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ENTERPRISE FINANCIAL SERVICES CORP

2007 ANNUAL REPORT

Milestones and Horizons at Twenty Years

ENTERPRISE BANK & TRUST

TALENT · STRENGTH · PASSION

To Our Shareholders and Friends


James J. Murphy, Jr.


Kevin C. Eichner


Peter F. Benoist

This is Enterprise's twentieth Annual Report. What a great run we have enjoyed! Those of you who have been with us from the beginning as original shareholders have seen the value of our initial investment grow from $1.67 per share in 1988 to $23.81 per share at year-end 2007. From one location on North Meramec in Clayton, we have grown our banking franchise to $2.0 billion in assets operating in St. Louis, Kansas City, and now in Phoenix, Arizona. Our Trust division will celebrate its tenth anniversary this year and has amassed assets of over $1.7 billion. It has become a key part of our value proposition to clients and shareholders alike. With our highly regarded NASDAQ stock we have diversified our shareholder base and have grown institutional ownership to twenty percent of our total, with institutions increasing their total holdings in our stock by 33% in 2007 alone. Our people, always the hallmark of Enterprise, have delivered a five-year compound annual growth rate in earnings per share of 22% – one of the top performances among small cap bank holding companies over that period. We have much to be proud of and much for which to be thankful. We hope you will join us for a special twentieth anniversary celebration at our Annual Meeting on April 23, 2008. On behalf of our entire management team, we thank you for your unwavering support.

In last year's Annual Report, we commented on our expectations that industry headwinds would be "formidable." Little did we know then that those headwinds would be gale force. Yet, despite the subprime debacle, a nearly unprecedented sector-wide decline in bank stock prices, and the emergence of what appears to be a bearish credit cycle, your Company again posted record net income and earnings per share for the fifth consecutive year.

Spurred by strong organic growth in addition to our two recent Kansas City bank acquisitions, loans surged to $1.64 billion, a 25% total increase. In a very tough environment, our bankers also managed to preserve our enviable core funded deposit mix. Credit quality remained solid, with net charge-off's of just fourteen basis points – just one basis point above our nineteen year average. While non-performing loans rose to 77 basis points of our total loans – nearly all related to the homebuilder segment – our numbers were far less problematic than those in the industry which had become overly dependent on that sector.

With the addition of NorthStar and Great American banks and our announced entry into the Phoenix market, we have substantially strengthened our market footprint and presence. We are now the largest publicly-traded bank headquartered in St. Louis, with over $1 billion in that market and, at nearly $700 million in assets, the eighth largest in Kansas City. Beyond the benefits of the reach and scale of these positions, we have been able to grow our most powerful asset – our talent base – through the recruitment and deployment of some very experienced and seasoned bankers in all three markets. As these new people added their market muscle to that of our existing people, we grew loans by $151 million in the second half of 2007 alone. This business has always been about the ability to attract, deploy, and retain top people. We are grateful that our expanded market presence has allowed us to continue to expand this team.


Enterprise Bank & Trust of Arizona, opening in 2008

While growth and asset quality are certainly common challenges to all banks in this environment, perhaps the greatest challenge is in preserving net interest margin – the difference between what we pay for our deposits and what we are able to generate in rates and fees from our loan portfolio. Protecting and growing our core funding base has and will continue to be a key element of our strategy for producing margin. In fact, analysts and investors continue to be impressed with our showing in this regard. However, our margin, like that of nearly every bank, is under pressure. Last year, our margin declined from 4.01% to 3.83%. At our current size, every basis point of margin is worth nearly

$200,000 in pre-tax income. That means last year's decline of eighteen basis points cost us $2.9 million in lost pre-tax earnings! We have said for years that the battleground in banking is at the funding level. It is abundantly clear this is true. Continued development of specific market niches and increasingly specialized resources like our excellent Treasury Management group will become more and more important as we combat this issue.

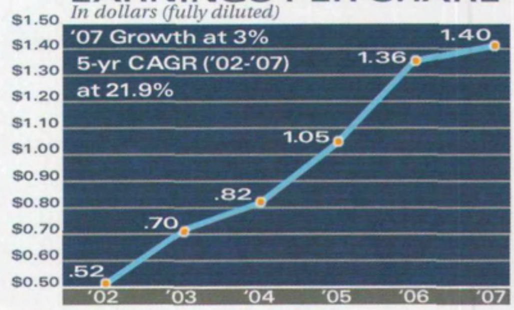
As our investors know, one of the reasons we entered the wealth management business was to diversify our revenue and profits away from an over-dependence on banking industry margins, which have been declining for several years. Five years ago, less than seven percent of our revenues came from Wealth Management (Trust and insurance). In 2007, that number had grown to 17%. Five years ago, we lost over $700,000 pre-tax in the trust business. This year, between Trust and Millennium, we earned $3.5 million pre-tax. Clearly, our offerings have been met with real success and are playing an increasingly important strategic role in our company.

But Wealth Management has its share of challenges as well. Millennium increased its sales by a robust 29% in 2007, only to give the benefits of that growth back in the form of a serious margin decline from 39% to 29%. A shift in carrier mix and higher payouts to producers were the culprits. Accordingly, we restructured our compensation arrangements with Millennium principals and bought out the remaining 40% minority interest in that business to position it for future growth and expansion. The net effect of this is likely to be a slight decline in Millennium earnings for 2008 as the unit adjusts further to a lower margin structure and higher compensation for principals and producers. Even at these adjusted levels, however, Millennium has been accretive to our EPS ($.08 in 2006 and $.05 in 2007) and gives us an important edge in high-end financial planning and life insurance sales.

Our Trust division grew revenues by six percent in 2007 and achieved a new record in its profitability at $1.4 million pre-tax. Despite the loss of some senior

EARNINGS PER SHARE

In dollars (fully diluted)

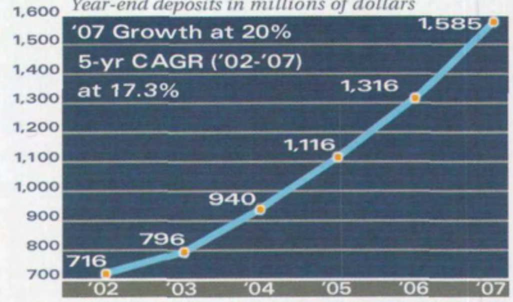


LOAN GROWTH

Portfolio loans at year end in millions of dollars

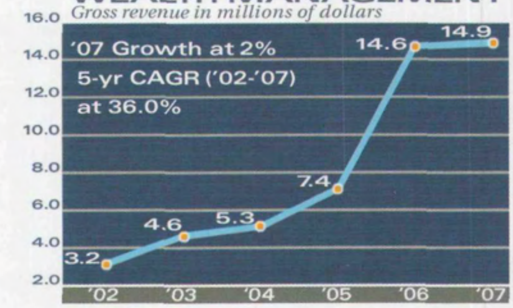
DEPOSIT GROWTH

Year-end deposits in millions of dollars



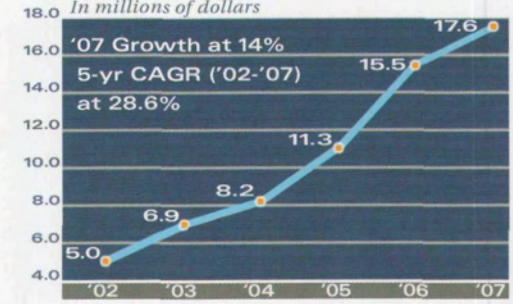
WEALTH MANAGEMENT

Gross revenue in millions of dollars



NET INCOME

In millions of dollars



people, our team persevered and continued to deliver a level of service and capability matched by very few. In 2008, we are introducing a new pricing model, new systems, and a new organizational design which we believe will enhance our already high service levels and continue to raise the profitability of this key unit. We will continue to evaluate acquisitions in the advisory and life insurance businesses to add to our base, and will be giving special attention to generating an on-the-ground wealth management capability in Arizona to augment the efforts of our bankers there. We are hopeful of receiving a new national trust charter in 2008 under the auspices of the Office of Thrift Supervision to better support our expansion. We must continue to grow our wealth management businesses to fulfill our mission of guiding our clients to lifetimes of financial success and to continue to increasingly diversify our revenue and profit sources.

The past year saw advances in many other parts of our company less obvious to outside observers. We have always had a strong track record in compliance and in regulatory relations. This is an important dimension for any company in our industry, and we were proud again to have received high ratings in all of our examinations from federal and state authorities.

Our human resources department continued to distinguish itself through enhanced recruiting support, advanced training and development programs for our people, and strengthened infrastructure and systems. Our Performance Management System has been studied by others and is widely admired. We consider it to be one of our core competencies.

The finance, operations and information technology groups not only absorbed the impact of two bank acquisitions but also continued to support major organic growth with very few personnel additions. They help us set ourselves apart from competitors on the quality of our service and the advanced nature of our products. Our front line client service people are well served by these teams as we strive to build our productivity and market impact.

Rounding out an excellent year for all of our support areas, our marketing function continued to build the awareness of our offerings through client on-boarding sessions, event based marketing programs, and Enterprise University, which enrolled over 600 business owners and executives this year alone. More than 3000 have attended one or more of our EU programs since 2004. Our client university is considered unique in the entire industry. We also introduced our new Lifetime Client System which is designed to enhance sales productivity and to ensure that all clients move through our four stage client experience – from transaction, to relationship, to partner, and to ideal status.

"As we have said many times, we will not run this business for the sake of a quarter's or even a year's reported earnings. We will continue to make strategic investments and manage EFSC for long run capital appreciation."

After a 44% increase in 2006, our shareholders saw the price of our shares fall 27% in 2007. Certainly, with an increase of fourteen percent in net income and a three percent increase in earnings per share, our performance would not appear to justify such a decline. Unfortunately, our entire sector was beset with a very negative posture on the part of the broader investment community, and our stock was caught in the vortex of the most violent sector rotation away from financial stocks in over twenty years. While it is little solace when our price is down, it should be noted that our superior operating fundamentals, business model, and performance continue to help us gain premium earnings and book-value multiples when compared to most. As we have said many times, we will not run this business for the sake of a quarter's or even a year's reported earnings. We will continue to make strategic investments and manage EFSC for long-run capital appreciation. In this way, when market conditions again become more favorable, as they eventually will, we will be positioned to take exceptional advantage of them.

Finally, your Board also advanced considerably in 2007. Two outstanding new directors joined the Board. Mr. Mike DeCola, President and CEO of Mississippi Lime, and Ms. Brenda Newberry, President and CEO of The Newberry Group, were recruited. They are already bringing their considerable insights, expertise and contacts to bear on behalf of our shareholders. All committees were very active and were advised by first-class counsel. Paul Cahn, a long-time director and friend of Enterprise, retired from our Board in 2007, and we thank him for his many years of tireless and energetic service.

As we look toward 2008 and beyond, it is clear that our industry will continue to face many challenges. Concerns about a possible recession, a bear credit cycle, continuing fallout from the subprime debacle, and margin compression are real and will separate the best from the rest. At this writing, unprecedented Federal Reserve rate cuts have added to the earnings pressure as banks, including ours, struggle to reprice liabilities quickly enough to maintain spreads.

As daunting as some of these challenges are, we believe they will also drive a flight to quality by investors, personnel, and clients as the market will once again remind us all of the importance of core values and pricing to risk. Because of our people, positioning and strategy, we remain optimistic in this climate about our future. As one of our more experienced senior executives queried recently, "Whose hand would you rather be playing right now?"

We prefer ours.

Thanks for your support for the past twenty years,

James J. Murphy Jr. *Lead Director*	Kevin C. Eichner *President & CEO*	Peter F. Benoist *Chairman*

Enterprise Senior Management

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

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

Michael D. Balsbaugh
Chairman, Executive Vice President and Chief Lending Officer, Great American Bank

Mitchell L. Baris
Senior Vice President and Director, Tax Credit Lending

Robert K. Barker
President, Enterprise Bank & Trust, Eastern Jackson County

Jack G. Barry
President and CEO, Enterprise Bank & Trust, Arizona

Deborah N. Barstow
Senior Vice President and Controller

Douglas N. Bauche
Group President, Enterprise Bank & Trust, St. Peters

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

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

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

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

John J. Heet
Senior Vice President, Credit Administration

Kenneth M. Hitt
Senior Vice President, Regional Retail Manager Kansas City

Craig G. Huston
President, Enterprise Bank & Trust, Overland Park

Nicholas G. Karabas
Vice President, Trust Advisory Services, Enterprise Trust

Timothy P. Kelley
Senior Vice President, Business Continuity Planning and Facilities

Jeffrey J. Kieffer
President and CEO, Great American Bank

James B. Lally
Senior Vice President and Director, Enterprise Value Lending

Richard C. Leuck
Regional President, Enterprise Bank & Trust, St. Charles County and Director, Bank Operations

Dennis J. Maher
Group President, Enterprise Bank & Trust, St. Charles

Jack A. Mannebach
Senior Vice President, Director, Specialized Deposit Products

Stephen P. Marsh
President and Senior Credit Officer, Enterprise Bank & Trust

Shannon F. Moenkhaus
Senior Vice President, Trust Advisory Services, Enterprise Trust

Jerry M. Mueller
Senior Vice President, Marketing

Mark G. Murtha
Senior Vice President, Human Resources

Robert T. Owens
President, Enterprise Bank & Trust, Plaza

Steven L. Ray
President, Enterprise Trust

Frank H. Sanfilippo
Executive Vice President and Chief Financial Officer

Scott A. Taylor
President, Enterprise Bank & Trust, Kansas City North

Paul A. Tymosko
Chief Administrative Officer, Enterprise Bank & Trust, Kansas City Region

Angela Wasson-Hunt
President, Enterprise Bank & Trust, Northland Region

Michael S. Weisman
President, Wealth Products Group, Enterprise Trust

William L. Zelenik
CEO, Millennium Brokerage Group

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Shareholders are invited to address issues, questions or concerns to the Enterprise Investor Relations Dept., c/o Frank Sanfilippo, Executive Vice President and Chief Financial Officer at 314.512.7214, fsanfilippo@enterprisebank.com, 150 N. Meramec, Suite 300, Clayton, MO 63105.

Shareholders can use the internet to obtain share price and volume information, press releases and filings by Enterprise, its officers and directors with the SEC by clicking on the Investor Relations tab on the Enterprise home page at **www.enterprisebank.com** or by visiting www.Nasdaq.com and entering the Company's trading symbol "EFSC" and following the prescribed protocol.

It should be noted that in addition to the historical information contained herein, this 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 from 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 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.

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