

ENTERPRISE FINANCIAL SERVICES CORP  
ANNUAL REPORT 2004



**ENTERPRISE  
BANK & TRUST**  
TALENT • STRENGTH • PASSION

*“While the numbers are important and many would say even impressive, they are, after all, merely indicators of the results produced through the chemistry of talent, strength and passion that makes the Enterprise Experience special.”*

## TO OUR SHAREHOLDERS AND FRIENDS

We are pleased to again report a record year for Enterprise, as 2004 saw our company achieve all-time highs in net income, earnings per share, loan and deposit growth, wealth management income and earnings, and market capitalization. Rather than repeat the numbers which are well documented in the following pages of this report, we will use this note to highlight some of the major accomplishments of the year past and to comment on our vision and plans for the future. While the numbers are important and many would say even impressive, they are, after all, merely indicators of the results produced through the chemistry of talent, strength and passion that makes the Enterprise Experience special.

Here is a partial list of some of your company’s key accomplishments for 2004:

- Our stock closed 2004 at \$18.50, a 32% increase over 2003, and hit a new all-time high of \$20.00 during the year.

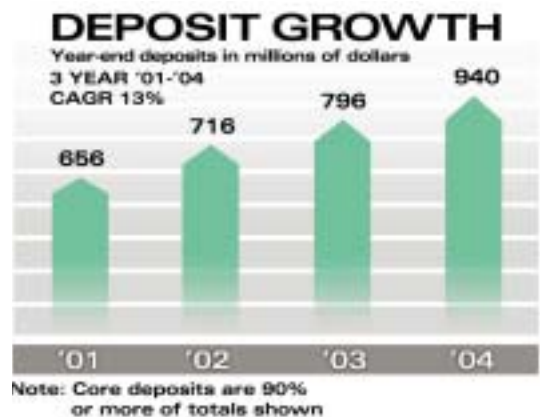
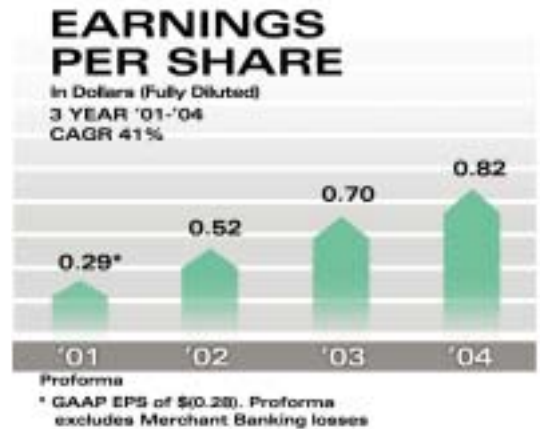
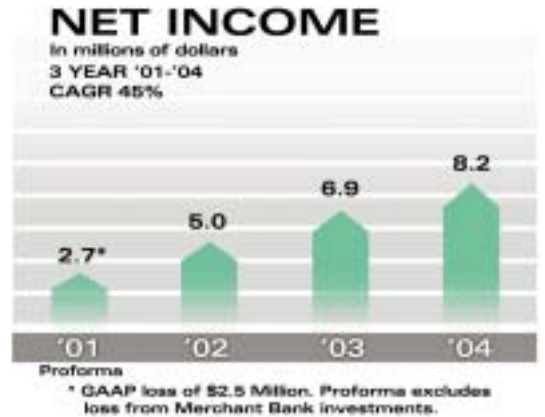
*EFSC filed for a national listing on the NASDAQ and was approved to begin trading as a NASDAQ national stock on February 8, 2005. Our opening day saw yet another all-time high for our stock, ending at \$20.75 and trading over 35,000 shares. Nearly 150,000 shares traded in the first five days. This is a major milestone for our company and is a key part of our strategy to increase investor interest in EFSC stock.*

- Through our investor relations program, a number of institutional investors have become interested in EFSC and have begun accumulating positions in our stock. Trading volumes have quadrupled, providing greater liquidity for all shareholders – a key objective.



*Paul J. McKee, Jr., Chairman of the Board, Enterprise Financial Services Corp,  
Kevin C. Eichner, President and CEO, Enterprise Financial Services Corp,  
Peter F. Benoist, Chairman and CEO Enterprise Bank & Trust*

- After six years of development, our Wealth Management business segment turned the corner to profitability, generating pre-tax earnings of \$700,000 on record revenues of \$5.3 million. Assets under administration have grown to over \$1.3 billion in just six years. This line of business has truly become a major strategic asset for our company.
- The company refinanced \$11 million of Trust Preferred Securities (TRUPS) from 9.4% to 1.97% over LIBOR (floating) resulting in a savings of approximately \$550,000 annually, depending, of course, on what happens in the rate environment.
- The EFSC Board was especially active under the leadership of our Chairman, Paul McKee. After careful deliberation, the Nominating & Governance Committee, led by Committee Chairman James Murphy, recommended a significant restructure of the Board, reducing the size to thirteen members, enhancing many of its processes, increasing frequency of meetings, and recruiting an outstanding new director, Sandra Van Trease, to join the Board and serve on the company's Audit Committee.
- The Board's Compensation Committee, under its Chairman, William Downey, with the assistance of its outside consultant, designed and implemented a new Long Term Incentive Program (LTIP). Under the terms of this plan, which phases in over three years, management earns restricted share units based on the company's three year rolling average earnings per share growth rate in comparison to that of a selected peer group of approximately 150 financial institutions. As awards vest, the company will recognize a charge to earnings annually. This program, deemed to be completely congruent with long-term shareholder interests, clearly drives management to continue its commitment to make Enterprise one of the industry's highest performing growth companies.
- As was the case with all public companies, EFSC was challenged by new requirements related to Sarbanes-Oxley, specifically Rule 404, which required a complete examination of all controls within the company. While strenuous and expensive, under the leadership of our CFO, Frank Sanfilippo and his fine team, EFSC completed the process in a timely and proficient manner, further enhancing the reporting and risk management efficiency of our operation.





*“Nearly 150,000 shares traded in our first five days on the National NASDAQ. This is a major milestone for our company and is a key part of our strategy to increase investor interest in EFSC stock. A new, all-time high stock price of \$20.00 was reached before settling back to close the year at \$18.50, a 32% increase over 2003.”*

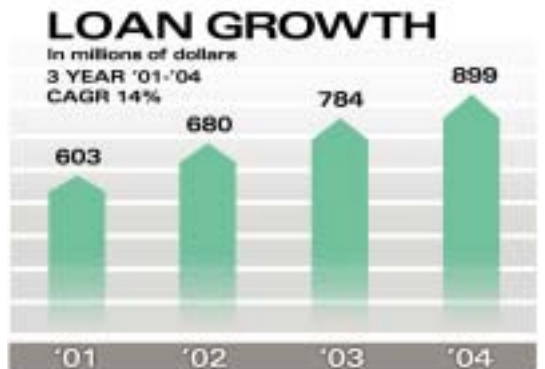
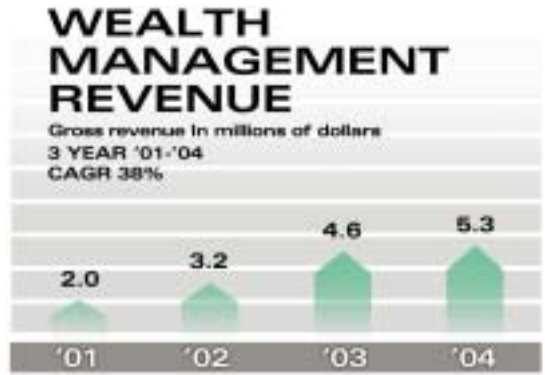
- In the marketing arena, the company launched its first-ever branding and advertising campaign which was very well received by clients and associates. Radio, print, and television ads spread the word about the Talent-Strength-Passion of Enterprise Bank & Trust and helped position the company as a “major St. Louis bank” in that market while raising the profile of our Kansas City team there. Over 1300 attendees have participated in one or more of our Enterprise University workshops, linking them more closely to our people while expanding their knowledge and skills as business owners. And our public relations efforts yielded many feature stories in targeted media in St. Louis and Kansas City and helped to position our products and people effectively. Sales force productivity grew nicely, and a very significant new product—the MBA Account—was launched in June and accumulated over \$20 million in deposits in just six months.
- The company enjoyed a terrific year under Jim Wagner’s leadership in driving deposit growth, expanding \$144 million while taking the ratio of demand deposits to 21% of our total. This is truly an outstanding feat, and core growth of this type is precisely what the investment community appreciates. Special congratulations to Jim and all officers in our units and in Treasury Management on a fine showing!
- Another major victory came in launching our Wealth Management business into Kansas City with Matt Wagner’s move there. Matt and his team were able to generate many new clients in just their first six months and are rapidly establishing themselves as top professionals in that market.
- Our new Wealth Products group under Michael Weisman filled a major vacuum in our product mix, successfully introducing life, disability and long-term care products to our clients along with annuities and other securities. Though still small, this unit was profitable in its first year and is growing rapidly.
- The company’s investment in high level training and development for all our people improved performance and morale, as 193 of our people participated in an average of three training and development experiences each in 2004. Our commitment to recruiting and growing the top talent in the market remains unshakable and, we believe, a key to our increased productivity and effectiveness with clients.

Of course, 2004 brought its share of disappointments as well. Net loan charge-offs always grate on the nerves and against earnings, although at \$1.1 million or just 0.13% of average loans outstanding, ours are very low for a bank our size.

Though we achieved record loan growth, we did not meet our very aggressive goals in that area. After a very strong first half, third quarter growth nearly stalled as the loan portfolio grew only \$7 million in that period. Happily, however, volumes picked up substantially again in the fourth quarter to finish at \$115 million of net growth for 2004 and continues strong through this writing. Though \$115 million of net growth was a significant new record for our company, missing the target affected the bonus payouts for a number of our top officers who otherwise enjoyed an outstanding year. Our folks are very competitive, and they simply do not take well to missing a goal of any kind, no matter how aggressively set.

The departures of William Moskoff and Ron Henges from our Company Board must also be noted, as well as the transitions of James Williams, James Wilhite, Jerry McElhatton, Steve Oliver and Ted Murray to our Enterprise Bank & Trust Board. Bill brought some excellent sales and marketing insights to us and his levity will be missed. And, of course, our founding Chairman Ron Henges' move to Emeritus status marked the clear transition of EFSC into the second generation of our corporate life cycle. We are grateful for the excellent service of all our directors over the past years.

I also want to acknowledge the leadership of our outstanding management team this year. Peter Benoist is a gem and we are so fortunate to have him running our banking business. Steve Marsh stepped up to become our Chief Credit Officer in addition to his role in leading our St. Louis banks. Jack Sutherland, after growing Kansas four-fold since 2000, took the job of Chairman there, handing operating responsibilities to the very capable Linda Hanson who is now Kansas City Regional President. Our Presidents, including Paul Vogel (Trust), Scott Goodman (Clayton), James Graser (Sunset Hills), and Chuck Leuck (St. Charles County) all turned in outstanding performances. Our senior staff of Mark Murtha (Sr. V.P., Human Resources), Jim Wagner (Exec. V.P., Operations and Deposit Management), Joe Feld, (Sr. V.P., Information Technology), Frank Sgroi, (Sr. V.P., Operations) and Frank Sanfilippo, (CFO) all had great years as well. Special thanks to them and their teams are in order.



*“I am very proud of how far we have come and even more excited about the future. Our vision of building an exceptional company that shareholders prize, clients love, and associates are proud to serve is being realized.”*

As the last remaining founding partner to serve on our Board and in management, I am very proud of how far we have come and even more excited about our future, but certainly want to acknowledge Ron Henges' enormous contributions to the company, the Board, and to me, personally. Lest any may think he has lost interest in Enterprise, let me assure them that now that he has discovered the power of e-mail, it is as if we were still meeting every Wednesday morning for breakfast as we did for so many years!

In closing, our vision of building an exceptional company that shareholders prize, clients love, and associates are proud to serve is being realized. EFSC is well on the way to being a high growth, high performing winner in the small cap financial services space, and we believe 2005 and the ensuing years are promising indeed.


The people at Enterprise join me in thanking you, as always, for your continued support.

Sincerely,




Kevin C. Eichner  
*President & CEO*


ENTERPRISE BANK  
SENIOR MANAGEMENT




**Kevin C. Eichner**  
President and CEO,  
Enterprise Financial  
Services Corp



**Scott R. Goodman**  
President,  
Enterprise Bank & Trust,  
Clayton




**Linda M. Hanson**  
President,  
Enterprise Bank & Trust,  
Kansas City Region




**Stephen P. Marsh**  
President,  
Enterprise Bank & Trust,  
St. Louis Region  
and Senior Credit Officer




**Mark G. Murtha**  
Senior Vice President,  
Human Resources  
Enterprise Bank & Trust




**Jack L. Sutherland**  
Chairman,  
Kansas City Regional  
Board of Directors



**Paul L. Vogel**  
President and CEO,  
Enterprise Trust




**Michael S. Weisman**  
President,  
Wealth Products Group




**Peter F. Benoist**  
Chairman and CEO,  
Enterprise Bank & Trust




**Joseph J. Feld**  
Senior Vice President,  
Information Technology  
and Deposit Processing



**James E. Graser**  
President,  
Enterprise Bank & Trust,  
Sunset Hills




**Richard C. Leuck**  
President,  
Enterprise Bank & Trust,  
St. Charles County




**Paul J. McKee, Jr.**  
Chairman of the Board,  
Enterprise Financial  
Services Corp



**Frank H. Sanfilippo**  
Chief Financial Officer,  
Enterprise Financial  
Services Corp



**James C. Wagner**  
Executive Vice President,  
Enterprise Financial  
Services Corp  
President, Enterprise Direct



**Matthew A. Wagner**  
President,  
Kansas City Trust  
Advisory

ENTERPRISE FINANCIAL  
SERVICES CORP  
BOARD OF DIRECTORS

Chairman  
**Paul J. McKee, Jr.**  
McEagle Corporation

Vice Chairman & CEO  
**Kevin C. Eichner**  
Enterprise Financial  
Services Corp

Bank Chairman & CEO  
**Peter F. Benoist**  
Enterprise Bank & Trust

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Chairman, Compensation  
**William H. Downey**  
Kansas City Power  
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**Robert E. Guest, Jr.**  
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**Richard S. Masinton**  
Russell Stover Candies

**Birch M. Mullins**  
Baur Properties

Chairman, Nominating  
& Governance  
**James J. Murphy, Jr.**  
Murphy Company

**Robert E. Saur**  
Conrad Properties

**Sandra A. Van Trease**  
BJC HealthCare

**Henry D. Warshaw**  
Virtual Realty Enterprises





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St. Charles  
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Overland Park, Kansas 66213  
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Shareholders are invited to address issues, questions or concerns to the Enterprise Investor Relations Dept., c/o Frank Sanfilippo, Chief Financial Officer at 314-512-7214, [fsanfilippo@enterprisebank.com](mailto:fsanfilippo@enterprisebank.com), 150 N. Meramec, Suite 300, Clayton, Missouri 63105.

Shareholders can get share prices, volumes, insider trading information, and other valuable facts online at [www.enterprisebank.com](http://www.enterprisebank.com) by clicking on the Investor Relations tab on the Enterprise home page or [www.Nasdaq.com](http://www.Nasdaq.com) by entering the company's trading symbol "EFSC" and following the prescribed protocol. The Investor Relations Department stands ready to be of assistance in any way.

Readers should note that in addition to the historical information contained herein, this 2004 Annual Report contains forward-looking statements which are inherently subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by such 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 economic conditions, risks associated with rapid increase or decrease in prevailing interest rates and competition from banks and other financial institutions, as well as those discussed in the Company's Annual Report on Form 10-K.