

ENTERPRISE FINANCIAL SERVICES CORP  
Form S-4/A  
December 21, 2016

Registration No. 333-214990

As filed with the Securities and Exchange Commission on December 20, 2016.

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

AMENDMENT NO. 1 TO  
FORM S-4  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933

ENTERPRISE FINANCIAL SERVICES CORP  
(Exact Name of Registrant as Specified in its Charter)

Delaware	6022	43-1706259
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification Number)

150 North Meramec  
Clayton, Missouri 63105  
(314) 725-5500  
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Keene S. Turner  
Chief Financial Officer  
Enterprise Financial Services Corp  
150 North Meramec  
Clayton, Missouri 63105  
(314) 259-2000  
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Paul Jaskot, Esq. Reed Smith LLP	Michael W. Walsh President and Chief Executive Officer	John C. Bodnar, Esq. Lewis Rice LLC
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1717 Arch Street, Suite 3100 Jefferson County Bancshares, Inc.  
Philadelphia, PA 19103 680 South Mill Street  
(215) 851-8100 Festus, MO 63028  
(636) 931-3660

600 Washington Avenue  
Suite 2500  
St. Louis, MO 63101  
(314) 444-7600

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the Merger described in the enclosed proxy statement / prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act"), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). (Check one):

Large accelerated filer

Accelerated filer

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

Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Securities and Exchange Commission (the "SEC"), acting pursuant to said Section 8(a), may determine.

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Information in this proxy statement/prospectus is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY - SUBJECT TO COMPLETION - DATED DECEMBER 20, 2016

MERGER PROPOSED - YOUR VOTE IS VERY IMPORTANT

Dear fellow shareholders of Jefferson County Bancshares, Inc.:

The board of directors of Enterprise Financial Services Corp (referred to in this document as “Enterprise”) and the board of directors of Jefferson County Bancshares, Inc. (“JCB”) have agreed to a strategic combination of the two companies under the terms of the Agreement and Plan of Merger (the “Merger Agreement”), dated as of October 10, 2016, by and among Enterprise, Enterprise Bank & Trust, Enterprise’s wholly-owned subsidiary bank (“Enterprise Bank”), JCB and Eagle Bank and Trust Company of Missouri, JCB’s wholly-owned subsidiary bank (“Eagle Bank”). At the effective time of the Merger Agreement, JCB will merge with and into Enterprise (the “Merger”), and Eagle Bank will subsequently merge with and into Enterprise Bank, with Enterprise Bank continuing as a direct, wholly-owned subsidiary of Enterprise (the “Bank Merger” and, together with the Merger, the “Mergers”). At the JCB special meeting, you will be asked to consider and vote upon a proposal to approve the Merger Agreement and the transactions contemplated therein (the “Merger Proposal”) and a proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the Merger Proposal. You are cordially invited to attend a special meeting of JCB shareholders to be held on January 19, 2017, at 9:00 a.m., Central time, at Holiday Inn Route 66, 10709 Watson Road, St. Louis, Missouri, 63127.

If the Merger contemplated by the Merger Agreement is completed, each outstanding share of JCB common stock outstanding immediately prior to the effective time of the Merger will be converted into the right to receive, at the election of the shareholder but subject to the proration and allocation procedures set forth in the Merger Agreement: (1) \$85.39 in cash (the “Cash Consideration”), or (2) 2.75 shares of common stock of Enterprise (the “Common Stock Consideration” and, together with the Cash Consideration, the “Merger Consideration”). The average volume weighted average price of Enterprise’s common stock for the five trading period closing on October 7, 2016, the trading day before the Merger Agreement was executed, was \$31.6363, which represented a value of \$87.00 per share of JCB common stock for the Common Stock Consideration. The value of the Cash Consideration is fixed at \$85.39. The closing price of Enterprise’s common stock on December 19, 2016, the most recent practicable trading day prior to the date of this proxy statement/prospectus, was \$41.60, which represents a value of \$114.40 per share of JCB common stock. The implied value of the stock portion of the Merger Consideration will fluctuate as the market price of Enterprise common stock fluctuates. You should obtain current stock price quotations for Enterprise common stock before deciding how to vote with respect to the approval of the Merger Agreement and before deciding whether to elect cash or stock for your shares. Enterprise common stock is listed for trading on the NASDAQ Global Select Market under the symbol “EFSC.”

JCB will have a right to terminate the Merger Agreement if the volume weighted average price of Enterprise common stock during a specified period before the effective time of the Merger both (i) is less than \$26.0999 per share and (ii) underperforms a specified index of financial institution stocks during such period by more than 15%.

Enterprise will issue up to 3.3 million shares of Enterprise common stock and will pay approximately \$26,619,150 in cash to JCB shareholders and holders of JCB stock options upon completion of the Merger. JCB shareholders entitled to receive fractional interests of Enterprise common stock will be paid cash instead based on the average volume weighted average price of Enterprise common stock during a specified period before the effective time of the Merger. Accordingly, the exact number of shares of Enterprise common stock that will be issued in the merger will be dependent on the number of fractional interests resolved for cash. The aggregate cash payment will

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be increased by the proceeds from the exercise of any JCB stock options from the date of the Merger Agreement until immediately prior to the Merger.

After careful consideration, the JCB board of directors unanimously approved the Merger Proposal and declared that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are in the best interests of JCB and its shareholders. The JCB board of directors unanimously recommends that you vote: "FOR" approval of the Merger Proposal and "FOR" the adjournment of the JCB special meeting if necessary to solicit additional proxies in favor of the approval of the Merger Agreement.

The accompanying document is a proxy statement of JCB and a prospectus of Enterprise, and provides you with information about JCB, Enterprise, the Merger Proposal and the special meeting of JCB shareholders. JCB encourages you to read the entire proxy statement/prospectus carefully. You may also obtain more information about Enterprise from documents Enterprise has filed with the SEC.

For a discussion of risk factors you should consider in evaluating the Merger Agreement you are being asked to approve, see "Risk Factors" beginning on page 28 of the accompanying proxy statement/prospectus.

Your vote is important. Approval of the Merger Agreement requires the approval of the holders of two-thirds of the outstanding JCB shares entitled to vote thereon at the JCB special meeting. Accordingly, whether or not you plan to attend the JCB special meeting, you are requested to promptly vote your shares by proxy as instructed in these materials. If you sign, date and mail your proxy card without indicating how you wish to vote, your vote will be counted as a vote "FOR" each of the proposals described in the accompanying proxy statement/prospectus.

Granting a proxy will not prevent you from voting your shares in person if you choose to attend the JCB special meeting. We thank you for your continued support of JCB.

Sincerely,  
Michael W. Walsh  
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities Enterprise is offering through this proxy statement/prospectus are not savings or deposit accounts or other obligations of any bank or savings association, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/prospectus is dated December 20, 2016, and is first being mailed to the shareholders of JCB on or about December 29, 2016.

#### HOW TO OBTAIN MORE INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Enterprise from documents filed with the SEC that are not included in or delivered with this proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by Enterprise at no cost from the SEC's website maintained at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference into this proxy statement/prospectus, at no cost by contacting Enterprise in writing at the address or by telephone as specified below:

Enterprise Financial Services Corp  
Keene S. Turner, Chief Financial Officer  
150 North Meramec  
Clayton, MO 63105  
(314) 725-5500

You will not be charged for any of these documents that you request. In order for you to receive timely delivery of the documents, you must request them no later than five business days before the date of the JCB special meeting. This means that JCB shareholders requesting documents must do so by January 11, 2017 in order to receive them before the JCB special meeting.

See "Where You Can Find More Information" on page 101 of this proxy statement/prospectus.

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JEFFERSON COUNTY BANCSHARES, INC.  
680 South Mill Street  
Festus, MO 63028

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JANUARY 19, 2017

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Jefferson County Bancshares, Inc. (“JCB”) will be held on January 19, 2017 at 9:00 a.m., Central time, at Holiday Inn Route 66, 10709 Watson Road, St. Louis, Missouri, 63127.

The special meeting is for the purpose of considering and acting upon:

1. A proposal to approve the Agreement and Plan of Merger (the “Merger Agreement”), dated as of October 10, 2016, by and among Enterprise Financial Services Corp (“Enterprise”), Enterprise Bank & Trust, Enterprise’s wholly-owned subsidiary bank (“Enterprise Bank”), JCB and Eagle Bank and Trust Company of Missouri, JCB’s wholly-owned subsidiary bank (“Eagle Bank”), a copy of which is included in this proxy statement/prospectus as Appendix A, pursuant to which JCB will merge with and into Enterprise with Enterprise surviving the merger (the “Merger”), and the consummation of the other transactions contemplated by the Merger Agreement (the “Merger Proposal”);
2. A proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the Merger Proposal; and
3. Such other matters as may properly come before the special meeting or any adjournment thereof. The Board of Directors is not aware of any other business to come before the meeting.

Any action may be taken on the foregoing proposals at the special meeting on the date specified above or on any date or dates to which, by original or later adjournment, the special meeting may be adjourned. Shareholders of record at the close of business on December 20, 2016 are the shareholders entitled to notice of and to vote at the special meeting and any adjournments thereof.

You are requested to complete, sign and date the enclosed proxy card which is solicited by the Board of Directors and to return it promptly in the enclosed, postage-paid envelope. The proxy will not be used if you attend and vote at the special meeting in person.

BY ORDER OF THE BOARD OF DIRECTORS

Lorna J. Fink  
Secretary  
St. Louis, Missouri  
December 20, 2016

THE BOARD OF DIRECTORS OF JCB UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” APPROVAL OF THE MERGER PROPOSAL AND THE OTHER PROPOSALS PRESENTED AT THE MEETING.



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## QUESTIONS AND ANSWERS ABOUT THE MERGER PROPOSAL

The following are answers to certain questions that you may have regarding the Merger and the special meeting. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional information is also contained in the appendices to this proxy statement/prospectus.

1.Q: Why am I receiving these materials?

A: We are sending you these materials to help you decide how to vote your shares of JCB common stock with respect to the Merger with Enterprise. The Merger cannot be completed unless the Merger Proposal receives the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote at a special meeting of JCB shareholders. Therefore, JCB is holding a special meeting of shareholders to vote on the proposals necessary to complete the Merger. Information about the special meeting is contained in this document.

This document serves as both a proxy statement of JCB and a prospectus of Enterprise. As a proxy statement, you are receiving this document because the JCB board of directors is soliciting the proxy of JCB shareholders for use at the JCB special meeting of shareholders. The meeting is being called so that shareholders can consider and vote on the approval of the Merger Proposal. As a prospectus, JCB shareholders are receiving this document because Enterprise is offering to issue shares of its common stock as part of the consideration for all shares of JCB common stock in the Merger.

2.Q: What will happen in the Merger?

A: The purpose of the Merger is to combine the businesses and operations of JCB with those of Enterprise. In the Merger, JCB will be merged with and into Enterprise, the separate corporate existence of JCB will cease, and Enterprise will be the surviving corporation. The Merger Agreement described in this proxy statement/prospectus contains the terms and conditions which must be satisfied to complete the Merger. A copy of the Merger Agreement is attached to this proxy statement/prospectus as Appendix A.

Enterprise and JCB also agreed that their principal operating subsidiaries will merge with each other. Once the Merger between Enterprise and JCB is completed, Eagle Bank, the bank subsidiary of JCB, will merge with and into Enterprise Bank, the bank subsidiary of Enterprise. As a result of this Bank Merger, the separate corporate existence of Eagle Bank will cease, and Enterprise Bank will continue as the surviving bank.

3.Q: What items of business will JCB shareholders consider at the special meeting?

A: At the JCB special meeting, shareholders will be asked to vote in favor of approval of the Merger Agreement and the Merger. In addition, shareholders will be asked to vote in favor of a proposal to adjourn the special meeting, if necessary, to solicit additional proxies if the Merger Proposal has not received sufficient votes to approve the Merger Agreement and the Merger at the time of the special meeting.

4.Q: What will JCB shareholders receive in the Merger?

A: If the Merger Agreement is approved and the Merger is completed, each share of JCB common stock will be converted into the right to receive either \$85.39 in cash or 2.75 shares of Enterprise common stock, based on their election. JCB shareholders may elect to receive all cash, all stock, or cash for some of their shares and stock for the remainder of the shares they own, subject to the election, allocation and proration procedures set forth in the Merger Agreement. The aggregate consideration will be limited to 3,300,000 shares of Enterprise common stock and approximately \$26,619,150 in cash plus the aggregate cash proceeds from the exercise of any JCB stock options to

JCB common stock (each a "JCB Stock Option" from the date of the Merger Agreement until immediately prior to the Merger. The elections of JCB shareholders are subject to proration in the event that a

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selected form of consideration is over-elected. See “The Merger Agreement - Merger Consideration” on page 58.

5. Q: Will the value of the Merger Consideration change between the date of this proxy statement/prospectus and the time the Merger is completed?

A: For JCB shareholders who receive Enterprise common stock, the value of such Enterprise common stock will fluctuate between the date of this proxy statement/prospectus and the completion of the Merger based upon the market value of Enterprise common stock. Each share of JCB common stock converted into stock consideration shall receive 2.75 shares of Enterprise common stock. Any fluctuation in the market price of Enterprise common stock after the date of this proxy statement/prospectus will change the value received by such JCB shareholders. The value of cash received in exchange for each share of JCB common stock will be fixed at \$85.39 and will not fluctuate between the date of this proxy prospectus and the completion of the Merger.

If the market value of Enterprise common stock decreases such that the volume weighted average price of Enterprise common stock during a specified period before the effective time of the Merger both (i) is less than \$26.0999 per share and (ii) underperforms a specified index of financial institution stocks during such period by more than 15%, then JCB will have a right to terminate the Merger Agreement.

6. Q: How do JCB shareholders receive Enterprise common stock and/or cash for their JCB common stock?

A: Enterprise’s exchange agent will mail each JCB shareholder of record in a separate mailing an election form, which will contain instructions for making your election to have your shares of JCB common stock converted into cash, Enterprise common stock or a combination of both. The election deadline will be 5:00 p.m., St. Louis time on January 30, 2017, or such later date as required under the Merger Agreement. If you fail to properly complete the election form, or your stock certificates are not received by the exchange agent by the deadline, you will be treated as if you had not made an election. See “The Merger Agreement - Merger Consideration” beginning on page 58.

7. Q: What happens if a JCB shareholder does not make a valid election as to whether to receive cash or stock, or a combination thereof?

A: If a JCB shareholder does not return a properly completed election form by the election deadline, such shareholder’s shares of JCB common stock will be considered “no-election shares” and will be converted into the right to receive the Cash Consideration or the Common Stock Consideration according to the allocation procedures set forth in the Merger Agreement.

8. Q: Will every JCB shareholder receive the form of consideration they elect?

A: No. Every JCB shareholder may not receive the form of consideration that he, she or it elects in the Merger. The Merger Agreement provides that the aggregate consideration provided by Enterprise will be up to 3,300,000 shares of Enterprise common stock and \$26,619,150 in cash plus the aggregate cash proceeds from the exercise of any JCB Stock Options from the date of the Merger Agreement until immediately prior to the Merger. Pursuant to these limitations, if the aggregate number of shares with respect to which a valid cash or common stock election has been made exceeds these limits, shareholders who elected the type that has been oversubscribed will receive a mixture of both cash and Common Stock Consideration.

9. Q: What are the tax consequences of the Merger to each JCB shareholder?

A: Enterprise expects to report the merger of JCB with and into Enterprise, and the subsequent merger of Eagle Bank with and into Enterprise Bank, as tax-free reorganizations for U.S. federal income tax purposes under Section 368(a)

of the Code.

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JCB shareholders who receive solely cash for their shares will recognize gain or loss on the exchange equal to the difference between the amount of cash received pursuant to the Merger and their adjusted tax basis in shares of JCB common stock surrendered pursuant to the Merger.

Because the merger of JCB with and into Enterprise will qualify as a reorganization under Section 368(a) of the Code, JCB shareholders who receive solely Enterprise common stock for their shares of JCB common stock (other than cash in lieu of fractional shares), generally will not recognize any gain or loss for U.S. federal income tax purposes.

JCB shareholders who exchange their shares of JCB common stock for both shares of Enterprise common stock and cash must generally recognize gain (but not loss) on the exchange in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the fair market value of the shares of Enterprise common stock (including any fractional shares) and cash received pursuant to the Merger (excluding any cash received in lieu of fractional shares) over the shareholder's adjusted tax basis in its shares of Enterprise common stock surrendered pursuant to the Merger), or (2) the amount of cash (excluding any cash received in lieu of fractional shares) received pursuant to the Merger.

JCB shareholders who receive cash in lieu of fractional shares will be treated as having received the fractional share and then having the fractional share redeemed by Enterprise for cash. Accordingly, a portion of their adjusted basis in shares of acquired company common stock surrendered pursuant to the Merger will be allocated to the fractional share which is deemed to have been received and the JCB shareholder will recognize gain (but not loss) in an amount equal to the cash received for the fractional share over the adjusted basis allocable to that share.

Each of Enterprise's and JCB's obligations to complete the Merger is conditioned on the receipt of a legal opinion about the federal income tax treatment of the Merger. This opinion will not bind the Internal Revenue Service, which could take a different view.

We urge you to consult your tax advisor for a full understanding of the tax consequences of the Merger to you. In many cases, tax consequences of the Merger will depend on your particular facts and circumstances. See "Material United States Federal Income Tax Considerations," beginning at page 69.

10.Q: Do JCB shareholders have rights to dissent from the Merger?

A: Yes, JCB shareholders have the right under Missouri law to demand appraisal of their shares of JCB common stock in connection with the Merger and to receive, in lieu of the Merger Consideration, payment in cash for the fair value of their shares of JCB common stock. Any JCB shareholder electing to exercise dissenters' rights must not have voted his, her or its shares of JCB common stock "FOR" approval of the Merger Agreement and must specifically comply with the applicable provisions of the Revised Statutes of Missouri in order to perfect the rights of dissent and appraisal. The Merger Agreement requires as a condition to consummation, subject to waiver by Enterprise and JCB, that the number of shares held by dissenting JCB shareholders is no more than 10% of the number of shares of JCB common stock issued and outstanding immediately prior to the closing date of the Merger.

11.Q: Are there regulatory or other conditions to the completion of the Merger?

A: Yes. The Merger must be approved by the Federal Deposit Insurance Corporation ("FDIC") and must be reviewed and potentially approved by the Missouri Division of Finance and the Federal Reserve Bank of St. Louis. As of the date of this proxy statement/prospectus, the appropriate filings have been made with the FDIC and Federal Reserve Bank of St. Louis and will be submitted for review to the Missouri Division of Finance on or about January 15, 2017. Additionally, the approval of the Merger Agreement must be approved by the affirmative vote of the holders of at least two-thirds of the outstanding shares of JCB common stock entitled to vote at a special meeting of JCB

shareholders. Completion of the Merger is also subject to certain other specified conditions. See “The Merger Agreement - Conditions to Completion of the Merger,” beginning at page 66.

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12.Q: What does the board of directors of JCB recommend?

A: The JCB board of directors has unanimously approved the Merger Agreement and unanimously recommends that you vote “FOR” approval of the Merger Proposal and the Merger and “FOR” approval of the adjournment proposal.

13.Q: What constitutes a quorum for the JCB special meeting?

A: The presence in person or by proxy of the majority of the JCB common stock outstanding on the JCB record date will constitute a quorum. If you submit a properly executed proxy card, you will be considered part of the quorum even if you withhold authority from the proxy holders to vote your shares and do not attend the JCB special meeting.

14.Q: What vote is required to approve each proposal at the JCB special meeting?

A: Approval of the Merger Proposal requires approval by the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote at the special meeting of JCB shareholders. Approval of the adjournment proposal requires approval by the affirmative vote of the holders of a majority of shares of JCB common stock represented in person or by proxy at the special meeting.

15.Q: When and where is the JCB special meeting?

A: The JCB special meeting will be held on January 19, 2017, at 9:00 a.m. local time at Holiday Inn Route 66, 10709 Watson Road, St. Louis, Missouri, 63127.

16.Q: What do I need to do now?

A: After you have carefully read these materials, indicate on your proxy card how you want your shares to be voted, then sign, date and mail the proxy card in the enclosed postage-paid envelope as soon as possible so that your shares may be represented and voted at the special meeting. In addition, you may attend the JCB special meeting and vote in person (if you are a shareholder), whether or not you have signed and mailed your proxy card. If you sign, date and return your proxy but do not indicate how you want to vote, your proxy will be counted as a vote “FOR” approval of the Merger Agreement and “FOR” approval of the adjournment proposal.

17.Q: Can I change my vote after I have mailed my signed proxy card?

A: Yes. There are three ways for you to revoke your proxy and change your vote. First, you may send a later-dated, signed proxy card before the JCB special meeting. Second, you may revoke your proxy by written notice (which you could personally deliver at the special meeting) to the Secretary of JCB at any time prior to the vote on the Merger. Third, you may attend the JCB special meeting and vote in person. However, simply attending the special meeting without voting will not revoke your proxy.

18.Q: What happens if I sell my shares of JCB common stock before the special meeting?

A: The record date for determining which JCB shareholders are eligible to vote at the special meeting is earlier than both the date of the special meeting and the completion of the Merger. If you transfer your shares of JCB common stock after the record date for the special meeting but before the special meeting you will, unless special arrangements are made, retain the right to vote the shares at the special meeting but will transfer the right to receive the Merger Consideration to the person to whom you transfer the shares.

19.Q: When do you expect the Merger to be completed?

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A: We expect to complete the Merger shortly after all of the conditions to the Merger are fulfilled, including obtaining the approval of JCB shareholders and the approval of the applicable regulatory agencies. We anticipate this will occur in the first quarter of 2017; however, delays may occur. We cannot assure you that we will obtain the necessary shareholder approvals and regulatory approvals or that the other conditions precedent to the Merger can or will be satisfied.

20.Q: What happens if the Merger is not completed?

A: If the Merger is not completed, holders of JCB common stock will not receive any consideration for their shares in connection with the Merger. Instead, JCB will remain an independent company. In addition, if the Merger Agreement is terminated in certain circumstances, a termination fee may be required to be paid by JCB. See “The Merger Agreement - Termination of the Merger Agreement” on page 66.

21.Q: Who can help answer my questions?

A: If you have any questions about the Merger or the special meeting, or if you need additional copies of this proxy statement/prospectus or the proxy card, you should contact Lorna Fink at (314) 845-0278.

## SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all the information that is important to you. We urge you to read carefully this entire document, and the documents referenced herein, for a more complete understanding of the Merger between Enterprise and JCB. In addition, we incorporate by reference into this document important business and financial information about Enterprise. You may obtain the information incorporated by reference in this document without charge by following the instructions in the section entitled “Where You Can Find More Information”. Each item in this summary includes a page reference directing you to a more complete description of that item.

Unless the context otherwise requires, references in this proxy statement/prospectus to “Enterprise” refer to Enterprise Financial Services Corp, a Delaware corporation; references to “Enterprise Bank” refer to Enterprise Bank & Trust, a Missouri state-chartered trust company with banking powers and a wholly owned subsidiary of Enterprise; references to “JCB” refer to Jefferson County Bancshares, Inc., a Missouri corporation; references to “Eagle Bank” refer to Eagle Bank and Trust Company of Missouri, a Missouri state-chartered trust company with banking powers and a wholly owned subsidiary JCB; references to the “Merger Agreement” refer to the Agreement and Plan of Merger, dated as of October 10, 2016, among Enterprise, JCB, Enterprise Bank and Eagle Bank; and references to “we,” “our” or “us” refer to Enterprise and JCB.

### We Propose a Merger of Enterprise and JCB (Page 35)

We propose that JCB will merge with and into Enterprise, with Enterprise being the surviving company (the “Merger”). As a result of the Merger, the separate existence of JCB will terminate. Immediately following the Merger, JCB’s wholly owned bank subsidiary, Eagle Bank, will merge with and into Enterprise’s wholly owned bank subsidiary, Enterprise Bank, with Enterprise Bank being the surviving bank (the “Bank Merger,” together with the Merger, the “Mergers”). Following the Bank Merger, Enterprise Bank will continue its corporate existence as a state-chartered trust company with banking powers, organized under the laws of the State of Missouri. We expect to complete the Mergers in the first quarter of 2017, although delays may occur.

### Special Meeting of JCB (Page 32)

JCB plans to hold its special meeting of shareholders at Holiday Inn Route 66, 10709 Watson Road, St. Louis, Missouri, 63127, on January 19, 2017 at 9:00 a.m. Central time. At the JCB special meeting, holders of JCB common stock will be asked to approve the Merger Agreement and the transactions contemplated thereby, including the Merger (the “Merger Proposal”).

You can vote at the JCB special meeting to approve the Merger Proposal if you owned JCB common stock at the close of business on December 20, 2016 (the “JCB Record Date”). As of the JCB Record Date, there were 1,479,858 shares of JCB common stock outstanding and entitled to vote. A holder of JCB common stock can cast one vote for each share of JCB common stock owned on that date.

### JCB’s Board Unanimously Recommends That Holders of JCB Common Stock Vote “FOR” the Merger Proposal (Page 37)

JCB’s board of directors (i) believes that the Merger Proposal is advisable, fair to and in the best interest of JCB and its shareholders, (ii) has unanimously approved and adopted the Merger Agreement and the transactions contemplated thereby and (iii) unanimously recommends that holders of JCB common stock vote “FOR” the Merger Proposal. Approval of the Merger Proposal Requires the Affirmative Vote of the Holders of Two-Thirds of the Outstanding Shares of JCB Common Stock (Page 33)

In order to complete the Merger, the Merger Proposal must be approved by the affirmative vote of (i) the JCB board of directors and (ii) the holders of at least two-thirds of the outstanding shares of JCB common stock. The board

of directors of JCB has unanimously approved the Merger Proposal. Accordingly, in order to approve the Merger Agreement and the transactions contemplated thereby, including the Merger, the holders of at least two-thirds of the outstanding shares of JCB common stock as of the record date of December 20, 2016 must vote in favor of the Merger Proposal.

As an inducement to and condition of Enterprise's willingness to enter into the Merger Agreement, all of the directors and certain officers and large shareholders of JCB, who beneficially owned in the aggregate approximately 26.0% of JCB's outstanding common stock, in each case as of October 10, 2016, entered into voting agreements, pursuant to which, among other things, they agreed to vote all of their shares of JCB common stock in favor of approval of the Merger Proposal and other matters required to be approved or adopted to effect the Merger and any other transactions contemplated by the Merger Agreement.

For a list of the number of shares of JCB common stock held by (i) each director of JCB, (ii) each shareholder that is known to JCB as of the date hereof to beneficially own more than 5% percent of the outstanding shares of JCB common stock and (iii) all directors and certain officers of JCB as a group, see "Security Ownership of JCB Directors, Certain Officers and Certain Beneficial Owners".

Enterprise's Reasons for the Merger (Page 36)

For a discussion of the factors considered by Enterprise's board of directors in reaching its decision to approve the Merger Agreement and the transactions contemplated thereby, including the Merger, see "The Merger-Enterprise's Reasons for the Merger; Recommendations of the Board of Enterprise".

JCB's Reasons for the Merger (Page 37)

For a discussion of the factors considered by JCB's board of directors in reaching its decision to approve the Merger Agreement and the transactions contemplated thereby, including the Merger, see "The Merger-JCB's Reasons for the Merger; Recommendations of the Board of JCB".

Opinion of JCB's Financial Advisor (Page 38)

In connection with the Merger, JCB's financial advisor, Keefe, Bruyette & Woods, Inc. ("KBW"), delivered a written opinion, dated October 10, 2016, to the JCB board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of JCB common stock of the Merger Consideration in the proposed Merger.

The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion, is attached as Appendix E to this document. The opinion was for the information of, and was directed to, the JCB board of directors (in its capacity as such) in connection with its consideration of the financial terms of the Merger. The opinion did not address the underlying business decision of JCB to engage in the Merger or enter into the Merger Agreement or constitute a recommendation to the JCB board of directors in connection with the Merger, and it does not constitute a recommendation to any holder of JCB common stock or any shareholder of any other entity as to how to vote in connection with the Merger or any other matter (including, with respect to holders of JCB common stock, what election any such shareholder should make with respect to the Cash Consideration, the Common Stock Consideration or any combination thereof).

Holders of JCB Common Stock Have Dissenters' Rights of Appraisal (Page 50)

Holders of JCB common stock may elect to dissent from the Merger and obtain payment for their shares of JCB common stock by following the procedures set forth in Section 351.455 of the Revised Statutes of Missouri ("R.S.Mo."). For more information regarding the right of holders of JCB common stock to dissent from the Merger and exercise the right to obtain payments for shares of JCB common stock, see "Proposal I - The Merger-Dissenters' Rights of Appraisal of Holders of JCB Common Stock". We have also attached a copy of Section 351.455 of the R.S.Mo. as Appendix F to this proxy statement/prospectus.

**We Must Obtain Regulatory Approvals to Complete the Merger (Page 52)**

The Mergers and the related transactions require approval the Federal Deposit Insurance Corporation and must be reviewed and potentially approved by the Missouri Division of Finance and the Federal Reserve Bank of St. Louis. As of the date hereof, the appropriate filings been made with the FDIC and Federal Reserve Bank of St. Louis and will be submitted for review to the Missouri Division of Finance on or about January 15, 2017.

**Certain Directors and Executive Officers May Have Interests in the Merger That Differ from Your Interests (Page 28)**

Certain directors and executive officers of JCB and/or Eagle Bank have interests in the Merger other than their interests as shareholders, including:

Per the terms of certain employment agreements and change of control agreements, and upon the termination of certain compensation plans under the terms of the Merger Agreement, JCB and/or Eagle Bank directors, officers and employees may become entitled to change in control, severance, or other payments, including acceleration of deferred compensation, upon the occurrence of the Merger.

Enterprise has entered into an employment agreement with Mr. Michael Walsh, JCB's President and Chief Executive Officer. The employment agreement will become effective upon the closing of the Merger and provides Mr. Walsh with certain severance benefits in the event of a qualifying termination of his employment in connection with a change in control of Enterprise. In such instance, Mr. Walsh will be entitled to a payment equal to 24 months of his salary as in effect immediately prior to the termination date, plus amounts equal to (i) the average of all annual bonuses paid to him during the term of his employment, (ii) any remaining retention bonus payments not previously paid to him prior to such termination, (iii) any earned but unpaid salary through the termination date and (iv) accrued but unused vacation days and other reimbursements. Following termination for any reason, Mr. Walsh would be subject to non-competition and non-solicitation restrictions for 12 months.

To the extent a director or officer holds outstanding JCB Stock Options (vested or unvested) immediately prior to the completion of the Merger, the JCB Stock Options will be cancelled and terminated in exchange for a cash payment, as discussed in "The Merger-Interest of Management and Others in the Merger-Stock Options". As of the date of the Merger Agreement, directors, certain officers, large shareholders and their affiliates of JCB and Eagle Bank, as a group, held outstanding JCB Stock Options for 53,560 shares of JCB common stock. Option holders will also be entitled to receive a special cash payment upon the completion of the Merger, equal to the product of (x) the number of shares underlying such JCB Stock Options and (y) \$85.39 minus the exercise price per share under such JCB Stock Option.

Pursuant to the terms of the Merger Agreement, directors and officers of JCB will be entitled to certain ongoing indemnification and coverage under directors' and officers' liability insurance policies following the Merger. See "Proposal I - The Merger-Interests of Management and Others in the Merger".

JCB's board of directors was aware of these additional interests and considered them when they adopted the Merger Agreement and approved the Merger Proposal.

**JCB Shareholders Will Receive Shares of Enterprise Common Stock or Cash in connection with the Merger (Page 73)**

Upon completion of the Merger, each holder of JCB common stock will be entitled to receive, at his, her or its election, (i) 2.75 shares of Enterprise common stock (the "Common Stock Consideration") or (ii) \$85.39 in cash (the "Cash Consideration", and together with the Common Stock Consideration, the "Merger Consideration") for each share of JCB common stock held immediately prior to the completion of the Merger. Instead of fractional shares of Enterprise common stock, JCB shareholders will receive cash for any fractional shares based on the per average share volume weighted average price of Enterprise common stock on the NASDAQ Stock Market for the 5 trading days up

to and including the closing date of the Merger (the “Enterprise Common Stock 5-day VWAP”). The aggregate Merger Consideration issued by Enterprise to JCB shareholders and holders of JCB stock options will be limited to 3,300,000 shares of Enterprise common stock and approximately \$26,619,150 in cash plus the aggregate cash proceeds from the exercise of any JCB Stock Options; as a result, the elections of holders of JCB common stock will be subject to proration in the event that a selected form of consideration is over-elected.

The following table shows the implied value of the Merger Consideration that would be received by JCB shareholders in exchange for each share of JCB common stock if Enterprise Common Stock 5-day VWAP was \$31.52, which was the Enterprise Common Stock 5-day VWAP on the NASDAQ Stock Market for the 5 trading days ending on and including October 10, 2016, the last trading day before the announcement of the Merger, and if such price was \$40.51, which was the Enterprise Common Stock 5-day VWAP on the NASDAQ Stock Market for the 5 trading days ending on and including December 19, 2016, the latest practicable trading day before the printing of this proxy statement/prospectus.

	5 Day Volume Weighted Average Price of Enterprise Common Stock on NASDAQ	Common Stock Consideration	Total Consideration Per Share of JCB Common Stock <sup>1</sup>
October 10, 2016	\$31.52	2.75 shares of Enterprise common stock	\$86.68
December 19, 2016	\$40.51	2.75 shares of Enterprise common stock	\$111.40

<sup>1</sup>Computed as the Enterprise Common Stock 5-day VWAP on the NASDAQ Stock Market ending on the date specified multiplied by the number of shares given for Common Stock Consideration. The information presented does not reflect the actual value of the Merger Consideration that will be received by holders of JCB common stock in the Merger. The number of shares exchanged for Common Stock Consideration is fixed, and therefore neither the Enterprise Common Stock 5-day VWAP nor any other measure of the value of the Enterprise common stock will be used to determine the number of shares of Enterprise common stock received by holders of JCB common stock in the Merger. The value of the Merger Consideration at the closing of the Merger will be based on the price of Enterprise common stock on the date the Merger is completed. The information presented above solely illustrates the implied value of the Merger Consideration based on Enterprise Common Stock 5-day VWAP on the dates set forth above.

Upon completion of the Merger, each outstanding JCB Stock Option will be cancelled and terminated in exchange for the right to receive cash, without any interest and subject to any required withholding tax, in an amount equal to the product of (x) the number of shares underlying such JCB Stock Option and (y) \$85.39 minus the exercise price per share under such JCB Stock Option.

Prohibition on JCB Dividends; Enterprise’s Dividend Policy Will Continue After the Merger (Page 62)

JCB is prohibited from paying cash dividends to holders of its common stock prior to completion of the Merger, except JCB was permitted to declare and pay its bi-annual dividend in the fourth quarter of 2016.

Enterprise expects to continue its common stock dividend practice after the Merger, but this practice is subject to the determination and discretion of Enterprise’s board of directors and may change at any time. In 2014, Enterprise declared aggregate cash dividends of \$0.21 per share of Enterprise common stock and, in 2015, declared aggregate cash dividends of \$0.2625 per share of Enterprise common stock. In 2016, Enterprise has declared aggregate cash dividends of \$0.41 per share of Enterprise common stock.

JCB has historically declared two dividends per year, typically in March and November of each year. In 2014, JCB declared aggregate cash dividends of \$0.65 per share of JCB common stock and, in 2015, declared aggregate cash dividends of \$0.75 per share of JCB common stock. In 2016, JCB declared aggregate cash dividends of \$0.80 per share.

The payment of dividends by Enterprise or JCB on their common stock in the future, either before or after the Merger is completed, is subject to the determination and discretion of our respective boards of directors and depends





on a variety of factors, including cash requirements, financial condition and earnings, legal and regulatory considerations and other factors.

**We Have Agreed When and How JCB Can Consider Third-Party Acquisition Proposals (Page 64)**

We have agreed that JCB will not, and will cause its subsidiaries and its and its subsidiaries' representatives, agents, advisors and affiliates not to, solicit or encourage proposals from other parties regarding acquiring JCB or its businesses. In addition, we have agreed that JCB will not engage in negotiations with or provide confidential information to a third party regarding acquiring JCB or its businesses. However, if JCB receives an unsolicited acquisition proposal from a third party, JCB can participate in negotiations with and provide confidential information to the third party if, among other steps, JCB's board of directors concludes in good faith that the proposal is superior to the Merger Proposal. JCB's receipt of a superior proposal or participation in such negotiations gives JCB the right to terminate the Merger Agreement in certain circumstances.

**We Must Meet Several Conditions to Complete the Merger (Page 66)**

Our obligations to complete the Merger depend on a number of conditions being met. These include:

- the approval of the Merger Agreement and the Merger by holders of at least two-thirds of the outstanding JCB common stock;
- the receipt of the required approvals of federal and state regulatory authorities;
- the listing on the NASDAQ Stock Market of the shares of Enterprise common stock to be issued in the Merger;
- the effectiveness of the registration statement on Form S-4, of which this proxy statement/prospectus is a part, for the registration of the shares of Enterprise common stock to be issued in the Merger;
- the absence of any government action or other legal restraint or prohibition that would prohibit the Merger or make it illegal;

as to each of us, the representations and warranties of the other party to the Merger Agreement being true and correct in all respects as of the date of the Merger Agreement and as of the closing date of the Merger, other than, in most cases, those failures to be true and correct that would not reasonably be likely to have a material adverse effect on the other party, and the other party to the Merger Agreement having performed in all material respects all of its obligations and complied in all material respects with all of its agreements and covenants under the Merger Agreement;

- the receipt of legal opinions that, for United States federal income tax purposes, the Merger will be treated as a reorganization described in Section 368(a) of the Code and that both Enterprise and JCB will be a party to that reorganization. These opinions will be based on customary assumptions and on factual representations made by Enterprise and JCB and will be subject to various limitations;

• the number of dissenting shares of JCB common stock must not exceed 10% of the total number of shares of JCB common stock;

• with regard to JCB's obligation (but not Enterprise's), JCB and Enterprise mutually elect a new director to Enterprise's board of directors; and

• with regard to Enterprise's obligation (but not JCB's), the receipt by JCB of certain required third-party approvals.

Where the law permits, either of Enterprise or JCB could choose to waive a condition to its obligation to complete the Merger even when that condition has not been satisfied. We cannot be certain when, or if, the conditions

to the Merger will be satisfied or waived, or that the Merger will be completed. Although the Merger Agreement allows both parties to waive the tax opinion condition, neither party currently anticipates doing so.

We May Terminate the Merger Agreement (Page 66)

We can mutually agree at any time to terminate the Merger Agreement without completing the Merger, even if JCB has received approval of the Merger Proposal by its shareholders. Also, either of us can decide, without the consent of the other, to terminate the Merger Agreement in certain circumstances, including:

if there is a final denial of a required regulatory approval or an application for a required regulatory approval has been withdrawn upon the request or recommendation of the applicable governmental authority and such governmental authority would not accept the refiling of such application;

if the Merger is not completed on or before June 30, 2017;

if there is a continuing breach of the Merger Agreement by a party, and the breaching party has not cured the breach within 30 days' written notice to the breaching party, as long as that breach would entitle the non-breaching party not to complete the Merger; or

if holders of JCB common stock fail to approve the Merger Proposal; or

In addition, Enterprise may terminate the Merger Agreement:

if JCB's board of directors fails to recommend approval of the Merger Agreement and the transactions contemplated thereby, including the Merger, to its shareholders, or withdraws or materially and adversely modifies its recommendation;

if JCB's board of directors recommends an acquisition proposal other than the Merger Proposal, or if JCB's board of directors negotiates or authorizes negotiations with a third party regarding an acquisition proposal other than the Merger and those negotiations continue for at least 5 business days;

if JCB has breached its covenant not to solicit or encourage inquiries or proposals with respect to any acquisition proposal, in circumstances not permitted under the Merger Agreement; or

Enterprise's aggregate cost of environmental due diligence on JCB's real property between October 10, 2016 and the effective date of the Merger Agreement exceeds \$2,500,000.

In addition, JCB may terminate the Merger Agreement:

if (i) the Enterprise Common Stock 5-day VWAP on the NASDAQ Stock Market for the 5 trading days immediately prior to the effective date of the Merger is less than 82.5% of the Enterprise Common Stock 5-day VWAP on the NASDAQ Stock Market for the 5 trading days ending on and including October 10, 2016 and (ii) the Enterprise Common Stock underperforms the NASDAQ Bank Index during such period by more than 15%; or

at any time prior to approval by the JCB shareholders, if JCB concludes that it must endorse a superior proposal (as defined in the Merger Agreement) in order to comply with its fiduciary duties.

Whether or not the Mergers are completed, Enterprise will cover the cost of printing this proxy statement/prospectus and the filing fees paid to the SEC, and JCB will pay all other costs for this proxy solicitation, including mailing this proxy statement/prospectus to JCB shareholders, and the special meeting.

The Merger Agreement also provides that JCB must pay Enterprise a fee and reimburse expenses in certain situations. In particular, JCB will pay Enterprise a fee of \$5,000,000 in certain circumstances set forth in the Merger Agreement, including if:

if JCB receives an acquisition proposal from a third-party and the Merger Agreement is subsequently terminated under certain conditions, and prior to the 12 month anniversary of the termination of the Merger Agreement JCB enters into an agreement to engage in a competing acquisition proposal with any third-party or group other than Enterprise;

JCB's board of directors withholds, withdraws, changes, qualifies, amends or modifies its recommendation to approve the Merger; approves, recommends or publicly proposes to approve or recommend a competing acquisition proposal; or

JCB breaches its covenant not to solicit or encourage inquiries or proposals with respect to any acquisition proposal in circumstances not permitted under the Merger Agreement, which covenant is described below under "The Merger Agreement - Acquisition Proposals by Third Parties".

We May Amend or Waive Merger Agreement Provisions (Page 66)

At any time before completion of the Merger, either Enterprise or JCB may, to the extent legally allowed, waive in writing compliance by the other with any provision contained in the Merger Agreement. However, once holders of JCB common stock have approved the Merger Proposal, no waiver of any condition may be made that would require further approval by JCB shareholders unless that approval is obtained.

The Merger Will Be Accounted for Under the Rules for Purchase Accounting (Page 68)

The Merger will be treated as a purchase by Enterprise of JCB under generally accepted accounting principles ("GAAP").

Tax Consequences of the Mergers (Page 69)

Subject to certain circumstances described below, and based on certain representations, covenants and assumptions, all of which must continue to be true and accurate in all material respects as of the effective time of the Mergers, in the opinion of Reed Smith LLP ("Reed Smith") and Lewis Rice LLC ("Lewis Rice"), for United States federal income tax purposes, the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The opinions address the tax consequences of the Merger and do not address the tax consequences of the Bank Merger.

Provided that the Merger qualifies as a reorganization for United States federal income tax purposes, JCB shareholders generally will not recognize any gain or loss upon receipt of Enterprise common stock in exchange of JCB common stock in the Merger (except for any gain or loss that may result from the receipt of cash in lieu of fractional shares of Enterprise common stock that a JCB shareholder would otherwise be entitled to receive).

For a complete description of the material United States federal income tax consequences of the Merger, see "Material United States Federal Income Tax Considerations". You should consult your own tax advisor for a full understanding of the tax consequences of the Mergers to you.

Information About the Companies (Page 74)

Enterprise Financial Services Corp

150 North Meramec

Clayton, Missouri 63105

(314) 725-5500

Enterprise is a Delaware corporation headquartered in Clayton, Missouri. It is a relationship-based financial institution and one of the largest independent publicly traded bank holding companies based on assets headquartered in the Midwest. Enterprise's principal subsidiary, Enterprise Bank, and other affiliates provide a full range of commercial, leasing, retail, wealth management, trust and private banking products and services to commercial and

industrial, commercial real estate, municipal and consumer customers through 16 branch locations throughout Missouri and Arizona. At September 30, 2016, Enterprise had consolidated total assets of approximately \$3.9 billion and over \$1.5 billion in trust assets under management. Enterprise common stock trades on the NASDAQ Stock Market under the symbol “EFSC”.

Jefferson County Bancshares, Inc.

680 South Mill Street

Festus, Missouri 63028

(636) 931-3660

JCB, a corporation incorporated in Missouri, is a registered bank holding company headquartered in Festus, Missouri. Its primary business is operating its bank subsidiary, Eagle Bank, a Missouri state-chartered trust company with banking powers headquartered in Hillsboro, Missouri. Eagle Bank is a relationship-focused bank that serves local businesses and individuals through a full range of services, including business and retail banking and trust and wealth management. It provides these financial services throughout 14 banking locations throughout Missouri. As of September 30, 2016, Eagle Bank had approximately \$928 million in total assets, \$766 million in deposits and \$670 million in loans. Eagle Bank also had approximately \$153 million in trust under management for its pre-need funeral and cemetery services clients at September 30, 2016. JCB common stock is not registered under the Exchange Act, and, accordingly, the company does not file periodic or current reports with the SEC.

See “Information About the Companies” in this proxy statement/prospectus.

The Rights of JCB Shareholders Following the Merger Will Be Different (Page 94)

The rights of Enterprise stockholders are governed by Delaware law and by Enterprise’s certificate of incorporation, as amended, and amended and restated by-laws. The rights of JCB’s shareholders are governed by Missouri law, and by JCB’s articles of incorporation, as amended, and by-laws, as amended. Upon our completion of the Merger, the rights of both stockholder groups will be governed by Delaware law and Enterprise’s certificate of incorporation, as amended, and amended and restated by-laws.

## SELECTED CONSOLIDATED FINANCIAL DATA OF ENTERPRISE

You should read the selected consolidated financial data set forth below in conjunction with Enterprise's Management's Discussion and Analysis of Financial Condition and Results of Operations and the Enterprise consolidated financial statements and related notes incorporated by reference into this proxy statement/prospectus. The financial data as of and for the fiscal years ended December 31, 2015, 2014, 2013, 2012, and 2011 is derived from Enterprise's audited financial statements. The financial data as of and for the nine month periods ended September 30, 2016 and 2015 is derived from Enterprise's unaudited financial statements incorporated by reference into this proxy statement/prospectus, which have been prepared on the same basis as Enterprise's audited financial statements. See "Where You Can Find More Information". Enterprise's historical results may not be indicative of Enterprise's future performance. In addition, results for the nine month periods ended September 30, 2016 and 2015 may not be indicative of the results that may be expected for the full fiscal year or future periods.

(in thousands, except per share and percentage data)	For the Nine Months		For the Years Ended December 31,				
	Ended September 30, 2016	2015	2015	2014	2013	2012	2011
<b>EARNINGS SUMMARY</b>							
Interest income	\$ 109,786	\$ 97,683	\$ 132,779	\$ 131,754	\$ 153,289	\$ 165,464	\$ 142,840
Interest expense	9,745	9,352	12,369	14,386	18,137	23,167	30,155
Net interest income	100,041	88,331	120,410	117,368	135,152	142,297	112,685
Provision (provision reversal) for portfolio loan losses	4,587	4,329	4,872	4,409	(642)	8,757	13,300
Provision (provision reversal) for Purchased credit impaired loan losses	(1,603)	(3,497)	(4,414)	1,083	4,974	14,033	2,803
Noninterest income	20,030	14,118	20,675	16,631	9,899	9,084	18,508
Noninterest expense	62,929	59,340	82,226	87,463	90,639	85,761	76,865
Income before income taxes	54,158	42,277	58,401	41,044	50,080	42,830	38,225
Income tax expense	18,949	14,506	19,951	13,871	16,976	14,534	12,802
Net income	\$ 35,209	\$ 27,771	\$ 38,450	\$ 27,173	\$ 33,104	\$ 28,296	\$ 25,423
<b>PER SHARE DATA</b>							
Basic earnings per common share	\$ 1.76	\$ 1.39	\$ 1.92	\$ 1.38	\$ 1.78	\$ 1.41	\$ 1.37
Diluted earnings per common share	1.74	1.37	1.89	1.35	1.73	1.37	1.34
Cash dividends paid on common shares	0.30	0.18	0.26	0.21	0.21	0.21	0.21
Book value per common share	19.07	17.21	17.53	15.94	14.47	13.09	11.61
Tangible book value per common share	17.43	15.53	15.86	14.20	12.62	10.99	9.38

(in thousands, except per share and percentage data)	For the Nine Months Ended September 30,		For the Years Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
<b>BALANCE SHEET DATA</b>							
Ending balances:							
Portfolio loans	\$3,037,705	\$2,602,156	\$2,750,737	\$2,433,916	\$2,137,313	\$2,106,039	\$1,897,074
Allowance for loan losses <sup>(1)</sup>	37,498	32,251	33,441	30,185	27,289	34,330	37,989
Purchased credit impaired loans, net of the allowance for loan losses	41,016	72,397	64,583	83,693	125,100	189,571	298,975
Goodwill	30,334	30,334	30,334	30,334	30,334	30,334	30,334
Other intangible assets, net	2,357	3,323	3,075	4,164	5,418	7,406	9,285
Total assets	3,909,644	3,516,541	3,608,483	3,277,003	3,170,197	3,325,786	3,377,779
Deposits	3,124,825	2,813,963	2,784,591	2,491,510	2,534,953	2,658,851	2,791,353
Subordinated debentures	56,807	56,807	56,807	56,807	62,581	85,081	85,081
Other borrowings	319,022	269,684	380,326	383,883	264,331	325,070	256,545
Shareholders' equity	381,098	343,563	350,829	316,241	279,705	235,745	239,565
Tangible common equity	348,407	309,906	317,420	281,743	243,953	198,005	166,653
Average balances:							
Portfolio loans	\$2,864,915	\$2,483,488	\$2,520,734	\$2,255,180	\$2,097,920	\$1,953,427	\$1,819,536
Purchased credit impaired loans	60,420	91,464	87,940	119,504	168,662	243,359	232,363
Earning assets	3,503,538	3,115,658	3,163,339	2,921,978	2,875,765	2,909,532	2,766,240
Total assets	3,730,449	3,332,430	3,381,831	3,156,994	3,126,537	3,230,928	3,096,147
Interest-bearing liabilities	2,594,850	2,320,713	2,344,861	2,209,188	2,237,111	2,340,612	2,377,044
Shareholders' equity	366,698	330,440	335,095	301,756	259,106	252,464	213,650
Tangible common equity	333,658	296,375	301,165	266,655	222,186	185,252	161,887
<b>SELECTED RATIOS:</b>							
Return on average common equity	12.83	11.24	11.47	9.01	12.78	11.21	12.67
Return on average tangible common equity	14.10	12.53	12.77	10.19	14.90	13.55	14.15
Return on average assets	1.26	1.11	1.14	0.86	1.06	0.78	0.74
Efficiency ratio	52.41	57.92	58.28	65.27	62.49	56.65	58.59

	For the Nine Months Ended September 30,		For the Years Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
Portfolio loan yield - tax equivalent	4.21	4.16	4.16	4.25	4.67	5.08	5.39
Cost of interest-bearing liabilities	0.50	0.54	0.53	0.65	0.81	0.99	1.27
Net interest spread	3.74	3.71	3.72	3.91	4.60	4.75	3.94
Net interest margin	3.87	3.84	3.86	4.07	4.78	4.94	4.12
Nonperforming loans to total loans <sup>(1)</sup>	0.66	0.35	0.33	0.91	0.98	1.84	2.19
Nonperforming assets to total assets <sup>(1)(2)</sup>	0.59	0.30	0.48	0.74	0.90	1.44	1.74
Net charge-offs to average loans <sup>(1)</sup>	0.02	0.12	0.06	0.07	0.31	0.64	0.99
Allowance for loan losses to portfolio loans <sup>(1)</sup>	1.23	1.24	1.22	1.24	1.28	1.63	2.00
Dividend payout ratio - basic	17.06	13.16	13.68	15.37	11.92	13.28	14.07

(1) Amounts and ratios exclude Purchased credit impaired ("PCI") loans and related assets, except for their inclusion in total assets.

(2) Other real estate from PCI loans included in Nonperforming assets beginning with the year ended December 31, 2015 due to termination of all existing FDIC loss share agreements.

## SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information and explanatory notes show the historical financial positions and results of operations of Enterprise and JCB, and have been prepared to illustrate the effects of the Merger involving Enterprise and JCB under the acquisition method of accounting with Enterprise treated as the acquirer. Under the acquisition method of accounting, the assets and liabilities of JCB, as of the effective date of the Merger, will be recorded by Enterprise at their respective fair values along with identifiable intangible assets and the excess of the Merger consideration over the fair value of JCB's net assets will be allocated to goodwill.

The unaudited pro forma condensed combined income statements for the fiscal year ended December 31, 2015 and the nine months ended September 30, 2016 are presented as if the Merger had occurred on January 1, 2015, the first day of the Enterprise 2015 fiscal year. The unaudited pro forma condensed combined balance sheet as of September 30, 2016 is presented as if the Merger with JCB had occurred on September 30, 2016. The historical consolidated financial information has been adjusted to reflect factually supportable items that are directly attributable to the merger and, with respect to the income statements only, expected to have a continuing impact on consolidated results of operations.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of the period presented. The adjustments included in these unaudited pro forma condensed combined financial statements are preliminary and may be revised. The unaudited pro forma condensed combined financial information also does not consider any potential impacts of potential revenue enhancements, anticipated cost savings and expense efficiencies, or asset dispositions, among other factors.

As explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial information, the pro forma allocation of purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary from the actual purchase price allocation that will be recorded at the time the Merger is completed. Adjustments may include, but not be limited to, changes in (i) JCB's balance sheet through the effective time of the Merger; (ii) the aggregate value of Merger Consideration paid if the price of Enterprise's common stock varies from the assumed \$41.60 per share; (iii) total merger-related expenses if completion and/or implementation costs vary from currently estimated amounts; and (iv) the underlying values of assets and liabilities if market conditions differ from current assumptions.

The unaudited pro forma condensed combined financial information is provided for informational purposes only. The unaudited pro forma condensed combined financial information is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. The preparation of the unaudited pro forma condensed combined financial information and related adjustments required management to make certain assumptions and estimates. The unaudited pro forma condensed combined financial statements should be read together with:

• The accompanying notes to the unaudited pro forma condensed combined financial information;

• Enterprise's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2015, included in Enterprise's Annual Report on Form 10-K for the year ended December 31, 2015, which are incorporated by reference in this proxy statement/prospectus;

• JCB's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2015, included in this proxy statement/prospectus;

• Enterprise's separate unaudited historical consolidated financial statements and accompanying notes as of and for the nine months ended September 30, 2016 included in Enterprise's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, which are incorporated by reference in this proxy statement/prospectus; and

• JCB's separate unaudited historical consolidated financial statements and accompanying notes as of and for the nine months ended September 30, 2016 included in this proxy statement/prospectus.



Pro Forma Condensed Combined Balance Sheet  
(Unaudited)

(in thousands)	As of September 30, 2016			
	EFSC	JCB	Pro Forma Adjustments	Pro Forma Consolidated
<b>Assets</b>				
Cash and cash equivalents	\$120,479	\$34,736	\$ (30,859 ) A	124,356
Securities	520,640	160,571	—	681,211
Portfolio loans	3,045,368	685,364	(27,894 ) B	3,702,838
Less: Allowance for loan losses	37,498	8,247	(8,247 ) C	37,498
Portfolio loans, net	3,007,870	677,117	(19,647 )	3,665,340
Purchased credit impaired loans, net of the allowance for loan losses	41,016	—	—	41,016
Total loans, net	3,048,886	677,117	(19,647 )	3,706,356
Other real estate	2,959	6,958	(705 ) D	9,212
Other investments, at cost	19,789	—	—	19,789
Fixed assets, net	14,498	23,265	(1,500 ) E	36,263
Accrued interest receivable	8,526	2,633	—	11,159
State tax credits held for sale	44,180	—	—	44,180
Goodwill	30,334	7,806	75,701	F 113,841
Intangible assets, net	2,357	—	9,196	G 11,553
Other assets	96,996	23,495	5,722	H 126,213
Total assets	\$3,909,644	\$936,581	\$ 37,908	\$4,884,133
<b>Liabilities and Shareholders' Equity</b>				
Demand deposits	\$762,155	\$155,892	\$ —	\$918,047
Interest-bearing transaction accounts	633,100	87,812	—	720,912
Money market accounts and savings	1,241,725	369,367	—	1,611,092
Time deposits	487,845	147,845	432	I 636,122
Total deposits	3,124,825	760,916	432	3,886,173
Subordinated debentures	56,807	12,500	886	J 70,193
Federal Home Loan Bank advances	129,000	35,500	1,085	K 165,585
Other borrowings	190,022	24,729	(2,450 ) A	212,301
Accrued interest payable	648	293	—	941
Other liabilities	27,244	3,319	—	30,563
Total liabilities	3,528,546	837,257	(47 )	4,365,756
Common stock	203	1,483	135,797	L 137,483
Treasury stock	(6,632 )	(767 )	767	L (6,632 )
Additional paid-in capital	212,091	25,215	(25,215 ) L	212,091
Retained earnings	170,768	71,962	(71,962 ) L	170,768
Accumulated other comprehensive income	4,668	1,431	(1,432 ) L	4,667
Total shareholders' equity	381,098	99,324	37,955	518,377
Total liabilities and shareholders' equity	\$3,909,644	\$936,581	\$ 37,908	\$4,884,133

Pro Forma Condensed Combined Income Statement  
(Unaudited)

(in thousands)	Nine months ended September 30, 2016			
	EFSC	JCB	Pro Forma Adjustments	Pro Forma Consolidated
Interest income				
Loans	\$ 101,233	\$ 22,485	\$ —	\$ 123,718
Investment securities	8,176	3,809	—	11,985
Other	377	172	—	549
Total interest income	109,786	26,466	—	136,252
Interest expense				—
Deposits	7,841	2,408	(125 )	I 10,124
Borrowed funds	826	801	(233 )	K 1,394
Subordinated debentures	1,078	724	(43 )	J 1,759
Total interest expense	9,745	3,933	(401 )	13,277
Net interest income	100,041	22,533	401	122,975
Provision for portfolio loan losses	4,587	915	—	5,502
Provision reversal for Purchased credit impaired loan losses	(1,603 )	—	—	(1,603 )
Net interest income after provision for loan losses	97,057	21,618	401	119,076
Noninterest income:				
Service charges on deposit accounts	6,431	1,577	—	8,008
Wealth management revenue	5,000	—	—	5,000
Other service charges and fee income	2,827	817	—	3,644
Gain on state tax credits, net	899	—	—	899
Gain on sale of other real estate	602	(348 )	—	254
Gain on sale of investment securities	86	—	—	86
Miscellaneous income	4,185	2,555	—	6,740
Total noninterest income	20,030	4,601	—	24,631
Noninterest expense:				
Employee compensation and benefits	37,398	9,724	—	47,122
Occupancy	4,997	2,465	—	7,462
Data processing	3,441	2,277	—	5,718
FDIC and other insurance	2,241	379	—	2,620
Professional fees	2,160	657	—	2,817
Loan legal and other real estate expense	1,126	659	—	1,785
Other	11,566	2,522	1,046	G 15,134
Total noninterest expense	62,929	18,683	1,046	82,658
Income before income tax expense	54,158	7,536	(645 )	61,049
Income tax expense	18,949	2,475	(245 )	21,179
Net income	\$ 35,209	\$ 5,061	\$ (400 )	\$ 39,870

Pro Forma Condensed Combined Income Statement  
(Unaudited)

(in thousands)	Year ended December 31, 2015			
	EFSC	JCB	Pro Forma Adjustments	Pro Forma Consolidated
Interest Income				
Loans	\$122,370	\$29,173	\$ —	\$ 151,543
Investment securities	10,057	4,344	—	14,401
Other	352	109	—	461
Total interest income	132,779	33,626	—	166,405
Interest expense				—
Deposits	10,412	3,172	(334 )	I 13,250
Borrowed funds	709	1,049	(311 )	K 1,447
Subordinated debentures	1,248	948	(57 )	J 2,139
Total interest expense	12,369	5,169	(702 )	16,836
Net interest income	120,410	28,457	702	149,569
Provision for portfolio loan losses	4,872	1,261	—	6,133
Provision reversal for Purchased credit impaired loan losses	(4,414 )	—	—	(4,414 )
Net interest income after provision for loan losses	119,952	27,196	702	147,850
Noninterest income:				
Service charges on deposit accounts	7,923	2,159	—	10,082
Wealth management revenue	7,007	—	—	7,007
Other service charges and fee income	3,241	1,115	—	4,356
Gain on state tax credits, net	2,720	—	—	2,720
Gain on sale of other real estate	142	(80 )	—	62
Gain on sale of investment securities	23	—	—	23
Miscellaneous income	(381 )	2,752	—	2,371
Total noninterest income	20,675	5,946	—	26,621
Noninterest expense:				
Employee compensation and benefits	46,095	12,427	—	58,522
Occupancy	6,573	2,847	—	9,420
Data processing	4,339	2,985	—	7,324
FDIC and other insurance	2,790	555	—	3,345
Professional fees	3,465	828	—	4,293
Loan legal and other real estate expense	1,812	176	—	1,988
Other	17,152	3,598	1,550	G 22,300
Total noninterest expense	82,226	23,416	1,550	107,192
Income before income tax expense	58,401	9,726	(848 )	67,279
Income tax expense	19,951	3,115	(322 )	22,744
Net income	\$38,450	\$6,611	\$ (526 )	\$ 44,535

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

NOTE 1 - BASIS OF PRESENTATION

The unaudited pro forma condensed combined financial information has been prepared under the acquisition method of accounting for business combinations. The unaudited pro forma condensed combined statements of income for the year ended December 31, 2015 and nine months ended September 30, 2016 are presented as if the acquisition occurred on January 1, 2015. The unaudited pro forma condensed combined balance sheet as of September 30, 2016 is presented as if the acquisition occurred as of that date. This information is not intended to reflect the actual results that would have been achieved had the acquisition actually occurred on those dates. The pro forma adjustments are preliminary, based on estimates, and are subject to change as more information becomes available and after final analyses of the fair values of both tangible and intangible assets acquired and liabilities assumed are completed. Accordingly, the final fair value adjustments may be materially different from those presented in this document.

NOTE 2 - PURCHASE PRICE

Each share of JCB common stock that is outstanding immediately prior to the merger will be converted into the right to receive 2.75 shares of Enterprise common stock, subject to adjustment as described in this proxy statement, or cash. Each outstanding JCB stock option will be cancelled and terminated in exchange for the right to receive cash, in each case, as described in "The Merger Agreement-Merger Consideration".

## NOTE 3 - ALLOCATION OF PURCHASE PRICE

Under the acquisition method of accounting, JCB's assets acquired and liabilities assumed and any identifiable intangible assets are required to be adjusted to their estimated fair values at the acquisition date. The excess of the purchase price over the fair value of the net assets acquired, net of deferred taxes, is allocated to goodwill. Estimated fair value adjustments included in the pro forma financial statements are based upon available information, and certain assumptions considered reasonable, and may be revised as additional information becomes available. The following are the pro forma adjustments made to record the acquisition and to adjust JCB's assets and liabilities to their estimated fair values at September 30, 2016.

(in thousands)

Purchase price allocation of Jefferson County Bancshares, Inc.

Enterprise Financial Services Corp common stock paid at closing price of \$41.60 as of December 19, 2016	\$137,280
Cash to be paid for Jefferson common shares	23,298
Cash to be paid for Jefferson options	3,321
Purchase price	\$163,899

Historical net assets of Jefferson as of September 30, 2016	\$99,325
Reversal of existing intangibles	(7,806 )
Transaction expenses incurred by Jefferson, net of tax	(1,790 )
Fair value adjustments as of September 30, 2016	
Loans	(27,894 )
Allowance for loan losses	8,247
Other real estate owned	(705 )
Goodwill	83,507
All other intangible assets	9,196
Furniture and equipment	(1,500 )
Deferred taxes on purchase accounting adjustments	5,722
Time deposits	(432 )
Subordinated debentures	(886 )
Federal Home Loan Bank advances	(1,085 )
Purchase price	\$163,899

Any change in the price of Enterprise common stock would change the purchase price allocated to goodwill. The following table presents the sensitivity of the purchase price and resulting goodwill to changes in the price of Enterprise common stock of \$41.60, the closing price of Enterprise common stock on December 19, 2016:

(in thousands)	Purchase Price	Goodwill
Up 20%	\$191,355	\$110,963
Up 10%	177,627	97,235
As presented in pro forma financial information	163,899	83,507
Down 10%	150,171	69,779
Down 20%	136,443	56,051

The following pro forma adjustments are reflected in the unaudited pro forma condensed combined financial information:

- A. Cash to be paid for JCB common stock and stock options of \$26.6 million, JCB's estimated transaction expenses, net of tax, of \$1.8 million, and payoff of JCB's notes payable of \$2.5 million.

- B. Credit fair value adjustment on loans of \$27.9 million, determined based on assigned risk ratings and the present value of estimated expected cash flows (including the estimated fair value of loan collateral).
- C. Elimination of JCB's allowance for loan losses.
- D. Fair value adjustment on other real estate owned based on management's estimate.
- E. Fair value adjustment on premises, furniture, and equipment based on management's estimate.
- F. Estimate of goodwill that will be recognized as part of the transaction, including an adjustment to eliminate JCB's goodwill. See the allocation of purchase price in Note 3 for calculation.
- G. Adjustment to record estimate of core deposit intangible asset that will be recognized as part of the purchase accounting transaction. The core deposit intangible is assumed to be amortized using the sum of years' digits method over 10 years.
- H. Net deferred tax asset related to the loan, allowance for loan losses, other real estate owned, core deposit intangible, time deposits, and premises, furniture, and equipment fair value adjustments using a tax rate of 38%.
- I. Fair value adjustment on time deposits based on current interest rates.
- J. Fair value adjustment on subordinated debentures based on current interest rates.
- K. Fair value adjustment on Federal Home Loan Bank advances based on current interest rates.
- L. Elimination of JCB's shareholders' equity and the issuance of Enterprise shares in the merger. JCB shareholders are expected to receive 2.75 shares of Enterprise common stock for each share of JCB common stock held by them. The fair value of Enterprise common stock was based on the December 19, 2016 closing price of \$41.60 per share.

#### NOTE 4 - ESTIMATED ACQUISITION AND INTEGRATION RELATED EXPENSES

The table below reflects Enterprise's current estimate of the aggregate acquisition and integration related expenses of \$4.8 million (net of \$2.9 million of taxes, computed using a 38% tax rate) expected to be incurred in connection with the merger, which are excluded from the pro forma financial statements. The current estimates of these expenses are as follows:

(in thousands)

Change of control and retention plan payments	\$1,600
Professional fees	1,000
Data processing, termination, and conversion	3,800
Other expense	1,300
Pre-tax acquisition and integration related expenses	7,700
Income tax benefit	2,900
Total acquisition and integration related expenses	\$4,800

## COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA

Presented below are Enterprise's and JCB's historical per share data for the year ended December 31, 2015 and for the nine months ended September 30, 2016, and unaudited pro forma combined per share data for the year ended December 31, 2015 and for the nine months ended September 30, 2016. Except for the historical information of Enterprise as of and for the year ended December 31, 2015, the information provided in the table below is unaudited. The unaudited pro forma data and equivalent per share information gives effect to the Merger as if the transaction had been effective on the dates presented in the case of the book value data, and as if the transaction had been effective on January 1, 2015 in the case of earnings per share. This information should be read together with the historical consolidated financial statements and related notes of Enterprise and JCB, incorporated by reference or included in this proxy statement/prospectus, and with the unaudited pro forma condensed combined financial statements included under "Selected Unaudited Pro Forma Condensed Combined Financial Information".

The unaudited pro forma financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of the period presented. The unaudited pro forma financial information also does not consider any potential impacts of current market conditions on revenues, potential revenue enhancements, anticipated cost savings and expense efficiencies, or asset dispositions, among other factors.

	Enterprise Historical	JCB Historical	Combined Pro Forma Amounts for Enterprise	Pro Forma JCB Equivalent Share <sup>(1)</sup>
Book value per common share at September 30, 2016 <sup>(2)</sup>	\$ 19.07	\$ 67.44	\$ 22.26	\$ 61.22
Book value per common share at December 31, 2015 <sup>(2)</sup>	17.53	64.24	20.93	57.56
Cash dividends paid per common share for the nine months ended September 30, 2016 <sup>(3)</sup>	0.30	0.40	0.30	0.83
Cash dividends paid per common share for the year ended December 31, 2015 <sup>(3)</sup>	0.26	0.75	0.26	0.72
Basic earnings per common share for the nine months ended September 30, 2016	1.76	3.43	1.71	4.70
Basic earnings per common share for the year ended December 31, 2015	1.92	4.50	1.91	5.25
Diluted earnings per common share for the nine months ended September 30, 2016	1.74	3.38	1.69	4.65
Diluted earnings per common share for the year ended December 31, 2015	1.89	4.41	1.89	5.20

(1) Calculated by multiplying the "Combined Pro Forma Amounts for Enterprise" by 2.75, which is the exchange ratio for the stock consideration payable to the holders of JCB common stock in the merger.

(2) "Combined Pro Forma Amounts for Enterprise" have been calculated based on pro forma total shareholders' equity of \$518.4 million and \$488.1 million as of September 30, 2016 and December 31, 2015, respectively, divided by pro forma shares of common stock outstanding of 23,287,993 and 23,317,119 at September 30, 2016 and December 31, 2015, respectively.

(3) The combined pro forma cash dividends per common share for the nine months ended September 30, 2016 and the year ended December 31, 2015 represent the actual cash dividends per share paid by Enterprise for those periods.

#### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus, as well as Enterprise's other filings with the SEC and JCB's other communications with its shareholders, may contain certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLRA").

Forward-looking statements typically are identified with use of terms such as "may," "might," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "could," "continue" and the negative of these terms and similar words, although some forward-looking statements are expressed differently. Such statements include, but are not limited to, statements about the benefits of the pending Merger including future financial and operating results, plans, objectives, expectations and intentions, and other statements that are not historical facts, such as, without limitation, statements that discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. We caution you not to place undue reliance on these statements. Forward-looking statements are made only as of the date of this proxy statement/prospectus, and Enterprise and JCB undertake no obligation to update any forward-looking statements to reflect new information or events or conditions after the date hereof.

In connection with the safe harbor provisions of the PSLRA, we are hereby identifying important factors that could affect our financial performance and could cause our actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any forward-looking statements.

Among the factors that could have an impact on our ability to achieve operating results, growth plan goals, and the beliefs expressed or implied in forward-looking statements are:

• the challenges and costs of integrating operations of the business of Enterprise and JCB;

• expected revenue synergies, cost savings and other financial or other benefits of the proposed Merger between Enterprise and JCB might not be realized within the expected time frames or might be less than projected;

• revenues following the Merger may be lower than expected;

• deposit attrition, operating costs, customer loss and business disruption following the Merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected;

• the ability to obtain governmental approvals of the Merger, or the ability to obtain such approvals in a timely manner;

• the potential impact of announcement or completion of the Merger on relationships with third parties, including customers, employees, and competitors;

• business disruption before and following the Merger, including diversion of management's attention from ongoing business operations and opportunities;

• the failure of holders of JCB common stock to approve the Merger Proposal (in which case Enterprise stock will not be issued to JCB shareholders);

• debt service obligations on new debentures;

• changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;



• credit risk;

• outcomes of litigation and other contingencies;

• exposure to general and local economic conditions;

• risks associated with inflation, interest rate, securities market and monetary fluctuations;

• consolidation within the banking industry and any existing or changing competition from banks and other financial institutions;

• our ability to attract and retain relationship officers and other key personnel;  
and

• burdens imposed by federal and state regulation and any changes in regulatory requirements.

The foregoing list of important factors may not be all inclusive, and we specifically decline to undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events. For a further discussion of these and other risks, uncertainties and other factors applicable to Enterprise and JCB, see “Risk Factors” in this proxy statement/prospectus and Enterprise’s other filings with the SEC incorporated by reference into this proxy statement/prospectus.

#### RECENT DEVELOPMENTS

Enterprise closed an underwritten public offering of \$50 million of its fixed-to-floating rate subordinated notes (the “Notes”) due November 1, 2026 on November 1, 2016. The Notes will initially bear a fixed interest rate of 4.75% per year, payable on May 1 and November 1 of each year, commencing on May 1, 2017. Commencing November 1, 2021, the interest rate on the Notes will reset quarterly to the three-month LIBOR rate plus a spread of 338.7 basis points, payable quarterly in arrears.

Enterprise received gross proceeds of \$50 million, and estimates net proceeds from the offering to be approximately \$48.9 million after deducting the underwriting commission and discount, legal fees and other estimated offering expenses. Enterprise plans to use the net proceeds from the Notes offering for general corporate purposes, including funding the cash portion of the consideration to be paid in the Merger.

## RISK FACTORS

In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the heading “Cautionary Statement Regarding Forward-Looking Statements,” you should carefully consider the following risk factors in deciding how to vote on the proposals presented in this proxy statement/prospectus. You should also consider the other information in, and the other documents incorporated by reference into, this proxy statement/prospectus, including in particular the risk factors associated with Enterprise’s business contained under the heading “Risk Factors” in Enterprise’s Annual Report on Form 10-K for the year ended December 31, 2015. See “Where You Can Find More Information”.

Because the market price of Enterprise common stock will fluctuate, JCB shareholders cannot be certain of the market value of the Enterprise common stock that they will receive upon completion of the Merger.

Upon completion of the Merger, JCB shareholders receiving Common Stock Consideration will receive for each share of JCB common stock they hold immediately prior to the completion of the Merger a fixed exchange ratio of 2.75 shares of Enterprise common stock. Any change in the market price of Enterprise common stock prior to completion of the Merger will affect the value of any shares of Enterprise common stock JCB shareholders receive as consideration in the Merger. The market price of Enterprise common stock may fluctuate as a result of a variety of factors, including general market and economic conditions, changes in business, operations and prospects, and regulatory considerations. Many of these factors are outside our control. Accordingly, at the time of the JCB special meeting, JCB shareholders will not know or be able to calculate the market price of Enterprise common stock that they will receive upon completion of the Merger.

Because the aggregate Merger Consideration being issued by Enterprise is fixed, JCB shareholders cannot be certain of the proportion of Common Stock Consideration or Cash Consideration that they will receive upon completion of the Merger.

Upon completion of the Merger, the aggregate Merger Consideration issued by Enterprise will be limited to 3,300,000 shares of Enterprise common stock and approximately \$26,619,150 in cash for the outstanding shares of JCB common stock and JCB stock options. Although each JCB shareholder may elect the amount of Common Stock Consideration or Cash Consideration such shareholder will receive in connection with the Merger, such elections may be subject to proration or reallocation in the event that a selected form of consideration is over-elected. JCB shareholders will not know or be able to determine at the time they make their election, whether their elections will be prorated or reallocated by Enterprise upon completion of the Merger.

Combining the Enterprise with JCB and the Bank with Eagle Bank may be more difficult, costly or time-consuming than expected, or could result in the loss of customers.

Enterprise and JCB, as well as Enterprise Bank and Eagle Bank, have operated, and until the completion of the Merger will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company’s ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect each party’s ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the Merger. As with any merger of banking institutions, there also may be disruptions that cause the loss of customers or cause customers to withdraw their deposits, which could negatively affect the performance and earnings of the combined institutions. There can be no assurance that customers will readily accept changes to their banking arrangements after the Merger.

Holders of JCB common stock will have reduced ownership and voting interest after the Merger and will exercise less influence over management.

Holders of JCB common stock currently have the right to vote on matters affecting JCB. Upon the completion of the Merger, each JCB shareholder who receives shares of Enterprise common stock will become a stockholder of Enterprise with a percentage ownership of Enterprise with respect to such shares that is smaller than the shareholder’s



current percentage ownership of JCB. Each JCB shareholder who receives solely cash consideration will not become a stockholder of Enterprise. Following the effective time of the Merger, the former shareholders of JCB as a group would receive shares in the Merger constituting approximately 14.1% of the outstanding shares of Enterprise common stock immediately after the Merger based on the number of shares of Enterprise common stock outstanding as of , 2017, the latest practicable date before the printing of this proxy statement/prospectus. Because of this, JCB shareholders will have less influence on the management and policies of Enterprise than they now have on the management and policies of JCB.

Failure to complete the Merger in certain circumstances could require JCB to pay a termination fee, or in other circumstances, could require Enterprise or JCB to pay liquidated damages, in addition to transaction expenses.

If the Merger Agreement is terminated in certain circumstances following JCB's receipt of another acquisition proposal, JCB could be obligated to pay Enterprise \$5,000,000 as a termination fee. If the Merger should fail to occur in certain other circumstances following a breach of the Merger Agreement by one of the parties, one of the parties could be required to pay \$2,000,000 as liquidated damages to the other party. Both JCB and Enterprise have already incurred, and will continue to incur, substantial expenses in connection with the transactions described in this proxy statement/prospectus, whether or not the Merger is completed and the expected benefits of the Merger are realized. See "The Merger Agreement - Termination of the Merger Agreement," beginning on page 66.

The termination fee and nonsolicitation provisions of the Merger Agreement limit JCB's ability to pursue alternatives to the Merger with Enterprise.

The Merger Agreement contains terms and conditions that make it difficult for JCB to enter into a business combination with a party other than Enterprise. Subject to limited exceptions, JCB and its directors, officers and agents are prohibited from initiating or encouraging inquiries with respect to alternative acquisition proposals. The prohibition limits JCB's ability to seek offers that may be superior from a financial point of view from other possible acquirors. If JCB receives an unsolicited superior proposal from a third party that the JCB board of directors determines it has a fiduciary duty to accept, and the Merger Agreement is terminated, then JCB would be obligated to pay a \$5,000,000 termination fee to Enterprise. The presence of those restrictions in the Merger Agreement could discourage a competing third party from considering or proposing an acquisition generally, including on better terms than offered by Enterprise. Further, the termination fee might result in a potential competing third party acquiror proposing a lower per share price than it might otherwise have proposed to acquire JCB.

Completion of the Merger is subject to the receipt of approvals from regulatory authorities that may impose conditions that could have an adverse effect on us.

Before the Merger may be completed, we must obtain various approvals or consents from the Federal Deposit Insurance Corporation, the Missouri Division of Finance and the Federal Reserve Bank of St. Louis. These regulatory authorities may impose conditions on the completion of the Merger or require changes to the terms of the Merger. Although we do not currently expect the imposition of any conditions or changes, there can be no assurance that such conditions or changes will not be imposed. Such conditions or changes could have the effect of delaying completion of the Merger or imposition additional costs on or limiting our revenues following the Merger, any of which might have a material adverse effect on us following the Merger. Furthermore, we are not obligated to complete the Merger if the regulatory approvals received in connection with the Merger include any conditions that would have a material and adverse effect on Buyer and its Subsidiaries, taken as a whole and giving effect to the Merger.

Failure to complete the Merger could negatively impact the stock prices and future businesses and financial results of Enterprise and JCB.

There can be no assurance that the Merger will become effective. If the Merger is not completed, the ongoing businesses of Enterprise and JCB may be adversely affected, and Enterprise and JCB will be subject to a number of risks, including the following:

Enterprise and JCB will be required to pay certain costs relating to the Merger, whether or not the Merger is completed, such as legal, accounting, financial advisor, proxy solicitation and printing fees; under the Merger Agreement, JCB is subject to restrictions on the conduct of its business before completing the Merger, which may adversely affect its ability to execute certain of its business strategies if the Merger Agreement is terminated; and matters relating to the Merger may require substantial commitments of time and resources by Enterprise and JCB management, which could otherwise have been devoted to other opportunities that may have been beneficial to Enterprise or JCB as independent companies.

In addition, if the Merger is not completed, Enterprise and/or JCB may experience negative reactions from the financial markets and from their respective customers and employees. Enterprise and/or JCB also could be subject to litigation related to any failure to complete the Merger or to proceedings commenced by Enterprise or JCB against the other seeking damages or to compel the other to perform their obligations under the Merger Agreement. These factors and similar risks could have an adverse effect on the results of operation, business and stock prices of Enterprise and JCB.

The Merger will not be completed unless important conditions are satisfied.

Specified conditions set forth in the Merger Agreement must be satisfied or waived to complete the Merger. If the conditions are not satisfied or waived, to the extent permitted by law, the Merger will not occur or will be delayed, and we may lose some or all of the intended benefits of the Merger. The following conditions described in "The Merger Agreement - Conditions to Completion of the Merger" must be satisfied or waived, before Enterprise and JCB are obligated to complete the Merger.

In addition, the Merger Agreement may be terminated in certain circumstances if the Merger is not consummated on or before June 30, 2017. We cannot assure you that all of the conditions precedent in the Merger Agreement will be satisfied, or to the extent legally permissible, waived, or that the acquisition of JCB will be completed.

Some directors and officers of JCB have interests in the Merger that may differ from the interests of other shareholders.

In considering the recommendation of JCB's board of directors to approve the Merger, you should be aware that some executive officers and directors of JCB may have economic interests in the Merger other than their interests as shareholders. For example, certain executive officers have entered into change in control agreements that provide severance payments and additional benefits if they are terminated without cause (or if they voluntarily terminate employment with good reason) within a specific period following completion of the Merger. In addition, JCB's president and chief executive officer will serve as the executive vice president and chairman of the St. Louis region of Enterprise Bank following the Merger and has entered into an employment agreement with Enterprise Bank, effective as of the effective time of the Merger. The Merger Agreement also provides for the continued indemnification of JCB's current and former directors and executive officers following the Merger and for the continuation of directors' and officers' insurance for these individuals for six years after the Merger. See "Proposal I - The Merger - Interests of Management and Others in the Merger".

Enterprise may fail to realize the anticipated benefits of the Merger.

The success of the Merger will depend on, among other things, Enterprise's ability to realize anticipated cost savings and to combine the businesses of Enterprise and JCB without materially disrupting the existing customer relationships of Enterprise and JCB and suffering decreased revenues as a result of the loss of those customers. If Enterprise is not able to successfully achieve these objectives, the anticipated benefits of the Merger may not be realized fully or at all or may take longer to realize than expected.

Enterprise and JCB have operated and, until the completion of the Merger, will continue to operate, independently. It is possible that the integration of JCB into Enterprise could result in the loss of key employees, the disruption of Enterprise's or JCB's ongoing businesses or inconsistencies in standards, controls, procedures and policies



that adversely affect Enterprise's and JCB's ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the Merger.

JCB is subject to business uncertainties and contractual restrictions while the Merger is pending.

Uncertainties about the effect of the Merger on employees and customers may have an adverse effect on JCB and consequently on Enterprise. These uncertainties may impair JCB's ability to attract, retain and motivate key personnel until the Merger is completed, and could cause customers and others that deal with JCB to consider changing existing business relationships with JCB. Retention of certain employees may be challenging during the pendency of the Merger, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the business, JCB's business prior to the Merger and Enterprise's business following the Merger could be negatively impacted. In addition, the Merger Agreement restricts JCB from taking specified actions relative to its business without the prior consent of Enterprise. These restrictions may prevent JCB from pursuing attractive business opportunities that may arise prior to the completion of the Merger. See "The Merger Agreement- Conduct of Business Pending the Merger".

The unaudited pro forma condensed combined financial information included in this proxy statement/prospectus is preliminary and the actual financial condition and results of operation after the Merger may differ materially.

The unaudited pro forma financial information included in this proxy statement/prospectus is presented for illustrative purposes only and is not necessarily indicative of what the combined company's actual financial position or results of operations would have been had the Merger been completed on the date(s) indicated. The preparation of the pro forma financial information is based upon available information and certain assumptions and estimates that Enterprise and JCB currently believe are reasonable. The unaudited pro forma financial information reflects adjustments, which are based upon preliminary estimates, to allocate the purchase price to JCB's net assets. The purchase price allocation reflected in this proxy statement/prospectus is preliminary, and the final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of JCB as of the date of the completion of the Merger. The pro forma financial information is stated as of the dates provided and does not include any transactions subsequent to such date, such as the Enterprise issuance of subordinated notes on November 1, 2016. In addition, following the completion of the Merger, there may be further refinements of the purchase price allocation as additional information becomes available. Accordingly, the final purchase accounting adjustments may differ materially from the pro forma adjustments reflected in this proxy statement/prospectus. See "Selected Unaudited Pro Forma Condensed Combined Financial Information".

The fairness opinion delivered by JCB's financial advisor to the JCB Board of Directors prior to execution of the Merger Agreement will not reflect changes in circumstances subsequent to the date of the fairness opinion.

KBW delivered its opinion to the JCB Board of Directors on October 10, 2016. The opinion is dated October 10, 2016 and speaks only as of that date. The opinion does not reflect changes that may occur or may have occurred after the date of the opinion, including changes to the operations and prospects of Enterprise or JCB, changes in general market and economic conditions or regulatory or other factors. Any such changes, or changes in other factors beyond the control of Enterprise or JCB, may materially alter or affect the relative values of Enterprise and JCB.



## JCB SPECIAL MEETING OF SHAREHOLDERS

This section contains information for JCB shareholders about the special meeting called to consider approval of the Merger and related matters.

### General

This proxy statement/prospectus is being provided to holders of JCB common stock as JCB's proxy statement in connection with the solicitation of proxies by and on behalf of its board of directors to be voted at the special meeting of JCB shareholders to be held on January 19, 2017, and at any adjournment or postponement of the special meeting. This proxy statement/prospectus is also being provided to you as Enterprise's prospectus in connection with the offer and sale by Enterprise of its shares of common stock as a result of the proposed Merger.

### Date, Time and Place

The special meeting is scheduled to be held as follows:

Date: January 19, 2017

Time: 9:00 a.m., Local Time

Place: Holiday Inn Route 66, 10709 Watson Road, St. Louis, Missouri, 63127

### Matters to be Considered at the Special Meeting

At the special meeting, JCB's shareholders will be asked to consider and vote upon the following matters:

• A proposal to approve the Merger Agreement as well as the Merger;

• A proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the Merger Proposal; and

• Such other business as may be properly presented at the special meeting or any postponement or adjournment of the special meeting.

### Recommendation of JCB's Board of Directors

The JCB board of directors has unanimously approved the Merger Agreement and Merger. JCB's board of directors unanimously recommends a vote "FOR" approval of the Merger Agreement and the Merger and "FOR" approval of the adjournment proposal, if necessary.

### JCB Record Date

You are entitled to vote if the records of JCB showed that you held shares of JCB common stock as of the close of business on December 20, 2016. As of the close of business on the record date, a total of 1,479,858 shares of JCB common stock were outstanding. Each share of JCB common stock has one vote on each matter presented to shareholders.

### Quorum

The presence in person or by proxy of a majority of the outstanding shares of JCB common stock entitled to vote is necessary to constitute a quorum at the special meeting. If you return valid proxy instructions or attend the

special meeting in person, your shares will be counted for purposes of determining whether there is a quorum, even if you abstain from voting.

#### Vote Required; Treatment of Abstentions and Failure to Vote

With respect to the proposal to approve the Merger Agreement and the Merger, you may vote “FOR” the proposal, vote “AGAINST” the proposal or “ABSTAIN” from voting. Approval of the Merger Proposal will require the affirmative vote of the holders of two-thirds of the outstanding JCB shares entitled to vote thereon at the JCB special meeting.

With respect to the adjournment proposal, you may vote “FOR” the proposal, vote “AGAINST” the proposal or “ABSTAIN” from voting. The affirmative vote of the holders of a majority of the outstanding shares of JCB common stock entitled to vote at the meeting, and present in person or proxy, is required to approve the adjournment proposal.

If you don't vote on the Merger Agreement or if you abstain, the effect will be a vote against the Merger Agreement. If you return valid proxy instructions and abstain from the adjournment proposal, the effect will be a vote against the adjournment proposal.

#### Shares Held By Directors and Officers

As of the record date, directors and officers of JCB beneficially owned 341,580.4 shares of JCB common stock. This equals approximately 23% of the outstanding shares of JCB common stock. As of the same date, neither Enterprise nor any its subsidiaries, directors or executive officers owned any shares of JCB common stock. All of JCB's directors and certain officers entered into voting agreements with Enterprise to vote the shares of JCB common stock owned by them in favor of the proposal to approve the Merger Agreement and the Merger. For more information about the JCB voting agreements, See “Proposal I - The Merger - Voting Agreements” on page 55.

#### Shares Held in JCB 401(k) Plan

If your JCB shares are held in the JCB 401(k) plan, only the trustees of the plan can vote your plan shares even if you attend the special meeting in person. The plan trustees will vote such shares in accordance with their obligations under the plan and applicable law.

#### Solicitation of Proxies and Costs

Enterprise will cover the cost of printing this proxy statement/prospectus and the filing fees paid to the SEC. JCB will pay all other costs for this proxy solicitation, including mailing this proxy statement/prospectus to JCB shareholders, and the special meeting. Additionally, directors, officers and employees of JCB and Eagle Bank may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies.

#### Voting Your Shares

You may vote in person at the special meeting or by proxy. To ensure your representation at the special meeting, JCB recommends that you vote by proxy even if you plan to attend the special meeting. You can always change your vote at the special meeting. To vote by proxy, indicate on your proxy card how you want your shares to be voted, then sign, date and mail the proxy card in the enclosed postage-paid envelope. In addition, you may attend the JCB special meeting and vote in person (if you are a shareholder of record), whether or not you have previously signed and mailed your proxy card, or voted by telephone or internet.

Voting instructions are included on your proxy card. If you properly complete and timely submit your proxy, your shares will be voted as you have directed. You may vote "FOR," "AGAINST," or "ABSTAIN" with respect to each of the two proposals. If you are the record holder of your shares of JCB common stock and submit your proxy

without specifying a voting instruction, your shares of JCB common stock will be voted “FOR” the Merger Proposal, and “FOR” the adjournment proposal.

#### Revocability of Proxies and Changes to JCB Shareholder’s Vote

You may revoke your proxy by:

• revoking your proxy by written notice (which you could personally deliver at the special meeting) to the Secretary of JCB at any time prior to the vote on the Merger;

• sending a later-dated, signed proxy card before the JCB special meeting or voting on a later date by telephone or internet (only your last internet or telephone proxy will be voted); or

• attending the JCB special meeting and voting in person (if you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote).

Attendance at the special meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communications with respect to the revocation of proxies should be addressed to:

Jefferson County Bancshares, Inc.  
Lorna J. Fink, Secretary  
903 Jeffco Executive Drive  
Imperial, Missouri 63052

If any matters not described in this document are properly presented at the special meeting, the persons named in the proxy card will use their own judgment to determine how to vote your shares. JCB does not know of any other matters to be presented at the meeting.

#### Attending the JCB special meeting

If you plan to attend the JCB special meeting and wish to vote in person, you will be given a ballot at the meeting. Whether or not you plan to attend the JCB special meeting, JCB requests that you complete, sign, date and return the enclosed proxy card as soon as possible in the enclosed postage-paid envelope, or submit a proxy through the internet or by telephone as described on the enclosed proxy card. This will not prevent you from voting in person at the JCB special meeting but will assure that your vote is counted if you are unable to attend.

## PROPOSAL I - THE MERGER

The following discussion describes certain material information about the Merger. We urge you to read carefully this entire document, including the Merger Agreement attached to this proxy statement/prospectus as Appendix A, for a more complete understanding of the Merger.

### Terms of the Merger

Enterprise's board of directors and JCB's board of directors have each approved and adopted the Merger Agreement and the transactions contemplated thereby, including the Merger. The Merger Agreement provides for combining our companies through the Merger of JCB with and into Enterprise, with Enterprise being the surviving company. As a result of the Merger, the separate existence of JCB will terminate. As soon as practicable thereafter, Eagle Bank, JCB's wholly owned bank subsidiary, will merge with and into Enterprise Bank, Enterprise's wholly owned bank subsidiary, with Enterprise Bank being the surviving bank. Following the Bank Merger, Enterprise Bank will continue its corporate existence as a Missouri state-chartered trust company with banking powers. Upon receiving required regulatory and shareholder approvals, we expect to complete the Merger and the Bank Merger in the first quarter of 2017.

If the Merger Agreement is approved and the Merger is completed, each share of JCB common stock will be converted into the right to receive either \$85.39 in cash or 2.75 shares of Enterprise common stock, based on their election. JCB shareholders may elect to receive all cash, all stock, or cash for some of their shares and stock for the remainder of the shares they own, subject to the election, allocation and proration procedures set forth in the Merger Agreement. The aggregate consideration will be limited to 3,300,000 shares of Enterprise common stock and approximately \$26,619,150 in cash. The elections of JCB shareholders are subject to proration in the event that a selected form of consideration is over-elected.

Upon completion of the Merger, each outstanding JCB Stock Option (vested or unvested) will be cancelled and terminated in exchange for the right to receive cash, without any interest and subject to any required withholding tax, in an amount equal to the Cash Consideration per share minus the applicable exercise price per share of such outstanding JCB Stock Option. In the event that the exercise price of any JCB Stock Option outstanding immediately prior to the completion of the Merger is greater than or equal to the Merger Consideration value per share, no cash payment or other consideration for such JCB Stock Option will be due or payable in respect thereof and such JCB Stock Option will be cancelled as of the completion of the Merger.

For additional and more detailed information regarding the legal documents that govern the Merger, including information about the conditions to the Merger and the provisions for terminating or amending the Merger Agreement, see "The Merger Agreement - Waiver and Amendment of the Merger Agreement".

### Background of the Merger

From time to time, the JCB board of directors has engaged in reviews and discussions of JCB's long-term strategies and objectives, considering ways that it might enhance shareholder value and JCB's performance and prospects in light of competitive and other relevant factors. Strategic options considered by the JCB board of directors from time to time have included expanding organically, acquiring smaller institutions, merging with like-sized institutions or selling to larger institutions.

In 2014, JCB conducted a solicitation process, with the assistance of Keefe, Bruyette & Woods, Inc. ("KBW"), a nationally recognized investment bank, in which 18 potential strategic partners were contacted. Ultimately, two parties submitted final indications of interest. JCB proceeded with one party at that time. However, discussions ultimately did not result in a transaction and were terminated.

In early 2016, with the approval of JCB's board of directors, certain members of JCB's senior management held discussions with three institutions identified as potentially interested in a strategic transaction with JCB. At the direction of the JCB board of directors, on March 21, 2016, JCB's Chief Executive Officer and KBW met with

Enterprise's Chief Executive Officer and Chief Financial Officer to discuss preliminary interest and Enterprise's financial capacity to complete an acquisition of JCB. At the March 21 meeting, the parties discussed entering into a confidentiality agreement, which was executed by JCB and Enterprise on April 11, 2016. Following the execution of the Confidentiality Agreement, Enterprise was granted access to a limited amount of due diligence materials regarding JCB.

On June 20, 2016, Enterprise sent JCB a non-binding indication of interest, including a proposed exclusivity agreement. The initial indication of interest proposed a range of aggregate transaction value between \$120 million and \$130 million to be paid through a combination of cash and stock. The proposed consideration mix included a range of 15% to 25% cash consideration, with the remainder to be paid as Enterprise stock. On July 7, 2016, after discussions between members of senior management, namely the Chief Executive Officer of JCB and the Chief Executive Officer and Chief Financial Officer of Enterprise, revisions to the non-binding indication of interest were submitted to JCB. The revised indication of interest narrowed the range of aggregate transaction value to between \$125 million and \$130 million, of which 25% would be paid in cash. The Exclusivity Agreement between the parties was executed on July 21, 2016, after negotiation and revision of certain terms.

On August 1, 2016, representatives of Enterprise began on-site loan due diligence of JCB, which was concluded with a wrap-up meeting on August 5, 2016, when members of JCB's management confirmed a willingness to proceed with due diligence procedures beyond the loan portfolio. On August 8, 2016, Enterprise relayed through its financial advisor its continued interest and willingness to move forward with due diligence procedures.

On August 18, 2016 and again on August 23, 2016 various members of JCB's management team met with members of Enterprise's management team to present JCB's operations, financial condition and prospects. In addition, Enterprise continued due diligence review of information provided by JCB via an electronic dataroom.

On September 13, 2016, Enterprise delivered a draft of the Merger Agreement to the JCB Chief Executive Officer and to KBW. On September 14, 2016, the parties agreed to extend the exclusivity agreement executed July 21, 2016 to allow more time for JCB to provide and Enterprise to review and evaluate due diligence information. On September 26, 2016, JCB's legal counsel, Lewis Rice LLC, distributed a revised draft of the Merger Agreement to Enterprise's counsel, Reed Smith LLP. Throughout September and early October, Enterprise and Reed Smith continued the due diligence review of JCB, and the parties negotiated drafts of the Merger Agreement, more details of which are available in the description of the Terms of the Merger Agreement. In addition, during that period JCB and Lewis Rice performed reverse due diligence of Enterprise through information provided in a separate electronic dataroom and conducted detailed discussions with respect to the terms and conditions of a potential transaction with Enterprise. In addition, on September 27, 2016, as part of JCB's due diligence of Enterprise, certain members of JCB management held management interviews with certain members of Enterprise management at Enterprise's offices.

On October 10, 2016, the JCB board of directors met to consider the Merger Agreement and the Merger. Legal counsel provided a comprehensive review and explanation of the terms of the final Merger Agreement and the ancillary documents attached as annexes to the merger agreement, each of which had been provided to each member of the JCB board. Also at this meeting, KBW reviewed the financial aspects of the proposed merger and rendered to the JCB board an opinion to the effect that, as of the date and subject to the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by KBW as set forth in its written opinion, the Merger Consideration in the proposed merger was fair, from a financial point of view, to the holders of JCB common stock. After those presentations and extensive further discussion of the terms of the Merger, and after taking into consideration those factors described under "The Merger-JCB's Reasons for the Merger; Recommendations of the Board of JCB," the JCB board of directors then unanimously determined that the Merger Agreement, the Merger and the transactions contemplated thereunder were fair to and in the best interest of JCB and its shareholders and approved the Merger Agreement and authorized its execution. Enterprise's board of directors met on the evening of

October 10, 2016 and unanimously approved the Merger Agreement. The Merger Agreement was executed by the parties on the evening of October 10, 2016 and the transaction was thereafter announced.

Enterprise's Reason for the Merger; Recommendation of the Board of Enterprise

In reaching its decision to adopt and approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, the Enterprise board of directors evaluated the Merger in consultation with Enterprise management, as well as Enterprise's financial and legal advisors, and considered a number of factors, including the following material factors:

management's view that the acquisition of JCB provides an attractive opportunity to strengthen Enterprise's presence in Missouri, particularly in the St. Louis metropolitan service area;

JCB's community banking orientation and its compatibility with Enterprise and its subsidiaries;

management's assessment that JCB presents a strong commercial banking franchise that is consistent with Enterprise Bank's relationship-based banking model while adding talent and depth to Enterprise Bank's operations;

management's review of the business, operations, earnings and financial condition, including capital levels and asset quality, of JCB and Eagle Bank;

management's due diligence review of JCB and Eagle Bank and the discussions thereof with its financial advisors and legal counsel;

the projected impact of the proposed transaction on financial metrics, including earnings per share and tangible book value, and the projected earn-back period;

the expectation of management that Enterprise will maintain its strong capital ratios upon completion of the proposed transactions;

the commitment of JCB's and Eagle Bank's key executives to Enterprise Bank in leadership positions following closing of the proposed transaction;

projected efficiencies to come from integrating certain of JCB's operations into Enterprise's existing operations;

the financial and other terms of the merger agreement, including the mix of cash and stock consideration, the expected tax treatment and the deal protection and termination fee provisions, which Enterprise reviewed with its outside financial and legal advisors;

Eagle Bank's compatibility with Enterprise Bank, which Enterprise management believes should facilitate integration and implementation of the Merger and the Bank Merger, and the complementary nature of the products and customers of Eagle Bank and Enterprise Bank, which Enterprise management believes should provide the opportunity to mitigate integration risks and increase potential returns;

the nature and amount of payments and other benefits to be received by JCB and Eagle Bank management in connection with the transactions pursuant to existing JCB benefit plans and compensation arrangements and the merger agreement;

The fact that, concurrently with the execution of the Merger Agreement, all of the directors and certain officers and large shareholders of JCB who beneficially owned in the aggregate approximately 26% of JCB's outstanding voting common stock, were entering into voting agreements with Enterprise agreeing to vote for approval of the merger proposal; and



the regulatory and other approvals required in connection with the transactions and the expected likelihood that such regulatory approvals will be received in a reasonably timely manner and without the imposition of unacceptable conditions.

The above discussion of the information and factors considered by Enterprise's board of directors is not intended to be exhaustive, but includes a description of material factors considered by Enterprise's board. Enterprise's board of directors further considered various risks and uncertainties related to each of these factors and the ability to complete the Mergers. In view of the wide variety of factors considered by Enterprise's board of directors in connection with its evaluation of the Mergers, Enterprise's board did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered. In considering the factors described above, individual directors may have given differing weights to different factors. Enterprise's board of directors collectively made its determination with respect to the Mergers based on the conclusion reached by its members, based on the factors that each of them considered appropriate, that the Mergers are in the best interests of Enterprise stockholders and that the benefits expected to be achieved from the Mergers outweigh the potential risks and vulnerabilities. It should be noted that this explanation of the Enterprise board of directors' reasoning and all other information presented in this section is forward-looking in nature, and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements".

#### JCB's Reasons for the Merger and Recommendation of the Board of JCB

In reaching its decision to adopt and approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and to recommend that its shareholders approve the Merger, the JCB board of directors evaluated the Merger in consultation with JCB management, as well as JCB's financial and legal advisors, and considered a number of factors, including the following material factors:

- JCB's compatibility with Enterprise and its subsidiaries;
- management's due diligence review of Enterprise and Enterprise Bank;
- the projected impact of the proposed transaction on financial metrics at Enterprise, including the projected earnings per share;
- the expectation of management that Enterprise will maintain its strong capital ratios upon completion of the proposed transactions;
- the commitment of JCB's and Eagle Bank's key executives to Enterprise Bank in leadership positions following closing of the proposed transaction;
- the fact that shareholders of JCB who hold JCB common stock will have an opportunity to approve the Merger;
- projected efficiencies to come from integrating certain of JCB's operations into Enterprise's existing operations;
- the terms of the Merger Agreement, including the Common Stock Consideration within the Merger Consideration, the expected tax treatment and the deal protection and termination fee provisions, which JCB reviewed with its outside legal and financial advisors;
- the opinion, dated October 10, 2016, of KBW to the JCB board of directors (which was initially delivered orally to the board of directors on October 10, 2016) as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of JCB common stock of the Merger Consideration in the proposed Merger, subject to procedures followed, assumptions made, matters considered and qualifications and limitations described in KBW's opinion, as more fully described under "The Merger-Opinion of JCB's Financial Advisor" below;

Eagle Bank's compatibility with Enterprise Bank, which JCB management believes should facilitate integration and implementation of the Merger and the Bank Merger, and the complementary nature of the products and customers of Eagle Bank and Enterprise Bank, which JCB management believes should provide the opportunity to mitigate integration risks and increase potential returns;

the nature and amount of payments and other benefits to be received by JCB and Eagle Bank management in connection with the transactions pursuant to existing JCB benefit plans and compensation arrangements and the Merger Agreement;

The fact that, concurrently with the execution of the Merger Agreement, all of the directors and certain officers and large shareholders of JCB who beneficially owned in the aggregate approximately 26% of JCB's outstanding common stock, as of October 10, 2016, were entering into (i) voting agreements with Enterprise agreeing to vote for approval of the Merger Proposal and (ii) confidentiality, non-solicitation and, except with respect to certain shareholders, non-competition agreements with Enterprise;

The potential impact of foreign and domestic governmental changes in trade and finance policies on the global financial markets and the market for mergers and acquisitions; and

the regulatory and other approvals required in connection with the transactions and the expected likelihood that such regulatory approvals will be received in a reasonably timely manner and without the imposition of unacceptable conditions.

JCB's board of directors believes that the Merger and the Merger Agreement are advisable and in the best interests of JCB and its shareholders and recommends that JCB's shareholders vote "FOR" the Merger and "FOR" the JCB's adjournment proposal.

The above discussion of the information and factors considered by JCB's board of directors is not intended to be exhaustive, but includes a description of all material factors considered by JCB's board. JCB's board of directors further considered various risks and uncertainties related to each of these factors and the ability to complete the Merger. In view of the wide variety of factors considered by JCB's board of directors in connection with its evaluation of the Merger, JCB's board did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered. In considering the factors described above, individual directors may have given differing weights to different factors. JCB's board of directors collectively made its determination with respect to the Merger based on the conclusion reached by its members, based on the factors that each of them considered appropriate, that the Mergers are in the best interests of JCB shareholders and that the benefits expected to be achieved from the Merger outweigh the potential risks and vulnerabilities.

It should be noted that this explanation of the JCB's board of directors' reasoning and all other information presented in this section is forward-looking in nature, and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements".

#### Opinion of JCB's Financial Advisor

JCB engaged KBW to render financial advisory and investment banking services to JCB, including an opinion to the JCB board of directors as to the fairness, from a financial point of view, to the holders of JCB common stock of the Merger Consideration to be received by such shareholders in the proposed Merger of JCB with and into Enterprise. JCB selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the Merger. As part of its investment banking business, KBW is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

As part of its engagement, representatives of KBW attended the meeting of the JCB board held on October 10, 2016, at which the JCB board evaluated the proposed Merger. At this meeting, KBW reviewed the financial aspects of the proposed Merger and rendered to the JCB board an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review

undertaken by KBW as set forth in its opinion, the Merger Consideration in the proposed Merger was fair, from a financial point of view, to the holders of JCB common stock. The JCB board approved the Merger Agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Appendix E to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

KBW's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the JCB board (in its capacity as such) in connection with its consideration of the financial terms of the Merger. The opinion addressed only the fairness, from a financial point of view, of the Merger Consideration in the Merger to the holders of JCB common stock. It did not address the underlying business decision of JCB to engage in the Merger or enter into the Merger Agreement or constitute a recommendation to the JCB board in connection with the Merger, and it does not constitute a recommendation to any holder of JCB common stock or any shareholder of any other entity as to how to vote in connection with the Merger or any other matter (including, with respect to holders of JCB common stock, what election any such shareholder should make with respect to the Cash Consideration, the Common Stock Consideration or any combination thereof), nor does it constitute a recommendation regarding whether or not any such shareholder should enter into a voting, shareholders', or affiliates' agreement with respect to the Merger or exercise any dissenters' or appraisal rights that may be available to such shareholder.

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with the opinion, KBW reviewed, analyzed and relied upon material bearing upon the financial and operating condition of JCB and Enterprise and bearing upon the Merger, including, among other things:

- a draft of the Merger Agreement dated October 7, 2016 (the most recent draft then made available to KBW);
- the audited financial statements for the three fiscal years ended December 31, 2015 of JCB;
- the unaudited financial statements for the six months ended June 30, 2016 and for the eight months ended August 31, 2016 of JCB;
- the audited financial statements and the Annual Reports on Form 10-K for the three fiscal years ended December 31, 2015 of Enterprise;
- the unaudited quarterly financial statements and the Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2016 and June 30, 2016 of Enterprise;
- certain regulatory filings of JCB, Eagle Bank, Enterprise and Enterprise Bank, including (as applicable) the semi-annual reports on Form FR Y-9SP and quarterly reports on Form FR Y-9C and call reports required to be filed with respect to each semi-annual period and quarter (as the case may be) during the three year period ended December 31, 2015, the quarter ended March 31, 2016 and the semi-annual period and quarter ended June 30, 2016;
- certain other interim reports and other communications of Enterprise to their shareholders; and
- other financial information concerning the businesses and operations of JCB and Enterprise that was furnished to KBW by JCB and Enterprise or which KBW was otherwise directed to use for purposes of KBW's analyses.

KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among others, the following:

- the historical and current financial position and results of operations of JCB and Enterprise;
- the assets and liabilities of JCB and Enterprise;
- the nature and terms of certain other merger transactions and business combinations in the banking industry;

a comparison of certain financial information for JCB and certain financial and stock market information for Enterprise with similar information for certain other companies, the securities of which were publicly traded;

financial and operating forecasts and projections of JCB that were prepared by, and provided to KBW and discussed with KBW by, JCB management and that were used and relied upon by KBW at the direction of such management and with the consent of the JCB board; and

financial and operating forecasts and projections of Enterprise and estimates regarding certain pro forma financial effects of the Merger on Enterprise (including, without limitation, the cost savings and related expenses expected to result or be derived from the Merger) that were prepared by, and provided to and discussed with KBW by, the management of Enterprise, and used and relied upon by KBW based on such discussions at the direction of JCB management and with the consent of the JCB board.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also participated in discussions that were held with the respective managements of JCB and Enterprise regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as KBW deemed relevant to its inquiry. In addition, KBW considered the results of the efforts undertaken by or on behalf of JCB, with KBW's assistance, to solicit indications of interest from third parties regarding a potential transaction with JCB.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information that was provided to it or that was publicly available and did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the management of JCB as to the reasonableness and achievability of the financial and operating forecasts and projections of JCB (and the assumptions and bases therefor) that were prepared by, and provided to KBW and discussed with KBW by, such management and KBW assumed that such forecasts and projections were reasonably prepared on bases reflecting the best currently available estimates and judgments of such management and that such forecasts and projections would be realized in the amounts and in the time periods estimated by such management. KBW further relied, with the consent of JCB, upon Enterprise management as to the reasonableness and achievability of the financial and operating forecasts and projections of Enterprise and estimates regarding certain pro forma financial effects of the Merger on Enterprise (and the assumptions and bases therefor, including, without limitation, the cost savings and related expenses expected to result or be derived from the Merger) referred to above, and KBW assumed that all such forecasts, projections and estimates were reasonably prepared on bases reflecting the best currently available estimates and judgments of Enterprise management and that such forecasts, projections and estimates will be realized in the amounts and in the time periods currently estimated by such management.

It is understood that the foregoing financial information of JCB and Enterprise that was provided to KBW was not prepared with the expectation of public disclosure, that all of such information was based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such information. KBW assumed, based on discussions with the respective managements of JCB and Enterprise and with the consent of the JCB board, that all such information provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either JCB or Enterprise since the date of the last financial statements of each such entity that were made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and KBW assumed, without independent verification and with JCB's consent,

that the aggregate allowances for loan and lease losses for JCB and Enterprise are adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of JCB or Enterprise, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of JCB or Enterprise under any state or federal laws, including those

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relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.

KBW assumed, in all respects material to its analyses:

that the Merger and any related transactions (including the Bank Merger) would be completed substantially in accordance with the terms set forth in the Merger Agreement (the final terms of which KBW assumed would not differ in any respect material to KBW's analyses from the draft reviewed by KBW referred to above) with no adjustments to the Merger Consideration (or the cash and stock components thereof) and with no other payments in respect of the JCB common stock;

that the representations and warranties of each party in the Merger Agreement and in all related documents and instruments referred to in the Merger Agreement were true and correct;

that each party to the Merger Agreement and all related documents would perform all of the covenants and agreements required to be performed by such party under such documents;

that there were no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the Merger or any related transaction (including the Bank Merger) and that all conditions to the completion of the Merger and any related transaction (including the Bank Merger) would be satisfied without any waivers or modifications to the Merger Agreement or any of the related documents; and

that in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the Merger and any related transaction (including the Bank Merger), no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of JCB, Enterprise or the pro forma entity, or the contemplated benefits of the Merger, including the cost savings and related expenses expected to result or be derived from the Merger.

KBW assumed that the Merger would be consummated in a manner that complies with the applicable provisions of the Securities Act, the Exchange Act, and all other applicable federal and state statutes, rules and regulations. KBW was further advised by representatives of JCB that JCB relied upon advice from its advisors (other than KBW) or other appropriate sources as to all legal, financial reporting, tax, accounting and regulatory matters with respect to JCB, Enterprise, the Merger and any related transaction (including the subsidiary Bank Merger), and the Merger Agreement. KBW did not provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of the opinion, to the holders of JCB common stock, of the Merger Consideration to be received by such holders in the Merger. KBW expressed no view or opinion as to any other terms or aspects of the Merger or any term or aspect of any related transaction (including the Bank Merger), including without limitation, the form or structure of the Merger (including the form of the Merger Consideration or the allocation thereof between cash and stock) or any related transaction, any consequences of the Merger or any related transaction to JCB, its shareholders, creditors or otherwise, or any terms, aspects, merits or implications of any employment, consulting, voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the Merger or otherwise. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through such date. Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and KBW did not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

- the underlying business decision of JCB to engage in the Merger or enter into the Merger Agreement;
- the relative merits of the Merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by JCB or the JCB board;
- the fairness of the amount or nature of any compensation to any of JCB's officers, directors or employees, or any class of such persons, relative to the compensation to the holders of JCB common stock;
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the effect of the Merger or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of JCB (other than the holders of JCB common stock solely with respect to the Merger Consideration, as described in KBW's opinion and not relative to the

consideration to be received by holders of any other class of securities) or holders of any class of securities of Enterprise or any other party to any transaction contemplated by the Merger Agreement;

whether Enterprise has sufficient cash, available lines of credit or other sources of funds to enable it to pay the aggregate amount of the per share cash consideration to the holders of JCB common stock at the closing of the Merger;

the election by holders of JCB common stock to receive the per share cash consideration or the per share stock consideration, or any combination thereof, or the actual allocation between the per share cash consideration and the per share stock consideration among such holders (including, without limitation, any reallocation thereof as a result of proration pursuant to the Merger Agreement), or the relative fairness of the per share stock consideration and the per share cash consideration;

any adjustment (as provided in the Merger Agreement) to the Merger Consideration assumed for purposes of KBW's opinion;

the actual value of Enterprise common stock to be issued in the Merger;

the prices, trading range or volume at which Enterprise common stock would trade following the public announcement of the Merger or following the consummation of the Merger;

any advice or opinions provided by any other advisor to any of the parties to the Merger or any other transaction contemplated by the Merger Agreement; or

any legal, regulatory, accounting, tax or similar matters relating to JCB, Enterprise, their respective shareholders, or relating to or arising out of or as a consequence of the Merger or any related transaction (including the subsidiary Bank Merger), including whether or not the Merger would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, JCB and Enterprise. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the JCB board in making its determination to approve the Merger Agreement and the Merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the JCB board with respect to the fairness of the Merger Consideration. The type and amount of consideration payable in the Merger were determined through negotiation between JCB and Enterprise and the decision of JCB to enter into the Merger Agreement was solely that of the JCB board.

The following is a summary of the material financial analyses presented by KBW to the JCB board in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or the presentation made by KBW to the JCB board, but summarizes the material analyses performed and presented in connection with such opinion. The financial analyses summarized below includes information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

For purposes of the financial analyses described below, KBW utilized an implied transaction value for the proposed Merger of \$130.8 million and an implied value of the Merger Consideration of \$86.53 per share of JCB common stock, consisting of the sum of (i) the implied value of the per share stock consideration of 2.75 shares of Enterprise common stock, based on the closing price of Enterprise common stock on October 7, 2016, multiplied by

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81.7% (which percentage was based on 3,300,000 total number of shares of Enterprise common stock issuable as Merger Consideration), and (ii) the per share cash consideration of \$85.39, multiplied by 18.3% (which percentage was based on \$26.6 million in total cash payable as Merger Consideration and option payments).

Selected Companies Analysis of JCB. Using publicly available information, KBW compared the financial performance and financial condition of JCB to 11 selected banks that were traded on NASDAQ, the New York Stock Exchange or NYSE MKT and headquartered in Missouri, Arkansas, Kansas, Nebraska, Iowa, Illinois or Kentucky with total assets between \$500 million and \$1.5 billion. KBW also reviewed the market performance of the selected companies. Targets of publicly announced merger transactions and mutual holding companies were excluded from the selected companies.

The selected companies were as follows:

BankFinancial Corporation	Porter Bancorp, Inc.
Southern Missouri Bancorp, Inc.	Landmark Bancorp, Inc.
Ames National Corporation	HopFed Bancorp, Inc.
Hawthorn Bancshares, Inc.	Guaranty Federal Bancshares, Inc.
First Community Financial Partners, Inc.	IF Bancorp, Inc.
Centrue Financial Corporation	

To perform this analysis, KBW used financial information as of or for the latest twelve month (“LTM”) period ended June 30, 2016 (normalized in the case of the LTM net income of Centrue Financial Corporation, which incurred a deferred tax asset reversal in the last fiscal quarter of 2015) and market price information as of October 7, 2016. KBW also used 2016 and 2017 earnings per share (“EPS”) estimates taken from consensus “street” estimates for the selected companies to the extent publicly available (consensus “street” estimates were not publicly available for seven of the selected companies) and financial and operating forecasts and projections of JCB that were provided by JCB management. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in JCB’s historical financial statements as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW’s analysis showed the following concerning the financial performance of JCB and the selected companies:

	JCB	Peer Group				
		25th Percentile	Mean	Median	75th Percentile	
LTM Return on Average Assets	0.72 %	0.49 %	0.71 %	0.65 %	1.03 %	%
LTM Return on Average Equity	7.04 %	3.82 %	6.99 %	7.99 %	9.80 %	%
LTM Return on Average Tangible Common Equity	7.67 %	3.97 %	7.71 %	7.99 %	10.14 %	%
LTM Net Interest Margin	3.41 %	3.35 %	3.42 %	3.39 %	3.46 %	%
LTM Noninterest Income/Average Assets	0.62 %	0.54 %	0.73 %	0.66 %	0.76 %	%
LTM Noninterest Expense/Average Assets	2.44 %	2.47 %	2.89 %	2.90 %	3.35 %	%
LTM Efficiency Ratio	65.20%	62.80%	70.60%	69.20%	80.40%	%

KBW's analysis also showed the following concerning the financial condition of JCB and the selected companies:

	JCB	Selected Companies			
		25th Percentile	Mean	Median	75th Percentile
Tangible Common Equity/Tangible Assets	9.70 %	8.26 %	10.12 %	10.30 %	12.54 %
Total Risk-Based Capital/Risk-Weighted Assets	14.63 %	14.17 %	15.63 %	16.46 %	17.33 %
Loans/Deposits	88.40 %	77.70 %	88.10 %	91.80 %	99.70 %
Loan Loss Reserve/Gross Loans	1.19 %	1.16 %	1.23 %	1.20 %	1.37 %
Nonperforming Assets <sup>(1)</sup> /Total Assets	2.90 %	0.75 %	1.45 %	0.98 %	2.01 %
LTM Net-Charge Offs/Average Loans	0.13 %	0.06 %	0.10 %	0.09 %	0.16 %

<sup>(1)</sup>NPAs include nonaccrual loans, loans 90+ days past due and still accruing, restructured loans and OREO.

In addition, KBW's analysis showed the following, to the extent publicly available, concerning the market performance of the selected companies (excluding the impact of the LTM core EPS multiples for three of the selected companies and the 2016 EPS multiples for two of the selected companies, which multiples were considered to be not meaningful because they were either negative or greater than 30.0x):

	JCB	Selected Companies			
		25th Percentile	Mean	Median	75th Percentile
One-Year Stock Price Change	8.30 %	12.40 %	11.40 %	15.00 %	
Year-to-Date Stock Price Change	— %	7.50 %	2.50 %	12.90 %	
Stock Price/Tangible Book Value Per Share	0.99x	1.20x	1.20x	1.41x	
Stock Price/LTM Core EPS <sup>(1)</sup>	11.90x	16.20x	15.20x	17.90x	
Stock Price/2016 EPS	14.50x	15.60x	15.60x	16.70x	
Stock Price/2017 EPS	13.0x	19.90x	19.90x	26.80x	
Dividend Yield	0.43 %	1.35 %	1.41 %	1.77 %	
LTM Dividend Payout Ratio	6.90 %	23.30 %	18.70 %	39.10 %	

<sup>(1)</sup>Core income excludes extraordinary items, non-recurring items and gains/losses on sale of securities.

KBW also compared the above tangible book value per share, LTM core EPS and 2016 estimated EPS multiples for the selected companies with the implied transaction multiples for the proposed Merger of 1.42x tangible book value, 19.2x LTM EPS and 20.5x estimated 2016 EPS based on the implied value of the Merger Consideration of \$86.53 per share of JCB common stock and using historical financial information for JCB as of or for the twelve month period ended June 30, 2016 and financial and operating forecasts and projections of JCB that were provided by JCB management.

No company used as a comparison in the above selected companies analysis is identical to JCB. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Selected Companies Analysis of Enterprise. Using publicly available information, KBW compared the financial performance, financial condition and market performance of Enterprise to 14 selected banks that were traded on NASDAQ, the New York Stock Exchange or NYSE MKT and headquartered in Missouri, Arkansas, Kansas, Nebraska,



Iowa, Illinois or Kentucky with total assets between \$2 billion and \$10 billion. Targets of publicly announced Merger transactions and mutual holding companies were excluded from the selected companies.

The selected companies were as follows:

Home Bancshares, Inc.	Community Trust Bancorp, Inc.
Capitol Federal Financial, Inc.	Midland States Bancorp, Inc.
Heartland Financial USA, Inc.	MidWestOne Financial Group, Inc.
Simmons First National Corporation	Stock Yard Bancorp, Inc.
First Busey Corporation	QCR Holdings, Inc.
Republic Bancorp, Inc.	Old Second Bancorp, Inc.
Great Southern Bancorp, Inc.	First Mid-Illinois Bancshares, Inc.

To perform this analysis, KBW used financial information as of or for the latest twelve month period ended June 30, 2016 and market price information as of October 7, 2016. KBW also used 2016 and 2017 earnings per share estimates taken from consensus “street” estimates for the selected companies and financial and operating forecasts and projections of Enterprise that were provided by Enterprise management. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in Enterprise’s historical financial statements as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW’s analysis showed the following concerning the financial performance of Enterprise and the selected companies:

	Enterprise	Peer Group			
		25th Percentile	Mean	Median	75th Percentile
LTM Return on Average Assets	1.22 %	0.88 %	1.04 %	0.97 %	1.17 %
LTM Return on Average Equity	12.42 %	8.75 %	9.77 %	9.58 %	10.84 %
LTM Return on Average Tangible Common Equity	13.93 %	11.31 %	12.24 %	12.57 %	13.60 %
LTM Net Interest Margin	3.88 %	3.36 %	3.68 %	3.67 %	4.05 %
LTM Noninterest Income/Average Assets	0.65 %	0.87 %	1.13 %	1.21 %	1.44 %
LTM Noninterest Expense/Average Assets	2.28 %	2.71 %	2.77 %	2.80 %	3.04 %
LTM Efficiency Ratio	52.50 %	57.60 %	59.40 %	60.10 %	62.70 %

KBW's analysis also showed the following concerning the financial condition of Enterprise and the selected companies:

	Enterprise	Peer Group			
		25th Percentile	Mean	Median	75th Percentile
Tangible Common Equity/Tangible Assets	9.08 %	8.22 %	9.66 %	9.28 %	10.34 %
Total Risk-Based Capital/Risk-Weighted Assets	12.16 %	12.51 %	15.36 %	14.01 %	15.68 %
Loans/ Deposits	97.10 %	84.00 %	95.40 %	92.20 %	102.30 %
Loan Loss Reserve/Gross Loans	1.49 %	0.81 %	0.97 %	1.04 %	1.14 %
Nonperforming Assets <sup>(1)</sup> /Total Assets	0.47 %	0.64 %	1.05 %	0.85 %	1.29 %
LTM Net-Charge Offs/Average Loans	(0.04 )%	0.07 %	0.17 %	0.19 %	0.23 %

<sup>(1)</sup>NPAs include nonaccrual loans, loans 90+ days past due and still accruing, restructured loans and OREO.

In addition, KBW's analysis showed the following concerning the market performance of Enterprise and the selected companies:

	Enterprise	Selected Companies			
		25th Percentile	Mean	Median	75th Percentile
One-Year Stock Price Change	27.40 %	3.60 %	14.60 %	10.70 %	22.10 %
Year-to-Date Stock Price Change	11.30 %	1.80 %	9.70 %	5.70 %	17.90 %
Stock Price/Tangible Book Value Per Share	1.86x	1.46x	1.76x	1.53x	1.79x
Stock Price/LTM Core EPS <sup>(1)</sup>	14.0x	13.3x	15.4x	14.5x	17.0x
Stock Price/2016 EPS	13.7x	13.4x	15.3x	14.8x	15.7x
Stock Price/2017 EPS	13.4x	12.4x	14.1x	13.0x	14.1x
Dividend Yield	1.39 %	1.78 %	2.05 %	2.12 %	2.62 %
LTM Dividend Payout Ratio	17.70 %	18.10 %	36.40 %	30.20 %	42.80 %

<sup>(1)</sup>Core income excludes extraordinary items, non-recurring items and gains/losses on sale of securities.

No company used as a comparison in the above selected companies analysis is identical to Enterprise. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.



Selected Transactions Analysis. KBW reviewed publicly available information related to 13 selected U.S. bank and thrift transactions announced since January 1, 2012 with acquired companies that were headquartered in Missouri, Arkansas, Kansas, Nebraska, Iowa, Illinois or Kentucky and that had total assets between \$500 million and \$1.5 billion. The selected transactions were as follows:

Acquiror:	Acquired Company:
QCR Holdings, Inc.	Community State Bank
First Mid-Illinois Bancshares, Inc.	First Clover Leaf Financial Corp.
BOK Financial Corporation	MBT Bancshares, Inc.
First Midwest Bancorp, Inc.	NI Bancshares Corporation
Stupp Bros., Inc.	Southern Bancshares Corp.
First Midwest Bancorp, Inc.	Great Lakes Financial Resources, Inc.
Simmons First National Corporation	Liberty Bancshares, Inc.
Community Bank Shares of Indiana, Inc.	First Financial Service Corporation
Bank of the Ozarks, Inc.	Summit Bancorp, Inc.
Midland States Bancorp, Inc.	Love Savings Holding Company
Bear State Financial, Inc.	First National Security Company
Heartland Financial USA, Inc.	Morrill Bancshares, Inc.
Equity Bancshares, Inc.	First Community Bancshares, Inc.

For each selected transaction, KBW derived the following implied transaction statistics (based on publicly reported values or, in the case of the selected transactions involving stock consideration, SNL Financial-calculated deal values) in each case based on the transaction consideration value paid for the acquired company and using financial data based on the acquired company's then latest publicly available financial statements prior to the announcement of the respective transaction:

Price per common share to LTM EPS of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by LTM net income);

Price per common share to book value per share of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by total common equity);

Price per common share to tangible book value per share of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by total tangible common equity); and

Tangible common equity premium to core deposits (total deposits less time deposits greater than \$100,000) of the acquired company, referred to as core deposit premium.

The above transaction multiples for the selected transactions were compared with the corresponding transaction statistics for the proposed Merger based on the implied transaction value for the proposed Merger of \$130.8 million and using historical financial information for JCB as of or for the twelve month period ended June 30, 2016.

The results of the analysis are set forth in the following table (excluding the impact of the LTM EPS multiples for two of the selected transactions, which multiples were considered to be not meaningful because they were either negative or greater than 50.0x):

Transaction Price to:	Enterprise/JCB	Selected Transactions			
		25th Percentile	Mean	Median	75th Percentile
LTM EPS	19.2x	18.5x	25.1x	20.0x	32.3x
Book Value Per Share	1.31x	1.14x	1.36x	1.25x	1.56x
Tangible Book Value Per Share	1.42x	1.25x	1.43x	1.32x	1.57x
Core Deposit Premium	5.30	% 4.40	% 6.40	% 5.30	% 8.20

No company or transaction used as a comparison in the above analysis is identical to JCB or the proposed Merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

**Relative Contribution Analysis.** KBW analyzed the relative standalone contribution of Enterprise and JCB to various pro forma balance sheet and income statement items. This analysis excluded purchase accounting adjustments. To perform this analysis, KBW used (i) historical financial information for Enterprise and JCB as of or for the twelve month period ended June 30, 2016 and (ii) financial and operating forecasts and projections of Enterprise and JCB provided by the respective managements of Enterprise and JCB. The results of KBW's analysis are set forth in the following table, which also compares the results of KBW's analysis with the implied pro forma ownership percentages of Enterprise and JCB shareholders in the combined company based on the proposed Merger and also assuming 100% stock consideration at a 2.75x hypothetical exchange ratio in the proposed Merger for illustrative purposes:

	Enterprise as a % of total	JCB as a % of total
<b>Ownership</b>		
Based on Proposed Merger	85.80 %	14.20 %
Based on Illustrative All-Stock Transaction at a 2.75x Hypothetical Exchange Ratio	83.20 %	16.80 %
<b>Balance Sheet:</b>		
Assets	80.10 %	19.90 %
Gross Loans Held for Investment	81.30 %	18.70 %
Deposits	79.90 %	20.10 %
Tangible Common Equity	79.10 %	20.90 %
<b>Income Statement:</b>		
LTM Net Income	86.80 %	13.20 %
2016 GAAP Net Income	88.20 %	11.80 %

**Pro Forma Financial Impact Analysis.** KBW performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of Enterprise and JCB. Using closing balance sheet estimates as of March 31, 2017 for Enterprise and JCB (based on guidance provided by the respective managements of Enterprise and JCB), financial and operating forecasts and projections of Enterprise and JCB provided by the respective managements of Enterprise and JCB and pro forma assumptions (including purchase accounting adjustments, cost savings and related expenses) provided by Enterprise management, KBW analyzed the potential financial impact of the Merger on certain projected financial results of Enterprise. This analysis indicated the Merger could be accretive to Enterprise's 2017 and 2018 estimated EPS and dilutive to Enterprise's estimated tangible book value per share as of March 31, 2017. Furthermore, the analysis indicated that, pro forma for the proposed Merger, each of Enterprise's

tangible common equity to tangible assets ratio, common equity tier 1 ratio, leverage ratio, and total risk-based capital

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ratio as of March 31, 2017 could be lower. For all of the above, the actual results achieved by Enterprise following the Merger may vary from the projected results, and the variations may be material.

**Discounted Cash Flow Analysis.** KBW performed a discounted cash flow analysis to estimate a range for the implied equity value of JCB. In this analysis, KBW used financial forecasts and projections relating to the net income and assets of JCB provided by JCB management, and assumed discount rates ranging from 10.0% to 14.0%. The ranges of values were derived by adding (i) the present value of the estimated excess cash flows that JCB could generate over the period from 2017 to 2021 and (ii) the present value of JCB's implied terminal value at the end of such period. KBW assumed that JCB would maintain a tangible common equity ratio of 8.00% and would retain sufficient earnings to maintain that level. In calculating the terminal value of JCB, KBW applied a range of 12.0x to 16.0x estimated 2022 net income. This discounted cash flow analysis resulted in a range of implied values per share of JCB common stock of approximately \$63.31 to \$89.11.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The analysis did not purport to be indicative of the actual values or expected values of JCB.

**Miscellaneous.** KBW acted as financial advisor to JCB and not as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of their broker-dealer businesses, KBW and its affiliates may from time to time purchase securities from, and sell securities to, JCB and Enterprise and, as market makers in securities, KBW and its affiliates may from time to time have a long or short position in, and buy or sell, debt or equity securities of Enterprise for its and their own accounts and for the accounts of its and their respective customers and clients. A commercial bank affiliate of KBW is also a lender to Enterprise under an existing revolving credit facility.

Pursuant to the KBW engagement agreement, JCB agreed to pay KBW a cash fee currently estimated to be approximately \$1.9 million in the aggregate, \$150,000 of which became payable to KBW with the rendering of its opinion and the balance of which is contingent upon the closing of the Merger. JCB also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify KBW against certain liabilities relating to or arising out of KBW's engagement or KBW's role in connection therewith. Other than in connection with this present engagement, during the two years preceding the date of its opinion, KBW has not provided investment banking and financial advisory services to JCB. During the two years preceding the date of its opinion, KBW has not provided investment banking and financial advisory services to Enterprise. KBW may in the future provide investment banking and financial advisory services to JCB or Enterprise and receive compensation for such services.

#### Dissenters' Rights of Appraisal of Holders of JCB Common Stock Introductory Information

**General.** Dissenters' rights with respect to JCB common stock are governed by Section 351.455 of the R.S.Mo. JCB shareholders have the right to dissent from the Merger and to obtain payment of the fair value of their shares in the event the Merger is consummated. Strict compliance with the dissent procedures set forth in the statute is mandatory. Subject to the terms of the Merger Agreement, the Merger Agreement could terminate in certain circumstances even if it is approved by JCB's shareholders, thus cancelling such dissenters' rights. The closing of the Merger is conditioned upon the number of shares held by dissenting JCB shareholders not exceeding 10% of the number of shares of JCB

common stock issued and outstanding immediately prior to the closing date of the Merger.

JCB urges any JCB shareholder who contemplates exercising his, her or its right to dissent to read carefully the provisions of Section 351.455 R.S.Mo., which is attached to this proxy statement/prospectus as Appendix F. A

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more detailed discussion of the provisions of the statute is included below. This discussion describes the steps that each JCB shareholder must take to exercise his, her or its right to dissent. Each JCB shareholder who wishes to dissent should read both the summary and the full text of the law. JCB cannot give any JCB shareholder legal advice. To completely understand this law, each JCB shareholder may want, and JCB encourages any JCB shareholder seeking to dissent, to consult with his, her or its legal counsel. Any JCB shareholder who wishes to dissent should not send in a signed proxy unless he, she or it marks his, her or its proxy to vote against the JCB Merger, or marks his, her or its proxy to abstain with respect to the JCB Merger, or such shareholder will lose the right to dissent.

Address for Notices. If you desire to submit the written objection required by Section 351.455 R.S.Mo. prior to the JCB special meeting, send or deliver such objection to JCB, 903 Jeffco Executive Drive, Imperial, Missouri 63052, Attention: Lorna J. Fink, Secretary.

Act Carefully. JCB urges any shareholder who wishes to dissent to act carefully. JCB cannot and does not accept the risk of late or undelivered written objections. A dissenting JCB shareholder may call JCB at (314) 845-0278 and ask for JCB's secretary, Lorna J. Fink, to receive confirmation that his, her or its written objection has been received prior to the JCB special meeting. If a dissenting JCB shareholder's written objection is not timely received by JCB prior to or at the JCB special meeting, then he, she or it will not be entitled to exercise his, her or its dissenters' rights. JCB's shareholders bear the risk of non-delivery and of untimely delivery.

If any JCB shareholder intends to dissent, or thinks that dissenting might be in his, her or its best interests, such JCB shareholder should read Appendix F carefully.

Summary of Section 351.455 R.S. Mo. - Dissenters' Rights. The following is a summary of Section 351.455 R.S.Mo. and the procedures that a shareholder must follow to dissent from the proposed Merger Agreement and to perfect his, her or its dissenters' rights and receive fair value in exchange for his, her or its shares of JCB stock (as determined by the statute) rather than the Merger Consideration if the Merger Agreement is approved and the Merger is completed. This summary is qualified in its entirety by reference to Section 351.455 R.S.Mo., which is reprinted in full as part of this Appendix F to this proxy statement/prospectus. Appendix F should be reviewed carefully by any shareholder who wishes to perfect his, her or its dissenters' rights. Failure to strictly comply with the procedures set forth in Section 351.455 R.S.Mo. will, by law, result in the loss of dissenters' rights. It may be prudent for a person considering whether to dissent to obtain professional counsel.

If the proposed Merger is completed, any JCB shareholder who has properly perfected his, her or its statutory dissenters' rights in accordance with Section 351.455 R.S.Mo. has the right to obtain, in cash, payment of the fair value of such shareholder's shares of JCB common stock, as determined by the statute.

To exercise dissenters' rights under Section 351.455 R.S.Mo. and be entitled to appraisal and payment of the fair value of his, her or its shares, a JCB shareholder must:

- own JCB common stock as of the close of business on December 20, 2016, the record date for the JCB special meeting at which the approval of the JCB Merger is submitted to a vote;
- file with JCB, prior to or at the JCB special meeting, a written objection to the JCB Merger. Such written objection must be made in addition to and separate from any proxy or other vote against the approval of the JCB Merger Agreement. Neither a vote against, a failure to vote for, nor an abstention from voting will satisfy the requirement that a written objection be delivered to JCB before the vote is taken;
- not vote in favor of the JCB Merger at the JCB special meeting; and
- within 20 days after the Merger is effected, make a written demand on Enterprise, as the surviving corporation, for payment of the fair value of such shareholder's shares of JCB common stock as of the day prior to the JCB special meeting. Any shareholder who fails to make a written demand for payment within the 20-day period after the

effective time will be conclusively presumed to have consented to the Merger Agreement and will be bound by the terms thereof. Neither a vote against the adoption of the JCB Merger Agreement nor the

written objection referred to above will satisfy the written demand requirement referred to in this paragraph.

A JCB shareholder of record who fails to satisfy these requirements is not entitled to payment for his her or its shares of JCB common stock under Section 351.455 R.S.Mo. In addition, any shareholder who returns a signed proxy but fails to provide instructions as to the manner in which such shares are to be voted will be deemed to have voted in favor of approving and adopting the JCB Merger and will not be entitled to assert dissenters' rights.

If, within 30 days after the effective date of the JCB Merger, the value of the dissenting shareholder's shares of JCB common stock is agreed upon between the dissenting JCB shareholder and the surviving corporation, then payment for such shares must be made by the surviving corporation within 90 days after the effective date of the Merger, upon the surrender of the dissenting JCB shareholder's stock certificates representing such shareholder's shares. Upon payment of the agreed value, the dissenting JCB shareholder ceases to have any interest in the shares or in the surviving corporation.

If, within 30 days after the effective date of the JCB Merger, there is no such agreement as to the fair value of the dissenting shareholder's shares of JCB common stock between the dissenting JCB shareholder and the surviving corporation, then the dissenting JCB shareholder may, within 60 days after the expiration of the 30-day period, file a petition in any court of competent jurisdiction within the county in which the registered office of the surviving corporation is situated, asking for a finding and determination of the fair value of such shareholder's shares. The dissenting JCB shareholder will be entitled to judgment against the surviving corporation for an amount equal to the fair value of such shareholder's shares measured as of the day prior to the special meeting, together with interest thereon to the date of the judgment. Investment banker opinions as to fairness from a financial point of view of the consideration payable in a transaction such as the Merger are not opinions as to, and do not address, fair value under The General and Business Corporation Law of Missouri.

The judgment will only be payable upon and simultaneously with the surrender to the surviving corporation of the stock certificates representing the shares of JCB common stock owned by the dissenting JCB shareholder. Upon payment of the judgment, such shareholder will cease to have any interest in the shares or in the surviving corporation. Further, unless the dissenting shareholder files the petition with the court within the 60-day time limit described above, such shareholder and all persons claiming under such shareholder shall be conclusively presumed to have approved or ratified the JCB Merger and shall be bound by the terms thereof. The right of a dissenting shareholder to be paid the fair value of such shareholder's shares as provided above ceases if and when either JCB or Enterprise abandons the Merger.

The foregoing does not purport to be a complete statement of the provisions 351.455 R.S.Mo. relating to statutory dissenters' rights and is qualified in its entirety to the dissenters' rights provisions, which are reproduced in full in Appendix F to this proxy statement/prospectus and which are incorporated herein by reference.

If any JCB shareholder intends to dissent, or if such shareholder believes that dissenting might be in his, her or its best interests, such shareholder should read Appendix F carefully.

#### Regulatory Approvals Required for the Mergers

We have agreed to use commercially reasonable efforts to obtain the regulatory approvals required for the Mergers. We refer to these approvals, along with the expiration of any statutory waiting periods related to these approvals, as the "Requisite Regulatory Approvals". These include approval from the Federal Deposit Insurance Corporation, and notice to the Missouri Division of Finance and the Federal Reserve Bank of St. Louis. As of the date of this proxy statement/prospectus, the appropriate filings have been made with the FDIC and Federal Reserve Bank of St. Louis and we expect that the Bank Merger will be submitted for review to the Missouri Division of Finance on or about January 15, 2017. The Merger and the related transactions cannot proceed in the absence of the Requisite Regulatory



Approvals. We cannot assure you as to whether or when the Requisite Regulatory Approvals will be obtained, and, if obtained, we cannot assure you as to the date of receipt of any of these approvals, the terms thereof or the absence of any public protest or litigation challenging them. Likewise, we cannot assure you that the U.S.

Department of Justice or a state attorney general will not attempt to challenge the Mergers on antitrust grounds, or, if such a challenge is made, as to the result of that challenge.

We are not aware of any other material governmental approvals or actions that are required prior to the parties' completion of the Mergers other than those described above. We presently contemplate that if any additional governmental approvals or actions are required, these approvals or actions will be sought. However, we cannot assure you that any of these additional approvals or actions will be obtained.

#### Interests of Management and Others in the Merger

**Share Ownership.** On the JCB record date for the JCB special meeting, JCB's directors and officers beneficially owned, in the aggregate, 341,580.4 shares of JCB common stock (not including shares that may be acquired upon the exercise of JCB Stock Options), representing approximately 23% of the outstanding shares of JCB common stock.

As described below, certain of JCB's officers and directors have interests in the Merger that are in addition to, or different from, the interests of JCB's shareholders generally. JCB's board of directors was aware of these potential conflicts of interest and took them into account in approving the Merger.

**Stock Options.** Under the terms of the Merger Agreement, outstanding options to purchase JCB common stock, whether or not exercisable, which have not been exercised or canceled prior to such time will, at the effective time, be canceled. On the effective date of the Merger, JCB will pay to each JCB option holder, in exchange for the cancellation of each JCB option, a lump-sum cash amount equal to the product of (i) the positive difference, if any, between the per share cash consideration of \$85.39 and the exercise price of such JCB option; and (ii) the number of shares of JCB common stock subject to such JCB option. No consideration will be paid with respect to shares of JCB common stock subject to a JCB option which have an exercise price equal to or greater than the per share cash consideration of \$85.39. Each JCB option holder will be required to execute a cancellation agreement prior to receiving payment from JCB in connection with the cancellation of their JCB options.

As of the JCB record date, several of JCB's directors and officers held options with respect to JCB common stock. The below chart lists the number of JCB Stock Options held by JCB's directors and those officers of JCB who own more than 0.5% of the total issued and outstanding stock of JCB (including, for these purposes, such options, whether vested or unvested).

Officer/Director of JCB	JCB Stock Options (#)	Aggregate Option Cancellation Payment (\$) <sup>1</sup>
Michael W. Walsh	2,000	\$ 61,260
James Hall	9,000	275,670
Ken Bartz	15,500	474,765
Steve Frank	1,850	56,666
Larry LeGrand	1,750	53,603
John Hessel	1,880	57,584
John Anderson	1,050	32,162
Mark Murray	8,500	260,355
John Kang	300	9,189
All such officers and directors as a group (9 persons)	41,830	\$ 1,281,254

(1) Based on an average blended exercise price of \$54.76 for all outstanding options.

Severance and Other Payments to Certain Persons. Eagle Bank has previously entered into Change of Control Agreements (the “Change of Control Agreements”) with each of Debbie A. Elkins, Matthew T. Hardecke, Susan J.

Hills and Donald Reeves (the “Executives”) and a separate Change of Control Agreement with Michael W. Walsh, each of which provides for payments of severance benefits that may be triggered on termination of employment in connection with the Merger.

If Eagle Bank terminates an Executive’s employment for any reason other than (i) the Executive’s death, disability or retirement if Executive has not timely provided notice of such event; (ii) without “cause”; or (iii) if the Executive terminates employment for “good reason” (each as defined in the Change of Control Agreements) in connection with, or within twenty-four months following, a “change of control” (as defined in the Severance Agreements) of Eagle Bank, the Executive will be entitled to monthly payments in an amount equal to the greater of the Executive’s effective monthly base salary at the date of termination or immediately prior to the change of control and a monthly amount equal to an average of the Executive’s target incentive compensation (as described in the Change of Control Agreements) for a period of 12 months following the date of termination (the “Continuation Period”) unless the Executive violates certain restrictions set forth in the Change of Control Agreements. Additionally, (X) Eagle Bank will provide Executive with health and welfare benefits upon the same terms and conditions as if the Executive had remained employed through the duration of the Continuation Period, and (Y) in the event of a dispute with respect to the termination of the Executive or the interpretation or enforcement of the Change of Control Agreements, Eagle Bank will pay all reasonable legal fees and expenses of the Executives in enforcing his or her rights under the Change of Control Agreements.

The Change of Control Agreement with Mr. Walsh is substantively similar to the Change of Control Agreement with each of the Executives, except that the Continuation Period is 35 months following the date of termination or the date Mr. Walsh violates certain restrictions set forth therein, and the rate of monthly payment during such period is equal to the greater of Mr. Walsh’s effective monthly base salary at the date of termination or immediately prior to the change of control, multiplied by 2.99 plus a monthly amount equal to an average of Mr. Walsh’s target incentive compensation.

JCB and Enterprise contemplate that revisions will be made to each of the Change in Control Agreements to reflect intended compliance of such agreements with Section 409A of the Internal Revenue Code.

**Eagle Bank Nonqualified Deferred Compensation Plan.** Eagle Bank has previously adopted the Eagle Bank Nonqualified Deferred Compensation Plan (the “Deferred Compensation Plan”). The Deferred Compensation Plan provides the opportunity to certain directors and employees of JCB and Eagle Bank that participate in the Deferred Compensation Plan to receive certain bonus compensation, subject to the terms and conditions of the Deferred Compensation Plan. Pursuant to the terms of the Deferred Compensation Plan, all participants in the Deferred Compensation Plan become 100% vested in the amounts credited to their accounts under the Deferred Compensation Plan upon a “Change-in-Control” as defined therein. It is anticipated that, in advance of the closing date of the Merger, the Deferred Compensation Plan will be paid out in full to its participants. The anticipated balance in the Deferred Compensation Plan as of December 31, 2016 is \$1,124,366.

**Continued Employment.** It is not yet known which employees of JCB and Eagle Bank, including management, will continue as employees of Enterprise and Enterprise Bank following the effective time of the Merger, except that Michael W. Walsh will enter into an Executive Employment Agreement with Enterprise Bank following the Merger, as described below.

**Executive Employment Agreement with Michael W. Walsh.** Michael W. Walsh and Enterprise Bank have entered into an Executive Employment Agreement, the form of which has been agreed to and is attached as Exhibit B to the Merger Agreement (the “Executive Employment Agreement”). The Executive Employment Agreement will become effective as of the effective time of the Merger and will replace and supersede Mr. Walsh’s Change of Control Agreement in its entirety.

The Executive Employment Agreement provides that Mr. Walsh shall be employed as Executive Vice President and Chairman of the St. Louis Region of Enterprise Bank. The initial term of the Executive Employment Agreement is three years, with automatic one-year extensions unless either party gives the other party notice of its intent not to extend at least 90 days prior to the end of the then-current term. During the term of the Executive Employment

Agreement, Mr. Walsh agrees to devote his professional time and attention exclusively to the business and affairs of Enterprise Bank.

Under the Executive Employment Agreement, Mr. Walsh agrees to hold in strict confidence all non-public information concerning matters affecting or relating to the business of Enterprise Bank and its affiliates. For a period of 12 months following any termination of Mr. Walsh's employment with Enterprise Bank, Mr. Walsh will not, directly or indirectly, compete with Enterprise Bank within the Metropolitan Statistical Areas of St. Louis, Kansas City, or any other city in which Enterprise Bank or its affiliates has an office at the time or termination. During such same 12-month period after termination, Mr. Walsh will also be restricted from soliciting employees or former employees of Enterprise Bank.

In consideration of the obligations and commitments of Mr. Walsh under the Executive Employment Agreement, Enterprise Bank shall pay to Mr. Walsh the following amounts and provide him the following benefits during the term of the Executive Employment Agreement:

(a) annual base salary of \$275,000;

(b) an annual bonus of \$100,000 per year (to be pro-rated in the event Mr. Walsh's employment terminates before the end of any calendar year);

(c) a retention bonus in the total amount of \$400,000 payable as follows: (i) \$75,000 payable on the next regularly scheduled payroll date following the first anniversary date of the effective date of the Executive Employment Agreement; (ii) \$125,000 on the next regularly scheduled payroll date following the second anniversary date of the effective date of the Executive Employment Agreement; and (iii) \$200,000 on the next regularly scheduled payroll date following the third anniversary date of the effective date of the Executive Employment Agreement; provided, that if Mr. Walsh terminates his employment for any reason or Enterprise Bank terminates his employment for "cause" (as defined in the Executive Employment Agreement), then Mr. Walsh shall not be entitled to any retention bonus that has not yet been earned; and

(d) employee benefits, including health plans, vacation in accordance with the policy of Enterprise Bank, and reimbursement for expenses and certain perquisites, including but not limited to athletic club membership, cell phone allowance and the right to purchase the company automobile used by Mr. Walsh prior to the effective date of the Executive Employment Agreement.

In addition, Mr. Walsh shall be entitled to payments in the event of a Change in Control of Enterprise Bank equal to (a) 24 months of his then-current salary, in a lump sum; (b) the average of all annual bonuses previously paid to Mr. Walsh during the term of the agreement, in a lump sum; (c) any remaining retention bonus payments not previously paid to Mr. Walsh, and (d) any other unpaid obligations of Enterprise Bank arising during the term of the Executive Employment Agreement.

All payments due and payable to Mr. Walsh in the event of a Change in Control under the Executive Employment Agreement are to be adjusted if such payment would constitute a "parachute payment" under Section 280G of the Internal Revenue Code.

Voting Agreements. The directors and certain non-director officers of JCB have executed and delivered to Enterprise Voting Agreements pursuant to which such directors and non-director officers agreed to vote their shares of JCB common stock, subject to certain exceptions described in the Enterprise Voting Agreement, in favor of the Merger and Merger Agreement and against any competing acquisition proposal and appointed Enterprise as their proxies and attorneys-in-fact for purposes of voting in such fashion. As of the date of the Merger Agreement (and not taking into

account the subsequent exercise of vested JCB Stock Options by any such director or non-director officer), these Voting Agreements result in 382,028.4 shares of JCB common stock being voted in favor of the Merger and Merger Agreement out of 1,472,853 issued and outstanding as of such date (approximately 25.94%). In order for the

Merger and Merger Agreement to be approved, approximately 600,365 additional shares of JCB common stock must be voted in favor thereof (without giving effect to the exercise of JCB Stock Options since October 10, 2016).

Merger-Related Compensation for Certain of JCB’s Directors and Officers. As noted above, certain officers and directors of JCB could be entitled to compensation in the event of the occurrence of certain events following the closing of the Merger, in addition to the Merger Consideration (the “Merger-Related Compensation”). In considering its recommendation for the JCB shareholders to approve the Merger, the JCB Board of Directors was aware of these interests and considered them along with other matters.

The table below sets forth the aggregate dollar value of the various elements of Merger-Related Executive Compensation that certain directors and officers of JCB would receive that is based on or otherwise relates to the Merger, assuming the following:

- the anticipated closing date of the Merger is the first quarter of 2017;
- each of Michael Walsh and the Executives remain continuously employed with JCB or Eagle Bank and Trust Company of Missouri through the closing date;
- Michael Walsh and Enterprise Bank & Trust each executes and deliver Mr. Walsh’s Executive Employment Agreement, which supersedes Mr. Walsh’s Change of Control Agreement; the Change of Control Agreements with the Executives remain in place;
- the employment of each of the Executives and Michael Walsh is involuntarily terminated without just cause immediately following the effective time of the Merger; and
- there are no regulatory restrictions to paying the Merger-Related Executive Compensation provided below.

As a result of the foregoing assumptions, the actual amounts received by an officer or director may materially differ from the amounts set forth below.

Merger-Related Compensation	
Officer	Amount
Michael W. Walsh	\$675,274 <sup>1</sup>
Debbie A. Elkins	132,167 <sup>2</sup>
Matthew T. Hardecke	168,000 <sup>3</sup>
Susan J. Hills	84,553 <sup>4</sup>
Donald Reeves	125,000 <sup>5</sup>

- (1) Includes payment for one year of annual salary, pro rata portion of annual bonus and full retention bonus but does not include any sums owed for accrued vacation days or reimbursements owed.
- (2) Includes payment for one year of annual salary plus estimated \$4,667 annual bonus but does not include any amounts with respect to continuing benefits to which Ms. Elkins would be entitled.
- (3) Includes payment for one year of annual salary plus estimated \$42,000 annual bonus but does not include any amounts with respect to continuing benefits to which Mr. Hardecke would be entitled.
- (4) Includes payment for one year of annual salary plus estimated \$2,833 annual bonus but does not include any amounts with respect to continuing benefits to which Ms. Hills would be entitled.
- (5) Includes payment for one year of annual salary plus but does not include any amounts with respect to continuing benefits to which Mr. Reeves would be entitled.



Board Seat at Enterprise and Enterprise Bank. In addition, the terms of the Merger Agreement provide that Enterprise shall take commercially reasonable efforts to ensure that one member of the board of directors of JCB, who

is independent and selected by mutual agreement of Enterprise and JCB, shall be elected or appointed to the Enterprise board of directors. In addition, one member of the board of directors of JCB or a member of the Eagle Bank board of directors shall be elected or appointed to the Enterprise Bank board of directors.

## THE MERGER AGREEMENT

The following discussion describes the material provisions of the Merger Agreement. We urge you to read the Merger Agreement, which is attached as Appendix A and incorporated by reference in this proxy statement/prospectus, carefully and in its entirety. The description of the Merger Agreement in this proxy statement/prospectus has been included to provide you with information regarding its terms. The Merger Agreement contains representations and warranties made by and to the parties thereto as of specific dates. The statements embodied in those representations and warranties were made for purposes of that contract between the parties and are subject to qualifications and limitations agreed by the parties in connection with negotiating the terms of that contract. In addition, certain representations and warranties were made as of a specified date, may be subject to a contractual standard of materiality different from those generally applicable to shareholders, or may have been used for the purpose of allocating risk between the parties rather than establishing matters as facts.

### Structure of the Merger

Subject to the terms and conditions of the Merger Agreement, JCB will merge with and into Enterprise, with Enterprise being the surviving company. As a result of the Merger, the separate existence of JCB will terminate. As a result of the Merger, JCB shareholders will be entitled to the Merger Consideration and such JCB shareholders will no longer be owners of JCB common stock. As a result of the Merger, certificates for JCB common stock will only represent the right to receive the Merger Consideration pursuant to the Merger Agreement, and otherwise will be null and void after completion of the Merger.

Immediately following the Merger, JCB's wholly owned bank subsidiary, Eagle Bank, will merge with and into Enterprise's wholly owned bank subsidiary, Enterprise Bank, with Enterprise Bank being the surviving bank. Following the Bank Merger, Enterprise Bank will continue its corporate existence as a state-chartered trust company with banking powers, organized under the laws of the State of Missouri. We expect to complete the Merger and the Bank Merger in the first quarter of 2017, although delays may occur.

### Merger Consideration

If the Merger Agreement is approved and the Merger is completed, each share of JCB common stock will be converted into the right to receive to receive, at the election of the shareholder but subject to the proration and allocation procedures set forth in the Merger Agreement: (1) \$85.39 in cash, or (2) 2.75 shares of common stock of Enterprise. JCB shareholders may elect to receive all cash, all stock, or cash for some of their shares and stock for the remainder of the shares they own, subject to the election, allocation and proration procedures set forth in the Merger Agreement. The aggregate consideration will be limited to 3,300,000 shares of Enterprise common stock and approximately \$26,619,150 in cash. The elections of JCB shareholders are subject to proration in the event that a selected form of consideration is over-elected.

If Enterprise's volume weighted average stock price, as calculated during the five trading days commencing on the determination date (i.e., the fifth trading day prior to the closing of the Merger; such fifth trading day is determined by counting the trading day immediately preceding the closing date of the Merger as the first trading day), is (i) more than 17.5% lower than \$31.6363, which was the weighted average stock price of Enterprise's common stock for the five trading days prior to the date of the Merger Agreement, and (ii) such decrease in Enterprise's stock price is 15% more than the corresponding decrease in the NASDAQ Global Select Market Bank Index on the corresponding dates, JCB shall have a right to terminate the Merger Agreement.

No fractional shares of Enterprise common stock will be issued in connection with the Merger. Instead, Enterprise will make to each JCB shareholder who would otherwise receive a fractional share of Enterprise common stock a cash payment, without interest and rounded up to the nearest whole cent, for the value of any fraction of a share of Enterprise common stock the shareholder would otherwise be entitled to receive, based on Enterprise's weighted average stock price for the effective date of the Merger and the four trading days prior to the Merger (the 5-day VWAP).

All shares of Enterprise common stock received by JCB shareholders in the Merger will be freely tradable, except that shares of Enterprise common stock received by persons who become affiliates of Enterprise for purposes of Rule 144 under the Securities Act may be resold by them only in transactions permitted by Rule 144, or as otherwise permitted under the Securities Act.

A JCB shareholder also has the right to obtain the fair value of his or her shares of JCB common stock in lieu of receiving the Merger Consideration by strictly following the appraisal procedures under the R.S.Mo. Shares of JCB common stock outstanding immediately prior to the effective time of the Merger and which are held by a shareholder who does not vote to approve the JCB Merger proposal and who properly demands the fair value of such shares pursuant to, and who complies with, the appraisal procedures under the JCBA are referred to as “dissenting shares.” See “Proposal I - The Merger -Dissenters’ Rights of Appraisal of Holders of JCB Common Stock.”

If Enterprise changes the number of shares of Enterprise common stock outstanding prior to the effective time of the Merger as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or similar recapitalization and the record date for such corporate action is prior to the effective time of the Merger, then the Merger consideration shall be appropriately and proportionately adjusted.

Based upon \$40.51 per share, the 5-day VWAP of Enterprise common stock on the NASDAQ Stock Market on December 19, 2016, the last practicable trading date prior to the printing of this proxy statement/prospectus, the per share value of the Common Stock Consideration was equal to approximately \$111.40.

The value of the shares of Enterprise common stock to be issued to JCB shareholders in the Merger will fluctuate between now and the closing date of the Merger. We make no assurances as to whether or when the Merger will be completed, and you are advised to obtain current sale prices for Enterprise common stock. See “Risk Factors- Because the market price of Enterprise common stock will fluctuate, JCB shareholders cannot be certain of the market value of the Enterprise common stock that they will receive upon completion of the Merger.”

Conversion of Shares; Exchange of Certificates; Fractional Shares

Conversion. The conversion of JCB common stock into the right to receive the Merger Consideration in the form of cash or shares of Enterprise common stock will occur automatically at the effective time of the Merger.

Election and Exchange Procedures. An election form and other customary transmittal materials, with instructions for their completion, are being mailed separately to all holders of record of JCB common stock as of the record date for the special meeting. The election form permits each holder (or in the case of nominee record holders, the beneficial owner) to elect to receive the Cash Consideration, the Common Stock Consideration, or a mixture of Cash Consideration for some of their shares and the Common Stock Consideration for the remainder. JCB shareholders must carefully review the instructions for completing the election form and submit the form, together with the stock certificates representing the shares, before 5:00 p.m. Saint Louis, Missouri time, on or before January 30, 2017 (or such later date as required in the Merger Agreement) to the exchange agent identified in the materials. If a holder of JCB common stock either does not submit a properly completed election form along with the stock certificates before the election deadline or revokes an election form prior to the election deadline and does not resubmit a properly completed election form, the shares of JCB common stock held by that shareholder will be designated “no-election shares.” Nominee record holders who hold JCB common stock on behalf of multiple beneficial owners shall indicate how many of the shares held by them should be exchanged for cash consideration, how many should be exchanged for common stock consideration, and how many shall be designated no election shares. Any election form may be revoked or changed by written notice to the exchange agent at or prior to the election deadline.

In the event that the Merger Agreement is terminated, the exchange agent will return to you promptly any JCB common stock certificates submitted along with election materials.

Prior to the completion of the Merger, Enterprise will deposit with its transfer agent or with a depository or trust institution of recognized standing selected by it and reasonably satisfactory to JCB, which we refer to as the “exchange agent,” (i) evidence of shares in book-entry form or, if requested by any holder of certificates formerly

representing shares of JCB common stock, certificates, representing the shares of Enterprise common stock to be issued under the Merger Agreement and (ii) the Cash Consideration and any additional cash payable instead of any fractional shares of Enterprise common stock to be issued under the Merger Agreement. No interest will accrue or be paid with respect to any Merger Consideration to be delivered upon surrender of JCB common stock.

If any Enterprise common stock is to be issued, or cash payment made, in a name other than that in which the JCB common stock surrendered in exchange for the Merger Consideration is registered, the JCB common stock surrendered must be properly endorsed (or accompanied by an appropriate instrument of transfer) and otherwise in proper form of transfer, and the person requesting the exchange must pay any transfer or other similar taxes required by reason of the issuance of the new Enterprise common stock or the payment of the Cash Consideration in a name other than that of the registered holder of the JCB common stock surrendered, or must establish to the reasonable satisfaction of Enterprise and the exchange agent that any such taxes have been paid or are not applicable.

**Dividends and Distributions.** Until your JCB common stock is surrendered for exchange, any dividends or other distributions declared after the effective time with respect to Enterprise common stock into which shares of JCB common stock may have been converted will accrue but will not be paid. When such JCB common stock has been duly surrendered, Enterprise will pay any unpaid dividends or other distributions, without interest. After the effective time, there will be no transfers on the stock transfer books of JCB of any shares of JCB common stock. If shares of JCB common stock are presented for transfer after the completion of the Merger, they will be cancelled and exchanged for the Merger consideration into which the shares of JCB common stock have been converted.

**Withholding.** The exchange agent will be entitled to deduct and withhold from the Merger consideration payable to any JCB shareholder the amounts it is required to deduct and withhold under any federal, state, local or foreign tax law. If the exchange agent withholds any amounts, these amounts will be treated for all purposes of the Merger as having been paid to the stockholders from whom they were withheld.

**No Fractional Shares Will Be Issued.** Enterprise will not issue fractional shares of Enterprise common stock in the Merger. There will be no dividends or distributions with respect to any fractional shares of common stock or any voting or other rights with respect to any fractional shares of common stock. Instead of fractional shares of Enterprise common stock, Enterprise will pay, as soon as reasonably practicable following the effective time of the Merger, to each JCB shareholder an amount in cash for the cash value of any fractional shares based on the Enterprise common stock 5-day VWAP.

**Lost, Stolen or Destroyed JCB Common Stock Certificates.** If you have lost a certificate representing JCB common stock, or it has been stolen or destroyed, Enterprise will issue to you the common stock or cash payable under the Merger Agreement if you submit an affidavit of that fact and, if requested by Enterprise, if you post bond in a customary amount as indemnity against any claim that may be made against Enterprise about ownership of the lost, stolen or destroyed certificate.

For a description of the differences between the rights of JCB shareholders and Enterprise stockholders, see “Comparison of Stockholder Rights”.

#### Effective Time

We plan to complete the Merger at such date and time agreed by Enterprise and JCB, which such date shall be no later than five business days after all of the conditions to the closing of the Merger have been satisfied or waived. The time the Merger is completed is the effective time of the Merger. See “The Merger Agreement - Conditions to Completion of the Merger”.

We anticipate that we will complete the Merger during the first quarter of 2017. However, completion could be delayed if there is a delay in obtaining the necessary regulatory approvals or for other reasons. There can be no assurances as to if or when these approvals will be obtained or as to whether or when the Merger will be completed. If we do not complete the Merger by June 30, 2017, either party may terminate the Merger Agreement without penalty, unless the failure to complete the Merger by this date is due to the failure of the party seeking to terminate the Merger

Agreement to perform or observe its obligations under the Merger Agreement. See “The Merger Agreement -Conditions to Completion of the Merger” and “Proposal I - The Merger - Regulatory Approvals Required for the Mergers”.

#### Management and Operations After the Merger

Upon closing of the merger, the separate existence of JCB and Eagle Bank will cease. The officers of Enterprise and Enterprise Bank immediately prior to the merger will continue as officers of Enterprise and Enterprise Bank, respectively, after the merger. In addition, upon completion of the Merger, Michael Walsh, JCB’s current President and Chief Executive Officer, will serve as executive vice president and chairman of the St. Louis region of Enterprise Bank. The boards of directors of Enterprise and Enterprise Bank will each be increased by one seat (or, a current member shall resign resulting in a vacancy). The additional seat shall be filled by a director from JCB or Eagle Bank. The directors of Enterprise and Enterprise Bank immediately prior to the Merger will continue as directors of Enterprise and Enterprise Bank, respectively, after the Merger.

The rights of JCB shareholders after the Merger who continue as stockholders of Enterprise will be governed by Delaware law rather than Missouri law. After the Merger is completed, the certificate of incorporation and bylaws of Enterprise, rather than the articles of incorporation, as amended and bylaws of JCB, will govern your rights as a stockholder.

Enterprise, as the resulting entity, will continue to operate under its policies, practices and procedures currently in place. Upon completion of the Merger, all assets and property owned by JCB and Eagle Bank will immediately become the property of Enterprise and Enterprise Bank, respectively, after the Merger.

#### Representations and Warranties

The Merger Agreement includes customary representations and warranties of Enterprise and JCB relating to their respective businesses that are made as of the date of the Merger Agreement and as of the closing date of the Merger. However, it should be noted that these representations and warranties:

have been qualified by information set forth in confidential disclosure schedules delivered in connection with signing the Merger Agreement-the information contained in those schedules modifies, qualifies and creates exceptions to the representations and warranties in the Merger Agreement;

will not survive consummation of the Merger;

may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties to the Merger Agreement if those statements turn out to be inaccurate; and

are in some cases subject to a materiality standard described in the Merger Agreement which may differ from what may be viewed as material by you.

The representations and warranties by Enterprise and JCB include, among other things:

the organization, existence, and corporate power and authority of each of the companies;

the capitalization of each of the companies;

the status of subsidiaries;

the corporate power and authority to consummate the Merger;

the regulatory approvals required to consummate the Merger;

the absence of conflicts with and violations of law;

the absence of any undisclosed liabilities of JCB;

the absence of adverse material litigation with respect to JCB;

accuracy of information in Enterprise’s and JCB’s financial statements;

the existence, performance and legal effect of certain contracts and insurance policies of both parties;

the filing of tax returns, payment of taxes and other tax matters by each party;

labor and employee benefit matters of both parties;

compliance with applicable environmental laws by both parties; and

the status of tangible property, intellectual property, certain loans and non-performing and classified assets of both parties.

#### Conduct of Business Pending the Merger

The Merger Agreement contains various restrictions on the operations of JCB before the effective time of the Merger. In general, the Merger Agreement obligates JCB and Eagle Bank to conduct its business in the usual, regular and ordinary course of business consistent with past practice. In addition, JCB and Eagle Bank have agreed that, except as expressly contemplated by the Merger Agreement, without the prior written consent of Enterprise (such consent not to be unreasonably withheld or delayed), neither will, among other things:

- Issue, sell, pledge, or otherwise dispose of any shares of its capital stock;
- Adjust, split, combine, redeem, reclassify, exchange, purchase or otherwise acquire any shares of its capital stock, or any other securities convertible into or exchangeable for any additional shares of its stock;
- Declare or pay any dividends or make other distributions in respect of its capital stock, other than payments from Eagle Bank to JCB and the JCB stated dividend declared in November 2016;
- Amend any existing employment, severance or similar contract, or enter into any new such contract except as contemplated by the Merger Agreement;
- Grant any increase in compensation or benefits to its officers or other employees or pay any bonus except as contemplated by the Merger Agreement;
- Hire any new employee, except for at-will employees with an annual salary not in excess of \$60,000 to fill vacancies that may arise from time to time in the ordinary course of business;
- Adopt any new employee benefit plan or make any material change to any existing employee benefit plan, except as contemplated by the Merger Agreement or as may be required by law or that is made to satisfy contractual obligations;
- Enter into transactions with officers, directors or affiliates of JCB other than compensation or business expense reimbursement in the ordinary course of business or as otherwise contemplated in the Merger Agreement;
- Sell, transfer, mortgage, pledge, encumber or otherwise dispose of or discontinue any assets, deposits, business or properties or release any indebtedness owed to JCB or any of its subsidiaries, except in the ordinary course of business;
- Acquire all or any portion of the assets, business, deposits or properties of any other entity, other than in connection with, among other things, good faith foreclosures in the ordinary course of business, or except as specifically approved by Enterprise;
- Make any capital expenditures in amounts exceeding \$5,000 individually or \$25,000 in the aggregate;
- Amend its articles of incorporation or bylaws;
- Implement or adopt any change in its accounting principles, practices or methods, other than as may be required by law or GAAP;
- Enter into, amend, modify, terminate or waive any material provision of any material contract, lease or insurance policy;
- Other than settlement of foreclosure actions or deficiency judgments in the ordinary course of business, settle any action, suit, claim or proceeding that involves payment by JCB in excess of \$25,000 individually, or \$50,000 in the aggregate or that would impose any material restriction on the business of JCB or any of its subsidiaries;
- Enter into any new material line of business, change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking and operating policies;
- Enter into any derivative transaction;
- Incur any additional debt obligation or other obligation for borrowed money (other than creation of deposit liabilities, purchases of federal funds, Federal Home Loan Bank borrowings, and sales of certificates of deposit, which are in the ordinary course of its business);

Acquire, sell or otherwise dispose of any investment securities, except for certain U.S. treasury securities and mortgage-backed securities, other than by way of foreclosures or acquisitions in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, or change the classification method for any investment securities;

Except as is contemplated in the Merger Agreement, make, renew, renegotiate, increase, extend or modify any (i) loan in excess of Federal Financial Institutions Examination Council regulatory guidelines relating to loan to value ratios, (ii) loan that is not made in conformity with JCB's ordinary course lending policies, (iii) loan, whether secured or unsecured, if the amount of such loan, together with any other outstanding loans (without regard to whether such other loans have been advanced or remain to be advanced), would result in the aggregate outstanding loans to any borrower of to exceed \$2,000,000, or (iv) loan to certain categories of borrowers;

Except as contemplated in the Merger Agreement, sell any loan or loan pools in excess of \$2,000,000 in principal amount or sale price;

Except as contemplated in the Merger Agreement, acquire any servicing rights or sell or otherwise transfer any loan where JCB retains any servicing rights;

Make any investment or commitment to invest in real estate or in any real estate development project other than by way of foreclosure or deed in lieu thereof;

Make, in any manner different from JCB's prior custom or practice, or change any material tax election, file any amended tax return, enter into any material closing agreement, settle or compromise any material liability with respect to taxes, agree to any material adjustment of any tax attribute, file any claim for a material refund of taxes, or consent to any extension or waiver of the limitation period applicable to any material tax claim or assessment relating to \$50,000 or more in taxes or \$150,000 or more of taxable income;

Commit any act or omission which constitutes a material breach or default by JCB or any of its subsidiaries under any agreement with any governmental authority or under any material contract, lease or other material agreement or material license;

Foreclose on or take a deed or title to any real estate other than single-family residential properties without first conducting a Phase I Environmental Site Assessment of the property or foreclose on or take deed or title to any real estate other than single-family properties if such environmental assessment indicates the presence or likely presences of any hazardous substance;

Except as is contemplated in the Merger Agreement, repurchase or acquire any shares of its capital stock;

Except as required by law, file any application or make any contract or commitment for the opening, relocation or closing of any, or open, relocate or close any, branch office, loan production or servicing facility;

• Merge or consolidate itself or any of its subsidiaries with any other person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its subsidiaries; or

• Commit any act or omission that would constitute a material breach under any material agreement.

In addition to these covenants, the Merger Agreement contains various other customary covenants, including, among other things, access to information and each party's agreement to use its commercially reasonable efforts to obtain all required consents.

#### Conduct of Enterprise Prior to the Merger

The Merger Agreement also obligates Enterprise and Enterprise Bank to conduct business in the ordinary course of business consistent and in compliance in all material respects with all applicable Laws. In addition, Enterprise and Enterprise Bank have agreed that, except as expressly contemplated by the Merger Agreement, without the prior written consent of JCB (such consent not to be unreasonably withheld or delayed), neither will, among other things:

• Amend its articles of incorporation or bylaws in any manner that would adversely affect the rights of JCB's shareholders in the surviving entity;

• Adjust, split, combine or reclassify any capital stock;



• Merge or consolidate itself or any of its subsidiaries with any other person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its subsidiaries;

• Commit any act or omission that would constitute a material breach under any agreement with a governmental authority or any material agreement; or

• Take any action or knowingly fail to take any action intended or reasonably likely to (i) prevent, delay or impair Enterprise's ability to consummate the Merger or (ii) prevent the Merger or Bank Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

#### Acquisition Proposals by Third Parties

JCB has agreed that neither it nor its representatives will, directly or indirectly:

• initiate, solicit, induce or knowingly encourage, or take any action to facilitate the making of, any inquiry, offer or proposal which constitutes an acquisition proposal;

• participate in discussions or negotiations regarding any acquisition proposal with, or furnish to, or otherwise afford access to, any third party, information with respect to JCB or its subsidiaries;

• release any person from, waive any provision of, or fail to enforce any confidentiality agreement or standstill agreement to which JCB is a party; or

• enter into, approve, or resolve to approve any agreement, agreement in principle or letter of intent with respect to any acquisition proposal, or any acquisition proposal.

Under the Merger Agreement, an "acquisition proposal" means any inquiry, offer or proposal (other than an inquiry, offer or proposal from Enterprise), whether or not in writing, contemplating, relating to, or that could reasonably be expected to lead to, an acquisition transaction. An "acquisition transaction" means:

• any transaction or series of transactions involving any Merger, consolidation, recapitalization, share exchange, liquidation, dissolution or similar transaction involving JCB or any of its subsidiaries;

• any transaction pursuant to which any third party or group acquires or would acquire (whether through sale, lease or other disposition), directly or indirectly, 20% or more of the assets of JCB on a consolidated basis;

• any issuance, sale or other disposition of (including by way of Merger, consolidation, share exchange or any similar transaction) securities (or options, rights or warrants to purchase or securities convertible into, such securities) representing 20% or more of the votes attached to the outstanding securities of JCB or any of its subsidiaries;

• any tender offer or exchange offer that, if consummated, would result in any third party or group beneficially owning 20% or more of any class of equity securities of JCB or any of its subsidiaries; or

• any transaction which is similar in form, substance or purpose to any of the transactions listed above, or any combination of these types of transactions.

If JCB receives a bona fide unsolicited written acquisition proposal that did not result from a breach of the non-solicitation provisions in the Merger Agreement as discussed above, the JCB board of directors may participate in discussions or negotiations regarding the unsolicited acquisition proposal if the JCB board of directors first determines in good faith, after consultation with its outside legal counsel and outside financial advisor, that such acquisition proposal is or is reasonably likely to lead to a superior proposal, and its failure to take action on such proposal would be inconsistent with its fiduciary duties to its shareholders under applicable law.



A “superior proposal” means any bona fide, unsolicited written acquisition proposal (on its most recently amended or modified terms, if amended or modified) made by a third party to enter into an Acquisition Transaction that (i) the Company Board determines in good faith, after consulting with its outside legal counsel and its financial advisor, would, if consummated, result in a transaction that would be more favorable to the shareholders of the Company than the Merger (taking into account all factors relating to such proposed transaction deemed relevant by the Company Board, including without limitation the amount and form of consideration, the timing of payment, the risk of consummation of the transaction, the financing thereof and all other conditions thereto, (including any adjustments to the terms and conditions of the Merger proposed by Buyer in response to such Acquisition Proposal)) and (ii) is for 50% or more of the outstanding shares of Company Stock or all or substantially all of the assets of Company.

JCB has agreed to promptly, and in any event within 48 hours, notify Enterprise in writing if any proposals or offers are received by, any information is requested from, or any negotiations or discussions are sought to be initiated or continued with, JCB or any of its representatives, in each case in connection with any acquisition proposal and to keep Enterprise informed, on a reasonably current basis, of the status and terms of any such proposal, offer, information request, negotiations or discussions (including any amendments or modifications to such proposal, offer or request). JCB has also agreed to provide Enterprise with any non-public information about JCB or any of its subsidiaries provided to any other person that was not previously provided to Enterprise, no later than the date provided to such other person.

In addition, under the Merger Agreement and subject to certain exceptions, JCB agreed that its board of directors, or any committee of the board, will not:

- initiate, solicit, induce or knowingly encourage, or take any action to facilitate the making of, any inquiry, offer or proposal which constitutes an acquisition proposal;
- participate in discussions or negotiations regarding any acquisition proposal or furnish, or otherwise afford access, to any third party any information with respect to JCB or its subsidiaries or otherwise in furtherance of an acquisition proposal;
- release any person from, waive any provision of, or fail to enforce any confidentiality agreement or standstill agreement to which JCB is a party in furtherance of an acquisition proposal; or
- enter into any agreement, agreement in principle or letter of intent with respect to any acquisition proposal or approve or resolve to approve any acquisition proposal or any agreement, agreement in principle or letter of intent relating to an Acquisition Proposal.

Notwithstanding the foregoing, JCB may make a “subsequent determination” (defined as any of the first three actions listed above) under certain circumstances, including if JCB receives an acquisition proposal and:

the JCB board of directors determines in good faith, after consultation with and having considered the advice of outside legal counsel and its financial advisor, that its fiduciary duties require JCB to deliver a notice to Enterprise of a “superior proposal”, and

during the five business days after receipt of the notice by Enterprise, JCB and its board of directors cooperate and negotiate in good faith with Enterprise to make such adjustments, modifications or amendments to the terms and conditions of the Merger Agreement as would enable JCB to proceed with the JCB recommendation of the Merger Agreement.

In the event of any material revisions to the superior proposal, JCB must provide a new notice of such superior proposal to Enterprise. During the three business day period following receipt of such new written notice, JCB and its board must cooperate and negotiate in good faith with Enterprise to make any adjustments, modifications or amendments to the terms and conditions of the Merger Agreement as would enable JCB to proceed with its board’s original recommendation with respect to the Merger Agreement without requiring JCB to withdraw, qualify, amend or modify its board’s recommendation with respect to the Merger Agreement.

#### Conditions to Completion of the Merger

The respective obligations of Enterprise and JCB to complete the Merger are subject to various conditions prior to the Merger. The conditions include the following, among others:

- the accuracy of the representations and warranties of the parties set forth in the Merger Agreement subject to the standards set forth in the Merger Agreement;
- the performance of all agreements and covenants required by the Merger Agreement to be performed prior to the closing of the Merger;
- the delivery of certain certificates of the appropriate officers of Enterprise and JCB;
- approval of the Merger Agreement by JCB shareholders and holders of less than 10% of JCB's outstanding shares in lieu of dissenters' rights;
- the receipt of all required regulatory approvals or authorizations, provided that none of these approvals contain any non-standard condition that would prohibit or materially limit the ownership or operation of the business of JCB by Enterprise or Enterprise Bank;
- the absence of any injunction, order, judgment or decree restraining or prohibiting completion of any of the transactions contemplated by the Merger Agreement;
- the registration statement of Enterprise of which this joint proxy statement/prospectus is a part must have become effective under the Securities Act and no "stop order" shall have been entered by the SEC and be continuing in effect;
- neither Enterprise nor JCB shall have suffered a material adverse effect;
- the issuance of tax opinions to each of Enterprise and JCB to the effect that the Merger will qualify as a tax-free reorganization under United States federal income tax laws;
- Enterprise and Enterprise Bank has executed and delivered the employment agreement with Michael Walsh;
- the director of JCB shall become a member of the board of Enterprise as of the effective time;
- JCB shall have received a certificate from the Exchange Agent certifying its receipt of sufficient cash and irrevocable authorization to issue shares of Enterprise common stock to satisfy Enterprise's obligations to pay the aggregate Merger Consideration; and
- the approval to list the common stock of Enterprise issuable in connection with the Merger on the NASDAQ Capital Market.

The parties may waive conditions to their obligations unless they are legally prohibited from doing so. Stockholder approval and regulatory approvals may not be legally waived.

#### Termination of the Merger Agreement

We can mutually agree at any time to terminate the Merger Agreement without completing the Merger, even if JCB has received approval of the Merger Proposal by its shareholders. Also, either of us can decide, without the consent of the other, to terminate the Merger Agreement in certain circumstances, including:

- if there is a final denial of a required regulatory approval or an application for a required regulatory approval has been withdrawn upon the request or recommendation of the applicable governmental authority and such governmental authority would not accept the refiling of such application;
- if the Merger is not completed on or before June 30, 2017;

if there is a continuing breach of the Merger Agreement by a party, and the breaching party has not cured the breach within 30 days' written notice to the breaching party, as long as that breach would entitle the non-breaching party not to complete the Merger; or

if holders of JCB common stock fail to approve the Merger Proposal.

In addition, Enterprise may terminate the Merger Agreement:

if JCB's board of directors fails to recommend approval of the Merger Agreement and the transactions contemplated thereby, including the Merger, to its shareholders, or withdraws or materially and adversely modifies its recommendation;

if JCB's board of directors recommends an acquisition proposal other than the Merger Proposal, or if JCB's board of directors negotiates or authorizes negotiations with a third party regarding an acquisition proposal other than the Merger and those negotiations continue for at least 5 business days;

if JCB has breached its covenant not to solicit or encourage inquiries or proposals with respect to any acquisition proposal, in circumstances not permitted under the Merger Agreement; or

Enterprise's aggregate cost of environmental due diligence on JCB's real property between October 10, 2016 and the effective date of the Merger Agreement exceeds \$2,500,000.

In addition, JCB may terminate the Merger Agreement:

if (i) the Enterprise Common Stock 5-day VWAP on the NASDAQ Stock Market for the 5 trading days immediately prior to the effective date of the Merger is less than 82.5% of the Enterprise Common Stock 5-day VWAP on the NASDAQ Stock Market for the 5 trading days ending on and including October 10, 2016 and (ii) the Enterprise Common Stock underperforms the NASDAQ Bank Index during such period by more than 15%; or

at any time prior to approval by the JCB shareholders, if JCB concludes that it must endorse a superior proposal (as defined in the Merger Agreement) in order to comply with its fiduciary duties.

Whether or not the Mergers are completed, Enterprise will cover the cost of printing this proxy statement/prospectus and the filing fees paid to the SEC, and JCB will pay all other costs for this proxy solicitation, including mailing this proxy statement/prospectus to JCB shareholders, and the special meeting.

#### Effect of Termination

If the Merger Agreement is terminated, it will become void and have no effect and the parties will be relieved of all obligations and liabilities, except that certain specified provisions of the agreement will survive. If the agreement is terminated because of a willful breach of a representation, warranty, covenant or agreement, the breaching party will not be relieved of liability for any breach giving rise to the termination, provided, however, if either parties is required to pay the other the termination fee or liquidated damages described below (which shall be the recipient party's sole and exclusive remedy against the other party), then such party will have no further obligations under the Merger Agreement.

The Merger Agreement also provides that JCB must pay Enterprise a fee and reimburse expenses in certain situations. In particular, JCB will pay Enterprise a fee of \$5,000,000 in certain circumstances set forth in the Merger Agreement, including if:

if JCB receives an acquisition proposal from a third-party and the Merger Agreement is subsequently terminated under certain conditions, and prior to the 12 month anniversary of the termination of the

Merger Agreement JCB enters into an agreement to engage in a competing acquisition proposal with any third-party or group other than Enterprise;

JCB's board of directors withholds, withdraws, changes, qualifies, amends or modifies its recommendation to approve the Merger; approves, recommends or publicly proposes to approve or recommend a competing acquisition proposal; or

JCB breaches its covenant not to solicit or encourage inquiries or proposals with respect to any acquisition proposal in circumstances not permitted under the Merger Agreement, which covenant is described below under "The Merger Agreement - Acquisition Proposals by Third Parties".

If the Merger Agreement is terminated by either party as a result of the other party's material breaches of its representations, warranties or covenants set forth in the Merger Agreement, and such breach would result in the closing conditions not being satisfied, then the non-terminating party will be required to pay the terminating party \$2,000,000 as liquidated damages (provided that, if the termination fee described above is also payable, the payment of such liquidated damages shall reduce, on a dollar-for-dollar basis, the amount of the termination fee that would also be payable).

#### Stock Exchange Listing

Enterprise has agreed to use its commercially reasonable best efforts to list the Enterprise common stock to be issued in the Merger on the NASDAQ Global Select Stock Market. It is a condition to the completion of the Merger that those shares be approved for listing on the NASDAQ Global Select Stock Market, subject to official notice of issuance. Following the Merger, Enterprise expects that its common stock will continue to trade on the NASDAQ Stock Market under the symbol "EFSC".

#### Restrictions on Resales by Affiliates

Enterprise has registered its shares of common stock to be issued in the Merger with the SEC under the Securities Act. No restrictions on the sale or other transfer of shares of Enterprise common stock issued in the Merger will be imposed solely as a result of the Merger, except for restrictions on the transfer of shares of Enterprise common stock issued to any JCB shareholder who is or becomes an "affiliate" of Enterprise for purposes of Rule 144 under the Securities Act. The term "affiliate" is defined in Rule 144 under the Securities Act as a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Enterprise or the combined company, as the case may be, and generally includes executive officers, directors and stockholders beneficially owning 10% or more of Enterprise's outstanding common stock.

#### Accounting Treatment

Enterprise will account for the Merger as a purchase by Enterprise of JCB under GAAP. Under the purchase method of accounting, the total consideration paid in connection with the Merger is allocated among JCB's assets, liabilities and identified intangibles based on the fair values of the assets acquired, the liabilities assumed and the identified intangibles. The difference between the total consideration paid in connection with the Merger and the fair values of the assets acquired, the liabilities assumed and the identified intangibles, if any, is allocated to goodwill. The results of operations of JCB will be included in Enterprise's results of operations from the date of acquisition.

## MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion addresses the material United States federal income tax consequences of the Mergers to U.S. holders (as defined below) of JCB common stock. The discussion is based on the provisions of the Code, its legislative history, U.S. Treasury regulations, administrative rulings and judicial decisions, all as currently in effect as of the date hereof and all of which are subject to change (possibly with retroactive effect) and all of which are subject to differing interpretations. Tax considerations under foreign, state, or local tax laws, and under federal tax laws other than those pertaining to U.S. federal income tax are not addressed in this proxy statement/prospectus.

For purposes of this discussion, we use the term “U.S. holder” to mean a beneficial owner that is:

- an individual citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for United States federal income tax purposes) created or organized under the laws of the United States or any of its political subdivisions;
- a trust that (i) is subject to the supervision of a court within the U.S. and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or
- an estate that is subject to U.S. federal income taxation on its income regardless of its source.

This discussion applies only to JCB shareholders that hold their JCB common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment), and does not address all aspects of U.S. federal income taxation that may be relevant to a particular U.S. holder in light of its personal circumstances or to U.S. holders subject to special treatment under the U.S. federal income tax laws, including:

- financial institutions;
- investors in pass-through entities;
- persons liable for the alternative minimum tax;
- insurance companies;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect to use a mark to market method of accounting;
- persons that hold JCB common stock as part of a straddle, hedge, constructive sale or conversion transaction;
- regulated investment companies;
- real estate investment trusts;
- persons whose “functional currency” is not the U.S. dollar;
- persons who are not citizens or residents of the United States; and
- stockholders who acquired their shares of JCB common stock through the exercise of an employee JCB Stock Option, as a restricted stock award, or otherwise as compensation.

If a partnership or other entity taxed as a partnership holds JCB common stock, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partner and partnership. Partnerships and partners in such a partnership should consult their tax advisors about the tax consequences of the Mergers to them. The actual tax consequences of the Mergers to you may be complex and will depend on your specific situation and on factors that are not within our control. You should consult with your own tax advisor as to the tax consequences of the Mergers in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws. In addition, to the extent that you recognize gain in the Merger, you should consult with your own tax advisor with respect to the impact of the 3.8% Medicare replacement tax on certain net investment income.

**U.S. Federal Income Tax Consequences of the Mergers.** Based upon the facts and representations contained in the representation letters received from Enterprise and JCB in connection with the filing of the registration statement on Form S-4 of which this proxy statement/prospectus is a part, it is the opinion of Reed Smith and Lewis Rice, that the merger of JCB with and into Enterprise will qualify as a reorganization within the meaning of Section 368(a) of the Code. Because the merger of JCB with and into Enterprise will qualify as a reorganization under Section 368(a) if the Code, the U.S. federal income tax consequences will be as follows:

no gain or loss will be recognized by Enterprise or JCB as a result of the Mergers;

no gain or loss will be recognized by shareholders of JCB who receive shares of Enterprise common stock in exchange for shares of JCB common stock pursuant to the Merger (except for any income gain or loss that may result from the receipt of cash in lieu of fractional shares of Enterprise common stock that the shareholder of JCB would otherwise be entitled to receive as discussed below under “-Cash Received In Lieu of a Fractional Share of Enterprise Common Stock”);

the aggregate basis of the Enterprise common stock received in the Merger will be the same as the aggregate basis of the JCB common stock for which it is exchanged, decreased by any basis attributable to fractional share interests in Enterprise common stock for which cash is received; and

the holding period of Enterprise common stock received in exchange for shares of JCB common stock will include the holding period of the JCB common stock for which it is exchanged.

U.S. holders of JCB common stock who exchange their shares of JCB common stock for both shares of Enterprise common stock and cash consideration must generally recognize gain (but not loss) on the exchange in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the fair market value of the shares of Enterprise common stock (including any fractional shares) and cash received pursuant to the merger (excluding any cash received in lieu of fractional shares) over the shareholder’s adjusted tax basis in its shares of JCB common stock surrendered pursuant to the merger), or (2) the amount of cash (excluding any cash received in lieu of fractional shares) received pursuant to the merger. “See Cash Received in Lieu of a Fractional Share of Enterprise Common Stock”.

U.S. holders of JCB common stock who receive solely cash for their shares will recognize gain or loss on the exchange equal to the difference between the amount of cash received and their adjusted tax basis in their shares of JCB common stock surrendered pursuant to the merger.

If U.S. holders of JCB common stock acquired different blocks of shares of JCB common stock at different times or at different prices, such holders’ basis and holding period may be determined with reference to each block of JCB common stock. Any such holders should consult their tax advisors regarding the manner in which Enterprise common stock received in the exchange should be allocated among different blocks of JCB common stock and with respect to identifying the bases or holding periods of the particular shares of Enterprise common stock received in the Merger.



It is a condition to JCB's obligation to complete the Merger that JCB receives a written opinion of its counsel, Lewis Rice, dated as of the closing date, to the effect that the merger of JCB with and into Enterprise will qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to Enterprise's obligation to complete the Merger that Enterprise receives an opinion of its counsel, Reed Smith, dated as of the closing date, to the effect that the merger of JCB with and into Enterprise will qualify as a reorganization within the meaning of Section 368(a) of the Code. These opinions will be based on the assumption that the Merger will be completed in the manner set forth in the Merger Agreement and the registration statement on Form S-4 of which this proxy statement/prospectus is a part, and on representation letters provided by Enterprise and JCB to be delivered at the time of the closing. Those opinions will also be based on the assumption that the representations found in the representation letters are, as of the effective time, true and complete without qualification and that the representation letters are executed by appropriate and authorized officers of Enterprise and JCB. If any of the assumptions or representations upon which such opinions are based is inconsistent with the actual facts with respect to the Mergers, the U.S. federal income tax consequences of the Mergers could be adversely affected.

In addition, neither of the tax opinions given in connection with the Merger or in connection with the filing of the registration statement on Form S-4 of which this proxy statement/prospectus is a part will be binding on the Internal Revenue Service or any court. Neither Enterprise nor JCB intends to request any ruling from the Internal Revenue Service or any foreign state or local tax authorities as to any tax issues in connection with the Mergers, and consequently, there is no guarantee that the Internal Revenue Service will treat the merger of JCB with and into Enterprise (or the merger of Eagle Bank with and into Enterprise Bank) as a "reorganization" within the meaning of Section 368(a) of the Code or that a court would not sustain a position to the contrary to any of the positions set forth herein. If either or both of the Mergers do not qualify as a reorganization, the transaction would be treated as a fully taxable transaction on which gain or loss would be recognized in full. In addition, penalties and interest could be imposed on any resulting tax deficiency.

**Cash Received In Lieu of a Fractional Share.** A U.S. holder of JCB common stock who receives cash in lieu of a fractional share of Enterprise common stock will be treated as having received the fractional share pursuant to the Merger and then as having exchanged the fractional share for cash in a redemption by Enterprise. As a result, such U.S. holder will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the Merger, such U.S. holder's holding period for such shares is greater than one year. For U.S. holders of JCB common stock that are non-corporate holders, long-term capital gain generally will be taxed at a U.S. federal income tax rate that is lower than the rate for ordinary income or for short-term capital gains. In addition, net investment income of certain high-income taxpayers may also be subject to an additional 3.8% tax (i.e., the net investment income tax). The deductibility of capital losses is subject to limitations. See the above discussion regarding blocks of stock that were purchased at different times or at different prices.

**Backup Withholding and Information Reporting.** Payments of cash to a U.S. holder of JCB common stock pursuant to the Merger are subject to information reporting and may, under certain circumstances, be subject to backup withholding, unless such shareholder provides Enterprise with its taxpayer identification number and otherwise complies with the backup withholding rules. Any amounts withheld from payments to a U.S. holder of JCB common stock under the backup withholding rules are not additional tax and generally will be allowed as a refund or credit against such U.S. holder's federal income tax liability; provided that such U.S. holder timely furnishes the required information to the Internal Revenue Service.

A U.S. holder of JCB common stock who receives Enterprise common stock as a result of the Merger will be required to retain records pertaining to the Merger. Each U.S. holder of JCB common stock who is required to file a U.S. federal income tax return and who is a "significant holder" that receives Enterprise common stock in the Merger will be required to file a statement with such U.S. federal income tax return in accordance with Treasury Regulations Section 1.368-3 setting forth information regarding the parties to the Merger, the date of the Merger, such holder's basis in the JCB common stock surrendered and the fair market value of Enterprise common stock and cash received in the Merger. A "significant holder" is a holder of JCB common stock who, immediately before the Merger, owned at least

1% of the outstanding stock of JCB or securities of JCB with a basis for federal income tax purposes of at least \$1 million.

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The preceding discussion is intended only as a summary of material U.S. federal income tax consequences of the Mergers. It is not a complete analysis or discussion of all potential tax effects that may be important to you. Thus, you are strongly encouraged to consult your tax advisor as to the specific tax consequences resulting from the Mergers, including tax return reporting requirements, the applicability and effect of federal, state, local, foreign, and other tax laws and the effect of any proposed changes in the tax laws.

## MARKET PRICE AND DIVIDEND INFORMATION

Shares of Enterprise common stock are traded on the NASDAQ Global Select Market, and shares of JCB common stock are not publicly traded. The following table sets forth the high and low sale prices for shares of Enterprise Common Stock for the periods indicated below and the cash dividends paid per share by Enterprise and JCB for such periods.

Year Quarter	Enterprise Common Stock		JCB Financial Common Stock	
	High	Low	Cash Dividend Per Share	Cash Dividend Per Share
2014				
First Quarter	\$20.65	\$17.67	\$0.0525	\$ —
Second Quarter	20.93	17.02	0.0525	0.3000
Third Quarter	18.95	16.70	0.0525	—
Fourth Quarter	20.23	16.38	0.0525	0.3500
2015				
First Quarter	\$20.93	\$18.80	\$0.0525	\$ —
Second Quarter	23.35	19.68	0.0600	0.3500
Third Quarter	25.46	22.03	0.0700	—
Fourth Quarter	30.73	24.18	0.0800	0.4000
2016				
First Quarter	\$29.36	\$25.01	\$0.0900	\$ —
Second Quarter	29.06	25.04	0.1000	0.4000
Third Quarter	31.96	26.37	0.1100	—

The following table lists the average volume weighted average price of Enterprise's common stock for the five trading period closing on: (i) October 7, 2016, the trading day before the Merger Agreement was announced, at \$31.6363, and on (ii) December 19, 2016, the most recent practicable trading day prior to the date of this document. The following table also presents the pro forma equivalent per share value of a share of JCB common stock on those dates. We calculated the pro forma equivalent per share value by multiplying the closing price of Enterprise common stock on those dates by 2.75, the exchange ratio in the Merger.

	Enterprise Common Stock	Implied Pro Forma Equivalent Value of One Share of JCB Common Stock
October 7, 2016	\$31.6363	\$ 87.00
December 19, 2016	\$40.5127	111.41

The market prices of Enterprise common stock have fluctuated since the date of the announcement of the Merger Agreement and will continue to fluctuate from the date of this proxy statement/prospectus to the date of the JCB special meeting and the date the Merger is completed and thereafter. No assurance can be given concerning the market prices of Enterprise common stock before completion of the Merger or Enterprise common stock after completion of the Merger. The exchange ratio is fixed in the Merger Agreement, but the market price of Enterprise common stock (and therefore the value of the Common Stock Consideration) when received by JCB shareholders after the Merger is

completed could be greater than, less than or the same as shown in the table above. Accordingly, JCB shareholders are advised to obtain current market quotations for Enterprise common stock in deciding whether to vote for approval of the Merger Agreement.

## INFORMATION ABOUT THE COMPANIES

### Enterprise

Enterprise is a Delaware corporation headquartered in Clayton, Missouri. It is a relationship based financial institution and one of the largest independent publicly traded bank holding companies based on assets headquartered in Missouri. Enterprise's principal subsidiary, Enterprise Bank, and other affiliates provide a full range of commercial, leasing, retail, wealth management, trust and private banking products and services to commercial and industrial, commercial real estate, municipal and consumer customers through 16 banking locations throughout Missouri and Arizona. At September 30, 2016, Enterprise had consolidated total assets of approximately \$3.9 billion and over \$1.5 billion in trust assets under administration. Enterprise common stock trades on the NASDAQ Stock Market under the symbol "EFSC".

Enterprise's executive offices are located at 150 North Meramec, Clayton, Missouri 63105, and its telephone number is (314) 725-5500.

### JCB

JCB, a Missouri corporation incorporated in 1992, is a registered bank holding company headquartered in Festus, Missouri. Its primary business is operating its bank subsidiary, Eagle Bank, a Missouri state-chartered trust company with banking powers headquartered in Hillsboro, Missouri. Eagle Bank is a relationship-focused bank that serves local businesses and individuals through a full range of services including business banking, retail banking, and trust services relating to pre-need funeral and cemetery services. It provides these financial services through 14 banking locations throughout Missouri. At September 30, 2016, Eagle Bank had approximately \$928 million in total assets, \$766 million in deposits and \$670 million in total loans. Eagle Bank also had approximately \$153 million in trust assets under management for its clients at September 30, 2016.

### Business

Eagle Bank is an independent, community banking institution that offers a comprehensive line of products and services designed to meet the financial needs of the communities it serves. The banking and financial services industry in the markets in which Eagle Bank operates (and particularly, the St. Louis metropolitan area) is highly competitive. Generally, Eagle Bank competes for banking customers and deposits with other local, regional, national and Internet banks and savings and loan associations; personal loan and finance companies; credit unions; mutual funds; and investment brokers.

### Deposit and Retail Services

Eagle Bank offers a full range of consumer and commercial deposit services that are typically available at most commercial banks and financial institutions, including checking accounts, NOW accounts, money market accounts, savings accounts, cash management, time deposits of various types ranging from shorter-term to longer-term certificates of deposit and individual retirement accounts. Eagle Bank also provides online and mobile banking to its clients.

### Lending

Eagle Bank provides a range of commercial real estate, residential real estate, commercial and industrial, healthcare and personal lending products and services for its customers. The majority of Eagle Bank's client relationships are based in St. Louis County, Jefferson County and Perry County in Missouri. When extending credit, Eagle Bank's

decisions are based upon the customer's ability to repay their loan, as well as the value of any collateral securing the loan.

#### Sources of Funds

Eagle Bank maintains stable sources of funding primarily through deposits from its customers. Eagle Bank's largest categories of deposits are non-interest bearing, followed by savings deposits, time deposits, money market accounts and NOW accounts. Eagle Bank also obtains funds from the amortization, repayment and prepayment of loans; the sales or maturity of investment securities; advances from the Federal Home Loan Bank; securities sold under agreements to repurchase; federal funds purchased; and cash flows generated by operations.

#### Investment Activities

Eagle Bank maintains a securities portfolio to manage risk and provide Eagle Bank with asset diversification, income, collateral for its own borrowing and financial stability. The objectives of the securities portfolio are to diversify and mitigate exposures to credit and interest rate risk, to provide liquidity and to enhance profitability by investing available funds.

#### Additional Information

JCB common stock is not registered under the Exchange Act and, accordingly, the company does not file periodic or current reports with the SEC.

JCB's executive offices are located at 680 South Mill Street, Festus, Missouri 63028, and its telephone number is (636) 931-3660.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF JCB'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of Jefferson County Bancshares, Inc. ("JCB") consolidated financial condition at September 30, 2016, December 31, 2015 and December 31, 2014 and consolidated results of operations for the nine months ended September 30, 2016 and 2015 and the years ended December 31, 2015, and 2014, and should be read in conjunction with JCB's consolidated financial statements and notes thereto presented in this proxy statement/prospectus beginning on page F-1. The discussion and analysis of JCB's financial condition and results of operations and all other information presented in this section may be forward-looking in nature, and therefore should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements".

### Critical Accounting Policies

JCB's consolidated financial statements are prepared in conformity with GAAP and follow general practices within the banking industry. This preparation requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions, and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, actual results could differ from the estimates, assumptions, and judgments reflected in the financial statements. Certain policies inherently have a greater reliance on the use of estimates, assumptions, and judgments and, as such, have a greater possibility of producing results that could be materially different than originally reported. JCB's management believes the following policies are both important to the portrayal of its financial condition and results of operations and require subjective or complex judgments; therefore, management considers the following to be critical accounting policies.

**Reserve for Possible Loan Losses.** The reserve for possible loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in the light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. The reserve for possible loan losses is a valuation reserve for probable incurred credit losses, increased by the provision for credit losses and recoveries, and decreased by the charge-off of loans. Allocations of the reserve for possible loan losses may be made for specific loans, but the entire reserve is available for any loan that, in management's judgment, should be charged-off. Loan losses are charged against the reserve for possible loan losses when management believes the uncollectability of the loan balance is confirmed. Subsequent recoveries, if any, are credited to the reserve for possible loan losses. The reserve for loan loss methodology is consistent for each portfolio segment.

The reserve for possible loan losses consists of specific and general components. The specific component relates to loans that are individually classified as impaired. The general component covers non-impaired loans and is based on a historical migration analysis adjusted for current qualitative environmental factors. JCB maintains a loss migration analysis that tracks loan losses and recoveries based on each loan type. JCB uses a migration analysis methodology that looks at net charge-offs for each loan type during the prior 12 quarters. The historical weighted average loss ratios by loan type are then allocated based on historical losses experienced on a rolling 65% weight to the most recent past four calendar quarters, 25% weight to the previous five thru eight quarters and a 10% weight to the previous nine thru twelve quarters. These historical loss percentages are adjusted (both upwards and downwards) for certain qualitative environmental factors, including economic trends, credit quality trends, concentration risks, quality of loan review, changes in staff, and external factors and other considerations. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

A loan is impaired when, based on current information and events, JCB management believes it to be probable that it will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans for which the terms have been modified with no benefit received by JCB and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings ("TDR's"), and are classified as impaired. Factors considered by management in determining impairment include payment status, collateral value, and the probability of



collecting scheduled principal and interest payments when due. JCB evaluates impaired loans individually to determine whether or not interest continues to be accrued.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require JCB to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, although management believes that JCB maintains a reserve for possible loan losses in accordance with GAAP, it is reasonably possible that the estimated losses on loans may change materially.

**Securities.** Securities available-for-sale are carried at fair value with unrealized gains and losses reported in other comprehensive income. Realized gains (losses) on securities available-for-sale are included in other income (expense) and, when applicable, are reported as a reclassification adjustment, net of tax, in other comprehensive income. Gains and losses on sales of securities are determined using the specific-identification method. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity.

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: (i) OTTI related to credit loss, which must be recognized in the income statement; and (ii) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

**Other Real Estate Owned.** Real estate properties acquired through or in lieu of loan foreclosures are initially recorded at the fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for credit losses. After foreclosure, valuations are periodically performed by management and property held for sale is carried at the lower of the new cost basis or fair value less cost to sell. Impairment losses on property to be held and used are measured as the amount by which the carrying amount of a property exceeds its fair value. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed.

**Recent Accounting Pronouncements.** In June 2016, the FASB issued ASU 2016-13, "Financial Instruments (Topic 326)" which changes the methodology for evaluating impairment of most financial instruments. The ASU replaces the currently used incurred loss model with a forward-looking expected loss model, which will generally result in a more timely recognition of losses. The guidance becomes effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the new guidance and has not determined the impact this standard may have on its financial statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation-Stock Compensation (Topic 718)" which impacts accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 requires all excess tax benefits and tax deficiencies to be recognized in the income statement as income tax expense (or benefit.) The tax effects of exercised or vested awards must be treated as discrete items in the reporting period in which they occur, regardless of whether the benefit reduces taxes payable in the current period. Excess tax benefits will be classified with other income tax cash flows as an operating activity, and cash paid by an employer when withholding shares for tax liabilities should be classified as a financing activity. The guidance becomes effective for annual periods

beginning after December 15, 2017, and interim periods beginning after December 15, 2018. Early adoption is permitted. The

Company is currently evaluating the new guidance and has not determined the impact this standard may have on its financial statements.

In February 2016, the FASB issued ASU 2016-02 (Subtopic 842), Leases, which requires companies that lease assets (“lessees”) to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The new ASU will also require additional disclosures to include qualitative and quantitative information about amounts presented in the financial statements. The guidance is effective for annual and interim periods beginning after December 15, 2018. JCB’s management is evaluating the new guidance and its impact on JCB’s financial condition and results of operations.

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which makes limited amendments to the guidance on the classification and measurement of financial instruments. The new ASU revises an entity’s accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. The amendments require equity investments to be measured at fair value, with changes in fair value recognized in net income. For financial liabilities that an entity has elected to measure at fair value, the amendments require an entity to present separately in other comprehensive income the portion of the change in fair value that results from a change in instrument-specific credit risk. Upon adoption, entities will be required to make a cumulative-effect adjustment to the statement of financial position as of the beginning of the first reporting period in which the guidance is effective. The guidance is effective for annual and interim periods beginning after December 15, 2017. Early adoption is not permitted, but early application of certain items is allowed. Beginning with the annual period ended December 31, 2015, the Company has implemented the early application guidance for the exclusion of the disclosure of fair value of financial instruments of ASC 825-10-50. Although management is continuing to evaluate this new guidance, the overall adoption is not expected to have a material effect on JCB’s financial condition or results of operations.

#### General

JCB is a bank holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, Eagle Bank and Trust Company of Missouri (“EB&T”). EB&T provides a full range of financial services to individual and corporate customers and nonprofit entities throughout Jefferson, St. Louis and Perry Counties and St. Louis City in Missouri through the branch network. JCB and EB&T are subject to competition from other financial and nonfinancial institutions providing financial products throughout Jefferson, St. Louis and Perry Counties and St. Louis City in Missouri. Additionally, JCB and EB&T are subject to the regulations of certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

The profitability of JCB’s operations depends primarily on its net interest income after provision for possible loan losses, which is the difference between interest earned on interest-earning assets and interest paid on interest-bearing liabilities less provision for possible loan losses. The provision for possible loan losses is dependent on changes in JCB’s loan portfolio and management’s assessment of the collectability of JCB’s loan portfolio, as well as prevailing economic and market conditions. JCB’s net income is also affected by noninterest income, noninterest expense and income tax expense.

#### Net Income

JCB had net income of \$5.1 million for the nine months ended September 30, 2016 compared to net income of \$5.0 million for the nine months ended September 30, 2015. The increase in net income from the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 was primarily due to a \$1.2 million increase in net interest income, offset by a \$0.2 million decrease in noninterest income and a \$1.3 million increase in noninterest expense.

JCB had net income of \$6.6 million for the year ended December 31, 2015 compared to net income of \$6.4 million for the year ended December 31, 2014. The increase in net income from the year ended December 31, 2015 compared to the year ended December 31, 2014 was primarily due to an increase in interest income of \$0.3 million

on taxable securities and an increase of \$0.4 million in interest and fee income on the loan portfolio. This was partially offset by a decrease in income of \$0.4 resulting from the proceeds received in 2014 from an insurance claim due to the death of a former bank officer.

#### Net Interest Income

The following tables present, for the periods indicated, the dollar amount of interest income from average interest-earning assets and the related yields, as well as the interest expense on average interest-bearing liabilities, and the related costs, expressed both in dollars and rates. The tables below and the discussion that follows contain presentations of net interest income and net interest margin on a tax-equivalent basis, which is adjusted for the tax-favored status of income from certain loans and investments. JCB's management believes this measure to be the preferred industry measurement of net interest income, as it provides a relevant comparison between taxable and non-taxable amounts. Explanations of the adjustments between income on a tax-equivalent basis to income in accordance with GAAP are provided in the footnotes in the following tables.

(in thousands)	Nine months ended September 30,					
	2016			2015		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
<b>Assets</b>						
<b>Interest-earnings assets:</b>						
Taxable loans (1)	\$655,448	\$22,314	4.55 %	\$627,506	\$21,688	4.62 %
Tax-exempt loans (2)	7,895	260	4.40	7,543	262	4.64
Total loans	663,343	22,574	4.55	635,049	21,950	4.62
Taxable investments in debt and equity securities	135,605	3,269	3.22	140,228	2,666	2.54
Non-taxable investments in debt and equity securities (2)	32,345	877	3.62	33,662	959	3.81
Short-term investments	31,104	132	0.57	32,246	78	0.32
Total securities and short-term investments	199,054	4,278	2.87	206,136	3,703	2.40
Total interest-earning assets	862,397	26,852	4.16	841,185	25,653	4.08
<b>Noninterest-earning assets:</b>						
Cash and due from banks	13,643			13,316		
Other assets	60,652			61,861		
Allowance for loan losses	(7,890 )			(7,817 )		
Total assets	\$928,802			\$908,545		
<b>Liabilities and Shareholders' Equity</b>						
<b>Interest-bearing liabilities:</b>						
Interest-bearing transaction accounts	\$89,093	\$268	0.40 %	\$80,845	\$261	0.43 %
Money market accounts	299,598	1,102	0.49	297,118	1,093	0.49
Savings	70,151	136	0.26	63,750	124	0.26
Certificates of deposit	152,848	903	0.79	167,910	908	0.72
Total interest-bearing deposits	611,690	2,409	0.53	609,623	2,386	0.52
Subordinated debentures	12,500	724	7.74	12,500	710	7.59
Other borrowed funds	51,675	801	2.07	46,192	788	2.28
Total interest-bearing liabilities	675,865	3,934	0.78	668,315	3,884	0.78
<b>Noninterest bearing liabilities</b>						
Demand deposits	151,773			144,861		
Other liabilities	3,074			3,559		
Total liabilities	830,712			816,735		
Shareholders' equity	98,090			91,810		
Total liabilities & shareholders' equity	\$928,802			\$908,545		
Net interest income		\$22,918			\$21,769	
Net interest spread			3.38 %			3.30 %
Net interest margin			3.55 %			3.46 %

(1) Average balances include non-accrual loans. The income on such loans is included in interest, but is recognized only upon receipt. Loan fees, net of amortization of deferred loan origination fees, and costs, included in interest income are approximately \$482,000 and \$287,300 for the nine months ended September 31, 2016 and 2015, respectively.

(2) Non-taxable income is presented on a fully tax-equivalent basis using a 34% tax rate in 2016 and 2015. The tax-equivalent adjustments were \$386,570 and \$415,226 for the nine months ended September 30, 2016 and 2015, respectively.

(3) Net interest income divided by average total interest-earning assets.





(in thousands)	2016 compared to 2015		
	Nine months ended September 30,		
	Volume	Rate	Net
	(1)	(2)	
Interest earned on:			
Taxable loans	\$971	\$(345)	\$626
Tax-exempt loans (3)	12	(14)	(2)
Taxable investments in debt and equity securities	(90)	693	603
Non-taxable investments in debt and equity securities (3)	(36)	(46)	(82)
Short-term investments	(3)	57	54
Total interest-earning assets	\$854	\$345	\$1,199
Interest paid on:			
Interest-bearing transaction accounts	\$26	\$(19)	\$7
Money market accounts	10	(1)	9
Savings	12	—	12
Certificates of deposit	(85)	80	(5)
Subordinated debentures	—	14	14
Borrowed funds	89	(76)	13
Total interest-bearing liabilities	52	(2)	50
Net interest income	\$802	\$347	\$1,149

(1) Change in volume multiplied by yield/rate of prior period.

(2) Change in yield/rate multiplied by volume of prior period.

(3) Nontaxable income is presented on a fully tax-equivalent basis using the combined statutory federal and state income tax rate in effect for each year.

NOTE: The change in interest due to both rate and volume has been allocated to rate and volume changes in proportion to the relationship of the absolute dollar amounts of the change in each.

Net interest income on a fully tax-equivalent basis increased \$1.1 million during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. The increase in net interest income was primarily due to an increase in average loan volume, an increase in interest rate on taxable investments in debt securities, partially offset by lower loan yields. The net interest margin, expressed on a fully tax-equivalent basis, was 3.55% for the nine months ended September 30, 2016 and 3.46% for the nine months ended September 30, 2015. The increase in the margin was due to a higher volume of loans relative to other interest-earning assets in 2016 compared to 2015.

(in thousands)	Years ended December 31,					
	2015			2014		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
<b>Assets</b>						
<b>Interest-earnings assets:</b>						
Taxable loans (1)	\$629,053	\$28,941	4.60 %	\$601,991	\$28,487	4.73 %
Tax-exempt loans (2)	7,672	351	4.58	7,600	451	5.93
Total loans	636,725	29,292	4.60	609,591	28,938	4.75
Taxable investments in debt and equity securities	138,480	3,506	2.53	140,200	3,194	2.28
Non-taxable investments in debt and equity securities (2)	33,679	1,270	3.77	29,981	1,146	3.82
Short-term investments	32,958	109	0.33	48,864	151	0.31
Total securities and short-term investments	205,117	4,885	2.38	219,045	4,491	2.05
Total interest-earning assets	841,842	34,177	4.06	828,636	33,429	4.03
<b>Noninterest-earning assets:</b>						
Cash and due from banks	13,314			13,948		
Other assets	61,646			60,428		
Allowance for loan losses	(7,811 )			(8,089 )		
Total assets	\$908,991			\$894,923		
<b>Liabilities and Shareholders' Equity</b>						
<b>Interest-bearing liabilities:</b>						
Interest-bearing transaction accounts	\$81,135	\$347	0.43 %	\$73,153	\$350	0.48 %
Money market accounts	295,975	1,453	0.49	295,267	1,461	0.49
Savings	64,161	167	0.26	59,942	156	0.26
Certificates of deposit	166,690	1,205	0.72	179,477	1,372	0.76
Total interest-bearing deposits	607,961	3,172	0.52	607,839	3,339	0.55
Subordinated debentures	12,500	948	7.59	12,500	945	7.56
Other borrowed funds	46,215	1,049	2.27	46,609	1,077	2.31
Total interest-bearing liabilities	666,676	5,169	0.78	666,948	5,361	0.80
<b>Noninterest bearing liabilities</b>						
Demand deposits	146,040			140,032		
Other liabilities	4,388			3,982		
Total liabilities	817,104			810,962		
Shareholders' equity	91,887			83,961		
Total liabilities & shareholders' equity	\$908,991			\$894,923		
Net interest income		\$29,008			\$28,068	
Net interest spread			3.28 %			3.23 %
Net interest margin			3.45 %			3.39 %

(1) Average balances include non-accrual loans. The income on such loans is included in interest, but is recognized only upon receipt. Loan fees, net of amortization of deferred loan origination fees, and costs, included in interest income are approximately \$610,549 and \$499,908 for the years ended December 31, 2015 and 2014, respectively.

(2) Non-taxable income is presented on a fully tax-equivalent basis using a 34% tax rate in 2015 and 2014. The tax-equivalent adjustments were \$551,295 and \$543,024 for the years ended December 31, 2015 and 2014, respectively.

(3) Net interest income divided by average total interest-earning assets.



(in thousands)	2015 compared to 2014		
	Years ended December 31,		
	Volume	Rate	Net
	(1)	(2)	
Interest earned on:			
Taxable loans	\$1,259	\$(805)	\$454
Tax-exempt loans (3)	4	(104)	(100)
Taxable investments in debt and equity securities	(40)	352	312
Non-taxable investments in debt and equity securities (3)	140	(16)	124
Short-term investments	(52)	10	(42)
Total interest-earning assets	\$1,311	\$(563)	\$748
Interest paid on:			
Interest-bearing transaction accounts	\$36	\$(39)	\$(3)
Money market accounts	3	(11)	(8)
Savings	11	—	11
Certificates of deposit	(95)	(72)	(167)
Subordinated debentures	—	3	3
Borrowed funds	(9)	(19)	(28)
Total interest-bearing liabilities	(54)	(138)	(192)
Net interest income	\$1,365	\$(425)	\$940

(1) Change in volume multiplied by yield/rate of prior period.

(2) Change in yield/rate multiplied by volume of prior period.

(3) Nontaxable income is presented on a fully tax-equivalent basis using the combined statutory federal and state income tax rate in effect for each year.

NOTE: The change in interest due to both rate and volume has been allocated to rate and volume changes in proportion to the relationship of the absolute dollar amounts of the change in each.

Net interest income on a fully tax-equivalent basis increased \$0.9 million during the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase in net interest income was primarily due to an increase in loan volume, an increase in security yield, partially offset by lower loan yields. The net interest margin, expressed on a fully tax-equivalent basis, was 3.45% for 2015 and 3.39% for 2014. The increase in the margin was due to a higher volume of loans partially offset by the decrease in lower loan yields.

#### Noninterest Income

(in thousands)	Nine Months Ended September 30,			
	2016	2015	Increase (Decrease)	
Mortgage banking revenues	\$471	\$534	\$(63)	(11.8)%
Service charges and other fee income on deposit accounts	1,577	1,585	(8)	(0.5)%
Income from fiduciary activities	346	334	12	3.6%
Increase in cash surrender value of life insurance	344	344	—	—%
Other noninterest income	1,863	1,599	264	16.5%
Total noninterest income	\$4,601	\$4,396	\$205	4.7%

Noninterest income increased by \$0.2 million, or 4.7%, for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. JCB recorded rental income related to a parcel of other real estate owned of \$135,000 during the nine months ended September 30, 2016 as compared to \$0 during the same period ended in 2015. Furthermore revenue resulting from the trust operation totaled \$346,000 for the nine month period in 2016 as compared to \$334,000 for the same period in 2015.

(in thousands)	For the Year ended December 31,			
	2015	2014	Increase (Decrease)	
Mortgage banking revenues	\$649	\$771	\$(122)	(15.8)%
Service charges and other fee income on deposit accounts	2,159	2,099	60	2.9 %
Income from fiduciary activities	466	441	25	5.7 %
Increase in cash surrender value of life insurance	438	918	(480 )	(52.3)%
Other noninterest income	2,234	2,037	197	9.7 %
Total noninterest income	\$5,946	\$6,266	\$(320)	(5.1 )%

Noninterest income decreased by \$0.3 million, or 5.1% for the year ended December 31, 2015 compared to the year ended December 31, 2014. In the year 2014, JCB recorded income of \$446,000 resulting from a claim on its Bank-Owned Life insurance policy due to an ex-officer's death.

#### Non-Interest Expense

(in thousands)	Nine Months Ended September 30,			
	2016	2015	Increase (Decrease)	
Salaries and employee benefits	\$9,724	\$9,187	\$537	5.8 %
Occupancy and equipment expense	2,465	2,199	266	12.1 %
Data processing expense	2,277	2,234	43	1.9 %
Expenses incurred on other real estate owned	659	238	421	176.9 %
Legal and professional fees	657	668	(11 )	(1.6 )%
Postage, printing, and supplies	427	418	9	2.2 %
Advertising	676	525	151	28.8 %
FDIC insurance assessment	379	421	(42 )	(10.0 )%
Other noninterest expense	1,419	1,540	(121 )	(7.9 )%
Total noninterest expense	\$18,683	\$17,430	\$1,253	7.2 %

Noninterest expense increased by \$1.3 million, or 7.2%, for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. Salaries and employee benefits increased by \$537,000 for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 due to an increase in compensation per employee and an increase in insurance premiums. Expense incurred on other real estate owned increased by \$421,000 in 2016 mainly due to a write-down of a bank-owned property. Occupancy and equipment expense increased by \$266,000 in 2016 resulting primarily from a new branch location being open in the fourth quarter of 2015.

(in thousands)	For the Year ended December 31,			
	2015	2014	Increase (Decrease)	
Salaries and employee benefits	\$12,427	\$11,805	\$622	5.3 %
Occupancy and equipment expense	2,847	2,783	64	2.3 %
Data processing expense	2,985	2,922	63	2.2 %
Expenses incurred on other real estate owned	256	763	(507 )	(66.4)%
Legal and professional fees	828	914	(86 )	(9.4 )%
Postage, printing, and supplies	561	581	(20 )	(3.4 )%
Advertising	711	673	38	5.6 %
FDIC insurance assessment	555	482	73	15.1 %
Other noninterest expense	2,246	2,257	(11 )	(0.5 )%

Total noninterest expense	\$23,416	\$23,180	\$236	1.0	%
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Noninterest expense increased by \$0.2 million, or 1.0%, for the year ended December 31, 2015 compared to the year ended December 31, 2014. Salaries and employee benefits increased by \$622,000 primarily due to an increase in insurance premiums and an increase in the incentive lender's program. This expense was offset by a decrease of \$507,000 in expenses incurred on other real estate owned. For the year 2015, JCB had losses resulting from write downs and the sale of other real estate of \$30,000 compared to the year 2014 of \$454,000. The remaining decrease in expenses incurred on other real estate owned resulted from less properties maintained.

#### Income Taxes

Income tax expense for the nine months ended September 30, 2016 was \$2.5 million compared to \$2.4 million for the nine months ended September 30, 2015. The increase in income tax expense was primarily due to an increase in pre-tax income in the nine months ended September 30, 2016. The effective tax rate was 33% for the nine months ended September 30, 2016 and September 30, 2015.

Income tax expense for the year ended December 31, 2015 was \$3.1 million compared to \$2.9 million for the year ended December 31, 2014. The increase in income tax was primarily due to an increase in pre-tax income in 2015. The effective tax rate was 32% for the years ended December 31, 2015 and 2014.

#### Balance Sheet

Total assets increased \$25.8 million, or 2.8%, from December 31, 2015 to September 30, 2016 primarily due to growth in loan portfolio offset by a decrease in investment securities and interest-bearing deposits in other banks. The loan portfolio increased \$42.3 million, or 6.6%, from December 31, 2015 to September 30, 2016 as a result of an increase in agricultural lending of \$16.8 million or 80.4% and an increase in multifamily lending of \$19.9 million or 108.2% from December 31, 2015 to September 30, 2016. Investment securities decreased \$5.0 million or 3.0% from December 31, 2015 to September 30, 2016 and interest-bearing deposits in other banks decreased \$11.5 million, or 52.8%, from December 31, 2015 to September 30, 2016 as a result of new loan demand needing additional liquidity.

Total liabilities increased by \$21.2 million, or 2.6%, from December 31, 2015 to September 30, 2016 due to an increase in deposits, an increase in repurchase agreements, and additional borrowings from the Federal Home Loan Bank. Total deposits increased by \$6.2 million, or 0.8%, to \$760.9 million at September 30, 2016 compared to December 31, 2015. Deposit growth was primarily in demand deposits and money market accounts, offset by decreases in certificates of deposit. An increase of \$10.1 million in repurchase agreements was comprised mainly of one new account. Advances from the Federal Home Loan Bank of Des Moines (the "FHLB") increased by \$5.0 million as JCB obtained a new advance in May 2016.

Total shareholders' equity increased \$4.6 million at September 30, 2016 compared to December 31, 2015 primarily as a result of earnings retained during the period offset by dividends paid to shareholders.

Total assets increased \$18.6 million, or 2.1%, from December 31, 2014 to December 31, 2015 primarily due to an increase in loans. Loans from December 31, 2014 compared to December 31, 2015 increased by \$20.4 million, or 3.3%, primarily due to growth of construction and agricultural loans.

Total liabilities increased by \$12.7 million, or 1.6%, from December 31, 2014 to December 31, 2015 primarily due to an increase in deposits, which were the primary source of funding for asset growth. Total deposits increased by \$14.7 million, or 2.0%, to \$754.7 million at December 31, 2015 from \$740.0 million at December 31, 2014, primarily due to growth in noninterest bearing deposits, money market and savings accounts. Advances from the FHLB of \$30.5 million at December 31, 2015 remained unchanged from the prior year.



Total shareholders' equity increased \$5.9 million at December 31, 2015 compared to December 31, 2014 primarily as a result of net income of \$6.6 million being earned in 2015. This was partially offset by dividends of \$1.1 million being paid out to shareholders during 2015.

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## Securities

The following table sets forth the amortized cost and fair value of JCB's securities, by type of security, as of the dates indicated:

(in thousands)	September 30, 2016		December 31, 2015		December 31, 2014	
	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value
U.S. Government-sponsored entities and agencies	\$65,479	\$65,510	\$65,678	\$66,016	\$74,261	\$74,354
Mortgage-backed securities-residential	60,240	61,723	64,680	65,271	65,917	66,942
Missouri municipal securities	32,617	33,259	33,939	34,267	32,976	33,329
Equity securities	66	79	66	63	66	61
	\$158,402	\$160,571	\$164,363	\$165,617	\$173,220	\$174,686

The following table sets forth certain information regarding contractual maturities and the weighted average yields of JCB's securities at September 30, 2016:

(in thousands)	Within 1 year		1 to 5 years		5 to 10 years		Over 10 years		No Stated Maturity	Total		
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield		
U.S. Government-sponsored entities and agencies	\$—	— %	\$1,516	1.88 %	\$37,543	2.29 %	\$26,451	2.27 %	\$—	— %	\$65,510	2.27 %
Mortgage-backed securities-residential	12	5.15 %	782	3.46 %	7,060	3.59 %	53,869	2.39 %	—	— %	61,723	2.54 %
Missouri municipal securities	750	1.08 %	6,674	1.75 %	16,952	2.37 %	8,883	2.68 %	—	— %	33,259	3.46 %
Equity securities	—	— %	—	— %	—	— %	—	— %	79	— %	79	— %
Total	\$762	3.62 %	\$8,972	2.72 %	\$61,555	2.78 %	\$89,203	2.51 %	\$79	— %	\$160,571	2.62 %

## Loan Portfolio

The following table sets forth the composition of JCB's loan portfolio, net of deferred loan fees:

(in thousands)	September 30, 2016	December 31, 2015	December 31, 2014
Commercial:			
Real estate	\$382,728	\$346,908	\$341,129
Other	69,238	56,397	55,880
Real estate:			
Construction	94,439	105,239	89,895
Residential	130,878	126,655	129,371
Consumer	8,459	8,291	6,730
Total loans	685,742	643,490	623,005
Less: Net deferred loan fees	(378 )	(346 )	(299 )
Net loans	\$685,364	\$643,144	\$622,706

## Loan Maturities

	September 30, 2016			
(in thousands)	Less than 1 year	1 to 5 years	Over 5 years	Total
Real estate	\$175,375	\$353,954	\$78,132	\$607,461
Non-real estate	40,778	27,880	9,623	78,281
	\$216,153	\$381,834	\$87,755	\$685,742

	December 31, 2015			
(in thousands)	Less than 1 year	1 to 5 years	Over 5 years	Total
Real estate	\$178,788	\$347,351	\$52,663	\$578,802
Non-real estate	36,179	27,271	1,238	64,688
	\$214,967	\$374,622	\$53,901	\$643,490

Following is a summary of loans with maturities over one year with fixed or floating interest rates for September 30, 2016 and December 31, 2015:

	September 30, 2016		December 31, 2015	
(in thousands)	Fixed	Floating	Fixed	Floating
Real estate	\$390,483	\$41,603	\$365,573	\$34,441
Non-real estate	34,607	2,896	24,879	3,630
	\$425,090	\$44,499	\$390,452	\$38,071

## Asset Quality

The following table sets forth the amounts of JCB's non-performing loans and non-performing assets:

(in thousands)	September 30, 2016	December 31, 2015	December 31, 2014		
Non-accrual loans	\$2,308	\$5,337	\$6,727		
Loans past due 90 days or more and still accruing interest	1,809	—	—		
Restructured loans	17,134	17,375	19,806		
Total nonperforming loans	21,251	22,712	26,533		
Other real estate owned	6,958	7,326	8,067		
Total nonperforming assets	\$28,209	\$30,038	\$34,600		
Total assets	\$936,581	\$910,791	\$892,193		
Total net loans	685,364	643,144	622,706		
Total net loans plus other real estate owned	692,322	650,470	630,773		
Nonperforming loans to total net loans	3.10	% 3.53	% 4.26	%	
Nonperforming assets to total net loans plus other real estate owned	4.07	% 4.62	% 5.49	%	
Nonperforming assets to total assets	3.01	% 3.30	% 3.88	%	

Non-performing loans include loans accounted for on a non-accrual basis and accruing loans contractually past due 90 days or more as to interest or principal. Management reviews the loan portfolio for problem loans on an ongoing basis. During the ordinary course of business, management becomes aware of borrowers that may not be able to meet the contractual requirements of loan agreements. These loans are placed under close supervision with consideration given to placing the loan on non-accrual status, increasing the allowance for credit losses and (if



appropriate) partial or full charge-off. After a loan is placed on non-accrual status, any interest previously accrued but not yet collected is reversed against current income. Generally, interest received on non-accrual loans is accounted for on the cash-basis or cost recovery method, until qualifying for return to accrual. Loans will not be placed back on accrual status unless back interest and principal payments are made.

Non-performing assets consists of non-performing loans and other real estate owned. Other real estate owned represents properties acquired through foreclosure or other proceedings and is recorded at fair value less the estimated cost of disposal at the date of acquisition. Other real estate owned is evaluated regularly to ensure that the recorded amount is supported by its current fair value. Write-downs of other real estate owned are periodically recorded to reduce the carrying amount to fair value less estimated costs of disposal.

#### Potential Problem Loans

Potential problem loans consist of performing watch list loans that do not meet the definition of a non-performing loan. These loans are performing in accordance with their contractual terms, but JCB has concerns about the ability of the borrower to continue to comply with loan terms due to the borrower's operating or financial difficulties. The following table sets forth the aggregate principal amount of potential problem loans at the dates indicated:

	September 30, 2016		December 31, 2015	
(in thousands)	Amount	Number	Amount	Number
Commercial:				
Real estate	\$3,603	5	\$2,666	3
Other	444	3	527	4
Real estate:				
Construction	—	—	—	—
Residential	367	4	431	4
Consumer	39	1	13	2
	\$4,453	13	\$3,637	13

Performing potential problem loans totaled \$4.5 million as of September 30, 2016, up \$0.9 million from December 31, 2015. The majority of increase was primarily due to the downgrading of one commercial real loan relationships during the first nine months of 2016.

## Reserve for Possible Loan Losses

The following table presents activity in the reserve for possible loan losses for the years presented:

(in thousands)	September 30, 2016	December 31, 2015	December 31, 2014
Balance at beginning of period	\$ 7,497	\$ 7,873	\$ 7,777
Charge-offs:			
Commercial:			
Real estate	(2 )	(766 )	(235 )
Other	(57 )	(9 )	(84 )
Real estate:			
Construction	—	(710 )	(744 )
Residential	(98 )	(113 )	(208 )
Consumer	(87 )	(116 )	(165 )
Total charge-offs	(244 )	(1,714 )	(1,436 )
Recoveries:			
Commercial:			
Real estate	1	—	42
Other	1	—	—
Real estate:			
Construction	15	1	55
Residential	12	14	72
Consumer	50	62	78
Total recoveries	79	77	247
Net charge-offs	(165 )	(1,637 )	(1,189 )
Additions charged to operations	915	1,261	1,285
Balance at end of period	\$ 8,247	\$ 7,497	\$ 7,873

Net charge-offs of \$165,000 were recorded in the nine months ended September 30, 2016 compared to net charge-offs of \$1.6 million for the entire 2015 year. A provision for possible loan losses of \$915,000 was recorded for the nine months ended September 30, 2016 compared to \$1.3 million for the 2015 year. The decrease in net charge-offs, coupled with the recorded provision for loan loss created a \$1.5 million increase to the unallocated reserves during the nine months ended September 30, 2016.

Net charge-offs of \$1.6 million were recorded in the year ended December 31, 2015 compared to net charge-offs of \$1.2 million in the year ended December 31, 2014. A provision for possible loan losses of \$1.3 million was recorded for the year ended December 31, 2015 compared to \$1.3 million for the year ended December 31, 2014.

At September 30, 2016, the reserve for possible loan losses of \$8.2 million consisted of \$2.1 million of specific reserves and \$6.1 million of general reserves, which compared to \$2.3 million of specific reserves and \$5.2 million of general reserves at December 31, 2015. At September 30, 2016, \$19.1 million of loan balances were individually evaluated for specific reserves compared to \$20.3 million of loan balances at December 31, 2015. At September 30, 2016, the balances of loans classified as troubled debt restructurings were \$17.1 million compared to balances of \$17.4 million at December 31, 2015.



At December 31, 2015, the reserve for possible loan losses of \$7.5 million consisted of \$2.3 million of specific reserves and \$5.2 million of general reserves, which compared to \$2.5 million of specific reserves and \$5.3 million of general reserves at December 31, 2014. At December 31, 2015, \$20.3 million of loan balances were individually evaluated for specific reserves compared to \$23.3 million of loan balances at December 31, 2014.

The following table sets forth the allocation of the allowance for credit losses as of September 30, 2016 and the percentage of loans in each category to total loans. The purpose of this allocation is only for internal analysis of the adequacy of the allowance and is not an indication of expected or anticipated losses:

(in thousands)	Reserve for possible loan losses	Percent of loans in each category to total loans	
Commercial:			
Real estate	\$ 3,155	56	%
Other	401	10	%
Real estate:			
Construction	1,959	14	%
Residential	483	19	%
Consumer	56	1	%
Unallocated	2,193	N/A	
	\$ 8,247	100	%

Although JCB's management believes that the specific and general credit loss allowances have been established in accordance with GAAP, actual losses are dependent upon future events and, as such, further additions to the level of specific and general allowances may become necessary.

#### Sources of Funds

General. Deposits, borrowings, loan and investment security repayments and prepayments, and cash flows generated from operations are the primary sources of JCB's funds for lending, investing and other general purposes.

Deposits. JCB offers a variety of deposit accounts through its domestic branches with a range of interest rates and terms. JCB has no foreign offices. JCB's core deposits consist of checking accounts, NOW accounts, money market accounts, savings accounts and certificates of deposit. These deposits, along repurchase agreements, advances from the FHLB, and federal funds lines of credit are used to support JCB's asset base.

The following table sets forth the composition of interest-bearing deposits at the dates indicated:

(in thousands)	September 30, 2016	December 31, 2015	December 31, 2014
Interest-bearing transaction accounts	\$ 383,486	\$ 376,808	\$ 361,929
Savings	73,693	65,077	61,061
Time deposits	147,845	161,787	171,619
	\$ 605,024	\$ 603,672	\$ 594,609





The following table sets forth the maturities of certificates of deposit \$100,000 and greater at September 30, 2016:

(in thousands)

Year ending December 31:

2017	\$59,166
2018	12,834
2019	609
2020	607
2021	100
	\$73,316

Time deposits greater than \$100,000 totaled \$80.8 million at December 31, 2015.

Borrowings. At September 30, 2016 and December 31, 2015 JCB had \$35.5 million and \$30.5 million in outstanding advances from the FHLB, respectively.

The following table sets forth certain information regarding advances from the FHLB at the date indicated:

(in thousands)	September 30, 2016	Interest rate
Maturity date:		
December 27, 2016	\$ 5,000	0.89 %
March 5, 2018	4,000	1.96 %
March 19, 2018	2,000	2.66 %
March 26, 2018	3,000	2.47 %
May 14, 2018	3,000	3.09 %
July 9, 2018	2,000	3.52 %
July 16, 2018	2,500	3.32 %
July 30, 2018	6,000	3.63 %
September 17, 2018	8,000	2.44 %
	\$ 35,500	

## Liquidity

Liquidity is the ability to meet present and future financial obligations through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. Liquid assets include cash, excess funds held at the Federal Reserve Bank, investments and loans maturing within one year. JCB's ability to obtain deposits and purchase funds at favorable rates determines its liquidity exposure. As a result of JCB's management of liquid assets and the ability to generate liquidity through liability funding, JCB's management believes that it will maintain overall liquidity sufficient to satisfy its depositors' requirement and meet its customers' credit needs.

Additional sources of liquidity available to JCB include, but are not limited to, proceeds from principal and interest payments on loans and securities, the availability of federal funds lines from various correspondent banks and the ability to obtain deposits through the adjustment of interest rates. Growth in deposits along with advances from the FHLB have been sufficient to fund the net increases in loans.



## Capital Resources

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for EB&T on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. These new requirements create a new required ratio for common equity Tier 1 ("CET1") capital, increase the leverage and Tier 1 capital ratio thresholds, change the risk weight of certain assets for purposes of the risk-based capital ratios, create an additional capital conservation buffer over the required capital ratios and change what qualifies as capital for purposes of meeting these various capital requirements.

The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Under the Basel III capital requirements, in order to be considered well-capitalized, EB&T must have a CET1 ratio of 6.5% (new), a Tier 1 ratio of 8% (increased from 6.0%), a total risk-based capital ratio of 10.0% (unchanged) and a leverage ratio of 5.0% (unchanged). When fully phased in on January 1, 2019, the Basel III Capital Rules will require EB&T to maintain the following:

- A minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus a 2.5% "capital conservation buffer" (resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7% upon full implementation).

- A minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer (resulting in a minimum Tier 1 capital ratio of 8.5% upon full implementation).

- A minimum ratio of total capital (Tier 1 capital plus Tier 2 capital) to risk-weighted assets of at least 8.0%, plus the capital conservation buffer (resulting in a minimum total capital ratio of 10.5% upon full implementation).

- A minimum leverage ratio of 4%, calculated as the ratio of Tier 1 capital to average assets.

Management believes that as of September 30, 2016 and December 31, 2015, JCB and EB&T meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At September 30, 2016 and December 31, 2015, the most recent regulatory notifications categorized EB&T as well capitalized under the regulatory framework for prompt corrective action.

JCB and EB&T actual and required capital amounts and ratios are as follows:

(in thousands)	Actual		For capital adequacy purposes		To be a well-capitalized bank under prompt corrective action provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
September 30, 2016						
Total capital (to risk-weighted assets):						
Company	\$110,833	14.55%	\$60,921	>8.0%	Not applicable	
Bank	\$105,205	13.85%	\$60,772	>8.0%	\$75,965	>10.0%
Tier 1 capital (to risk-weighted assets):						
Company	\$102,586	13.47%	\$45,691	>6.0%	Not applicable	
Bank	\$96,958	12.76%	\$45,579	>6.0%	\$60,772	>8.0%
Common equity Tier 1 capital (to risk-weighted assets):						
Company	\$90,086	11.83%	\$34,268	>4.5%	Not applicable	
Bank	\$96,958	12.76%	\$34,184	>4.5%	\$49,377	>6.5%
Tier 1 capital (to average assets):						
Company	\$102,586	11.04%	\$37,174	>4.0%	Not applicable	
Bank	\$96,958	10.45%	\$37,100	>4.0%	\$46,375	>5.0%

For additional information, see Note 15 "Regulatory Matters" in the Notes to Jefferson County Bancshares' Consolidated Financial Statements for the year ended December 31, 2015, which are included on page F-8.

COMPARISON OF STOCKHOLDER RIGHTS

The rights of Enterprise stockholders are governed by the General Corporation Law of the State of Delaware (the “DGCL”), and Enterprise’s certificate of incorporation, as amended, and amended and restated bylaws. The rights of JCB shareholders are governed by the General and Business Corporation Law of Missouri (the “GBCL”) and JCB’s articles of incorporation, as amended, and bylaws. After the Merger, the rights of Enterprise and JCB stockholders will be governed by the DGCL and Enterprise’s certificate of incorporation and amended and restated bylaws. The following discussion summarizes the material differences between the rights of JCB shareholders and the rights of Enterprise stockholders. We urge you to read Enterprise’s certificate of incorporation, as amended, Enterprise’s amended and restated bylaws, JCB’s articles of incorporation, as amended, and bylaws, and the DGCL and the GBCL carefully and in their entirety.

<p>Authorized Capital Stock</p>	<p>Enterprise. Enterprise’s certificate of incorporation authorizes it to issue up to 5,000,000 shares of preferred stock, \$0.01 par value per share, and 30,000,000 shares of common stock, \$0.01 par value per share. Holders of Enterprise’s common stock and preferred stock have equal rights and privileges, subject to the senior rights applicable to holders of preferred stock. Holders of common stock will have the exclusive right to vote for the election of directors of Enterprise and for all other purposes.</p>	<p>JCB. JCB’s article of incorporation, as amended, provides that the authorized capital stock of JCB consists of 2,000,000 shares of common stock, par value \$1.00 per share, and 1,220,000 shares of preferred stock, par value \$1.00 per share, of which 610,000 shares are Series A Preferred and 610,000 shares are Series B Preferred. As of the JCB record date, there were 1,479,858 shares of JCB common stock outstanding and no shares of JCB preferred stock outstanding. As of the JCB record date, shares of JCB common stock were reserved for issuance upon conversion or exercise of stock options and vesting of other awards under JCB’s equity compensation plans.</p>
<p>Size of Board of Directors</p>	<p>As of June 30, 2016, 19,979,217 shares of common stock were outstanding, 255,018 shares were held in treasury and 23,408 nonvested restricted stock shares were issued and outstanding. No shares of Enterprise preferred stock are outstanding and Enterprise has no present plans to issue any shares of Enterprise preferred stock. Enterprise. The size of Enterprise’s board of directors is 11 and may be fixed from time to time by Enterprise’s board of directors. Enterprise’s board of directors currently consists of 11 directors.</p>	<p>JCB. JCB’s bylaws provide for JCB’s board of directors to consist of 3 directors (subsequently amended). JCB’s board of directors currently has 9 directors.</p>
<p>Classes of Directors</p>	<p>Enterprise. Enterprise’s certificate of incorporation and amended and restated bylaws provide that Enterprise’s board of directors consists of one class of directors, elected by the holders of common stock at the annual meeting. Each director will hold his/her position until such director’s successor is duly elected and qualified or until such director’s death, resignation or removal.</p>	<p>JCB. JCB’s bylaws provide that JCB’s board of directors consists of one class of directors, elected on an annual basis.</p>
<p>Removal of Directors</p>	<p>Enterprise. Under Enterprise’s amended and restated bylaws, any director may be removed</p>	<p>JCB. The GBCL provides that JCB’s directors may be removed (i) by a majority vote of the shareholders then</p>

with or without cause by a majority of the holders of shares entitled to vote at an election of directors. entitled to vote, or (ii) by action of a majority of the entire board of directors if the subject director fails to meet the qualifications for election set forth in JCB's articles of incorporation, as amended, or bylaws.

Filling  
Vacancies on  
the Board of  
Directors

Enterprise. Under Enterprise's amended and restated bylaws, any vacancy occurring in Enterprise's board of directors will be filled by a majority vote of the remaining directors. Directors so chosen will serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which such director has been elected expires or until such director's successor has been duly elected and qualified.

JCB. Under JCB's bylaws, in the event of any vacancy occurring in JCB's board of directors caused by death, resignation or disqualification a special meeting of the shareholders shall be called to elect a director to fill the vacancy until the next annual shareholders' meeting.

Enterprise. Enterprise's certificate of incorporation and amended and restated bylaws establish procedures that stockholders must follow to nominate persons for election to Enterprise's board of directors. The stockholder making the nomination must deliver written notice to Enterprise's Secretary between 90 and 120 days prior to the date of the meeting at which directors will be elected. However, if the first public announcement of the date of such annual meeting is less than 100 days prior to its date, nominations must be provided by the a 10<sup>th</sup> day following the day on which the public announcement of the date of such meeting was first made. Any person nominated must be a stockholder of record at the time of which the board of directors gives notice of the annual meeting and must be entitled to vote at such annual meeting.

Nomination of  
Director  
Candidates by  
Stockholders

The nomination notice must set forth certain information about the person to be nominated, including (i) all information relating to such person that would be required to be disclosed in a proxy statement required to be made in connection with a solicitation of proxies for an election of directors in a contested election pursuant to Section 14 of the Exchange Act and (ii) a description of (x) all direct and indirect compensation and other material monetary agreements and arrangements of such person during the past three years, and (y) any other material relationships between the nominating stockholder and the prospective nominee. The nomination notice must also set forth certain information about the person submitting the notice, including the stockholder's name and address and the class and number of Enterprise shares that the stockholder owns of record or beneficially. The Chairman of the meeting will have the power to determine whether a nomination or any other proposed business to be brought before a meeting was made or proposed in accordance with Enterprise's amended and restated bylaws.

JCB. JCB's article of incorporation, as amended, and bylaws contain no specific provision for the nomination of director candidates by shareholders.

Calling Special  
Meetings of  
Stockholders

Enterprise. A special meeting of stockholders may only be called by Enterprise's board of directors, Enterprise's Chairman of the board of directors or Enterprise's Chief Executive Officer. However, the Secretary must call a meeting at the written request or requests of the holders of at least fifty percent (50%) of the voting power of all of Enterprise's outstanding stock entitled to vote.

JCB. A special meeting of shareholders may only be called by JCB's president, the board of directors or by the holders of not less than 20% of all of the outstanding shares of JCB's stock.



Enterprise. Enterprise's certificate of incorporation provides that holders of Enterprise's common stock will have the exclusive right to vote for the election of directors and for all other purposes. Enterprise's amended and restated bylaws provide that, in all matters other than the election of directors, stockholder proposals brought before any stockholder meeting shall be determined by a majority of the votes cast, unless a greater number is required by law or Enterprise's certificate of incorporation or amended and restated bylaws for the action proposed. Directors of Enterprise are elected by a plurality of the votes of the shares present and entitled to vote thereon.

Stockholder Proposals and Stockholder Voting Rights and Required Vote Generally

Enterprise's amended and restated bylaws provide that a stockholder must give advance written notice to Enterprise of any proposal for business to be transacted at an annual or special meeting of stockholder. The notice must be in writing and must be delivered to the Secretary of Enterprise between 90 and 120 days before the stockholder meeting. However, if the first public announcement of such meeting is less than 100 days prior to its date, proposals must be provided by the 10<sup>th</sup> day following the day on which the public announcement of the date of such meeting was first made.

Stockholder notice for stockholder proposals must set forth, as to each matter such stockholder proposes to bring before the stockholder meeting, (i) a brief description of the business desired to be brought before the meeting and the reasons for why the stockholder favors the proposal, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of Enterprise capital stock which are owned beneficially or of record of such stockholder, (iv) any material interest of the stockholder in such proposal and (v) a description of all proxies and agreements between the proposing stockholder and any other persons in connection with such proposal.

JCB. JCB's articles of incorporation, as amended, and bylaws contain no specific provision with respect to shareholder proposals, except that notice of all special meetings, including those called by shareholders, must include the purpose for which called.

Notice of Stockholder Meetings

Enterprise. Enterprise's amended and restated bylaws provide that Enterprise must notify stockholders between 10 and 60 days before any stockholder meeting of the place, day and hour of the meeting and the general nature of the business to be considered at the meeting.

JCB. JCB's bylaws provide that JCB must notify shareholders between 10 and 50 days before a shareholders meeting, of the place, day and hour of the meeting and the purpose or purposes for which the meeting is called (if a special meeting).

Quorum for Meetings of Shareholders

Enterprise. Enterprise's amended and restated bylaws provide that, except as otherwise provided by law of the Enterprise's certificate of incorporation, as amended, the holders of a majority of the outstanding shares of stock entitled to vote at any meeting of stockholders, present in person or proxy, shall constitute a quorum.

JCB. JCB's bylaws provide that a majority of the outstanding shares of stock of JCB present in person or proxy, shall constitute a quorum.

Shareholder Actions by Written Consent	Enterprise. The DGCL allows action by written consent to be taken by the holders of the minimum number of votes that would be needed to approve such a matter at an annual or special meeting of stockholders if all shares entitled to vote thereat were present and voted, unless this right to act by written consent is denied in the certificate of incorporation. Enterprise’s amended and restated bylaws reaffirm this but require that any written action be delivered to Enterprise at its registered office or to an officer or agent of Enterprise that has custody of the minute books in which proceedings of stockholders are recorded.	JCB. JCB’s bylaws provide that written action of shareholders in lieu of a meeting is permitted only if the consent is signed by all of the shareholders entitled to vote with respect to the subject matter of such consent.
Votes on Mergers, Consolidations, Sales or Leases of Assets and Certain Other Transactions	Enterprise. The DGCL provides that a merger or sale of all or substantially all of the assets of a Delaware corporation shall be approved by the affirmative vote of the holders of a majority of the outstanding shares entitled to vote on the merger or sale. Neither the Enterprise certificate of incorporation, as amended, or amended and restated bylaws provide a different standard regarding the vote required to approve a merger or sale of all or substantially all of the assets of Enterprise.	JCB. The GBCL requires the approval of the board of directors and the affirmative vote of two-thirds of the votes entitled to be cast by all shareholders entitled to vote thereon for proposed mergers or consolidations. However, Missouri law provides that in any case in which 90 percent of the outstanding shares of each class of a domestic corporation is owned by another domestic corporation and the jurisdictions of each allow a merger with the other, the corporation having such share ownership may either merge the other corporation into itself and assume all of its obligations, or merge itself into the other corporation without any shareholder vote. A majority vote of the directors of the parent corporation approving the Plan of Merger is all that is required in such circumstance.
Dissenters’ Rights	Enterprise. The DGCL provides that a holder of shares of any class or series has the right, in some circumstances, to demand an appraisal of the fair value of his or her shares.	JCB. The GBCL provides that a shareholder of a corporation that is a party to a merger or consolidation may demand an appraisal of the fair value of his, her or its shares. Dissenters’ rights are available to shareholders of JCB with respect to the merger proposal. See “Proposal I - The Merger - Dissenters’ Rights of Appraisal of Holders of JCB Common Stock” on page 50.
Certain Business Combination Restrictions	Enterprise. Section 203 of the DGCL prohibits a Delaware corporation from engaging in a business combination with a stockholder that owns 15% or more of the outstanding voting stock (an “interested stockholder”) for three years following the time that person becomes an “interested stockholder” unless (i) prior to such time, the board of directors approved either the business combination or the transaction	JCB. JCB does not have any stock registered with the Securities and Exchange Commission pursuant to Section 12 of the Exchange Act, and, therefore, is exempt from the business combination statute in the GBCL.

which resulted in the stockholder becoming an interested stockholder, (ii) the business combination is approved by the board of directors and by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder or (iii) upon consummation of the transaction which resulted in the person becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock outstanding at the time the transaction commenced (subject to certain exceptions). Enterprise has not opted out of Section 203 of the DGCL.

Stockholder Rights Plans (“Poison Pill”)	<p>Enterprise. Enterprise does not have a stockholder rights plan in place.</p>	<p>JCB. JCB does not have a shareholders rights plan in place.</p>
Dividends	<p>Enterprise. Under the DGCL, a corporation may pay dividends to the extent of its surplus, and, if no surplus is available, dividends may be paid to the extent of its net profits for the current and/or preceding fiscal year. Dividends may not be declared, however, if the corporation’s capital has been diminished to an amount less than the aggregate amount of all capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets. Enterprise’s amended and restated bylaws provide that dividends, if any, may be declared by the board.</p>	<p>JCB. The JCB bylaws provide that JCB’s board of directors may declare dividends from time to time.</p>
Indemnification of Directors and Officers	<p>Enterprise. Enterprise’s amended and restated bylaws provide that Enterprise will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a director or officer of Enterprise or by reason of the fact that such person is or was serving at the request of Enterprise as a director, officer or trustee of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys’ fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding, but in each case only if and to the extent permitted under Delaware or federal law.</p> <p>Enterprise. Under the DGCL, an amendment to Enterprise’s certificate of incorporation requires (i) the approval of its board of directors, (ii) the approval of the holders of a majority of the outstanding stock entitled to vote upon the proposed amendment and (iii) the approval of the holders of a majority of the outstanding stock of each class entitled to vote thereon as a class.</p>	<p>JCB. JCB’s bylaws provide that JCB will indemnify any director or officer of JCB, or any former director or officer of JCB, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, by reason of the fact that he or she is or was a director or officer of JCB, or is or was serving at the request of JCB as a director or officer of another corporation in which JCB owned corporate stock, against all liabilities, costs and expenses (including attorneys’ fees) reasonably incurred by him or her or on his or her behalf in connection therewith. Such indemnification shall not extend to any matters as to which such director or officer is finally adjudged to have been liable for negligence or misconduct in the performance of his or her duties as such officer or director.</p>
Amendments to Certificate of Incorporation and Bylaws	<p>The bylaws may be amended or repealed by (i) the approval of the holders of a majority of the outstanding stock entitled to vote at any annual or special meeting of stockholders or (ii) the action of the Enterprise board of directors at any regular or special meeting.</p>	<p>JCB. The GBCL provides that JCB’s articles of incorporation can be amended by amended by the affirmative vote of a majority of the outstanding voting stock, subject to certain exceptions for amendments that affect primarily certain classes of shareholders or the shareholders’ right to cumulative voting. The board of directors may, but need not, adopt such a proposed amendment and submit it to the shareholders for a vote. JCB’s bylaws may be amended by the board of directors at any annual or special meeting.</p>

Forum Selection Clause	Enterprise. Enterprise's does not have a forum selection clause in its bylaws.	JCB. JCB does not have a forum selection clause in its bylaws.
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**SECURITY OWNERSHIP OF JCB DIRECTORS, CERTAIN OFFICERS  
AND CERTAIN BENEFICIAL OWNERS**

Under the rules of the SEC, a person is deemed to be a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of the security, or “investment power,” which includes the power to dispose of or to direct the disposition of the security. The rules also treat as outstanding all shares of JCB common stock that a person would receive upon exercise of JCB Stock Options held by that person, which are immediately exercisable or exercisable within 60 days of the beneficial ownership determination date. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which that person has no economic interest.

The following table sets forth, as of the record date, certain information as to the shares of JCB common stock beneficially owned by persons and groups owning in excess of 5.0% of the JCB common stock. Management knows of no persons or groups other than those set forth below who own more than 5.0% of the outstanding shares of JCB common stock as of the record date.

Security Ownership of Certain Beneficial Owners.

Name	Amount Of Beneficial Ownership	Percent of Total
Michael W. Walsh	186,828.4 (including 2,000 option shares)	11.83%
Richard Proctor	100,759	6.38%

Security Ownership of Management. The following table sets forth information with respect to the beneficial ownership as of the record date of each of JCB’s directors, and officers who own more than 0.5% of the total issued and outstanding common stock of JCB (including shares for which options have not yet been exercised), and by all such directors and executive officers as a group of JCB common stock.

Name	Amount of Beneficial Ownership	Percent of Total
Michael Walsh	186,828.4 (including 2,000 option shares)	11.83%
James Hall	16,405 (including 9,000 option shares)	1.04%
Ken Bartz	64,500 (including 15,500 option shares)	4.08%
Steve Frank	6,495 (including 1,850 option shares)	0.41%
Larry LeGrand	1,750 (all option shares)	0.11%
John Hessel	4,781 (including 1,880 option shares)	0.30%
John Anderson	20,920 (including 1,050 option shares)	1.32%
Mike Normile	1,045	0.07%
Mark Murray	57,300 (including 8,500 option shares)	3.63%
Total	360,024.4 (including 41,530 option shares)	22.80%

**PROPOSAL II - TO TRANSACT ANY OTHER BUSINESS THAT PROPERLY COMES BEFORE THE SPECIAL MEETING, INCLUDING ADJOURNMENT OF THE SPECIAL MEETING**

The board of directors of JCB seeks the authorization of JCB shareholders to direct the vote of the proxies if any matters properly come before the special meeting, including, without limitation, a motion to adjourn the special meeting to another time or place for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the special meeting to approve the Merger Proposal. As to all such matters, the board of directors of JCB intends to direct the voting of such shares in the manner determined by the board of directors in its discretion, and in the exercise of its duties and responsibilities, to be in the best interests of JCB and its shareholders as a whole. As of the date of this proxy statement, JCB is not aware of any other business that may properly come before the special meeting.

In the event that there are not sufficient votes to approve the Merger Proposal at the time of the JCB special meeting, the Merger Agreement may not be approved unless the special meeting is adjourned to a later date or dates in order to permit further solicitation of proxies. In order to allow proxies that have been received by JCB at the time of the special meeting to be voted for an adjournment, if necessary, JCB has submitted the question of adjournment to its shareholders as a separate matter for their consideration. In that event, proxies will be voted to approve an adjournment, except for proxies as to which instructions have been given to vote against the Adjournment Proposal. The affirmative vote of the holders of a majority of the outstanding shares of stock entitled to vote at the meeting, and present in person or proxy is required in order to approve and adopt the Adjournment Proposal. Abstentions will be counted for the purpose of determining whether a quorum is present at the meeting and will have the effect of a vote "AGAINST" the approval of this proposal.

JCB's board of directors unanimously recommends that its stockholders vote "FOR" this Adjournment Proposal, authorizing its board of directors to direct the vote of the proxies upon such other matters as may properly come before such meeting, including without limitation, a motion to adjourn such meeting.

**JCB SHAREHOLDER PROPOSALS**

JCB held its annual meeting of shareholders on May 19, 2016. If the Merger is completed, JCB shareholders will become stockholders of Enterprise and there will be no future annual meetings of JCB shareholders. Neither JCB's bylaws nor Missouri law provide for a specific advance notice procedure with regard to director nominations and other business proposals by shareholders to be presented at its next annual meeting.

**EXPERTS**

The financial statements, and the related financial statement schedules, incorporated in this Prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2015, and the effectiveness of Enterprise Financial Services Corp's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of JCB and its subsidiary as of and for the years ended December 31, 2015 and 2014 have been audited by Cummings, Ristau & Associates, P.C., an independent public accounting firm, as stated in their reports thereon and included in the registration statement of which this proxy statement/prospectus is a part in reliance upon such reports and upon the authority of such firm as experts in accounting and auditing.

**OTHER MATTERS**

As of the date of this proxy statement/prospectus, JCB's board of directors does not know of any matter that will be presented for consideration at their special meeting other than as described in this proxy statement/prospectus. If any other matters properly come before the JCB special meeting, or any adjournments thereof, and are voted upon,

the enclosed proxies will be deemed to confer discretionary authority on the individuals that they name as proxies to vote the shares represented by those proxies as to any of these matters. The individuals named as proxies intend to vote or not to vote in accordance with the recommendation of the board of directors of JCB, as applicable.

#### WHERE YOU CAN FIND MORE INFORMATION

Enterprise has filed a registration statement with the SEC under the Securities Act that registers the distribution to JCB shareholders of the shares of Enterprise common stock to be issued in the Merger.

The registration statement, of which this proxy statement/prospectus is a part, including the attached appendices and exhibits, contains additional relevant information about Enterprise and its common stock, JCB and the combined company.

Enterprise is required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any documents filed by Enterprise at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Enterprise's filings with the SEC are also available to the public through the SEC's Internet website at <http://www.sec.gov>. You can also find information about Enterprise by visiting Enterprise's website at [www.enterprisebank.com](http://www.enterprisebank.com). Information contained in these websites does not constitute part of this proxy statement/prospectus.

The SEC allows Enterprise to "incorporate by reference" information into this proxy statement/prospectus. This means that Enterprise can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this proxy statement/prospectus, except for any information that is superseded by information that is included directly in this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents listed below that Enterprise has previously filed with the SEC (other than the portions of those documents not deemed to be filed). They contain important information about Enterprise and Enterprise's financial condition:

• Annual Report on Form 10-K for the year ended December 31, 2015;

• Definitive Proxy Statement on Schedule 14A for Enterprise's 2016 Annual Meeting of Stockholders filed on April 14, 2016;

• Quarterly Reports on Form 10-Q filed for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016;

• Current Reports on Form 8-K filed on January 5, 2016, May 10, 2016, June 27, 2016, August 10, 2016, October 11, 2016, October 28, 2016, and November 1, 2016; and

The description of Enterprise common stock set forth in Enterprise's registration statement on Form 8-A12B filed on April 30, 1998, and registration statement on Form 8-A12G filed on October 6, 1999, including any amendment or report filed for the purpose of updating any such description, including the form of Enterprise common stock certificate filed as an exhibit to the registration statement of which this proxy statement/prospectus is a part.

Enterprise incorporates by reference additional documents that it may file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this proxy statement/prospectus and the date of JCB's special meeting (other than the portions of those documents not deemed to be filed). These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

Enterprise has supplied all information contained or incorporated by reference in this proxy statement/prospectus relating to Enterprise. JCB has supplied all information contained in this proxy statement/prospectus relating to JCB.



You can obtain any of the documents incorporated by reference in this proxy statement/prospectus through Enterprise or from the SEC through the SEC's Internet website at <http://www.sec.gov>. Documents incorporated by reference are available from Enterprise without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone as specified below:

Enterprise Financial Services Corp

Attention: Mr. Keene S. Turner, Chief Financial Officer

150 North Meramec

Clayton, MO 63105

Telephone: (314) 725-5500

You will not be charged for any of these documents that you request. In order for you to receive timely delivery of the documents, you must request them no later than five business days before the date of the JCB special meeting. This means that JCB shareholders requesting documents must do so by January 11, 2017 in order to receive them before the JCB special meeting. If you request any incorporated documents, Enterprise will mail them to you by first-class mail, or another equally prompt means, within one business day after it receives your request.

We have not authorized anyone to give any information or make any representation about the Merger Agreement or the Merger or our companies that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that Enterprise has incorporated into this proxy statement/prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this proxy statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement/prospectus does not extend to you. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies.

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## Independent Auditors' Report

The Board of Directors  
Jefferson County Bancshares, Inc.:

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Jefferson County Bancshares, Inc. and subsidiary, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jefferson County Bancshares, Inc. and subsidiary as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

St. Louis, Missouri  
March 11, 2016



## JEFFERSON COUNTY BANCSHARES, INC. AND SUBSIDIARY

## Consolidated Balance Sheets

December 31, 2015 and 2014

(in thousands, except share and per share data)

	2015	2014
<b>ASSETS</b>		
Cash and due from banks (note 2)	\$22,315	\$23,756
Interest-earning deposits in other financial institutions	21,779	14,488
Investments in available-for-sale debt securities, at fair value (note 3)	165,617	174,686
Loans (notes 4 and 9)	643,490	623,005
Less:		
Net deferred loan fees	(346 )	(299 )
Reserve for possible loan losses	(7,497 )	(7,873 )
Net loans	635,647	614,833
Premises and equipment, net (note 5)	24,026	20,602
Accrued interest receivable	2,689	2,667
Life insurance contracts, at cash surrender value (note 11)	16,812	16,374
Other real estate owned	7,326	8,067
Goodwill	7,806	7,806
Other assets (note 7)	6,774	8,914
	\$910,791	\$892,193
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits (note 6):		
Noninterest-bearing deposits	\$151,059	\$145,411
Interest-bearing deposits	603,672	594,609
Total deposits	754,731	740,020
Short-term borrowings (note 8)	12,161	12,971
Federal Home Loan Bank borrowings (note 9)	30,500	30,500
Long-term borrowings (note 10)	15,475	16,175
Accrued interest payable	523	519
Other liabilities (note 11)	2,645	3,130
Total liabilities	816,035	803,315
Commitments and contingencies (notes 13 and 14)		
Stockholders' equity (notes 11, 12 and 15):		
Preferred Stock, \$1 par value; 1,220,000 shares authorized, 2,500 shares issued and outstanding	3	3
Common stock, \$1 par value; 2,000,000 shares authorized, 1,482,684 and 1,465,194 shares issued and outstanding at December 31, 2015 and 2014, respectively	1,483	1,465
Surplus	25,354	24,628
Retained earnings	67,693	62,185
Treasury stock, at cost, 7,689 and 5,643 shares at December 31, 2015 and 2014, respectively	(604 )	(370 )
Accumulated other comprehensive income	827	967
Total stockholders' equity	94,756	88,878
	\$910,791	\$892,193

See accompany notes to consolidated financial statements.

## JEFFERSON COUNTY BANCSHARES, INC. AND SUBSIDIARY

## Consolidated Statements of Income

Years ended December 31, 2015 and 2014

(in thousands)	2015	2014
Interest income:		
Interest and fees on loans (note 4)	\$29,173	\$28,784
Interest on debt securities:		
Taxable	3,506	3,194
Exempt from federal income taxes	838	757
Interest on short-term investments	109	151
Total interest income	33,626	32,886
Interest expense:		
Interest on deposits (note 6)	3,172	3,340
Interest on short-term borrowings (note 8)	65	67
Interest on Federal Home Loan Bank borrowings (note 9)	877	877
Interest on long-term borrowings (note 10)	1,055	1,078
Total interest expense	5,169	5,362
Net interest income	28,457	27,524
Provision for possible loan losses (note 4)	1,261	1,285
Net interest income after provision for possible loan losses	27,196	26,239
Noninterest income:		
Mortgage banking revenues	649	771
Service charges on deposit accounts	2,159	2,099
Income from fiduciary activities	466	441
Increase in cash surrender value of life insurance	438	918
Other noninterest income	2,234	2,037
Total noninterest income	5,946	6,266
Noninterest expense:		
Salaries and employee benefits (note 11)	12,427	11,805
Occupancy and equipment expense (note 5)	2,847	2,783
Data processing expense	2,985	2,922
Expenses incurred on other real estate owned	256	763
Legal and professional fees	828	914
Postage, printing, and supplies	561	581
Advertising	711	673
FDIC insurance assessment	555	482
Other noninterest expense	2,246	2,257
Total noninterest expense	23,416	23,180
Income before applicable income taxes	9,726	9,325
Applicable income taxes (note 7)	3,115	2,941
Net income	\$6,611	\$6,384

See accompanying notes to consolidated financial statements.



JEFFERSON COUNTY BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

Years ended December 31, 2015 and 2014

(in thousands)	2015	2014
Net income	\$6,611	\$6,384
Other comprehensive income (loss) before tax:		
Unrealized gains (losses) on available-for-sale securities	(212 )	4,974
Income tax related to items of other comprehensive income (loss)	(72 )	1,691
Other comprehensive income (loss), net of tax	(140 )	3,283
Comprehensive income	\$6,471	\$9,667

See accompany notes to consolidated financial statements.

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JEFFERSON COUNTY BANCSHARES, INC. AND SUBSIDIARY  
 Consolidated Statements of Stockholders' Equity  
 Years ended December 31, 2015 and 2014

(in thousands, except share and per share data)	Preferred stock	Common stock	Surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total stockholders' equity
Balance at December 31, 2013	\$ 3	1,465	24,822	56,750	(468 )	(2,316 )	80,256
Net income	—	—	—	6,384	—	—	6,384
Compensation cost recorded for stock options granted	—	—	56	—	—	—	56
Dividends paid on common shares - \$0.65 per share	—	—	—	(949 )	—	—	(949 )
Stock options exercised - 12,715 common shares from treasury	—	—	(250 )	—	786	—	536
Purchase of 3,819 common shares for treasury	—	—	—	—	(208 )	—	(208 )
Stock purchased from Employee Stock Ownership Plan - 7,027 common shares for treasury	—	—	—	—	(480 )	—	(480 )
Change in valuation of available-for-sale debt securities, net of related taxes	—	—	—	—	—	3,283	3,283
Balance at December 31, 2014	3	1,465	24,628	62,185	(370 )	967	88,878
Net income	—	—	—	6,611	—	—	6,611
Compensation cost recorded for stock options granted	—	—	35	—	—	—	35
Dividends paid on common shares - \$0.75 per share	—	—	—	(1,103 )	—	—	(1,103 )
Stock options exercised - 23,245 common shares (of which 6,055 were from treasury)	—	18	691	—	395	—	1,104
Purchase of 5,224 common shares for treasury	—	—	—	—	(431 )	—	(431 )
Stock purchased from Employee Stock Ownership Plan - 2,877 common shares for treasury	—	—	—	—	(198 )	—	(198 )
Change in valuations of available-for-sale debt securities, net of related taxes	—	—	—	—	—	(140 )	(140 )
Balance at December 31, 2015	\$ 3	1,483	25,354	67,693	(604 )	827	94,756

See accompanying notes to consolidated financial statements.

## JEFFERSON COUNTY BANCSHARES, INC. AND SUBSIDIARY

## Consolidated Statements of Cash Flows

Years ended December 31, 2015 and 2014

(in thousands)

	2015	2014
Cash flows from operating activities:		
Net income	\$6,611	\$6,384
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,011	821
Provision for possible loan losses	1,261	1,285
Deferred income tax expense	120	40
Net losses on sales of other real estate owned	16	40
Other real estate owned write-downs	14	414
Loss on sale of premises and equipment	54	—
Decrease (increase) in accrued interest receivable	(22)	) 1
Increase (decrease) in accrued interest payable	4	(21)
Increase in cash value of life insurance contracts	(438)	) (918)
Compensation cost recorded for stock options granted	35	56
Mortgage loans originated for sale in secondary market	—	(9,657)
Proceeds from mortgage loans sold in secondary market	—	14,598
Other operating activities, net	2,512	(1,778)
Net cash provided by operating activities	11,178	11,265
Cash flows from investing activities:		
Proceeds from maturities and calls of and principal payments on available-for-sale debt securities	49,042	40,600
Purchases of available-for-sale debt securities	(40,456)	(48,059)
Proceeds from sale of available-for-sale debt securities	245	250
Redemption (purchase) of Federal Home Loan Bank stock	4	(8)
Net increase in loans	(22,767)	(1,135)
Proceeds from sale of other real estate owned	1,403	1,546
Proceeds from death claim on life insurance contract	—	1,191
Proceeds from sale of premises and equipment	371	—
Purchases of premises and equipment, net	(5,743)	(1,674)
Net cash used in investing activities	(17,901)	(7,289)
Cash flows from financing activities:		
Net increase (decrease) in deposits	14,711	(12,443)
Net increase (decrease) in short-term borrowings	(810)	) 1,113
Payments of long-term borrowings	(700)	) (700)
Cash dividends paid	(1,103)	) (949)
Purchase of common stock from Employee Stock Ownership Plan	(198)	) (480)
Stock options exercised	1,104	536
Purchase of treasury stock	(431)	) (208)
Net cash provided by (used in) financing activities	12,573	(13,131)
Net increase (decrease) in cash and cash equivalents	5,850	(9,155)
Cash and cash equivalents at beginning of year	38,244	47,399
Cash and cash equivalents at end of year	\$44,094	\$38,244
Supplemental information:		
Cash paid for:		
Interest	\$5,165	\$5,383
Income taxes	2,780	2,947

Noncash transactions:

Loans transferred to other real estate owned	1,391	3,419
Loans made to facilitate the sale of other real estate owned	699	2,544

See accompanying notes to consolidated financial statements.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Jefferson County Bancshares, Inc. (the Company) provides a full range of financial services to individual and corporate customers and nonprofit entities throughout Jefferson, St. Louis, and Perry Counties in Missouri through the branch network of its wholly owned subsidiary, Eagle Bank & Trust Company of Missouri (the Bank). The Company and Bank are subject to competition from other financial and nonfinancial institutions providing financial products throughout Jefferson, St. Louis, and Perry Counties in Missouri. Additionally, the Company and Bank are subject to the regulations of certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

The accounting and reporting policies of the Company conform to generally accepted accounting principles within the financial services industry. In compiling the consolidated financial statements, management is required to make estimates and assumptions which may significantly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates that are particularly susceptible to change in a short period of time include the determination of the reserve for possible loan losses, valuation of other real estate owned and stock options, and determination of possible impairment of intangible assets. Actual results may differ from those estimates.

Following is a description of the more significant of the Company's accounting policies:

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Basis of Accounting**

The Company and Bank use the accrual basis of accounting, which includes in the total of net income all revenues earned and expenses incurred, regardless of when actual cash payments are received or paid. The Company is also required to report comprehensive income, of which net income is a component. Comprehensive income is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from nonowner sources, including all changes in equity during a period, except those resulting from investments by and distributions to owners, and cumulative effects of accounting changes recorded directly to retained earnings. The components of accumulated other comprehensive income are as follows at December 31, 2015 and 2014:

(in thousands)	2015	2014
Net unrealized gains on available-for-sale securities	\$1,253	\$1,465
Deferred tax effect	426	498
	\$827	\$967

**Cash Flow Information**

For purposes of the consolidated statements of cash flows, cash equivalents include cash and due from banks, interest-earning deposits in other financial institutions (all of which are due on demand), and federal funds sold. Certain balances maintained at other financial institutions generally exceed the level of deposits insured by the Federal Deposit Insurance Corporation.

**Investments in Debt Securities**

The Company classifies its debt securities into one of three categories at the time of purchase: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those debt securities that the Company has the ability and intent

to hold until maturity. All other debt securities not included in trading or held-to-maturity, and all equity securities, are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities (for which no securities were so designated at December 31, 2015 and 2014) would be recorded at amortized cost, adjusted for the amortization

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of premiums or accretion of discounts. Unrealized holding gains and losses on trading securities (for which no securities were so designated at December 31, 2015 and 2014) would be included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and reported as a component of other comprehensive income in stockholders' equity until realized. Transfers of securities between categories would be recorded at fair value at the date of transfer. Unrealized holding gains and losses would be recognized in earnings for transfers into the trading category.

Mortgage-backed securities represent participating interests in pools of long-term first mortgage loans originated and serviced by the issuers of the securities. Amortization of premiums and accretion of discounts for mortgage-backed securities are recognized as interest income using the interest method, which considers the timing and amount of prepayments of the underlying mortgages in estimating future cash flows for individual mortgage-backed securities. For other debt securities, premiums and discounts are amortized or accreted over the lives of the respective securities, with consideration of historical and estimated prepayment rates, as an adjustment to yield using the interest method. Dividend and interest income are recognized when earned. Realized gains and losses from the sale of any securities are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

Declines in the fair value of securities below their cost that are deemed to be other-than-temporary are reflected in operations as realized losses. In estimating other-than-temporary impairment losses, management systematically evaluates investment securities for other-than-temporary declines in fair value on a quarterly basis. The analysis requires management to consider various factors, which include the present value of the cash flows expected to be collected compared to the amortized cost of the security, the duration and magnitude of the decline in value, the financial condition of the issuer or issuers, the structure of the security, and the intent to sell the security or whether it is more likely than not that the Company would be required to sell the security before its anticipated recovery in market value.

#### Loans

Interest on loans is credited to income based on the principal amount outstanding. Loans are considered delinquent whenever interest and/or principal payments have not been received when due. The recognition of interest income is generally discontinued when a loan becomes 90 days delinquent or when, in management's judgment, the interest is not collectible in the normal course of business. Subsequent payments received on such loans are applied to principal if any doubt exists as to the collectibility of such principal; otherwise, such receipts are recorded as interest income. Loans are returned to accrual status when management believes full collectibility of principal and interest is expected. The Bank considers a loan impaired when all amounts due, both principal and interest, will not be collected in accordance with the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. When measuring impairment for impaired loans, the expected future cash flows of an impaired loan are discounted at the loan's effective interest rate. Alternatively, impairment is measured by reference to an observable market price, if one exists, or the fair value of the collateral for a collateral-dependent loan; however, the Bank measures impairment based on the fair value of the collateral, using observable market prices, if foreclosure is probable.

Loan origination fees and certain direct loan origination costs are deferred and recognized as an adjustment to interest income over the lives of the related loans using the interest method.

The reserve for possible loan losses is available to absorb loan charge-offs. The reserve is increased by provisions charged to operations and is reduced by loan charge-offs less recoveries. Loans are partially or fully charged off when Bank management believes such amounts are uncollectible, either through collateral liquidation or cash payment. Management utilizes a systematic, documented approach in determining the appropriate level of the reserve for possible loan losses. The level of the reserve reflects management's continuing evaluation of industry concentrations; specific credit risks; loan loss experience; current loan portfolio quality; present economic, political, and regulatory conditions; and probable losses inherent in the current loan portfolio. The determination of the appropriate level of the reserve for

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possible loan losses inherently involves a degree of subjectivity and requires the Bank to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans, and other factors, both within and outside of the Bank's control, may require an increase in the reserve for possible loan losses.

Management believes the reserve for possible loan losses is adequate to absorb losses in the loan portfolio. While management uses available information to recognize losses on loans, future additions to the reserve may be necessary based on changes in economic conditions. Additionally, various regulatory agencies, as an integral part of the examination process, periodically review the Bank's reserve for possible loan losses. Such agencies may require the Bank to add to the reserve for possible loan losses based on their judgments and interpretations about information available to them at the time of their examinations.

#### Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization of premises and equipment is computed over the expected lives of the assets, or the lease term for leasehold improvements, on a straight-line basis. Estimated useful lives are generally 40 years for premises and 3 to 19 years for building and leasehold improvements, furniture, fixtures, and equipment. Expenditures for major renewals and improvements of premises and equipment are capitalized, and those for maintenance and repairs are expensed as incurred.

Premises and equipment and other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized would be measured by the amount by which the carrying amount of the assets exceeded the fair value of the assets using observable market prices. Assets to be disposed of would be reported at the lower of the carrying amount or fair value, less estimated selling costs.

#### Other Real Estate Owned

Other real estate owned represents property acquired through foreclosure, or deeded to the Bank in lieu of foreclosure, for loans on which borrowers have defaulted as to payment of principal and interest. Properties acquired are initially recorded at the lower of the Bank's cost or fair value using observable market prices, less estimated selling costs. Valuations are periodically performed by management, and an allowance for losses is established by means of a charge to noninterest expense if the carrying value of a property exceeds its fair value less estimated selling costs. Subsequent increases in the fair value less estimated selling costs are recorded through a reversal of the allowance, but not below zero. Costs related to development and improvement of property are capitalized, while costs relating to holding the property are expensed. Of the \$7.3 million of other real estate owned at December 31, 2015, \$2.2 million was comprised of residential real estate properties. The Bank had no residential real estate loans in process of foreclosure at December 31, 2015.

#### Goodwill

The excess of cost over the fair value of net assets acquired, relating to the Company's acquisitions of Eagle Bank & Trust Company of Jefferson County (now Eagle Bank & Trust Company of Missouri) and Perry County Financial Corporation in 1993 and 2001, respectively, and purchases of minority interest of Eagle Bank & Trust Company of Missouri after 1993, have been recorded as goodwill, an intangible asset on the Company's consolidated balance sheets. Goodwill is the Company's only intangible asset with an indefinite useful life, and the Company is required to test the intangible asset for impairment on an annual basis. Impairment is measured as the excess of carrying value over the fair value of an intangible asset with an indefinite life. No impairment write-downs were required in 2015 or 2014.



Federal Home Loan Bank Stock

Included in other assets is common stock of the Federal Home Loan Bank of Des Moines, which is administered by the Federal Housing Finance Board. As a member of the Federal Home Loan Bank System, the Bank is required to maintain a minimum investment in the capital stock of the Federal Home Loan Bank of Des Moines. The stock is recorded at cost, which represents redemption value. At December 31, 2015 and 2014, the carrying amount of this

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investment was \$2.3 million.

#### Securities Sold Under Repurchase Agreements

The Bank enters into sales of securities under repurchase agreements at specified future dates. Such repurchase agreements are considered financing arrangements and, accordingly, the obligation to repurchase assets sold is reflected as a liability in the consolidated balance sheets. Repurchase agreements are collateralized by debt securities which are under the control of the Bank.

#### Income Taxes

The Company and Bank file consolidated federal and state income tax returns. Applicable income taxes are computed based on reported income and expenses, adjusted for permanent differences between reported and taxable income. Penalties and interest assessed by income taxing authorities are included in income tax expense in the year assessed, unless such amounts relate to an uncertain tax position. The Company had no uncertain tax positions at December 31, 2015 or 2014.

The Company uses the asset and liability method of accounting for income taxes, in which deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

The most recent examination of the Company's consolidated federal income tax returns covered the year ended December 31, 2006. The Company's consolidated federal and state income tax returns are generally subject to examination by the Internal Revenue Service and Missouri Department of Revenue for three years after they are filed. The Company has not had a state income tax examination by the State of Missouri for several years.

#### Mortgage Banking Operations

Through early 2014, the Bank operated a mortgage banking department which originated long-term, fixed-rate residential mortgage loans for sale in the secondary market. Upon receipt of an application for a residential real estate loan, the Bank generally locked in an interest rate with the applicable investor and, at the same time, locked into an interest rate with the customer. This practice minimized the Bank's exposure to risk resulting from interest rate fluctuations. Upon disbursement of the loan proceeds to the customer, the loan was delivered to the applicable investor and sales proceeds were received shortly thereafter. Therefore, no loans held for sale were included in the Bank's loan portfolio at any point in time, except those loans for which the sale proceeds had not yet been received. Such loans were maintained at the lower of cost or fair value, based on the outstanding commitments from the applicable investors for such loans. Servicing rights were not retained on the loans originated and sold. Gains and losses on the sale of these loans and the effects of market adjustments were included as mortgage banking revenues in noninterest income in the consolidated statements of income. In the second quarter of 2014, the Bank entered into a brokerage agreement with an unaffiliated mortgage banker for processing applications for residential real estate loans for sale in the secondary market. All loans are underwritten, processed, and closed by the third-party mortgage banker.

#### Stock Options

Compensation cost relating to share-based payment transactions is recognized in the consolidated financial statements over the period of service to which such compensation relates (generally the vesting period), and is measured based on the fair value of the equity or liability instruments issued. The grant date value of employee share options is estimated using option-pricing models adjusted for the unique characteristics of those instruments. If an equity award is modified after the grant date, incremental compensation cost would be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

**Financial Instruments**

For purposes of information included in note 14 regarding disclosures about financial instruments, financial instruments are defined as cash, evidence of an ownership interest in an entity, or a contract that both (a) imposes on one entity a contractual obligation to deliver cash or another financial instrument to a second entity or to exchange other financial

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instruments on potentially unfavorable terms with the second entity, and (b) conveys to that second entity a contractual right to receive cash or another financial instrument from the first entity or to exchange other financial instruments on potentially favorable terms with the first entity.

#### Derivative Instruments and Hedging Activities

The Company uses derivative instruments to assist in the management of interest rate sensitivity and to modify the repricing, maturity, and option characteristics of certain assets and liabilities. The only derivative instruments used by the Company are interest rate swaps. Derivative instruments are required to be measured at fair value and recognized as either assets or liabilities in the consolidated financial statements. Fair value represents the payment the Company would receive or pay if the item were sold or bought in a current transaction. Fair values are generally based on market quotes. The accounting for changes in fair value (gains or losses) of a hedged item is dependent on whether the related derivative is designated and qualifies for “hedge accounting.” The Company assigns derivatives to one of three categories at the purchase date: fair value hedge, cash flow hedge, or nondesignated derivatives, and performs an assessment of the expected and ongoing hedge effectiveness of any derivative designated as a fair value or cash flow hedge. Derivatives are included in other assets and other liabilities in the consolidated balance sheets.

The following is a summary of the Company’s accounting policies for derivative financial instruments and hedging activities:

#### Fair Value Hedges

For derivatives designated as fair value hedges, the fair value of the derivative instrument and related hedged item are recognized through the related interest income or expense, as applicable, except for the ineffective portion, which is recorded in noninterest income or expense. All changes in fair value are measured on a monthly basis. Swap agreements are accounted for on an accrual basis, with the net interest differential being recognized as an adjustment to interest income or interest expense of the related asset or liability.

#### Cash Flow Hedges

Derivatives designated as cash flow hedges are accounted for at fair value. The effective portion of the change in fair value is recorded net of taxes as a component of other comprehensive income in stockholders’ equity. Amounts recorded in other comprehensive income are subsequently reclassified into interest income or expense when the underlying transaction affects earnings. The ineffective portion of the change in fair value is recorded in noninterest income or expense. Swap agreements are accounted for on an accrual basis, with the net interest differential being recognized as an adjustment to interest income or interest expense of the related asset or liability.

#### Nondesignated Derivatives

Certain derivative instruments would not be designated as cash flow or fair value hedges for accounting purposes. These nondesignated derivatives would not meet the criteria for hedge accounting treatment. Changes in the fair value of these instruments would be recorded in noninterest income or expense at the end of each reporting period.

#### Fair Value Measurements

The Company uses fair value measurements to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods, including market, income, and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy. Financial assets and liabilities

carried and/or reported at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities which are traded by dealers or brokers in active markets. Valuations are

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obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or value assigned to such assets or liabilities.

While certain assets and liabilities may be recorded on a nonrecurring basis at the lower of cost or fair value, as described above (e.g., impaired loans, loans held for sale, other real estate owned), the only assets and liabilities recorded at fair value on a recurring basis by the Company are investments in available-for-sale debt securities, which are measured at fair value using Level 2 valuations, and derivative financial instruments and life insurance policies, which are measured at fair value using Level 1 valuations. No other assets and liabilities are recorded at fair value on a recurring or nonrecurring basis. For debt securities, the market valuations utilize several sources which include observable inputs rather than “significant unobservable inputs” and, therefore, fall into the Level 2 category, and are based on dealer quotes, market spreads, the U.S. Treasury yield curve, trade execution data, market consensus prepayment speeds, credit information, and the bonds’ terms and conditions at the security level.

The following tables summarize the Company’s assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 and 2014:

(in thousands)	December 31, 2015			Total fair value
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets:				
Investments in available-for-sale debt securities:				
Obligations of U.S. government agencies and corporations	\$—	\$ 66,079	\$	—\$66,079
Obligations of states and political subdivisions	—	34,267	—	34,267
Mortgage-backed securities	—	65,271	—	65,271
Total available-for-sale debt securities	—	165,617	—	165,617
Life insurance policies	16,812	—	—	16,812
Derivative financial instruments	754	—	—	754
	\$17,566	\$ 165,617	\$	—\$183,183
Liabilities - derivative financial instruments	\$754	\$—	\$	—\$754

(in thousands)	December 31, 2014			Total fair value
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets:</b>				
<b>Investments in available-for-sale debt securities:</b>				
Obligations of U.S. government agencies and corporations	\$—	\$ 74,415	\$ —	—\$74,415
Obligations of states and political subdivisions	—	33,329	—	33,329
Mortgage-backed securities	—	66,942	—	66,942
Total available-for-sale debt securities	—	174,686	—	174,686
Life insurance policies	16,374	—	—	16,374
Derivative financial instruments	1,119	—	—	1,119
	\$17,493	\$ 174,686	\$ —	—\$192,179
Liabilities - derivative financial instruments	\$1,119	\$ —	\$ —	—\$1,119

#### Reclassifications

Certain reclassifications have been made to the 2014 consolidated financial statement amounts to conform to the 2015 presentation. Such reclassifications have no effect on the previously reported consolidated net income or stockholders' equity.

#### Subsequent Events

The Company has considered all events occurring subsequent to December 31, 2015 for possible disclosures through March 11, 2016, the date these consolidated financial statements were available to be issued.

#### NOTE 2 - CASH AND DUE FROM BANKS

The Bank is required to maintain certain daily reserve balances on hand in accordance with regulatory requirements. The reserve balances maintained in accordance with such requirements at December 31, 2015 and 2014 were approximately \$14.3 million.

#### NOTE 3 - INVESTMENTS IN DEBT SECURITIES

The amortized cost, gross unrealized gains and losses, and estimated fair value of debt securities classified as available-for-sale at December 31, 2015 and 2014 are as follows:

(in thousands)	December 31, 2015			Estimated fair value
	Amortized cost	Gross unrealized gains	Gross unrealized losses	
Obligations of U.S. government agencies and corporations	\$65,744	\$ 720	\$ (385 )	\$66,079
Obligations of states and political subdivisions	33,939	386	(58 )	34,267
Mortgage-backed securities	64,680	1,002	(411 )	65,271
	\$164,363	\$ 2,108	\$ (854 )	\$165,617





(in thousands)	December 31, 2014			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Obligations of U.S. government agencies and corporations	\$74,327	\$ 746	\$(658)	\$74,415
Obligations of states and political subdivisions	32,976	449	(96)	33,329
Mortgage-backed securities	65,917	1,445	(420)	66,942
	\$173,220	\$ 2,640	\$(1,174)	\$174,686

The amortized cost and estimated fair value of debt securities classified as available-for-sale at December 31, 2015, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because certain issuers have the right to call or prepay obligations with or without prepayment penalties.

(in thousands)	Amortized Cost	Estimated Fair Value
Due one year or less	\$2,121	\$2,128
Due one year through five years	9,705	9,780
Due five years through ten years	44,156	44,706
Due after ten years	43,701	43,732
Mortgage-backed securities	64,680	65,271
	\$164,363	\$165,617

Following is a summary of securities which were in an unrealized loss position at December 31, 2015 and 2014:

(in thousands)	December 31, 2015					
	Less than 12 months		12 months or more		Total	
Obligations of U.S. government agencies and corporations	\$21,288	\$277	\$6,454	\$108	\$27,742	\$385
Obligations of states and political subdivisions	3,892	26	583	32	4,475	58
Mortgage-backed securities	22,092	132	8,248	279	30,340	411
	\$47,272	\$435	\$15,285	\$419	\$62,557	\$854

(in thousands)	December 31, 2014					
	Less than 12 months		12 months or more		Total	
Obligations of U.S. government agencies and corporations	\$8,480	\$48	\$29,329	\$610	\$37,809	\$658
Obligations of states and political subdivisions	644	6	4,080	90	4,724	96
Mortgage-backed securities	2,422	15	20,348	405	22,770	420
	\$11,546	\$69	\$53,757	\$1,105	\$65,303	\$1,174

The obligations of U.S. government agencies and corporations and mortgage-backed securities with unrealized losses are primarily issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or Federal Home Loan Bank. Obligations of states and political subdivisions in an unrealized loss position are primarily comprised of municipal bonds with adequate credit ratings, underlying collateral, and/or cash flow payments. The unrealized losses associated with these securities are not believed to be attributed to credit quality, but rather to changes



in interest rates and temporary market movements. In addition, the Bank does not intend to sell the securities with unrealized losses, and it is not more likely than not that the Bank will be required to sell them before recovery of their amortized cost bases, which may be at maturity.

The carrying value of debt securities pledged to secure public funds, securities sold under repurchase agreements, and for other purposes amounted to approximately \$96.9 million and \$75.7 million at December 31, 2015 and 2014, respectively.

During 2015 and 2014, certain available-for-sale debt securities were sold for proceeds totaling \$0.2 million and \$0.3 million, respectively, resulting in gross gains of \$1,506 and \$0, respectively, and gross losses of \$1,112 and \$0, respectively.

#### NOTE 4 - LOANS

The composition of the loan portfolio at December 31, 2015 and 2014 is as follows:

(in thousands)	December 31, 2015	December 31, 2014
Commercial:		
Real estate	\$ 346,908	\$ 341,129
Other	56,397	55,880
Real estate:		
Construction	105,239	89,895
Residential	126,655	129,371
Consumer	8,291	6,730
	\$ 643,490	\$ 623,005

The Bank grants commercial, industrial, residential, and consumer loans throughout Jefferson, Perry, and St. Louis Counties in Missouri. The Bank does not have any particular concentration of credit in any one economic sector; however, a substantial portion of the portfolio is concentrated in and secured by real estate in the three-county area. The ability of the Bank's borrowers to honor their contractual obligations is dependent upon the local economy and its effect on the real estate market. Included in consumer loans are overdrafts of \$0.4 million and \$0.2 million at December 31, 2015 and 2014, respectively.

The following describe the risk characteristics relevant to each of the portfolio segments:

Commercial real estate loans are secured by various commercial property types, a majority of which are owner-occupied and in the Bank's market area. The Bank originates commercial real estate loans with a typical term of three or five years with an adjustable rate feature generally tied to the three- or five-year U.S. Treasury bill index, the London Interbank Offering Rate (LIBOR), or the prime commercial rate as quoted by The Wall Street Journal. These loans are typically amortized over 15 or 20 years. Strict underwriting standards are in place that include, but are not limited to, independent appraisals, cash flow analyses, creditworthiness, experience, and management.

Commercial business loans vary in type and include secured and unsecured commercial business loans for the purpose of financing equipment acquisition, expansion, working capital, and other general business purposes. The terms of these loans are generally for less than seven years. The loans are either negotiated on a fixed-rate basis or carry variable interest rates indexed to the prime commercial rate as quoted by The Wall Street Journal, LIBOR, or the one-, three-, or five-year U.S. Treasury bill. Commercial credit decisions are based upon a complete credit review of the borrower. A determination is made as to the borrower's ability to repay in accordance with the proposed loan terms, as well as an overall assessment of the credit risks involved. Personal guarantees of borrowers are generally required. In

evaluating a commercial business loan, the Bank considers debt service capabilities, actual and projected cash flows, and the borrower's inherent industry risks.

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Construction lending generally involves a greater degree of risk than the Bank's other real estate lending. The construction phase of a loan generally lasts nine months. As with the Bank's other loan types, the underwriting standards require proper loan-to-value coverage and the borrower's ability to service the debt. Prior to approval of the construction loan, the Bank determines that the borrower has the approval, capacity, and wherewithal to handle the permanent financing.

Residential real estate loans are predominantly collateralized by properties located in the Bank's market area. The Bank adheres to strict underwriting standards that have been reviewed by the Board of Directors and the banking regulators. The underwriting standards include, but are not limited to, repayment capacity, creditworthiness, proper loan-to-value coverage, and correct lien positions supported by title policies.

Multifamily real estate loans are generally secured by apartment buildings and rental properties. Multifamily real estate loans are typically offered with interest rates that adjust after one, three, or five years. The interest rate adjustments are tied to either a U.S. Treasury bill index, LIBOR, or the prime commercial rate as quoted by The Wall Street Journal. When originating multifamily real estate loans, the Bank evaluates the qualifications, financial condition, profitability, and expertise of the borrower, as well as the value and condition of the mortgaged property securing the loan. The Bank also considers the financial resources of the borrower, the borrower's experience in owning and managing similar properties, the cash flow the property generates (i.e., the gross rental income minus associated expenses), and the debtor's global obligations to determine sustainable repayment capacity. Multifamily real estate loans are carefully underwritten to determine proper valuation of the property, as well as the ability to service the debt.

Home equity lines of credit are designed for owner-occupied homes. These are typically junior liens, thus the Bank pays particular attention to the loan-to-value coverage and the debt service capacity of the borrower. Typical underwriting standards are followed to ensure safe and sound lending.

Consumer loans are underwritten in a manner that verifies the borrower's capacity to pay, creditworthiness, and proper valuation of the collateral. The structure of the loan is dependent on the purpose and collateral being pledged as security.

The aggregate amount of loans to executive officers and directors and loans made for the benefit of executive officers and directors was \$7.9 million and \$9.1 million at December 31, 2015 and 2014, respectively. Such loans were made in the normal course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons, and did not involve more than the normal risk of collectibility. A summary of activity for loans to executive officers and directors for the year ended December 31, 2015 is as follows:

(in thousands)

Balance, December 31, 2014	\$9,052
New loans made	2,473
Payments received	(3,651 )
Balance, December 31, 2015	\$7,874

Following is a summary of activity in the reserve for possible loan losses and the recorded investment in loans by portfolio class and category based on impairment method for the years ended December 31, 2015 and 2014:

(in thousands)	December 31, 2015						
	Commercial real estate	Commercial other	Real estate construction	Residential real estate	Consumer	Unallocated	Total
Reserve for possible loan losses:							
Beginning balance	\$3,303	\$ 341	\$ 2,113	\$ 756	\$ 109	\$ 1,251	\$7,873
Charge-offs	(766	) (9	) (710	) (113	) (116	) —	(1,714 )
Recoveries	—	—	1	14	62	—	77
Provision	899	10	908	(61	) 65	(560	) 1,261
Ending balance	\$3,436	\$ 342	\$ 2,312	\$ 596	\$ 120	\$ 691	\$7,497
Reserve allocations:							
Individually evaluated for impairment	\$945	\$ 74	\$ 1,082	\$ 188	\$ 3	\$ —	\$2,292
Collectively evaluated for impairment	2,491	268	1,230	408	117	691	5,205
Ending balance	\$3,436	\$ 342	\$ 2,312	\$ 596	\$ 120	\$ 691	\$7,497
Loans:							
Individually evaluated for impairment	\$12,489	\$ 307	\$ 6,009	\$ 1,481	\$ 3	\$ —	\$20,289
Collectively evaluated for impairment	334,419	56,090	99,230	125,174	8,288	—	623,201
Ending balance	\$346,908	\$ 56,397	\$ 105,239	\$ 126,655	\$ 8,291	\$ —	\$643,490
December 31, 2014							
(in thousands)	Commercial real estate	Commercial other	Real estate construction	Residential real estate	Consumer	Unallocated	Total
Reserve for possible loan losses:							
Beginning balance	\$3,238	\$ 655	\$ 2,501	\$ 942	\$ 210	\$ 231	\$7,777
Charge-offs	(235	) (84	) (744	) (208	) (165	) —	(1,436 )
Recoveries	42	—	55	72	78	—	247
Provision	258	(230	) 301	(50	) (14	) 1,020	1,285
Ending balance	\$3,303	\$ 341	\$ 2,113	\$ 756	\$ 109	\$ 1,251	\$7,873
Reserve allocations:							
Individually evaluated for impairment	\$1,164	\$ 10	\$ 1,090	\$ 265	\$ 10	\$ —	\$2,539
Collectively evaluated for impairment	2,139	331	1,023	491	99	1,251	5,334
Ending balance	\$3,303	\$ 341	\$ 2,113	\$ 756	\$ 109	\$ 1,251	\$7,873
Loans:							
Individually evaluated for impairment	\$13,101	\$ 10	\$ 7,826	\$ 2,377	\$ 31	\$ —	\$23,345
Collectively evaluated for impairment	328,028	55,870	82,069	126,994	6,699	—	599,660
Ending balance	\$341,129	\$ 55,880	\$ 89,895	\$ 129,371	\$ 6,730	\$ —	\$623,005

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A summary of impaired loans by category as of December 31, 2015 and 2014 is as follows:

December 31, 2015							
(in thousands)	Unpaid principal balance	Recorded investment with no reserve	Recorded investment with reserve	Total recorded investment	Related reserve	Average recorded investment	Interest income recognized
Commercial:							
Real estate	\$12,601	\$9,311	\$3,178	\$12,489	\$945	\$13,406	\$495
Other	307	233	74	307	74	73	14
Real estate:							
Construction	6,246	45	5,964	6,009	1,082	6,014	175
Residential	1,580	650	831	1,481	188	1,569	59
Consumer	7	—	3	3	3	6	—
	\$20,741	\$10,239	\$10,050	\$20,289	\$2,292	\$21,068	\$743

December 31, 2014							
(in thousands)	Unpaid principal balance	Recorded investment with no reserve	Recorded investment with reserve	Total recorded investment	Related reserve	Average recorded investment	Interest income recognized
Commercial:							
Real estate	\$13,205	\$10,722	\$2,379	\$13,101	\$1,164	\$13,191	\$507
Other	10	—	10	10	10	10	1
Real estate:							
Construction	8,266	4,852	2,974	7,826	1,090	8,050	250
Residential	2,447	1,510	867	2,377	265	2,371	114
Consumer	33	20	11	31	10	37	2
	\$23,961	\$17,104	\$6,241	\$23,345	\$2,539	\$23,659	\$874

Following is a summary of past-due loans by type and by number of days delinquent at December 31, 2015 and 2014 :

December 31, 2015							
(in thousands)	30-59 days past due	60-89 days past due	Greater than 90 days past due	Total past due	Current	Total loans	Recorded investment > 90 days past due and accruing
Commercial:							
Real estate	\$138	\$—	\$3,297	\$3,435	\$343,473	\$346,908	\$—
Other	—	—	307	307	56,090	56,397	—
Real estate:							
Construction	—	—	899	899	104,340	105,239	—
Residential	387	230	831	1,448	125,207	126,655	—
Consumer	24	1	3	28	8,263	8,291	—
Total	\$549	\$231	\$5,337	\$6,117	\$637,373	\$643,490	\$—





(in thousands)	December 31, 2014			Total past due	Current	Total loans	Recorded investment > 90 days past due and accruing
	30-59 days past due	60-89 days past due	Greater than 90 days past due				
Commercial:							
Real estate	\$ 184	\$ —	\$ 2,646	\$ 2,830	\$ 338,299	\$ 341,129	\$ —
Other	93	—	10	103	55,777	55,880	—
Real estate:							
Construction	1,581	—	1,248	2,829	87,066	89,895	—
Residential	318	20	596	934	128,437	129,371	—
Consumer	20	1	10	31	6,699	6,730	—
Total	\$ 2,196	\$ 21	\$ 4,510	\$ 6,727	\$ 616,278	\$ 623,005	\$ —

Following is a summary of loans on nonaccrual status by type at December 31, 2015 and 2014:

(in thousands)	December 31, 2015	December 31, 2014
Commercial:		
Real estate	\$ 3,297	\$ 2,830
Other	307	103
Real estate:		
Construction	899	2,830
Residential	831	933
Consumer	3	31
	\$ 5,337	\$ 6,727

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as current financial information, historical payment experience, collateral support, credit documentation, public information, and current economic trends, among other factors. The Bank analyzes loans individually on a continuous basis by classifying the loans as to credit risk. The Bank uses the following definitions for risk ratings:

**Watch** - Loans classified as watch have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Bank's credit position at some future date.

**Substandard** - Loans classified as substandard are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

**Doubtful** - Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing factors, conditions, and values, highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above-described process are considered pass-rated loans.

The following table presents the credit risk profile of the Company's loan portfolio based on rating category and payment activity as of December 31, 2015 and 2014:

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December 31, 2015						
(in thousands)	Commercial real estate	Commercial other	Real estate construction	Residential real estate	Consumer	Total
Grade						
Pass	\$332,543	\$55,560	\$99,230	\$124,262	\$8,278	\$619,873
Watch	12,138	527	4,831	1,351	13	18,860
Substandard	2,227	310	1,178	1,042	—	4,757
Doubtful	—	—	—	—	—	—
Total	\$346,908	\$56,397	\$105,239	\$126,655	\$8,291	\$643,490

December 31, 2014						
(in thousands)	Commercial real estate	Commercial other	Real estate construction	Residential real estate	Consumer	Total
Grade						
Pass	\$325,286	\$55,717	\$79,797	\$125,968	\$6,700	\$593,468
Watch	13,197	153	7,104	1,473	—	21,927
Substandard	2,646	10	2,994	1,930	30	7,610
Doubtful	—	—	—	—	—	—
Total	\$341,129	\$55,880	\$89,895	\$129,371	\$6,730	\$623,005

The Bank seeks to assist customers that are experiencing financial difficulty by renegotiating loans within lending regulations and guidelines. A loan modification is considered a troubled debt restructuring when a concession has been granted to a borrower experiencing financial difficulties. The Bank's modifications generally include interest rate adjustments, and amortization and maturity date extensions. These modifications allow the borrowers short-term cash relief to allow them to improve their financial condition. The Bank's troubled debt restructured loans are considered impaired and are individually evaluated for impairment as part of the reserve for possible loan losses as described above.

The following table presents information regarding loan modifications during the years ended December 31, 2015 and 2014 which met the definition of troubled debt restructured loans:

(in thousands)	2015		2014	
	Pre-modification of outstanding loans recorded balance	Post-modification outstanding recorded balance	Pre-modification of outstanding loans recorded balance	Post-modification outstanding recorded balance
Commercial:				
Real estate	—\$ —	\$ —	1 \$ 1,119	\$ 1,119
Other	—	—	—	—
Real estate:				
Construction	—	—	2 552	552
Residential	1 61	61	2 107	107
Consumer	—	—	—	—
	1 \$ 61	\$ 61	5 \$ 1,778	\$ 1,778

No loans restructured during the years ended December 31, 2015 and 2014 defaulted within twelve months of their restructuring. Additionally, the Bank had no commitments to extend additional credit on any loans classified as troubled debt restructured loans at December 31, 2015.

NOTE 5 - PREMISES AND EQUIPMENT

A summary of premises and equipment at December 31, 2015 and 2014 is as follows:

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(in thousands)	2015	2014
Land	\$5,877	\$6,302
Buildings and improvements	16,956	16,827
Furniture, fixtures, and equipment	7,989	7,865
Leasehold improvements	801	801
Construction in progress	5,491	911
	37,114	32,706
Less accumulated depreciation and amortization	13,088	12,104
	\$24,026	\$20,602

Amounts charged to noninterest expense for depreciation and amortization aggregated \$1.0 million and \$0.9 million for the years ended December 31, 2015 and 2014, respectively.

The Bank leases certain premises and equipment under noncancelable operating lease agreements which expire at various dates through 2026, with certain lease agreements containing renewal options. Minimum rental commitments under all noncancelable operating leases at December 31, 2015, for each of the next five years, and in the aggregate are as follows:

(in thousands)	
Year ending December 31:	
2016	\$488
2017	482
2018	464
2019	421
2020	429
Thereafter	2,471
Total minimum payments required	\$4,755

The Bank also leases certain equipment under agreements that are cancelable with 30 to 90 days' notice. Total rent expense for 2015 and 2014 was \$0.5 million and \$0.6 million, respectively.

#### NOTE 6 - DEPOSITS

A summary of interest-bearing deposits at December 31, 2015 and 2014 is as follows:

(in thousands)	2015	2014
Interest-bearing transaction accounts	\$376,808	\$361,929
Savings	65,077	61,061
Time deposits	161,787	171,619
	\$603,672	\$594,609

Deposits of executive officers, directors, and their related interests totaled \$9.2 million and \$7.2 million at December 31, 2015 and 2014, respectively.

Interest expense on deposits for the years ended December 31, 2015 and 2014 is summarized as follows:



(in thousands)	2015	2014
Interest-bearing transaction accounts	\$1,800	\$1,812
Savings	167	156
Time deposits	1,205	1,372
	\$3,172	\$3,340

Time deposits meeting or exceeding the FDIC insurance coverage limit of \$250,000 totaled \$38.2 million and \$31.6 million at December 31, 2015 and 2014. Following are the maturities of time deposits for each of the next five years and in the aggregate at December 31, 2015:

(in thousands)	
Year ending December 31:	
2016	\$ 143,932
2017	12,717
2018	3,680
2019	1,457
2020	1
	\$ 161,787

#### NOTE 7 - INCOME TAXES

The components of income tax expense for the years ended December 31, 2015 and 2014 are as follows:

(in thousands) 2015 2014

Current:

Federal	\$2,648	\$2,565
State	347	335
Deferred	120	40
	\$3,115	\$2,940

A reconciliation of expected income tax expense computed by applying the federal statutory rate of 34% to income before applicable income taxes, for the years ended December 31, 2015 and 2014, is as follows:

(in thousands)	2015	2014
Expected statutory federal income tax	\$3,307	\$3,170
State tax, net of related federal benefit	229	221
Compensation cost of stock options	12	18
Tax-exempt interest income	(350 )	(344 )
Life insurance contracts	(149 )	(312 )
Other, net	66	188
	\$3,115	\$2,941

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2015 and 2014 are presented below:



(in thousands)	2015	2014
Deferred tax assets:		
Reserve for possible loan losses	\$2,778	\$2,918
Nonaccrual loans	312	352
Other real estate owned	672	767
Deferred compensation	361	305
Other, net	78	65
Total deferred tax assets	4,201	4,407
Deferred tax liabilities:		
Unrealized net holding gains on available-for-sale securities	(426 )	(498 )
Premises and equipment	(450 )	(536 )
Total deferred tax liabilities	(876 )	(1,034 )
Net deferred tax assets	\$3,325	\$3,373

In connection with the acquisition of Perry County Financial Corporation on June 29, 2001, the Company assumed operating loss carryforwards for tax reporting purposes totaling \$2.8 million, and established deferred tax assets at acquisition of \$1.0 million, which have been subsequently utilized to the extent such carryforwards were initially recognized. These operating loss carryforwards would have expired if not used by 2020. The Company also established at acquisition a valuation reserve of \$0.1 million against the deferred tax assets relating to these operating loss carryforwards, which remains in effect. The Company is required to provide a valuation reserve on deferred tax assets when it is more likely than not that some portion of the assets will not be realized. Other than the \$0.1 million valuation reserve established in connection with the acquired operating loss carryforward (which has not changed since the acquisition date), the Company has not established any further valuation reserves at December 31, 2015 and 2014, due to management's belief that all criteria for recognition have been met, including the existence of a history of taxes paid and expected future taxable income levels sufficient to support the realization of all other deferred tax assets.

#### NOTE 8 - SHORT-TERM BORROWINGS

Short-term borrowings consisted entirely of securities sold under repurchase agreements at December 31, 2015 and 2014. The Bank sells securities under agreements to repurchase, which are collateralized by debt securities consisting of obligations of U.S. government agencies and corporations and mortgage-backed securities which had an aggregate carrying value of approximately \$17.2 million and \$13.2 million at December 31, 2015 and 2014, respectively.

The Bank may also obtain short-term advances for 90 days or less from the Federal Home Loan Bank of Des Moines and purchase funds on a daily basis to satisfy short-term liquidity needs. The average balances, weighted average interest rates paid, and maximum month-end amounts outstanding for the years ended December 31, 2015 and 2014, and the average rates at each year-end for funds purchased and securities sold under repurchase agreements are as follows:

(in thousands)	2015	2014
Average balance	\$12,285	\$12,006
Weighted average interest rate paid during the year	0.53 %	0.56 %
Maximum amount outstanding at any month-end	\$12,993	\$14,891
Average rate at end of year	0.52 %	0.52 %

#### NOTE 9 - FEDERAL HOME LOAN BANK BORROWINGS

At December 31, 2015, the Bank had \$30.5 million of longer-term fixed-rate advances outstanding with the Federal Home Loan Bank of Des Moines, all of which are due in 2018. The weighted average interest rate of the outstanding advances is 2.84%.

At December 31, 2015, the Bank maintained a line of credit in the amount of \$121.7 million with the Federal Home

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Loan Bank of Des Moines and had availability under that line of \$91.3 million. Federal Home Loan Bank of Des Moines advances are secured under blanket agreements which assign all Federal Home Loan Bank of Des Moines stock, available-for-sale debt securities with a carrying value of \$1.2 million, and one-to-four-family mortgage loans, multifamily loans, and certain commercial loans, which total \$260.5 million at December 31, 2015.

#### NOTE 10 - LONG-TERM BORROWINGS

Following is a summary of long-term borrowings at December 31, 2015 and 2014:

(in thousands)	2015	2014
Notes payable	\$2,975	\$3,675
Subordinated debentures	12,500	12,500
	\$15,475	\$16,175

On April 30, 2010, the Company entered into a borrowing agreement with an unaffiliated financial institution to refinance the \$7.0 million remaining under a previous note payable thereto. In April 2014 and June 2015, that note payable was modified, at which time the maturity date was extended to March 31, 2015 and March 31, 2020, respectively. Interest on the note payable is payable quarterly at the 90 day LIBOR rate plus 3.00%. Principal payments of \$175,000 are due on the last day of each calendar quarter through the maturity date of March 31, 2020. The note payable is secured by 67% of the outstanding capital stock of the Bank. The weighted average interest rate paid on the note payable was 3.14% and 3.25% for the years ended December 31, 2015 and 2014, respectively. The note payable includes certain restrictions that, among other things, specify minimum levels for earnings, capital, and the reserve for possible loan losses, and maximum levels for nonperforming loans. Any of the financial ratios or covenants may be waived at the discretion of the lending institution. As of December 31, 2015 and 2014, the Company was in compliance with all of the financial ratios and covenants specified in the borrowing agreement in effect at that time or had obtained the necessary waivers. Company management does not believe the covenants will restrict its future operations.

On February 23, 2001, the Jefferson County Statutory Trust I (Trust I), a Delaware business trust subsidiary of the Company, issued \$7.5 million of 10.20% Cumulative Trust Preferred Securities (the Trust Preferred Securities) in a private placement offering. The Trust Preferred Securities mature in 2021. Trust I used the net proceeds of the Trust Preferred Securities offering and a cash injection from the Company to purchase \$7.7 million of junior subordinated debentures of the Company bearing the same interest rate as the Trust Preferred Securities. On March 17, 2004, the Jefferson County Statutory Trust II (Trust II), a Delaware business trust subsidiary of the Company, issued \$5.0 million of variable rate (2.99% at December 31, 2015 and 2014) Trust Preferred Securities in a private placement offering. The Trust Preferred Securities mature in 2034. Proceeds from the offering, net of underwriting fees and offering expenses, totaled \$5.0 million. Trust II used the net proceeds of the Trust Preferred Securities offering and a cash injection from the Company to purchase \$5.2 million of junior subordinated debentures of the Company bearing the same interest rate as the Trust Preferred Securities.

Other than cash and equity, the debentures are the sole assets of Trusts I and II. In connection with the issuance of the Trust Preferred Securities, the Company made certain guarantees and commitments that, in the aggregate, constitute a full and unconditional guarantee by the Company of the obligations of the trusts under the Trust Preferred Securities. The Trust Preferred Securities are classified as debt for financial reporting purposes and capital for regulatory reporting purposes.

Following are the maturities of the Company's long-term borrowings for each of the next five years and in the aggregate at December 31, 2015:



(in thousands)

Year ending December 31:

2016	\$700
2017	700
2018	700
2019	700
2020	175
After 2020	12,500
	\$15,475

**NOTE 11 - EMPLOYEE BENEFIT PLANS**

The Company sponsors a contributory 401(k) savings plan to provide retirement benefits to eligible employees. Contributions made by the Company under the plan were \$0.1 million for the years ended December 31, 2015 and 2014. The savings plan's investments include 43,408 and 46,285 shares of the Company's common stock at December 31, 2015 and 2014, respectively.

The Bank maintains a Supplemental Executive Retirement Plan (SERP), in which certain executives are eligible for additional retirement benefits. The SERP is embodied in written agreements between the Bank and the executives. The agreements include provisions which indicate the benefits to be provided at retirement or in the event of death, disability, or termination of employment prior to retirement. The amount charged to salaries and benefits expense related to the SERP was \$0.2 million in both 2015 and 2014. A liability of \$1.0 million and \$0.8 million for the SERP is included in other liabilities in the consolidated balance sheets at December 31, 2015 and 2014, respectively. To fund the individual agreements with each executive covered under the SERP, the Bank has purchased single-premium life insurance policies on the lives of each executive (payable upon death to the Bank), with the Bank paying single one-time premiums at the inception of the policies. Each life insurance policy has a cash surrender value feature that allows the Bank to receive an amount in cash upon cancellation or lapse of the policy. The cash surrender value increases monthly, based upon an interest factor (net of mortality), administration, and early termination costs that are inherent in the contracts.

**NOTE 12 - CAPITAL STOCK**

At December 31, 2015, the Company's capital stock consisted of 2,500 shares of Class A preferred stock and 1,482,684 shares of common stock (of which 7,689 shares are held in treasury). Following is a description of these capital components.

**Preferred Stock**

Effective December 1, 1996, the shareholders of 603,391 common shares, representing the entire group of shareholders of the Company prior to the initial common/preferred exchange described herein, exchanged their entire common shareholdings for an equal number of shares of preferred stock. Prior to December 1, 1996, those 603,391 shares of common stock were subject to a Stock Repurchase Agreement dated April 6, 1993 (the Stock Repurchase Agreement) pursuant to which the holders of such shares had a right (the Put Right), during the month of May 1998, and during the month of May of each year thereafter, to put all or any portion of such stock to the Company for repurchase thereby at a price per share equal to 1.6 multiplied by the equity of the Bank at December 31 of the previous year, multiplied by the Company's percentage ownership of the Bank, plus the Company's cash and cash equivalents, less the Company's existing debt, divided by the number of shares of Company capital stock outstanding.

With the exchange of the 603,391 common shares containing the Put Right for 603,391 preferred shares, the Company executed a Termination Agreement with each new preferred shareholder pursuant to which the Stock Repurchase Agreement was terminated and replaced by the provisions set forth in the Company's Certificate of Amendment, which provided that each holder of the 603,391 shares of preferred stock would be entitled to the Put Right previously

granted by the Stock Repurchase Agreement, with repurchase at a formula-based price which was designed to be substantially similar to the price which would have been computed under the Stock Repurchase Agreement.

On March 27, 1997, the Company's shareholders authorized an additional 610,000 shares of preferred stock (designated

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as Class B preferred stock), and redesignated the existing 603,391 preferred shares (610,000 authorized) as Class A preferred stock. The Class A and B preferred stock were both noncumulative, with no stated interest rate or liquidation value, had a par value of \$1 per share, and maintained rights identical to the rights of common shareholders; however, the Class A preferred stock continued to maintain the Put Right described in the preceding paragraph, while the Class B preferred stock maintained no Put Right. With the authorization of the Class B preferred stock, shareholders of 244,657 shares of the newly designated Class A preferred stock agreed to exchange their Class A preferred stock for Class B preferred stock. During the ensuing years, the Company has exchanged all but 2,500 shares of the remaining preferred stock for common shares of the Company.

### Stock Options

The Company's shareholders have approved various incentive and nonqualified stock option plans under which options to purchase a total of 510,000 shares of Company common stock were authorized for grants to key directors and officers of the Company and Bank. Under each of the plans, the selected directors and officers of the Company and Bank were granted options to purchase the Company's common stock at exercise prices equal to the stock's fair value at the respective grant dates, except for shares granted to the Company's Chairman of the Board of Directors, for which the option price is 110% of the fair value of the Company's common stock. Options granted to the Company's Chairman vest 25% each year and expire in five years. Options granted to the remaining directors and officers vest 25% each year and expire in ten years. At December 31, 2015, options to purchase 20,350 common shares were available for future grants.

A summary of the activity of nonvested options for the year ended December 31, 2015 is as follows:

	Number of shares	Weighted average grant date fair value
Nonvested at December 31, 2014	17,776	\$ 1.59
Granted	11,200	4.07
Vested	(9,743 )	3.12
Forfeited	(550 )	3.06
Nonvested at December 31, 2015	18,683	2.24

Following is a summary of stock option activity for the years ended December 31, 2015 and 2014:

	Weighted average option price per share	Number of shares	Remaining contractual term (years)	Aggregate intrinsic value per option share
Outstanding at December 31, 2013	\$ 47.16	198,288		
Granted	58.51	17,150		
Exercised	42.18	(12,715 )		
Forfeited	40.34	(40,003 )		
Outstanding at December 31, 2014	50.42	162,720	3.93	\$ 8.01
Exercisable at December 31, 2014	\$ 49.34	144,944	3.35	\$ 8.99
Outstanding at December 31, 2014	\$ 50.42	162,720		
Granted	68.45	11,200		
Exercised	46.84	(23,545 )		
Forfeited	43.30	(32,105 )		

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Outstanding at December 31, 2015	54.77	118,270	4.83	\$ 14.08
Exercisable at December 31, 2015	\$ 53.16	99,587	4.11	\$ 15.62

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The total intrinsic value of options exercised during 2015 and 2014 was \$480,618 and \$17,915, respectively. As of December 31, 2015, the total unrecognized compensation expense related to nonvested stock options was \$44,126, and the related weighted average period over which it is expected to be recognized is 3.1 years.

The weighted average fair values of options granted in 2015 and 2014 were estimated to be \$4.07 and \$4.43, respectively, for an option to purchase one share of Company common stock; however, the Company's common stock is not actively traded on any exchange. Accordingly, the availability of fair value information for the Company's common stock is limited. Several assumptions have been made in arriving at the estimated fair value of the options granted in 2015 and 2014. These assumptions include no volatility in the price of the Company's stock, a 1.04% dividend paid on common stock, an expected weighted average option life of ten years, and a risk-free interest rate equal to the ten-year U.S. Treasury rate on the grant date. Any change in these assumptions could have a significant impact on the effects of determining compensation costs.

#### NOTE 13 - LITIGATION

During the normal course of business, various legal claims have arisen which, in the opinion of management, will not result in any material liability to the Company. In September 2015, the Bank reached a voluntary settlement with the U.S. Department of Justice, under which the Bank has committed to take several actions to further meet the credit needs of the residents in certain census tracts in the City of St. Louis and northern St. Louis County. Such commitments include the recent opening of the Bank's Lindell branch; opening a loan production office within the City of St. Louis; implementing programs for advertising and consumer financial education; and investing a minimum of \$875,000 in a program to increase the credit the Bank extends to residents and businesses in those neighborhoods.

#### NOTE 14 - DISCLOSURES ABOUT FINANCIAL INSTRUMENTS

The Bank issues financial instruments with off-balance sheet risk in the normal course of the business of meeting the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit and may involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for financial instruments included on the consolidated balance sheets.

Following is a summary of the Company's off-balance sheet financial instruments at December 31, 2015 and 2014:

(in thousands)	2015	2014
Financial instruments for which contractual amounts represent:		
Commitments to extend credit	\$105,489	\$115,332
Standby letters of credit	2,406	2,700
	\$107,895	\$118,032

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Of the total commitments to extend credit at December 31, 2015, \$28.4 million was made at fixed rates of interest. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but is generally

residential or income-producing commercial property or equipment on which the Bank generally maintains a superior lien.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer

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to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

The Company utilizes interest rate swap derivative instruments as one method to manage some of its interest rate risks from recorded financial assets and liabilities. These derivative instruments are utilized when they can be demonstrated to effectively hedge a designated asset or liability and such asset or liability exposes the Company to interest rate risk. The decision to enter into an interest rate swap is made after considering the asset/liability mix of the Company, the desired asset/liability sensitivity, and interest rate levels. Prior to entering into a hedge transaction, the Company formally documents the relationship between hedging instruments and hedged items, as well as the risk management objective for undertaking the various hedge transactions.

The Company accounts for its derivatives as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value through adjustments to the hedged items, other comprehensive income, or current earnings, as appropriate.

#### Derivative Instruments

In November 2013, the Bank entered into interest rate swap agreements to convert the variable interest rates on certain loans to fixed interest rates. The swap agreements provide for the Bank to pay variable rates of interest based on LIBOR and to receive fixed rates of interest from the borrowers. The Bank also entered into interest rate swap agreements with an unaffiliated financial institution to convert the fixed interest rates on notional amounts equal to the loan amounts to floating interest rates based on LIBOR. The net effect of these agreements, which from the Bank's perspective completely offset, is a pass-through arrangement between the borrowers and the unaffiliated financial institution. The Bank receives a nonrefundable fee from the unaffiliated financial institution to facilitate these arrangements.

Information pertaining to the outstanding interest rate swap agreements at December 31, 2015 and 2014 is as follows:

(in thousands)	2015	2014
Notional amounts	\$33,960	\$34,799
Underlying loan balances	16,980	17,400
Fair value recorded in other assets and other liabilities	754	1,119

The notional amounts of derivative financial instruments do not represent amounts exchanged by parties and, therefore, are not a measure of the Bank's credit exposure through its use of these instruments. The credit exposure represents the accounting loss the Bank would incur in the event the counterparties failed completely to perform according to the terms of the derivative financial instruments and the collateral held to support the credit exposure was of no value.

#### NOTE 15 - REGULATORY MATTERS

The Company and Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Company's and Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's and Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and Bank to maintain minimum amounts and ratios (set forth in the table below) of Total, Tier 1, and Common equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Company management believes, as of December 31, 2015, that the Company and Bank meet all capital adequacy requirements to which they are subject.

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As of December 31, 2015, the most recent notification from the applicable regulatory authorities categorized the Bank as a well-capitalized bank under the regulatory framework for prompt corrective action. To be categorized as a well-capitalized bank, the Bank must maintain minimum Total risk-based, Tier 1 risk-based, Common equity Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since these notifications that Bank management believes have changed the Bank's category.

The actual capital amounts for the Company and Bank at December 31, 2015 and 2014 are presented in the following table:

(in thousands)	Actual		For capital adequacy purposes		To be a well-capitalized bank under prompt corrective action provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2015						
Total capital (to risk-weighted assets):						
Company	\$106,119	14.59%	\$58,180	>8.0%	Not applicable	
Bank	\$101,565	14.01%	\$58,000	>8.0%	\$72,500	>10.0%
Tier 1 capital (to risk-weighted assets):						
Company	\$98,622	13.56%	\$43,635	>6.0%	Not applicable	
Bank	\$94,068	12.97%	\$43,500	>6.0%	\$58,000	>8.0%
Common equity Tier 1 capital (to risk-weighted assets):						
Company	\$86,097	11.84%	\$32,726	>4.5%	Not applicable	
Bank	\$94,068	12.97%	\$32,625	>4.5%	\$47,125	>6.5%
Tier 1 capital (to average assets):						
Company	\$98,622	10.99%	\$35,894	>4.0%	Not applicable	
Bank	\$94,068	10.46%	\$35,982	>4.0%	\$44,977	>5.0%

(in thousands)	Actual		For capital adequacy purposes		To be a well-capitalized bank under prompt corrective action provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2014						
Total capital (to risk-weighted assets):						
Company	\$100,362	14.59%	\$55,028	>8.0%	Not applicable	
Bank	\$98,204	14.32%	\$54,849	>8.0%	\$68,561	>10.0%
Tier 1 capital (to risk-weighted assets):						
Company	\$92,489	13.45%	\$27,514	>4.0%	Not applicable	
Bank	\$90,331	13.18%	\$27,424	>4.0%	\$41,137	>6.0%
Tier 1 capital (to average assets):						
Company	\$92,489	10.39%	\$35,608	>4.0%	Not applicable	
Bank	\$90,331	10.17%	\$35,516	>4.0%	\$44,395	>5.0%



JEFFERSON COUNTY BANCSHARES, INC. AND SUBSIDIARY  
Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except share and per share data)	September 30, 2016	December 31 2015
<b>ASSETS</b>		
Cash and due from banks	\$24,454	\$22,315
Interest-earning deposits in other financial institutions	10,282	21,779
Investments in available-for-sale debt securities, at fair value	160,571	165,617
Loans	685,742	643,490
Less: Net deferred loan fees	(378 )	(346 )
Less: Reserve for possible loan losses	(8,247 )	(7,497 )
Net loans	677,117	635,647
Premises and equipment, net	23,265	24,026
Accrued interest receivable	2,633	2,689
Life insurance contracts, at cash surrender value	17,153	16,812
Other real estate owned	6,958	7,326
Goodwill	7,806	7,806
Other assets	6,342	6,774
Total assets	\$936,581	\$910,791
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits:		
Noninterest-bearing deposits	\$155,892	\$151,059
Interest-bearing deposits	605,024	603,672
Total deposits	760,916	754,731
Short-term borrowings	22,279	12,161
Federal Home Loan Bank borrowings	35,500	30,500
Long-term borrowings	2,450	2,975
Trust preferred securities	12,500	12,500
Accrued interest payable	293	523
Other liabilities	3,319	2,645
Total liabilities	837,257	816,035
Stockholders' equity:		
Preferred Stock, \$1 par value; 1,220,000 shares authorized, 0 and 2,500 shares issued and outstanding, respectively	—	3
Common stock, \$1 par value; 2,000,000 shares authorized, 1,482,684 shares issued and outstanding	1,483	1,483
Additional paid in capital	25,215	25,354
Retained earnings	71,962	67,693
Treasury stock, at cost, 9,831 and 7,689 shares, respectively	(767 )	(604 )
Accumulated other comprehensive income	1,431	827
Total stockholders' equity	99,324	94,756
Total liabilities and stockholders' equity	\$936,581	\$910,791

See accompany notes to condensed consolidated financial statements.

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JEFFERSON COUNTY BANCSHARES, INC. AND SUBSIDIARY  
Condensed Consolidated Statements of Operations

	Nine Months ended September 30,	
(in thousands)	2016	2015
Interest income:		
Interest and fees on loans	\$22,485	\$21,861
Interest on debt securities:		
Taxable	3,230	2,629
Nontaxable	579	633
Interest on short-term investments	172	115
Total interest income	26,466	25,238
Interest expense:		
Interest on deposits	2,408	2,385
Interest on short-term borrowings	68	49
Interest on Federal Home Loan Bank borrowings	674	656
Interest on long-term borrowings	783	793
Total interest expense	3,933	3,883
Net interest income	22,533	21,355
Provision for possible loan losses	915	930
Net interest income after provision for possible loan losses	21,618	20,425
Noninterest income:		
Service charges on deposit accounts	1,577	1,585
Mortgage banking revenues	471	534
Income from fiduciary activities	346	334
Increase in cash surrender value of life insurance	344	344
Other noninterest income	1,863	1,599
Total noninterest income	4,601	4,396
Noninterest expense:		
Employee compensation and benefits	9,724	9,187
Occupancy	2,465	2,199
Data processing	2,277	2,234
Expenses incurred on other real estate owned	659	238
Legal and professional fees	657	668
Postage, printing, and supplies	427	418
Advertising	676	525
FDIC insurance assessment	379	421
Other noninterest expense	1,419	1,540
Total noninterest expense	18,683	17,430
Income before applicable income taxes	7,536	7,391
Applicable income taxes	2,475	2,425
Net income	\$5,061	\$4,966

See accompanying notes to condensed consolidated financial statements.

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JEFFERSON COUNTY BANCSHARES, INC. AND SUBSIDIARY  
Condensed Consolidated Statements of Comprehensive Income

(in thousands)	Nine months ended September 30,	
	2016	2015
Net income	\$5,061	\$4,966
Other comprehensive income (loss) before tax:		
Unrealized gains (losses) on available-for-sale securities	915	(415 )
Income tax related to items of other comprehensive income (loss)	311	(141 )
Other comprehensive income (loss), net of tax	604	(274 )
Comprehensive income	\$5,665	\$4,692

See accompany notes to condensed consolidated financial statements.

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## JEFFERSON COUNTY BANCSHARES, INC. AND SUBSIDIARY

## Consolidated Statements of Stockholders' Equity

(in thousands)	Nine months ended September 30, 2016						
	Preferred Stock	Common Stock	Additional paid in capital	Retained Earnings	Treasury Stock	Accumulated other comprehensive income	Total stockholders' equity
Balance at December 31, 2015	\$3	\$ 1,483	\$ 25,354	\$ 67,693	\$ (604 )	\$ 827	\$ 94,756
Net income	—	—	—	5,061	—	—	5,061
Compensation cost recorded for stock options granted	—	—	11	—	—	—	11
Dividends paid on common shares	—	—	—	(590 )	—	—	(590 )
Stock options exercised	—	—	(127 )	—	440	—	313
Purchase of 7,542 common shares for treasury	—	—	—	—	(603 )	—	(603 )
Redeemed preferred stock	(3 )	—	(23 )	(202 )	—	—	(228 )
Change in valuations of available-for-sale debt securities, net of related taxes	—	—	—	—	—	604	604
Balance at September 30, 2016	\$—	\$ 1,483	\$ 25,215	\$ 71,962	\$ (767 )	\$ 1,431	\$ 99,324

(in thousands)	Nine months ended September 30, 2015						
	Preferred Stock	Common Stock	Additional paid in capital	Retained Earnings	Treasury Stock	Accumulated other comprehensive income	Total stockholders' equity
Balance at December 31, 2014	\$3	1,465	24,628	62,185	(370 )	967	88,878
Net income	—	—	—	4,966	—	—	4,966
Compensation cost recorded for stock options granted	—	—	32	—	—	—	32
Dividends paid on common shares	—	—	—	(513 )	—	—	(513 )
Stock options exercised	—	18	690	—	395	—	1,103
Purchase of 412 common shares for treasury	—	—	—	—	(25 )	—	(25 )
Change in valuation of available-for-sale debt securities, net of related taxes	—	—	—	—	—	(274 )	(274 )
Balance at September 30, 2015	\$3	\$ 1,483	\$ 25,350	\$ 66,638	\$ —	\$ 693	\$ 94,167

See accompanying notes to condensed consolidated financial statements.

JEFFERSON COUNTY BANCSHARES, INC. AND SUBSIDIARY  
 Condensed Consolidated Statements of Cash Flows

(in thousands)	Nine months ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$5,061	\$4,966
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	293	1,039
Provision for possible loan losses	915	930
Net losses on sales of other real estate owned	42	10