



# 2020



**FIRST GUARANTY BANCSHARES, INC.**

## **GULF SOUTH BANK CONFERENCE**

**PRESIDENT & CEO – Alton Lewis**



# Disclosures

This presentation has been prepared by First Guaranty Bancshares, Inc. (“First Guaranty”) solely for informational purposes based on its own information, as well as information from public sources. This presentation has been prepared to assist interested parties in making their own evaluation of First Guaranty and does not purport to contain all of the information that may be relevant. In all cases, interested parties should conduct their own investigation and analysis of First Guaranty.

Except as otherwise indicated, this presentation speaks as of the date hereof. The delivery of this presentation shall not, under any circumstances, create any implication there has been no change in the affairs of First Guaranty after the date hereof.

This presentation includes industry and market data that we obtained from periodic industry publications, third-party studies and surveys. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe the industry and market data to be reliable as of the date of this presentation, this information could prove to be inaccurate. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein.

This presentation contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Management uses these “non-GAAP” measures in its analysis of our performance. Management believes that these non-GAAP financial measures allows for better comparability with prior periods, as well as with peers in the industry who provide a similar presentation, and provide a greater understanding of our ongoing operations.

These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

A reconciliation of the non-GAAP measures used in this presentation to the most directly comparable GAAP measures is provided in the press release dated July 31, 2020.

**Financial information is based off unaudited financial statements as of June 30, 2020 or July 31<sup>st</sup> 2020 unless otherwise noted.**



# Forward Looking Statements

These slides and the accompanying oral presentation contain forward-looking statements, which can be identified by the use of words such as “estimate,” “project,” “believe,” “intend,” “anticipate,” “assume,” “plan,” “seek,” “expect,” “will,” “may,” “should,” “indicate,” “would,” “believe,” “contemplate,” “continue,” “target” and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the asset quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. We are under no duty to and do not take any obligation to update any forward-looking statements after the date of this presentation.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- our ability to manage our operations under the current economic conditions nationally and in our market area;
- adverse changes in the financial industry, securities, credit and national local real estate markets (including real estate values);
- risks related to a high concentration of loans secured by real estate located in our market area;
- the impact of the Union acquisition;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- significant increases in our loan losses, including as a result of our inability to resolve classified and non-performing assets or reduce risks associated with our loans, and management’s assumptions in determining the adequacy of the allowance for loan losses;
- credit risks of lending activities, including changes in the level and trend of loan delinquencies and write-offs and in our allowance for loan losses and provision for loan losses;
- competition among depository and other financial institutions;
- our success in increasing our commercial real estate and commercial and industrial lending;



# Forward Looking Statements (cont'd)

- our ability to attract and maintain deposits and our success in introducing new financial products;
- our ability to improve our asset quality even as we increase our commercial real estate and commercial and industrial lending;
- changes in interest rates generally, including changes in the relative differences between short-term and long-term interest rates and in deposit interest rates, that may affect our net interest margin and funding sources;
- fluctuations in the demand for loans;
- technological changes that may be more difficult or expensive than expected;
- changes in consumer spending, borrowing and savings habits;
- declines in the yield on our assets resulting from the current low interest rate environment;
- changes in laws or government regulations or policies affecting financial institutions, including the Dodd-Frank Act and the JOBS Act, which could result in, among other things, increased deposit insurance premiums and assessments, capital requirements, regulatory fees and compliance costs, particularly the new capital regulations, and the resources we have available to address such changes;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board;
- changes in our compensation and benefit plans, and our ability to retain key members of our senior management team and to address staffing needs in response to product demand or to implement our strategic plans;
- loan delinquencies and changes in the underlying cash flows of our borrowers;
- the impairment of our investment securities;
- our ability to control costs and expenses, particularly those associated with operating as a publicly traded company;
- the failure or security breaches of computer systems on which we depend;
- the ability of key third-party service providers to perform their obligations to us;
- the impact of Covid-19 on the economy and our operations
- other economic, competitive, governmental, regulatory and operational factors affecting our operations.

Because of these and a wide variety of other uncertainties, many of which are beyond our control, our actual future results may be materially different from the results indicated by these forward-looking statements.



# Introductions

Chief Financial Officer:  
**Eric Dosch**

Chief Lending Officer:  
**Randy Vicknair**

Chief Credit Officer:  
**Louis Cusimano**

Chief Deposit Officer:  
**Mark Ducoing**

SVP/Marketing:  
**Desiree Simmons**

**CHIEF FINANCIAL OFFICER – Eric Dosch**



# First Guaranty Overview

## Financial Highlights (June 30, 2020)

Metric	Value
Total Assets	\$2.4 billion
Total Cash & Securities	\$687.7 million
Total Loans	\$1.6 billion
Total Deposits	\$2.1 billion
Total Equity	\$179.9 million
2020 Earnings (QTD / YTD)	\$5.2 million / \$9.0 million
EPS (QTD / YTD)	\$0.53 / \$0.92
Dividends Paid (QTD / YTD)	\$0.16 / \$0.32
Tangible Book Value and Book Value	\$16.50 / \$18.47
ROAA (QTD / YTD)	0.89% / 0.81%
Net Interest Margin (QTD / YTD)	3.38% / 3.47%





# First Guaranty Strategy July 2020

- Earnings improved to approximately \$11.0 million for YTD July 2020 compared to \$7.6 million for YTD July 2019.
- Allowance to total loan balance has increased 32% in 2020 compared to year end 2019. \$10.9 million improved to \$14.4 million as of July 31, 2020.
- Expanded corporate securities portfolio provides earnings and ability to transition funds into loans. Realized gains of approximately \$2.5 million have increased capital. Unrealized gains currently exceed \$13 million.
- Strong loan demand. Loans surpassed \$1.7 billion in July 2020.
- Loan yields remain above 5.0%.



**CHIEF DEPOSIT OFFICER – Mark Ducoing**



# Deposit Strategy

- Reduce Diluted Cost of Funds by 50%
- Reduce dependence on high cost CDs as our key source of funding
- Increase focus on individual and business deposit production to reduce concentration in Public Fund deposits
- Grow non-interest bearing DDA deposit balances
- Grow net number of checking accounts to reverse past negative trends



# Key Deposit Statistics

	6/30/20	% of Balances	12/31/19	% of Balances
YTD Avg Deposits	\$1,954M		\$1,673M	
Non-Interest DDA	\$357M	18.2%	\$262M	15.6%
Total CDs	\$776M	39.7%	\$703M	42.0%
Public Funds	\$640M	32.8%	\$590M	35.2%
YTD Total COF	1.3%		1.7%	
Cost of Public Funds	1.1%		1.9%	
Checking Growth Rate	4.5%		(5.5%)	



**CHIEF LENDING OFFICER – Randy Vicknair**



# Loan Growth/Yields

Loan Growth	
December 31, 2019	July 31, 2020
\$1.53 billion	\$1.71 billion

- Total loans increased by \$180 million since 12/31/19
- Loan yields held steady at 5.46% for March and 5.07% for July. Only a 0.39% decrease, despite a 1% decrease in index rates over the same period.
- Loan interest income increased by \$7.4 million (16.5%) to \$52.3 million as of July 2020 from \$44.9 million as of July 2019.
- Booked nearly 1,000 PPP applications for over \$109 million

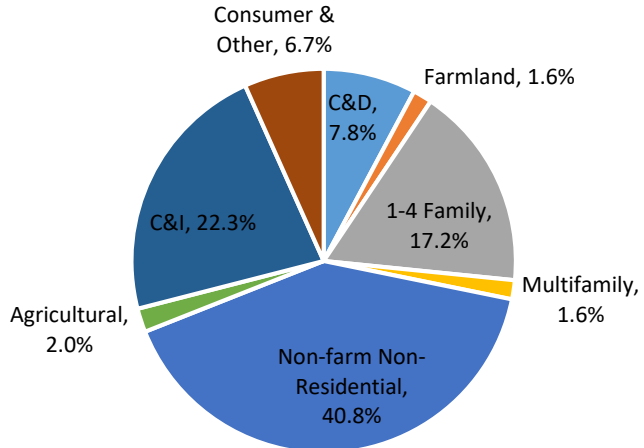


**CHIEF CREDIT OFFICER – Louis Cusimano**



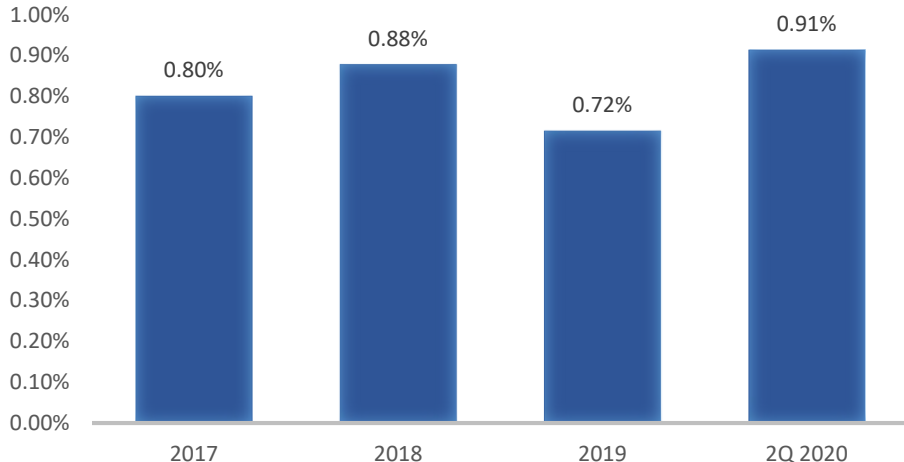
# Loan Portfolio / Credit Quality

## Loan Portfolio (6/30/2020)



**Total Loans: \$1.64 billion (6/30/2020)  
\$1.71 billion (7/31/2020)**

## Loan Loss Reserves / Total Loans



**2Q 2020 Total loans does not include PPP loans, \$108.4 million  
Reserve percentages do not include purchase accounting adjustments.**



Source: Company Filings



## SVP Marketing – Desiree Simmons



# Better Banking

- Customer surveys initiated
- Online account opening and loan origination
- Upgrading telephone system
- Upgrading online banking
  - Omnichannel experience
  - Personal Finance Manager
  - P2P transfers
  - Biller Direct





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NASDAQ: FGBI

