolio loans	1,942,600	1,849,415	1,726,455	1,641,432	1,558,885
Less allowance for loan losses	25,662	24,011	22,249	21,593	19,754
Net loans	<u>1,916,938</u>	<u>1,825,404</u>	<u>1,704,206</u>	<u>1,619,839</u>	<u>1,539,131</u>
Other real estate	11,285	9,294	7,736	2,963	857
Premises and equipment, net	25,166	25,238	24,775	22,223	22,487
State tax credits, held for sale	37,751	37,882	27,309	23,149	-
Goodwill	51,312	57,910	58,331	57,177	55,661
Core deposit intangible	2,256	2,729	2,887	3,330	3,511
Other amortizing intangibles	2,090	2,301	2,512	2,723	2,952
Other assets	32,614	31,582	28,393	27,312	29,061
Total assets	<u>\$ 2,236,401</u>	<u>\$ 2,197,718</u>	<u>\$ 2,047,878</u>	<u>\$ 1,999,118</u>	<u>\$ 1,828,259</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Non-interest bearing deposits	\$ 225,013	\$ 240,148	\$ 232,121	\$ 278,313	\$ 212,903
Interest bearing deposits	1,463,040	1,429,598	1,358,588	1,306,699	1,233,532
Total deposits	<u>1,688,053</u>	<u>1,669,746</u>	<u>1,590,709</u>	<u>1,585,012</u>	<u>1,446,435</u>
Subordinated debentures	59,307	56,807	56,807	56,807	56,807
FHLB advances	222,926	203,043	154,405	152,901	131,746
Federal funds purchased	36,600	-	-	-	-
Other borrowings	36,632	72,886	53,508	16,680	10,613
Other liabilities	7,924	12,335	14,212	14,569	13,415
Total liabilities	<u>2,051,442</u>	<u>2,014,817</u>	<u>1,869,641</u>	<u>1,825,969</u>	<u>1,659,016</u>
Shareholders' equity	184,959	182,901	178,237	173,149	169,243
Total liabilities and shareholders' equity	<u>\$ 2,236,401</u>	<u>\$ 2,197,718</u>	<u>\$ 2,047,878</u>	<u>\$ 1,999,118</u>	<u>\$ 1,828,259</u>

ENTERPRISE FINANCIAL SERVICES CORP
CONSOLIDATED FINANCIAL SUMMARY (cont.)
(unaudited)

(In thousands, except per share data)

	For the Quarter Ended				
	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007
EARNINGS SUMMARY					
Net interest income	\$ 16,584	\$ 16,802	\$ 16,137	\$ 16,203	\$ 15,805
Provision for loan losses	2,825	3,200	2,325	2,450	600
Wealth Mangement revenue	2,640	2,682	2,583	4,064	3,495
Noninterest income	5,001	1,762	2,955	2,166	1,143
Noninterest expense	19,133	12,723	13,832	13,083	12,202
Income before income tax	2,267	5,323	5,518	6,900	7,641
Net income	1,319	3,500	3,563	4,906	4,999
Diluted earnings per share	\$ 0.10	\$ 0.27	\$ 0.28	\$ 0.39	\$ 0.40
Return on average equity	2.81%	7.77%	8.13%	11.28%	11.85%
Net interest rate margin (fully tax equivalized)	3.34%	3.56%	3.63%	3.80%	3.87%
Efficiency ratio	78.98%	59.88%	63.82%	58.32%	59.69%
MARKET DATA					
Book value per share	\$ 14.57	\$ 14.45	\$ 14.27	\$ 13.96	\$ 13.66
Tangible book value per share	\$ 10.19	\$ 9.48	\$ 9.17	\$ 8.86	\$ 8.65
Market value per share	\$ 22.56	\$ 18.85	\$ 25.00	\$ 23.81	\$ 24.34
Period end common shares outstanding	12,694	12,654	12,487	12,406	12,388
Average basic common shares	12,664	12,545	12,441	12,387	12,380
Average diluted common shares	12,817	12,760	12,675	12,676	12,652
ASSET QUALITY					
Net charge-offs	\$ 1,123	\$ 1,439	\$ 1,668	\$ 611	\$ 549
Nonperforming loans	\$ 23,546	\$ 13,180	\$ 9,307	\$ 12,720	\$ 8,542
Nonperforming loans to total loans	1.21%	0.71%	0.54%	0.77%	0.55%
Nonperforming assets to total assets	1.56%	1.02%	0.83%	0.78%	0.51%
Allowance for loan losses to total loans	1.32%	1.30%	1.29%	1.32%	1.27%
Net charge-offs to average loans (annualized)	0.24%	0.32%	0.40%	0.15%	0.14%
CAPITAL					
Average equity to average assets	8.55%	8.62%	8.92%	9.21%	9.40%
Tier 1 capital to risk-weighted assets	8.83%	8.76%	9.15%	9.32%	9.85%
Total capital to risk-weighted assets	10.18%	9.96%	10.36%	10.54%	11.05%
Tangible equity to tangible assets	5.93%	5.62%	5.77%	5.68%	6.07%
AVERAGE BALANCES					
Portfolio loans	\$ 1,881,428	\$ 1,790,491	\$ 1,687,316	\$ 1,583,325	\$ 1,526,259
Earning assets	2,005,635	1,922,309	1,810,384	1,719,825	1,645,697
Total assets	2,184,804	2,102,582	1,974,590	1,873,915	1,780,239
Deposits	1,645,398	1,600,805	1,530,158	1,511,476	1,453,497
Shareholders' equity	186,848	181,274	176,170	172,563	167,310
LOAN PORTFOLIO					
Commercial and industrial	\$ 539,924	\$ 510,377	\$ 487,289	\$ 476,184	\$ 416,715
Commercial real estate	845,221	835,688	735,087	690,868	703,772
Construction real estate	313,262	284,556	285,966	266,111	252,476
Residential real estate	218,642	193,630	189,549	170,510	155,489
Consumer and other	25,550	25,164	28,564	37,759	30,433
Total loan portfolio	\$ 1,942,599	\$ 1,849,415	\$ 1,726,455	\$ 1,641,432	\$ 1,558,885
DEPOSIT PORTFOLIO					
Noninterest-bearing accounts	\$ 225,013	\$ 240,148	\$ 232,121	\$ 278,313	\$ 212,903
Interest-bearing transaction accounts	118,614	134,659	136,009	131,141	120,069
Money market and savings accounts	664,436	680,635	724,725	682,920	596,226
Certificates of deposit	679,990	614,304	497,854	492,638	517,237
Total deposit portfolio	\$ 1,688,053	\$ 1,669,746	\$ 1,590,709	\$ 1,585,012	\$ 1,446,435

ENTERPRISE FINANCIAL SERVICES CORP
CONSOLIDATED FINANCIAL SUMMARY (cont.)
(unaudited)

(In thousands)

	For the Quarter Ended				
	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007
YIELDS (fully tax equivalent)					
Loans	5.94%	6.30%	6.93%	7.65%	7.96%
Securities	4.75%	4.60%	4.84%	4.87%	4.67%
Federal funds sold	2.12%	1.85%	3.32%	4.23%	5.48%
Yield on earning assets	5.86%	6.17%	6.77%	7.42%	7.73%
Interest bearing deposits	2.72%	2.78%	3.46%	4.10%	4.44%
Subordinated debt	5.63%	5.66%	6.71%	7.24%	7.20%
Borrowed funds	2.98%	3.44%	3.82%	4.54%	5.00%
Cost of paying liabilities	2.85%	2.97%	3.62%	4.26%	4.59%
Net interest spread	3.01%	3.20%	3.15%	3.16%	3.14%
Net interest rate margin	3.34%	3.56%	3.63%	3.80%	3.87%
WEALTH MANAGEMENT					
Trust Assets under management	\$ 930,100	\$ 986,717	\$ 1,046,390	\$ 1,098,110	\$ 1,106,214
Trust Assets under administration	1,453,476	1,532,559	1,633,195	1,696,303	1,734,761

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**ENTERPRISE FINANCIAL REPORTS 2008 FOURTH QUARTER
AND YEAR END RESULTS**

- **2008 reported earnings per share of \$0.35; operating earnings per share of \$0.71**
- **Fourth quarter net loss of \$0.31 per share includes \$0.20 per share in MBG goodwill and intangible impairment and acquisition-related retention payout**
- **Loans increase at 7% annual rate in fourth quarter and 20% for the year**
- **Core deposits increase 8% in the fourth quarter; total deposits increase 6% for the quarter and 13% for the year**
- **Company adds \$60 million in capital, raising its total risk-based capital ratio to 12.82%**

St. Louis, January 30, 2009. Enterprise Financial Services Corp (NASDAQ: EFSC) reported net income for 2008 of \$4.4 million, or \$0.35 per fully diluted share, compared to \$17.6 million or \$1.40 per share for 2007. Included in the 2008 results are \$9.2 million in pre-tax, non-cash goodwill and intangible impairment charges related to Millennium Brokerage Group (MBG), the Company's wholesale insurance distribution subsidiary, \$3.4 million in pre-tax gains on the sale of nonstrategic branches in the Kansas City area and a \$1.0 million charge related to a payout under an employee retention agreement.

Excluding these non-recurring items, operating earnings for the year were \$9.1 million, or \$0.71 per share.

For the fourth quarter of 2008, the Company reported a net loss of \$4.0 million, or \$0.31 per fully diluted share, compared to a net profit of \$4.9 million, or \$0.39 per share, for the prior year period. Fourth quarter 2008 results included a \$3.3 million pre-tax goodwill and other intangible impairment charge related to MBG and an \$875,000 employee retention payout. The after tax impact of these charges was \$0.20 per diluted share. Excluding the impairment charge and employee retention payout, the Company's net operating loss for the fourth quarter was \$1.3 million, or \$0.11 per share. The net operating loss for the quarter was primarily attributable to higher loan loss provision totaling \$14.1 million in the fourth quarter 2008 compared to \$2.5 million in the prior year period.

We are presenting operating earnings and loss figures, which are non-GAAP (Generally Accepted Accounting Principles) financial measures, because we believe adjusting our results to exclude non-recurring items provides shareholders with a more comparable basis for evaluating our period-to-period operating results and financial performance. A schedule reconciling GAAP net (loss) income to operating (loss) earnings is provided in the attached tables.

Capital Management

During the fourth quarter, the Company added \$60 million in regulatory capital, raising its total risk-based capital ratio to 12.82% - well in excess of regulatory guidelines. On December 12, 2008, the Company completed a private placement of \$25 million in convertible trust preferred securities with two institutional investors. The securities carry a 9% coupon and are convertible into 1,439,263 shares of EFSC common stock for \$17.37 per share. Subsequently, on December 19, 2008, the Company added \$35 million in regulatory capital through the sale of 35,000 shares of senior preferred stock and the

issuance of warrants to the US Treasury. The warrants allow the US Treasury to purchase 324,074 shares of common stock for \$16.20 per share. The preferred stock has a dividend of 5% per year, increasing to 9% in 2014 if not redeemed.

Banking Line of Business

Deposits and Liquidity

From an industry perspective, the fourth quarter of the year was particularly challenging as the instability and volatility of the financial markets caused a massive “flight to quality” to the Treasury markets. In spite of this turmoil in the industry, the Company increased core deposits \$113 million, or 8%, during the quarter.

For the year, deposits rose \$208 million, or 13%, to \$1.8 billion. Excluding brokered deposits and the effects of the sale of approximately \$37 million in core deposits related to branch sales, core deposits increased \$23 million, or 2%, in 2008. Core deposits include certificates of deposit sold to Bank clients through the CDARS program, totaling \$60 million at year end.

The Company elected to “opt-in” to the expanded FDIC deposit insurance program and the government sponsored debt issuance guaranty program, which represents an additional source of liquidity.

Loans

Net loans increased 7% on an annualized basis in the fourth quarter. The Company continued to institute more effective loan pricing strategies to counteract the negative impact of rapidly declining short-term interest rates in the fourth quarter. For the full year, net loans increased \$336 million, or 20%. More than 60% of the net loan growth was related to commercial and industrial businesses. Net loan growth was funded by the growth in deposits as described above along with increased wholesale borrowings.

The Company’s loan portfolio mix at December 31, 2008, from both industry and collateral perspectives, did not change significantly from December 31, 2007. Loans collateralized by commercial real estate totaled \$829 million at year end 2008. Approximately \$318 million, or 38% of that total, represented real estate that was “owner-occupied” by commercial and industrial businesses.

Asset quality

Nonperforming loans rose \$6.1 million, or 26%, on a linked quarter basis. Total nonperforming loans of \$29.7 million represented 1.50% of total loans at December 31, 2008 compared to 1.21% at September 30, 2008. Past due loans, excluding nonperforming loans, were 0.70% of loans at year end compared to 0.79% at the end of the third quarter.

Nonperforming loans at December 31, 2008 by industry segment were as follows:

Commercial Real Estate	\$16.1 million
Residential Construction /	
Land Acquisition and Development	11.8 million
Commercial & Industrial	1.7 million
Other	<u>0.1 million</u>
	\$29.7 million

Other real estate at December 31, 2008 was \$13.9 million, up \$2.6 million, or 23%, from September 30, 2008. During 2008, the Company sold \$7.9 million in other real estate for a net gain of \$552,000. Residential lots and completed homes represented 80% of other real estate at year end. All properties are in the Company’s St. Louis and Kansas City markets.

Total nonperforming assets were \$43.5 million, or 1.92% of total assets, at December 31, 2008 compared to 1.56% at September 30, 2008.

Net charge-offs were \$8.5 million in the fourth quarter, due primarily to losses on two relationships totaling \$5.5 million described in the Company's third quarter report and write downs related to the deteriorating residential construction markets. For the year, net charge-offs were \$12.7 million, representing 0.70% of average loans.

Provision for loan losses was \$14.1 million in the fourth quarter and \$22.5 million for the year.

The Company increased its ratio of the allowance for loan losses to portfolio loans to 1.58% at year end from 1.32% in the third quarter. The reserve coverage equaled 106% of nonperforming loans at year end.

Peter Benoist, President and CEO, commented, "The financial crisis on Wall Street has led to a significant downturn in the economy, particularly during the fourth quarter of the year. As a result, we felt it prudent to recognize asset exposures where appropriate and to bolster our loan loss reserves as a result of the rapidly deteriorating economic trends. Enterprise's 2008 reported financial results were driven largely by these fourth quarter actions, which led to a \$17.9 million increase in loan loss provision for the full year, as well as the \$9.2 million in non-cash impairment charges related to MBG."

Net Interest Income

Net interest income in the banking segment increased \$752,000, or 4%, for the quarter and \$6.8 million, or 10%, for the full year, totaling \$71.6 million for the full year.

Including the effect of holding company debt, net interest rate margin increased 3 basis points to 3.37% in the fourth quarter, compared to 3.34% for the third quarter and 3.80% for the prior year fourth quarter. The margin has been compressed as a result of sharply declining short-term rates, an increased volume of wholesale funding to support loan growth and a roughly 10 basis point impact from the increase in average nonperforming assets compared to the fourth quarter of 2007. In 2009, we expect margins to remain flat as improved loan pricing is expected to be offset by competitive deposit pricing.

Wealth Management Line of Business

Fee income from the Wealth Management line of business, including income from state tax credit brokerage activities, totaled \$5.6 million for the fourth quarter of 2008, a 15% increase from the same period in 2007. For the year, Wealth Management fee income was \$15.0 million, or 2% higher than 2007.

Excluding the goodwill and intangible impairment charges for MBG, expenses in Wealth Management were flat in the fourth quarter 2008 compared to same period in 2007. For the year 2008, Wealth Management expenses increased \$861,000 from 2007. This increase was primarily due to the restructuring of MBG's compensation for principals as part of the Company's buyout of the remaining minority interest in MBG on December 31, 2007.

Trust

Trust revenues were down \$523,000, or 24%, for the quarter, and down \$1.0 million, or 13%, for the year. The primary drivers of the decline were overall equity market declines, coupled with lost client advisory revenues resulting from personnel turnover earlier in the year.

Trust fiduciary revenues totaled \$3.3 million for the full year 2008, an increase of 9% over the prior year. Demand for Trust fiduciary services increased during the year primarily as a result of market disruptions resulting from the acquisition of a major St. Louis investment firm.

During the fourth quarter, Enterprise Trust completed several initiatives designed to enhance client service. We relocated our St. Louis advisory organization to new offices in a high-visibility residential condominium tower in the heart of Clayton, MO and converted our client account reporting and aggregation systems to a more robust technology platform.

Millennium Brokerage Group

MBG revenues were down \$540,000, or 26%, in the fourth quarter compared to the same period in 2007 and down \$1.9 million, or 28%, for the year.

While sales margins rebounded near expected levels in the fourth quarter, paid premium sales were down from 2007 as a result of tighter underwriting standards, continued disruption from the growing influence of aggregators and general turmoil in the financial services industry. We expect cash earnings in 2009 to be flat with 2008.

In the third quarter, the Company recorded a \$5.9 million pre-tax goodwill impairment charge, reflecting the impact of pressure on MBG margins and earnings in the face of a consolidating insurance industry. The fourth quarter impairment charge reflected a further adjustment of the value of goodwill and other intangibles at MBG due to the deteriorating operating environment and lower cash earnings from MBG. The remaining goodwill and intangibles at MBG totaled \$4.5 million at year end 2008. The Company continues to evaluate strategic alternatives for MBG, although these efforts have been hampered by adverse financial markets.

State Tax Credit Brokerage

For the fourth quarter of 2008, state tax credit brokerage activities generated \$2.6 million in fee income, versus \$759,000 in the fourth quarter of 2007. Of this total, \$2.0 million consisted of the mark-to-market adjustments under FASB 159 on the inventory of tax credit assets, offset by the fair value adjustments related to interest rate caps purchased during the quarter.

Fee income from state tax credit brokerage activities was \$4.2 million in 2008, compared to \$792,000 in 2007. The increase reflected the results of the brokerage group's first full year of activity.

Other Business Results

For the fourth quarter, excluding the \$3.3 million goodwill and intangible impairment charge on MBG, noninterest expenses increased \$1.4 million, or 11%. \$875,000 of the increase represented the resolution of a \$1.0 million executive retention agreement connected with the acquisition of Great American Bank in 2007. The remaining increase in noninterest expenses was due to additional write-downs and expenses on other real estate, higher FDIC insurance expenses and higher expenses associated with nonperforming loans. These increases were partially offset by lower variable compensation expenses driven by Company financial results.

For the year 2008, excluding \$9.2 million in goodwill and intangible impairment charges on MBG and the \$1.0 million retention agreement payment, noninterest expenses for the year increased \$3.8 million, or 8%, over 2007. Excluding the impairment charges, the retention payment and the branch sale gain, the Company's efficiency ratio in the fourth quarter was 56.3% versus 58.3% in the same quarter of 2007 and 60.6% for the full year 2008 versus 61.3% in 2007.

Although the Company had applied for a new Arizona state bank charter, banking regulators have curtailed new charter approvals as a result of conditions in the Arizona real estate market. In the interim, Enterprise Bank & Trust continues to operate a successful and growing loan production office in Phoenix.

In light of the difficult operating environment, during the fourth quarter the Company took a number of actions to reduce operating expenses. These actions included staff reductions in all three markets, reductions in variable compensation and limitations on filling open positions and staff additions.

Enterprise Financial operates commercial banking and wealth management businesses in metropolitan St. Louis and Kansas City and a loan production office in Phoenix AZ. Enterprise is primarily focused on serving the needs of privately held businesses, their owner families, executives and professionals.

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Readers should note that in addition to the historical information contained herein, this press release contains forward-looking statements, which are inherently subject to risks and uncertainties that could cause actual results to differ materially from those contemplated from such statements. We use the words “expect” and “intend” and variations of such words and similar expressions in this communication to identify such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, burdens imposed by federal and state regulations of banks, credit risk, exposure to local and national economic conditions, risks associated with rapid increase or decrease in prevailing interest rates, effects of mergers and acquisitions, effects of critical accounting policies and judgments, legal and regulatory developments and competition from banks and other financial institutions, as well as other risk factors described in Enterprise Financial’s 2007 Annual Report on Form 10-K. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events.

ENTERPRISE FINANCIAL SERVICES CORP
CONSOLIDATED FINANCIAL SUMMARY
(unaudited)

(In thousands, except per share data)

INCOME STATEMENTS	For the Quarter Ended		For the Twelve Months Ended	
	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007
Total interest income	\$ 29,163	\$ 31,916	\$ 117,981	\$ 122,517
Total interest expense	11,963	15,713	51,258	61,465
Net interest income	17,200	16,203	66,723	61,052
Provision for loan losses	14,125	2,450	22,475	4,615
Net interest income after provision for loan losses	3,075	13,753	44,248	56,437
NONINTEREST INCOME				
Wealth Management revenue	2,943	4,064	10,848	13,980
Deposit service charges	1,135	926	4,376	3,228
(Loss) gain on sale of other real estate	(31)	(43)	552	(48)
State tax credit activity, net	2,624	759	4,201	792
Gain on sale of securities	88	233	161	233
Gain on sales of branch/charter	-	-	3,400	-
Other income	891	291	1,735	1,488
Total noninterest income	7,650	6,230	25,273	19,673
NONINTEREST EXPENSE				
Salaries and benefits	7,317	7,583	31,024	29,555
Occupancy	1,086	1,003	4,246	3,901
Furniture and equipment	405	384	1,470	1,439
Impairment charges related to Millennium Brokerage Group	3,300	-	9,200	-
Other	5,709	4,113	17,565	14,621
Total noninterest expense	17,817	13,083	63,505	49,516
(Loss) income before income tax	(7,092)	6,900	6,016	26,594
Income tax (benefit) expense	(3,140)	1,994	1,586	9,016
Net (loss) income	\$ (3,952)	\$ 4,906	\$ 4,430	\$ 17,578

Basic (loss) earnings per share	\$ (0.31)	\$ 0.40	\$ 0.35	\$ 1.44
Diluted (loss) earnings per share	\$ (0.31)	\$ 0.39	\$ 0.35	\$ 1.40
Return on average assets	(0.70%)	1.04%	0.21%	1.00%
Return on average common equity	(8.45%)	11.28%	2.43%	10.89%
Efficiency ratio	71.70%	58.32%	69.03%	61.34%
Noninterest expense to average assets	3.15%	2.77%	2.98%	2.82%

YIELDS (fully tax equivalent)

Loans	5.74%	7.65%	6.20%	7.88%
Securities	4.70%	4.87%	4.72%	4.58%
Federal funds sold	1.59%	4.23%	4.51%	4.78%
Yield on earning assets	5.67%	7.42%	6.09%	7.63%
Interest bearing deposits	2.47%	4.10%	2.84%	4.35%
Subordinated debt	6.04%	7.24%	6.01%	7.21%
Borrowed funds	2.67%	4.54%	3.19%	4.86%
Cost of paying liabilities	2.62%	4.26%	3.00%	4.50%
Net interest spread	3.05%	3.16%	3.09%	3.13%
Net interest rate margin	3.37%	3.80%	3.47%	3.83%

RECONCILIATION OF NET (LOSS) INCOME TO OPERATING (LOSS) EARNINGS

(All amounts net of tax, in thousands, except per share data)

	4th Quarter 2008		Total year 2008	
	Net income	Diluted EPS	Net income	Diluted EPS
Net (loss) income	\$ (3,952)	\$ (0.31)	\$ 4,430	\$ 0.35
Impairment charges related to Millennium Brokerage Group	2,112	0.16	5,888	0.46
Gain on sales of Kansas City nonstrategic branches/charter	-	-	(1,880)	(0.15)
Employee retention agreement	560	0.04	640	0.05
Operating (loss) earnings	\$ (1,280)	\$ (0.11)	\$ 9,078	\$ 0.71

ENTERPRISE FINANCIAL SERVICES CORP
CONSOLIDATED FINANCIAL SUMMARY (cont.)
(unaudited)

(In thousands)

BALANCE SHEETS	<u>Dec 31, 2008</u>	<u>Sep 30, 2008</u>	<u>Jun 30, 2008</u>	<u>Mar 31, 2008</u>	<u>Dec 31, 2007</u>
ASSETS					
Cash and due from banks	\$ 25,626	\$ 38,641	\$ 67,661	\$ 64,108	\$ 76,265
Federal funds sold	2,637	1,718	15,630	954	75,665
Interest-bearing deposits	14,384	2,178	349	6,435	1,719
Debt and equity investments	108,315	113,932	120,072	116,810	83,333
Loans held for sale	2,632	520	1,666	3,422	3,420
Portfolio loans	1,977,175	1,942,600	1,849,415	1,726,455	1,641,432
Less allowance for loan losses	31,309	25,662	24,011	22,249	21,593
Net loans	<u>1,945,866</u>	<u>1,916,938</u>	<u>1,825,404</u>	<u>1,704,206</u>	<u>1,619,839</u>
Other real estate	13,868	11,285	9,294	7,736	2,963
Premises and equipment, net	25,158	25,166	25,238	24,775	22,223
State tax credits, held for sale	39,142	37,751	37,882	27,309	23,149
Goodwill	48,512	51,312	57,910	58,331	57,177
Core deposit intangible	2,126	2,256	2,729	2,887	3,330
Other amortizing intangibles	1,378	2,090	2,301	2,512	2,723
Other assets	40,867	32,614	31,582	28,393	27,312
Total assets	<u>\$ 2,270,511</u>	<u>\$ 2,236,401</u>	<u>\$ 2,197,718</u>	<u>\$ 2,047,878</u>	<u>\$ 1,999,118</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Non-interest bearing deposits	\$ 247,361	\$ 225,013	\$ 240,148	\$ 232,121	\$ 278,313
Interest bearing deposits	1,545,423	1,463,040	1,429,598	1,358,588	1,306,699
Total deposits	<u>1,792,784</u>	<u>1,688,053</u>	<u>1,669,746</u>	<u>1,590,709</u>	<u>1,585,012</u>
Subordinated debentures	85,081	59,307	56,807	56,807	56,807
FHLB advances	119,957	222,926	203,043	154,405	152,901
Federal funds purchased	19,400	36,600	-	-	-
Other borrowings	26,760	36,632	72,886	53,508	16,680
Other liabilities	8,404	7,924	12,335	14,212	14,569
Total liabilities	<u>2,052,386</u>	<u>2,051,442</u>	<u>2,014,817</u>	<u>1,869,641</u>	<u>1,825,969</u>
Shareholders' equity	218,125	184,959	182,901	178,237	173,149
Total liabilities and shareholders' equity	<u>\$ 2,270,511</u>	<u>\$ 2,236,401</u>	<u>\$ 2,197,718</u>	<u>\$ 2,047,878</u>	<u>\$ 1,999,118</u>

ENTERPRISE FINANCIAL SERVICES CORP
CONSOLIDATED FINANCIAL SUMMARY (cont.)
(unaudited)

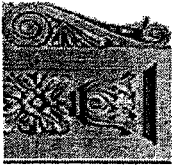
(In thousands, except per share data)

	For the Quarter Ended				
	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007
EARNINGS SUMMARY					
Net interest income	\$ 17,200	\$ 16,584	\$ 16,802	\$ 16,137	\$ 16,203
Provision for loan losses	14,125	2,825	3,200	2,325	2,450
Wealth Mangement revenue	2,943	2,640	2,682	2,583	4,064
Noninterest income	4,707	5,001	1,762	2,955	2,166
Noninterest expense	17,817	19,133	12,723	13,832	13,083
(Loss) income before income tax	(7,092)	2,267	5,323	5,518	6,900
Net (loss) income	(3,952)	1,319	3,500	3,563	4,906
Diluted earnings per share	\$ (0.31)	\$ 0.10	\$ 0.27	\$ 0.28	\$ 0.39
Return on average common equity	(8.45%)	2.81%	7.77%	8.13%	11.28%
Net interest rate margin (fully tax equalized)	3.37%	3.34%	3.56%	3.63%	3.80%
Efficiency ratio	71.70%	78.98%	59.88%	63.82%	58.32%
MARKET DATA					
Book value per common share	\$ 14.31	\$ 14.57	\$ 14.45	\$ 14.27	\$ 13.96
Tangible book value per common share	\$ 10.24	\$ 10.19	\$ 9.48	\$ 9.17	\$ 8.86
Market value per share	\$ 15.24	\$ 22.56	\$ 18.85	\$ 25.00	\$ 23.81
Period end common shares outstanding	12,801	12,694	12,654	12,487	12,406
Average basic common shares	12,702	12,664	12,545	12,441	12,387
Average diluted common shares	12,787	12,817	12,760	12,675	12,676
ASSET QUALITY					
Net charge-offs	\$ 8,478	\$ 1,124	\$ 1,439	\$ 1,668	\$ 611
Nonperforming loans	\$ 29,662	\$ 23,546	\$ 13,180	\$ 9,307	\$ 12,720
Nonperforming loans to total loans	1.50%	1.21%	0.71%	0.54%	0.77%
Nonperforming assets to total assets	1.92%	1.56%	1.02%	0.83%	0.78%
Allowance for loan losses to total loans	1.58%	1.32%	1.30%	1.29%	1.32%
Net charge-offs to average loans (annualized)	1.73%	0.24%	0.32%	0.40%	0.15%
CAPITAL					
Average common equity to average assets	8.28%	8.55%	8.62%	8.92%	9.21%
Tier 1 capital to risk-weighted assets	8.91%	8.83%	8.76%	9.15%	9.32%
Total capital to risk-weighted assets	12.82%	10.18%	9.96%	10.36%	10.54%
Tangible common equity to tangible assets	5.91%	5.93%	5.62%	5.77%	5.68%
AVERAGE BALANCES					
Portfolio loans	\$ 1,947,690	\$ 1,881,428	\$ 1,790,491	\$ 1,687,316	\$ 1,583,325
Earning assets	2,071,560	2,005,635	1,922,309	1,810,384	1,719,825
Total assets	2,246,775	2,184,804	2,102,582	1,974,590	1,873,921
Deposits	1,739,525	1,645,398	1,600,805	1,530,158	1,511,476
Shareholders' equity	190,878	186,848	181,274	176,170	172,563
LOAN PORTFOLIO					
Commercial and industrial	\$ 556,210	\$ 539,924	\$ 510,377	\$ 487,289	\$ 476,184
Commercial real estate	829,476	845,221	835,688	735,087	690,868
Construction real estate	337,550	313,262	284,556	285,966	266,111
Residential real estate	228,772	218,642	193,630	189,549	170,510
Consumer and other	25,167	25,550	25,164	28,564	37,759
Total loan portfolio	\$ 1,977,175	\$ 1,942,599	\$ 1,849,415	\$ 1,726,455	\$ 1,641,432
DEPOSIT PORTFOLIO					
Noninterest-bearing accounts	\$ 247,361	\$ 225,013	\$ 240,148	\$ 232,121	\$ 278,313
Interest-bearing transaction accounts	126,644	118,614	134,659	136,009	131,141
Money market and savings accounts	710,712	664,436	680,635	724,725	682,920
Certificates of deposit	708,067	679,990	614,304	497,854	492,638
Total deposit portfolio	\$ 1,792,784	\$ 1,688,053	\$ 1,669,746	\$ 1,590,709	\$ 1,585,012

ENTERPRISE FINANCIAL SERVICES CORP
CONSOLIDATED FINANCIAL SUMMARY (cont.)
(unaudited)

(In thousands)

	For the Quarter Ended				
	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007
YIELDS (fully tax equivalent)					
Loans	5.74%	5.94%	6.30%	6.93%	7.65%
Securities	4.70%	4.75%	4.60%	4.84%	4.87%
Federal funds sold	1.59%	2.12%	1.85%	3.32%	4.23%
Yield on earning assets	5.67%	5.86%	6.17%	6.77%	7.42%
Interest bearing deposits	2.47%	2.72%	2.78%	3.46%	4.10%
Subordinated debt	6.04%	5.63%	5.66%	6.71%	7.24%
Borrowed funds	2.67%	2.98%	3.44%	3.82%	4.54%
Cost of paying liabilities	2.62%	2.85%	2.97%	3.62%	4.26%
Net interest spread	3.05%	3.01%	3.20%	3.15%	3.16%
Net interest rate margin	3.37%	3.34%	3.56%	3.63%	3.80%
WEALTH MANAGEMENT					
Trust Assets under management	\$ 790,646	\$ 930,100	\$ 986,717	\$ 1,046,390	\$ 1,098,110
Trust Assets under administration	1,220,733	1,453,476	1,532,559	1,633,195	1,696,303



Peter F. Benoist/Enterprise
Bank

Sent by: [redacted] b(6)

02/06/2009 12:57 PM

To All Employees - All Units, Directors - All

cc

bcc

Subject Capital Purchase Program

I'm sure many of you are getting a lot of questions about EFSC's participation in the Treasury Department's Capital Purchase Program. I certainly am and there continues to be a lot of confusion about what exactly it is, what it is intended to do and in the end – is it working?

The original TARP (Troubled Asset Relief Program) was initially designed to purchase “toxic” mortgage assets from primarily large Wall Street banks that had invested heavily in them and whose values had declined dramatically due to over-lending and over-building in the U.S. housing markets. EFSC would not have participated in this as it has no “toxic” mortgage backed securities and never participated in any subprime or Alt-A lending programs.

As you know, Treasury shifted the program to a direct investment program designed to do two things. First, its intent was to prevent the failure of major U.S. financial institutions and the potential for a collapse of the global financial system. Citi, B of A, Goldman, Morgan, Wells, and others were essentially directed to participate in this phase to restore confidence in the system. Second, the Treasury opened the program called the Capital Purchase Program (CPP) to healthy regional and community banks across the country to allow them to bolster their capital positions as the U.S. economy began to deteriorate rapidly. The first phase has been termed a taxpayer “bailout” by the press as banks like Citi could not survive without it. This term “bailout” has now – incorrectly - taken on the literal meaning in taxpayer's minds for all banks that are participating in the program.

The CPP is an investment in preferred stock in healthy banks like Enterprise. The “taxpayer” gets a 5% dividend on their investment and warrants to buy common stock at a fixed price – like a stock option. Enterprise was approved to participate for up to \$62 million but we chose to limit the Treasury's investment to \$35 million and we chose to raise an additional \$25 million of private capital through a convertible Trust Preferred issue.

So, the “taxpayer” (you & me) gets a 5% dividend on the \$35 million and the right to purchase up to 324,000 shares of stock at \$16.20 share in the future.

Enterprise gets a “fair deal” for the additional capital with the right to “pre-pay” the “taxpayer” by raising “private capital” in an equal amount when the economy settles down and the capital markets return to normalcy.

Is the program working? I think all would agree that while the financial markets are still somewhat fragile, they have improved significantly from the near panic phase of the September – October 2008 timeframe. As we all know, the crisis on Wall Street has

morphed into a serious recession on Main Street and in that regard, Treasury intends for its investment in banks to allow good banks to continue to do what good bankers do – make credit available to credit worthy borrowers. Good bankers are prudent bankers and they understand that they have a “fiduciary responsibility” not only to their shareholders – but also to their depositors. After all, it is not capital that bankers lend, it is deposits. The question is not whether bankers are making loans; it is are bankers making prudent, safe loans to credit worthy borrowers in a very difficult economic environment?

I can only speak for Enterprise. We showed solid loan growth in 2008 and even in the fourth quarter, when all the “turmoil” hit, we grew our loan portfolio 7%. Enterprise lending has a positive impact in our communities because we are primarily a lender to small and mid size businesses. Small businesses represent half of all private sector employment and 60-80% of the new jobs created every year. Almost half of our loans are made to businesses with less than \$1 million in revenue.

We are a business bank and as a result, we are not a significant consumer or high volume mortgage lender. We are, however, very active in affordable housing and community development lending targeted at neighborhood revitalization efforts in low to moderate income areas in St. Louis and Kansas City. Community development loans totaled over \$80 million last year alone.

Treasury’s investment in Enterprise represents a “vote of confidence” in who we are and what we do. The Company’s obligation – management’s obligation – continues to be to do it responsibly and prudently and in a manner that benefits our shareholders, our clients and our communities.

Peter

For more information contact:
Peter Benoist or Frank Sanfilippo (314) 725-5500
Jerry Mueller (314) 512-7251 or Ann Marie Mayuga (314) 485-4390

ENTERPRISE FINANCIAL TO ADD \$60 MILLION IN CAPITAL

- **Completes private placement of \$25 million in convertible trust preferred securities**
 - **Also selected by U.S. Treasury to participate in Capital Purchase Program**
 - **Combined U.S. Treasury and private investments expected to total \$60 million, enhancing Company's already well-capitalized position**
-

St. Louis, December 12, 2008. Enterprise Financial Services Corp (NASDAQ: EFSC) today announced that it has completed the private placement of convertible trust preferred securities totaling \$25 million with two institutional investors.

The convertible trust preferred securities qualify as Tier I regulatory capital subject to certain limitations. The securities, which have a coupon of 9%, mature in 30 years and are callable by the Company after 5 years. The trust preferred securities are convertible to EFSC common stock at \$17.37 per share, which represents 110% of the average closing price for EFSC stock for the five trading days following the Company's third quarter earnings press release on October 23, 2008. After December 12, 2010, EFSC may terminate the conversion rights, subject to certain limitations, if the price per share of EFSC common stock exceeds \$22.58 for twenty consecutive trading days.

In a related announcement, the Company reported that it has obtained preliminary approval to participate in the U.S. Treasury Department's Capital Purchase Program, a program designed to invest capital in healthy banks across the nation. The U.S. Treasury has preliminarily approved an investment of up to \$62 million in senior preferred stock and warrants in EFSC. At a special meeting held December 12, EFSC shareholders approved amendments to the Company's Certificate of Incorporation to authorize the senior preferred stock.

The senior preferred stock purchased by the U.S. Treasury will qualify as Tier I regulatory capital. It carries a dividend of 5% for five years and 9% thereafter. In connection with the preferred stock investment, the Company will also issue warrants to purchase its common stock to the U.S. Treasury totaling 15% of the amount invested by the Treasury. The exercise price of the warrant will be \$15.34 per share.

"We view the private convertible trust preferred investments, along with the U.S. Treasury Department's selection of Enterprise to participate in its Capital Purchase Program, as strong votes of confidence in our Company from both the private and public sectors," said Peter Benoist, President and CEO. "Even though Enterprise already is

well-capitalized, we believe securing additional capital is prudent in this unsettled economic environment. Additionally, it allows us to continue our growth and take advantage of opportunities that may arise in the future.”

While the U.S. Treasury has preliminarily approved an investment of up to \$62 million, EFSC expects to utilize only \$35 million, which in combination with the \$25 million in convertible trust preferred securities, will achieve the Company’s objective to add \$60 million in total regulatory capital. This additional capital will increase EFSC’s total risk-based capital ratio, on a pro-forma basis as of September 30, 2008, from 10.18% to 13.35%, well above the level considered to be “well-capitalized” by banking regulators.

Enterprise Financial Services Corp operates commercial banking and wealth management businesses in metropolitan St. Louis and Kansas City and a loan production office in Phoenix. The Company has filed an application for a de novo Arizona state bank charter. Enterprise is primarily focused on serving the needs of privately held businesses, their owner families, executives and professionals.

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Readers should note that in addition to the historical information contained herein, this press release contains forward-looking statements, which are inherently subject to risks and uncertainties that could cause actual results to differ materially from those contemplated from such statements. We use the words “expect” and “intend” and variations of such words and similar expressions in this communication to identify such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, burdens imposed by federal and state regulations of banks, credit risk, exposure to local and national economic conditions, risks associated with rapid increase or decrease in prevailing interest rates, effects of mergers and acquisitions, effects of critical accounting policies and judgments, legal and regulatory developments and competition from banks and other financial institutions, as well as other risk factors described in Enterprise Financial’s 2007 Annual Report on Form 10-K. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events.