



# 2019

Annual  
Shareholders  
Meeting

# First National Bank



**Vision:** to be one of the top performing banks for our customers, employees, communities and shareholders

**Mission:** to build and maintain long-term relationships by delivering a superior customer experience through simplicity, efficiency and engaged employees while driving profitability and long-term growth

**Values:** integrity, respect, passion

**Strategic priorities:** we will **invest in...**

Growing the Business | Technology | Operational Excellence | Talent

# Key Performance Indicators

	Key Performance Indicators	2016 <sup>1</sup>	2017 <sup>2</sup>	2018 <sup>3</sup>	Long-Term Target
<b>Maintain Low-Risk Profile</b>	Bankcard NCO	3.41%	4.20%	4.57%	< 4.50%
	Personal NCO	2.95%	3.16%	3.87%	< 4.50%
	Wholesale NCO	0.04%	0.10%	-0.03%	<0.15%
	Restrictive Regulatory Findings	NONE	NONE	NONE	NONE
<b>Drive Revenue Growth</b>	Average loans	6.80%	5.61%	6.27%	7-9%
	Average deposits	6.15%	5.61%	3.51%	5-7%
	Margin dollar growth	7.59%	11.02%	10.11%	>7%
	Non-interest income / revenue	33.50%	26.83%	24.15%	>30%
<b>Optimize Retail</b>	Deposits / branch at period end	\$157 million	\$164 million	\$171 million	\$190 million
<b>Improve Productivity and Efficiency</b>	Assets / FTE	\$3.9 million	\$4.3 million	\$4.5 million	\$5 million
	Efficiency ratio	59.4%	58.1%	57.6%	50% or less
<b>Successful Execution</b>	Net Income	\$218 million	\$136 million	\$280 million	Top quartile
	ROE	10.9%	6.7%	13.7%	

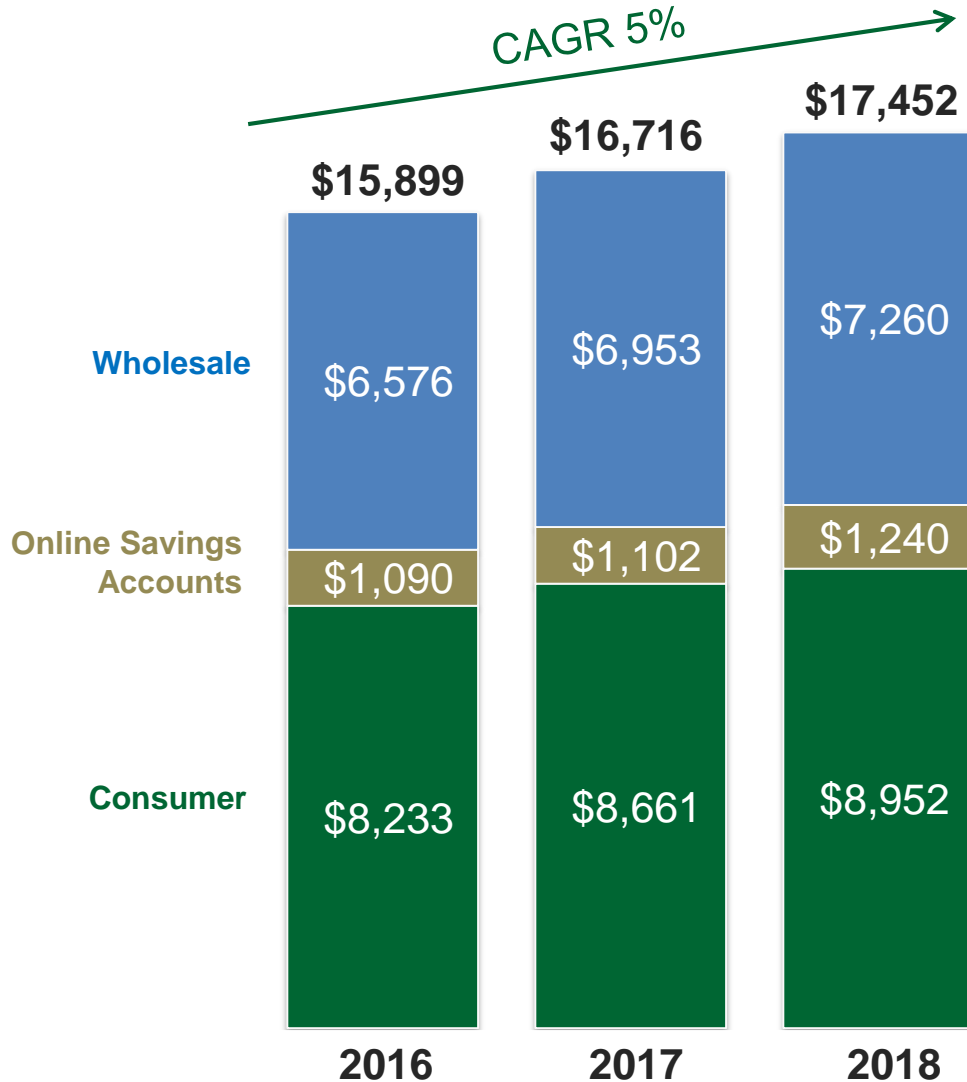
<sup>1</sup> The 2016 results include an \$85.7 million gain on the sale of a credit card portfolio. Adjusting for this, 2016 Efficiency ratio, Net Income, and ROE would have been 63.0%, \$164 million, and 8.2%, respectively.

<sup>2</sup> 2017 results include a \$55M tax reform impact. Adjusting for this, 2017 Net Income and ROE would have been \$191M and 9.4%, respectively.

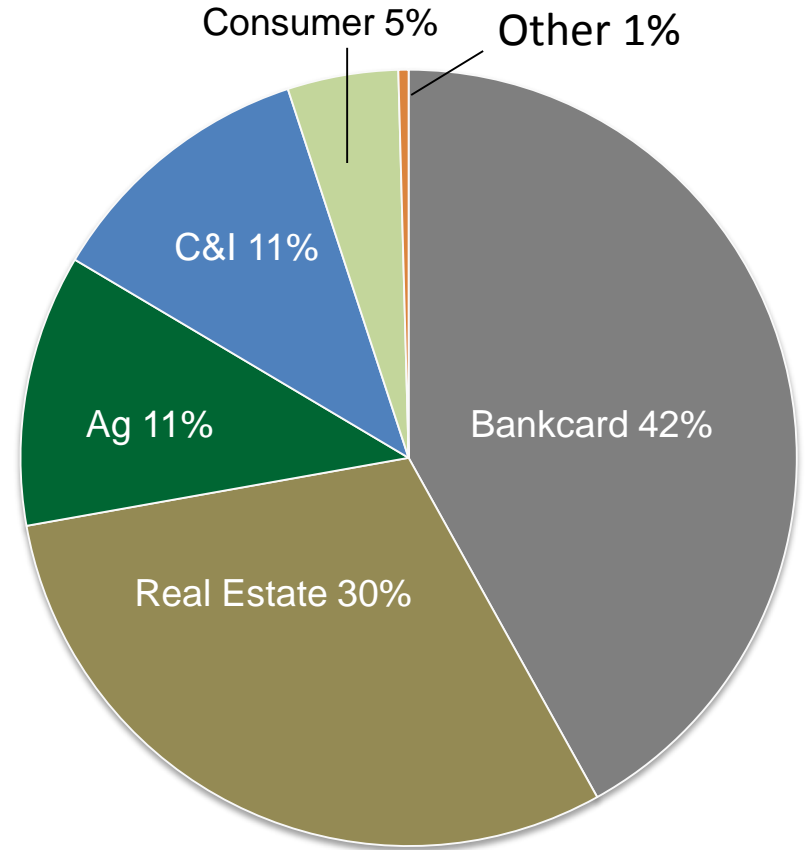
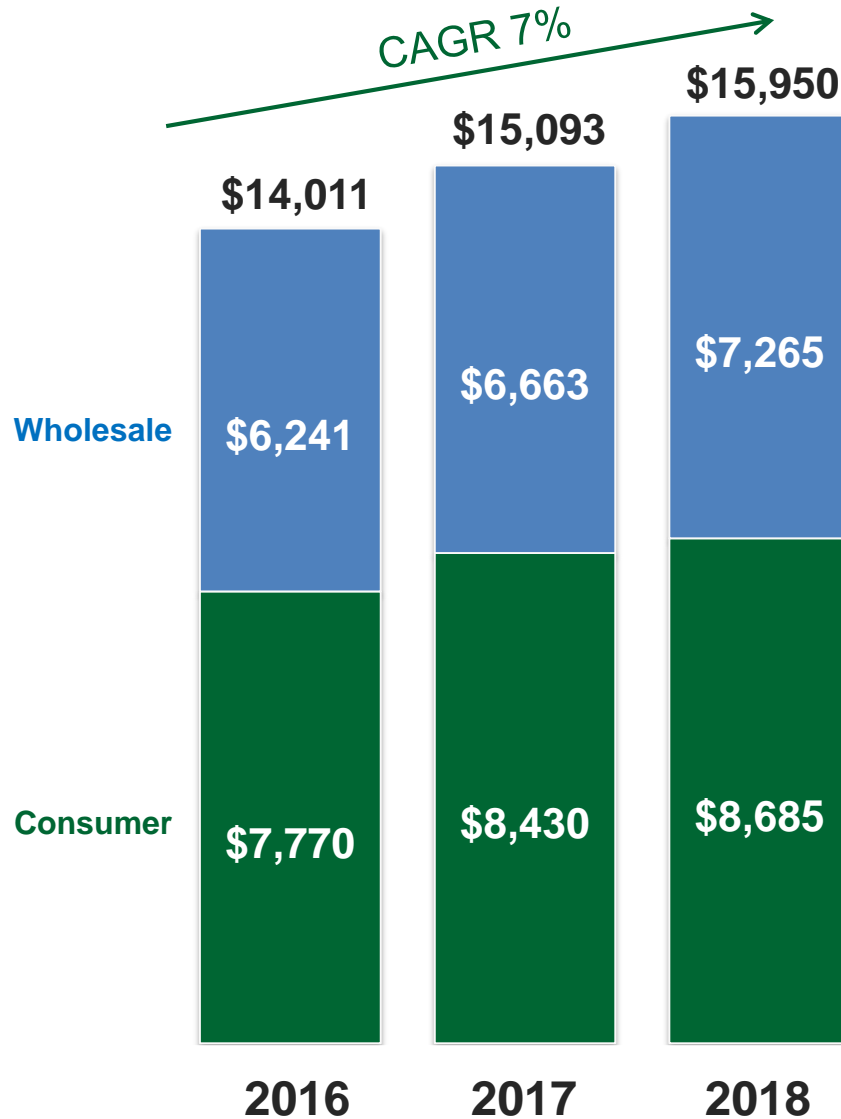
<sup>3</sup> 2018 results include a \$28.0 million VISA litigation charge (\$21.4 million after tax). Adjusting for this, 2018 Efficiency Ratio, Net Income and ROE would have been 55.9%, \$302M and 14.7%, respectively.

# Strong Deposit Franchise

CAGR 5%



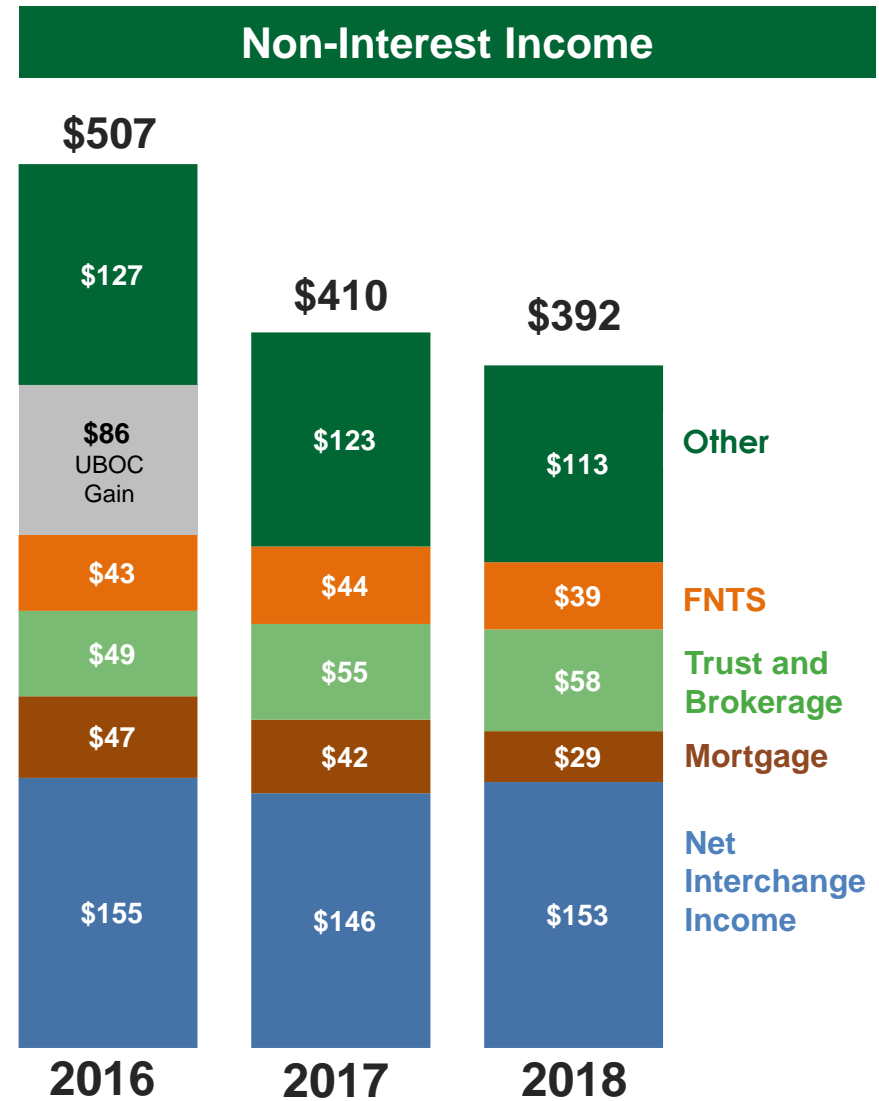
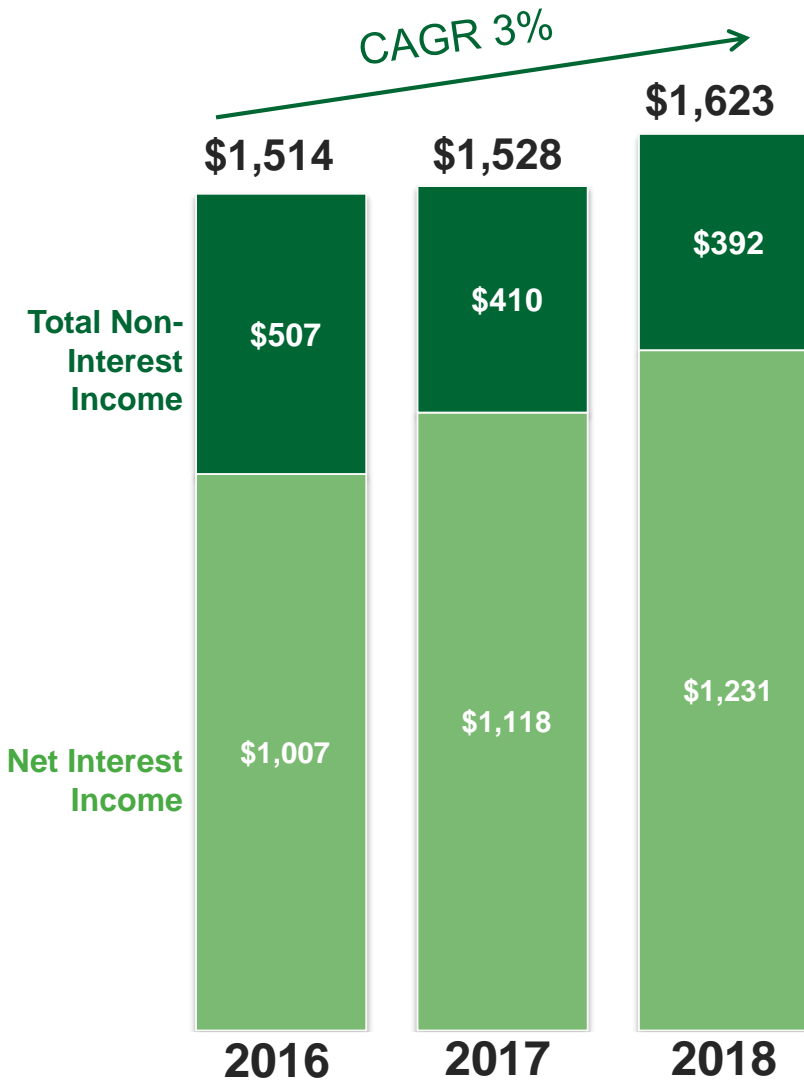
# Modest Loan Growth



# Year End Earnings

	2016	2017	2018
Net Interest Margin	\$ 1,007	\$ 1,118	\$ 1,231
Non-Interest Income	507	410	392
<b>Total Revenue</b>	<b>1,514</b>	<b>1,528</b>	<b>1,623</b>
Non-Interest Expense	899	888	935
<b>Pre-Provision Net Revenue</b>	<b>615</b>	<b>640</b>	<b>688</b>
Consumer Provision	250	313	322
Wholesale Provision	22	32	5
Total Provision	272	345	327
Net Income Before Taxes	343	295	361
Taxes	125	159	81
<b>Net Income After Taxes</b>	<b>\$ 218</b>	<b>\$ 136</b>	<b>\$ 280</b>

# Total Revenue



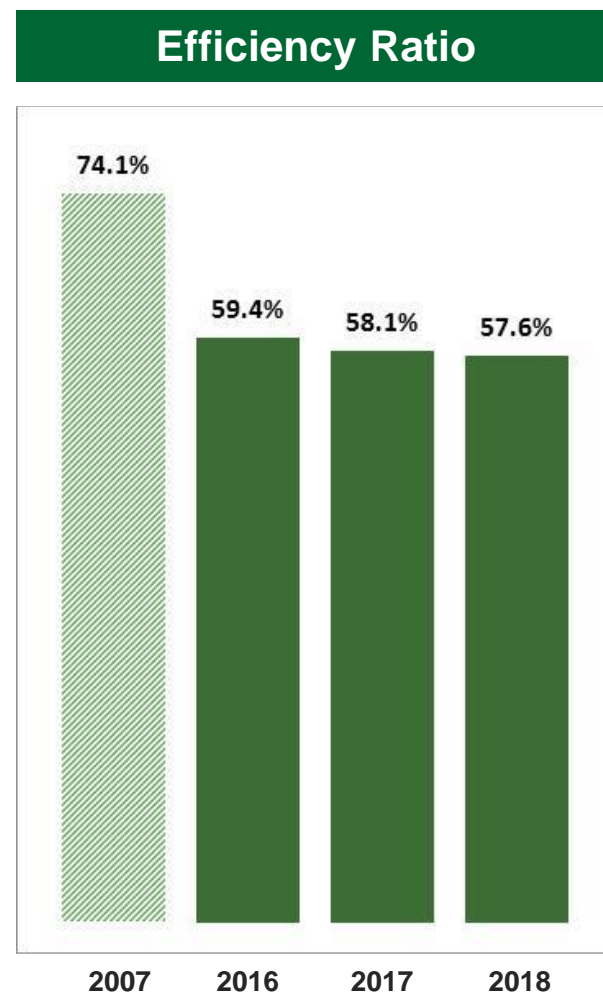
# Credit Quality

	<b>2016</b>	<b>2017</b>	<b>2018</b>
Provision for loan losses	\$272	\$345	\$327
Classified loans / capital	11.6%	10.5%	9.5%
Bankcard NCO	3.41%	4.20%	4.57%
Wholesale NCO	0.04%	0.10%	-0.03%



# Expense & Efficiency

	2016 <sup>1</sup>	2017	2018 <sup>2</sup>
<b>Total Revenue</b>	\$ 1,514	\$ 1,528	\$ 1,623
<b>Non Interest Expense</b>			
Compensation & Benefits	432	436	465
Business Development	77	74	63
Loan Servicing	51	51	55
Occupancy	50	53	53
Processing Expense	44	45	47
Professional Services	32	33	36
Other Expense	213	196	216
<b>Total Non-Interest Expense</b>	<b>\$ 899</b>	<b>\$ 888</b>	<b>\$ 935</b>

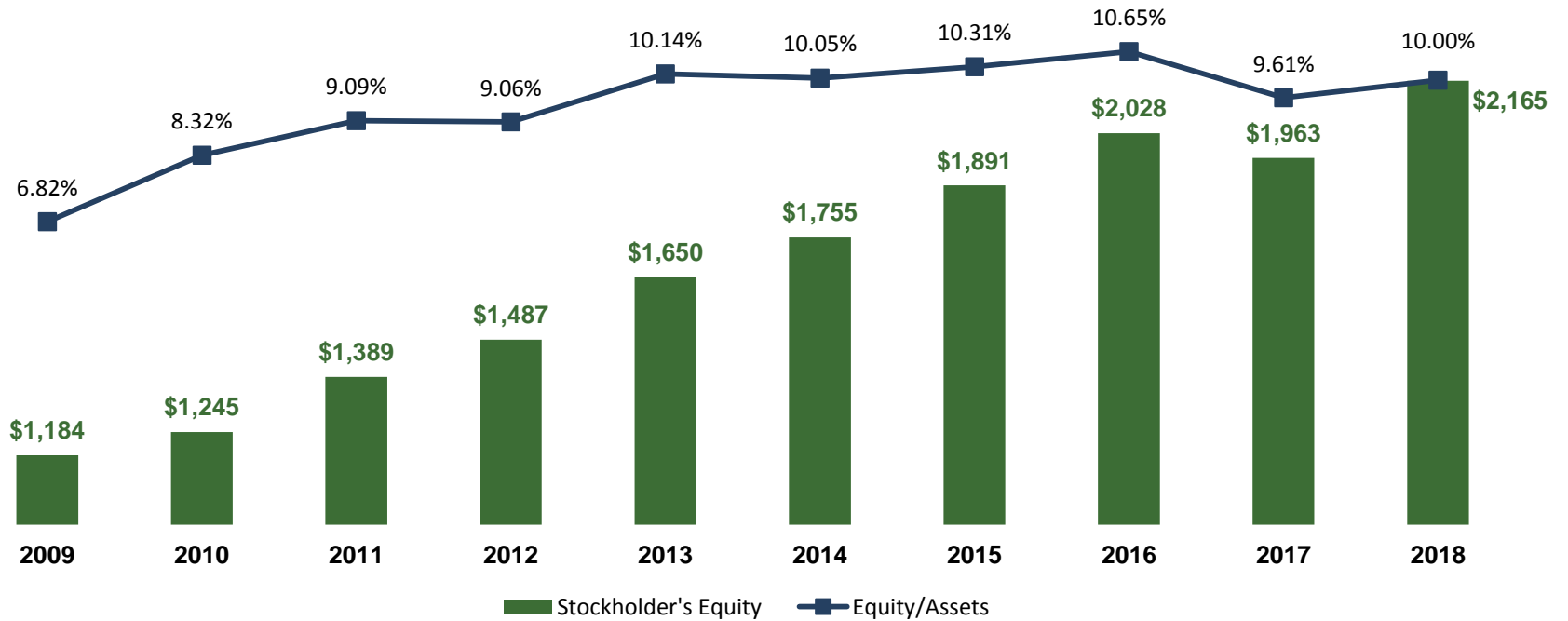


<sup>1</sup> 2016 Total Revenue includes \$86M gain on sale of a credit card portfolio. Excluding this gain, the Efficiency Ratio would have been 63%.

<sup>2</sup> 2018 Non-Interest Expense includes a \$28M VISA litigation charge. Excluding this expense, the Efficiency Ratio would have been 55.9%

# Capital

(\$ in millions)



# Holding Company & Shareholder Data

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Q1 2019</b>
Holding Co Cash	\$258	\$158	\$334	\$368
Stockholder's Equity	\$2,028	\$1,963	\$2,165	\$2,278
Shares Outstanding	299,646	278,432	274,455	274,597
Book Value per Share	\$6,769	\$7,051	\$7,888	\$8,296
Dividend per Share	\$147	\$100	\$200	\$25

# Peer Comparisons

As of year ended December 31, 2018.

	FNNI	Fed Peers	Industry
Net interest margin	6.52%	3.60%	3.46%
Revenue growth	6.22%	9.92%	7.77%
Efficiency ratio	57.61%	57.97%	59.02%
Return on assets	1.38%	1.27%	1.26%
Return on equity	13.67%	9.92%	10.20%
Dividend payout	19.70%	29.63%	28.00%
Equity to total assets	10.00%	12.46%	11.93%

In 2018, we reinvested **\$28 million** in our communities. These investments include:

**\$17.2 MILLION**

in community development investments

**\$6.7 MILLION**

in community development grants and donations

**\$4.1 MILLION**

in sponsorships

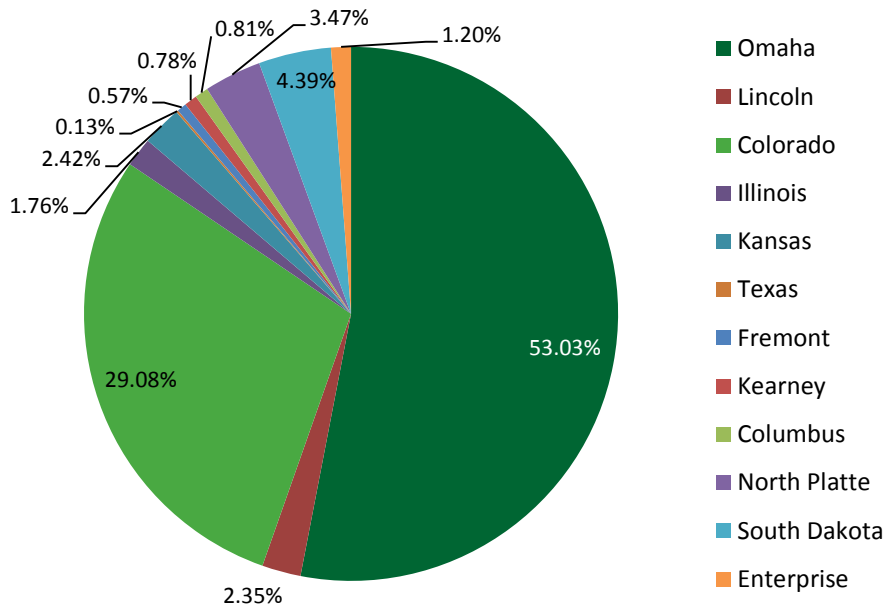
**37,500 HOURS**

that employees spent volunteering

**908 SESSIONS**

of employee-led financial education

**2018 Community Giving by Market**



**2018 Community Reinvestments by Focus Area**

