

ENTERPRISE FINANCIAL SERVICES CORP  
Form 10-Q  
May 07, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2010.

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-15373

ENTERPRISE FINANCIAL SERVICES CORP

Incorporated in the State of Delaware  
I.R.S. Employer Identification # 43-1706259  
Address: 150 North Meramec  
Clayton, MO 63105  
Telephone: (314) 725-5500  
\_\_\_\_\_

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-7 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act  
Yes  No

As of May 6, 2010, the Registrant had 14,853,912 shares of outstanding common stock.

This document is also available through our website at <http://www.enterprisebank.com>.

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ENTERPRISE FINANCIAL SERVICES CORP AND SUBSIDIARIES  
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PART 1 – ITEM 1 – FINANCIAL STATEMENTS  
 ENTERPRISE FINANCIAL SERVICES CORP AND SUBSIDIARIES  
 Consolidated Balance Sheets (Unaudited)

(In thousands, except share and per share data)	At March 31, 2010	At December 31, 2009
<b>Assets</b>		
Cash and due from banks	\$ 13,548	\$ 16,064
Federal funds sold	2,199	7,472
Interest-bearing deposits	125,822	83,430
Total cash and cash equivalents	141,569	106,966
Securities available for sale	267,169	282,461
Other investments, at cost	13,160	13,189
Loans held for sale	1,517	4,243
Portfolio loans	1,800,302	1,833,203
Less: Allowance for loan losses	44,079	42,995
Portfolio loans, net	1,756,223	1,790,208
Other real estate	21,087	25,224
Fixed assets, net	21,697	22,301
Accrued interest receivable	7,229	7,751
State tax credits, held for sale, including \$31,760 and \$32,485 carried at fair value, respectively	52,067	51,258
Goodwill	1,974	1,974
Intangibles, net	1,531	1,643
Assets of discontinued operations held for sale	-	4,000
Other assets	76,182	54,437
Total assets	\$ 2,361,405	\$ 2,365,655
<b>Liabilities and Shareholders' Equity</b>		
<b>Deposits:</b>		
Demand deposits	\$ 300,835	\$ 289,658
Interest-bearing transaction accounts	203,006	142,061
Money market accounts	630,697	690,552
Savings	9,807	8,822
Certificates of deposit:		
\$100k and over	410,771	443,067
Other	348,938	367,256
Total deposits	1,904,054	1,941,416
Subordinated debentures	85,081	85,081
Federal Home Loan Bank advances	128,100	128,100
Other borrowings	60,438	39,338
Accrued interest payable	1,976	2,125
Other liabilities	6,522	5,683
Total liabilities	2,186,171	2,201,743
<b>Shareholders' equity:</b>		
Preferred stock, \$0.01 par value; 5,000,000 shares authorized; 35,000 shares issued and outstanding	31,976	31,802
Common stock, \$0.01 par value; 30,000,000 shares authorized; 14,928,275 and 12,958,820 shares issued, respectively	149	130
Treasury stock, at cost; 76,000 shares	(1,743)	(1,743)
Additional paid in capital	132,354	117,000
Retained earnings	11,384	15,790
Accumulated other comprehensive income	1,114	933
Total shareholders' equity	175,234	163,912
Total liabilities and shareholders' equity	\$ 2,361,405	\$ 2,365,655

See accompanying notes to consolidated financial statements.

ENTERPRISE FINANCIAL SERVICES CORP AND SUBSIDIARIES  
Consolidated Statements of Operations (Unaudited)

(In thousands, except per share data)	Three months ended March 31, Restated	
	2010	2009
<b>Interest income:</b>		
Interest and fees on loans	\$ 25,244	\$ 28,621
<b>Interest on debt securities:</b>		
Taxable	1,850	1,115
Nontaxable	10	7
Interest on federal funds sold	8	1
Interest on interest-bearing deposits	80	17
Dividends on equity securities	83	57
<b>Total interest income</b>	<b>27,275</b>	<b>29,818</b>
<b>Interest expense:</b>		
Interest-bearing transaction accounts	219	171
Money market accounts	1,393	1,511
Savings	8	9
<b>Certificates of deposit:</b>		
\$100 and over	2,850	4,454
Other	1,785	1,691
Subordinated debentures	1,230	1,349
Federal Home Loan Bank advances	1,108	1,131
Notes payable and other borrowings	59	2,654
<b>Total interest expense</b>	<b>8,652</b>	<b>12,970</b>
<b>Net interest income</b>	<b>18,623</b>	<b>16,848</b>
Provision for loan losses	13,800	16,459
<b>Net interest income after provision for loan losses</b>	<b>4,823</b>	<b>389</b>
<b>Noninterest income:</b>		
Wealth Management revenue	1,297	1,207
Service charges on deposit accounts	1,174	1,295
Other service charges and fee income	278	222
Sale of other real estate	(12)	59
State tax credit activity, net	518	(46)
Sale of investment securities	557	316
Miscellaneous income	244	(221)
<b>Total noninterest income</b>	<b>4,056</b>	<b>2,832</b>
<b>Noninterest expense:</b>		
Employee compensation and benefits	6,598	6,274
Occupancy	1,173	1,097
Furniture and equipment	370	344
Data processing	578	521
FDIC insurance	848	632
Goodwill impairment charge	-	45,377
Loan legal and other real estate expense	1,272	1,234
Other	2,816	2,943
<b>Total noninterest expense</b>	<b>13,655</b>	<b>57,918</b>
<b>Loss from continuing operations before income tax benefit</b>	<b>(4,776)</b>	<b>(54,697)</b>
Income tax benefit	(1,762)	(2,850)
<b>Loss from continuing operations</b>	<b>(3,014)</b>	<b>(51,847)</b>
<b>Income from discontinued operations before income tax expense</b>	<b>-</b>	<b>478</b>
Income tax expense	-	118
<b>Income from discontinued operations</b>	<b>-</b>	<b>360</b>
<b>Net loss</b>	<b>\$ (3,014)</b>	<b>\$ (51,487)</b>

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Net loss available to common shareholders	\$	(3,626)	\$	(52,086)
<b>Basic (loss) earnings per common share:</b>				
From continuing operations	\$	(0.25)	\$	(4.09)
From discontinued operations		-		