

# VISION



# 2020



Member FDIC

2020 Business Review

“Our 2020 vision is clear. First Bank is on a transformational journey to intensify our ability to achieve our mission and vision, aspire to a higher level of excellence, and leverage the great work our colleagues have achieved.”

– Shelley Seifert

President and Chief Executive Officer,  
FB Corporation;

Chairman and Chief Executive Officer,  
First Bank



# First Bank's Focus for 2020 and Beyond is Clear

As I approach my first anniversary as Chief Executive Officer, I feel incredibly privileged to lead such an outstanding organization. Proudly, this has been a year of positioning. Throughout 2019, we've passionately proclaimed our vision on becoming *the* bank for family-owned and other privately-held businesses, their families, and their employees. We understand family-owned businesses, quite simply, because we are one. In our 110-year-history, we've likely had the same needs and experienced the same challenges. Our proud sponsorships of the Family Business Awards and Summit in both St. Louis, MO, and San Francisco, CA, further solidified our commitment. From enhancements in our technology to investments into our teams and services, we're building our company to holistically serve this vital segment of the economy for the next ten, twenty, and even 100 years.

## Four Pillars

We started our strategic, focal effort by looking both inside and outside ourselves to assess the ever-changing banking landscape so that we may continue to meet the evolving needs of our clients, specifically those with family ownership or privately-held structure. Of course, we've joined these efforts with a renewed commitment to growing our capabilities, investing in our products and people, streamlining processes, and maintaining an inclusive culture to attract and develop top talent.

From this, we defined four strategic pillars worthy of our attention and focus: **culture, efficiency, differentiation, and growth.** We believe focusing on these four objectives, and the activities that most significantly advance our progress in each, will transform First Bank into an organization capable of serving the needs of our valued clients for many years to come.

## Culture

At First Bank, you'll find a culture of inclusion, diversity, and an unwavering commitment to serving the client. Ask any client why they choose to bank with us and the answer is typically because of "our people". After witnessing first-hand the ongoing accomplishments of our people, I'd put our incredibly talented teams up against any in the business. Recently, many of our team members stepped into new roles or transitioned their existing ones in order to meet the goals we've set out to accomplish. This was a thoughtful transition allowing our people to drive our success.

## Efficiency

At First Bank, we are committed to operational excellence in everything we do. This means streamlining process, managing risk consistent with our strategy and providing our

clients exceptional service. We've invested significantly in our technology and infrastructure. By implementing some of the world's leading technology, we're able to serve our clients more efficiently now than ever before. We've also employed the latest technology in our disaster recovery protocol to ensure uninterrupted service. Our aim isn't to replace people with technology; rather, to continue to enhance and ever-improve the client experience enabling clients to bank with us when and how they would like.

## Differentiation

Our four generations of family ownership differentiates us from our counterparts. We feel it takes a family business to realize the challenges other family-owned businesses must overcome in order to withstand the test of time. Our business clients asked us for more financial educational tools for their employees, and we delivered by introducing a first-class Financial Education Center. Our business clients needed solid succession planning as the transfer of generational wealth has never been more important than it is today. To that end, we've added sophisticated succession planning capabilities while adding key roles to our team. Our differentiation is built on our intense focus of holistically serving family-owned businesses now and for many generations to come.

## Growth

Undoubtedly, First Bank continues to thrive as a vibrant, growing organization.

Not only are we continuing to help our clients grow with a complete suite of products and services, but we're also investing in people with the introduction of First Bank's Workplace Banking program. We're now able to serve our clients and their workforce, as well as our own employees, with first-class educational tools and resources. With the expansion of our mortgage services into new markets, while growing a new Belay Bank brand, First Bank Mortgage truly has their eyes set toward growth. First Bank's Wealth Management team significantly grew its Assets Under Management (AUM). Overall, as an organization, we grew our reputational awareness as a one-stop resource for family-owned businesses and their families.

Our 2020 vision is clear. First Bank is on a transformational journey to intensify our ability to achieve our mission and vision, aspire to a higher level of excellence, and leverage the great work our colleagues have achieved. We're proud to proclaim our mission and vision to become *the* bank for family-owned and other privately-held businesses, their families, and their employees in 2020 and beyond. Our First Bank brand is—and always will be—built on long-term relationships. Let's get together.

**Being around for over a century doesn't mean we have all the answers, just smarter questions. Let's start a conversation.**

# Our Sights are on Four Core Pillars



### Growth

We create a vibrant, sustainable business model that results in top quartile revenue growth.



### Culture

We foster a high-performing, inclusive culture that attracts, develops, and engages top talent and pushes our company to new heights.



### Differentiation

We develop a niche as the premiere bank for family-owned businesses, as well as their owners, families, and employees in the markets we serve.



### Efficiency

We will drive highly efficient, frictionless processes that focus on client engagement and optimize investments resulting in an efficiency ratio that is equal to or less than peer.

### First Bank Clients

# Our Viewpoint of Culture

 **5,000+**  
Volunteer hours  
by First Bank  
employees in 2019.

For over 100 years, First Bank's culture has encompassed a shared passion of service to our clients and the communities in which we serve.

Yet still today, you'll find a culture of inclusion, diversity, high performance, and an unwavering commitment to serving our communities and the client.

Much like all successful, family-owned businesses that have withstood the test of time, a strong foundation and cohesive culture must be at the center of it all. In 2019, First Bank expanded its high-performing culture by not only continuing the Mentorship Program and peer-nominated Everest Awards Program celebrating colleagues living our values, but also by introducing the First Bank Chairman's Club, a recognition program established to celebrate those who are supporting our initiative of a *Best in Class Sales Culture* to serve our clients even better.



What's more, we introduced three employee-led councils, including:

- **Health and Wellness Council**—Focused on improving employee's health and well-being through preventative care and education.
- **Sustainability Council**—Focused on helping First Bank become more eco-friendly and better stewards of our resources.
- **Diversity, Equity, and Inclusion Council**—Focused on fostering a culture of diversity and inclusion that is deeply embedded in the fabric of our organization.

The purpose of our new councils is to engage the incredible talent across our organization to become a stronger, unified voice on social topics, continue to strengthen our corporate culture, and ultimately, raise the bar even higher at First Bank. After all, with topics as important as this, it's simply the right things to do.

## A Culture of Giving Back

Stemming from the Dierberg family's long-standing history of philanthropy, First Bank's charitable giving continues to make an impact to our communities. As such, in 2019, \$149 million helped to support our communities through development loans and charitable programs.

**\$149**  
MILLION in  
Community  
Development  
loans and charitable  
programs in 2019.



You see, it's important to us that our culture supports the values that built this organization. First Bank has been acknowledged as an industry leader in terms of volunteer hours by the Federal Reserve. "We

want to ensure we're creating an environment where strong values and a commitment to giving back is encouraged," said Michael Dierberg, Chairman, First Bank. We will continue to support educational programs, assist families in their pursuit of betterment, and roll up our sleeves in times of need.

A family's legacy doesn't happen overnight. Our commitment to the family business entity, families, and the communities in which we serve, as well as providing the services and education to help them along in their financial journey, requires a sustained, concerted effort. We're committed to a culture that will help us—as well as our colleagues—craft a better story for our communities of tomorrow.



*Geoff Hartwig, President and third generation leader of Hartwig, Inc., and Gary Hartwig, second generation President, stand proudly in front of a framed photo that's displayed proudly at their St. Louis, MO, office of Paul Hartwig, the family's patriarch and founder of Hartwig, Inc.*

## Family Business Profile: Hartwig, Inc.

Established in 1960, Hartwig, Inc., is a family-owned, multi-generational manufacturing solutions company. "Our mission is to help our clients find comprehensive manufacturing solutions," said Geoff Hartwig, President and third generation leader. "We're also committed to lasting relationships."

Hartwig, Inc., headquartered in St. Louis, MO, not only prides itself on being a true manufacturing solutions provider but also supports a tight-knit culture for its colleagues. With many tenured team members working with Hartwig for decades, many of their employee hires are referral-based. "We care like family and treat each other like family," Hartwig said. "We celebrate one another's successes and help our team members when they need us." They hire talented people who want to work as a team.

Adhering to Hartwig's unique "Cultural Tenets," this organization's aim is to foster trust among team members. "These tenets hold us accountable for having honest conversations," he said, "while also developing trust with team members." Hartwig said this horizontal management style and open culture cultivates collaboration to help them find manufacturing solutions for clients. "Ultimately, that's why we're all here."

Celebrating 60 years of growth across the United States for three generations, Hartwig, Inc. is a long-term, multi-generational business client of First Bank. "We've partnered with First Bank for decades," he said. "We respect long-term, loyal relationships such as what we've developed with First Bank. Our trusted relationship with First Bank is a mutually-beneficial partnership."

# Sharpening Our Focus on Efficiency

A truly efficient organization can be summarized by “allowing the right talents in conjunction with the right technology to do the right work at the right time”. Unique to our family ownership structure, First Bank possesses a long-term perspective that many publicly-traded entities do not. As such, narrowing our focus on efficiencies has been one of our greatest strides in 2019. You see, we realize an organization cannot withstand the test of time without continuously seeking more efficient processes and technology. Our sharp focus on efficiency will serve our clients, our employees, the environment, and our organization to the fullest extent possible.

**Technology.** We’ve invested heavily into infrastructure to serve our clients even better. In 2019, we migrated our largest data center to a new co-location data center. Utilizing world-renowned technology, we were able to reduce the data center footprint significantly. This not only eliminated the costs associated with its maintenance, but also increased our disaster recovery capabilities. In the event of an outage, we can now switch between the primary data center and this alternate location in a matter of minutes so our clients will not experience any disruption in service. In addition, by utilizing this new, parallel functionality, we have the ability to double our processing capacity.

**Branch Transformation.** Our focus in 2019 and beyond is both on speed and streamlining our processes. We want to deliver the highest quality service to our clients in the most efficient manner possible. In short, we want to give our clients the ability to bank with us whenever, and however, they choose. You’ll find our First Bank branches undergoing a massive transformation. With an emphasis on our digital capabilities, our branches are evolving to more closely align with our clients’ needs. For instance, we looked closely at

when our clients wish to bank with us and adjusted our hours accordingly. Also, our segmented branch locations with specialized team members ensures a higher level of service to clients.

**Sustainability.** Our focus on efficiency has also led us to explore sustainability in greater detail. With a long-term perspective, we must also have that similar mindset toward the resources afforded to us. By establishing First

**By going paperless,** the average worker saves 2.5 trees and 938 gallons of water annually



Bank’s Sustainability Council, we’re able to identify ways in which to inject environmentally-conscious activities into our corporate culture. As is true to our core beliefs, we’re always looking to do what’s best for our clients. As such, First Bank launched a digital tool allowing our clients to sign documents online. By promoting additional digital tools for online account opening, eBrochures, and electronic presentations, we’re able to increase our effectiveness and services while also reducing our impact on the environment. What’s more, the footprint for each branch has been minimized due to increased technological enhancements.

**Processes.** To achieve ongoing success, First Bank must also continue to grow a high-quality credit portfolio while also improving proficiencies in our underwriting processes. From the time our client submits an application to the time we’re funding the loan, our focus must be on speed and efficiency. Technology will also play a pivotal role in helping us achieve this goal. At the end of the day, we must have the ability to move our client as effortlessly as possible through the banking process, because on the other end of that application or transaction, is a client seeking a solution to make a dream come true.



Juan (R) and Alejandro Rodriguez (L), first and second generation leaders of RJ’s Demolition & Disposal, display the equipment now used to expand their landscaping revenues.

## Family Business Profile: RJ’s Demolition & Disposal, Inc.

Established in 2000, Juan and Maricela Rodriguez, started the demolition business to provide for their family. “A better life doesn’t always come easy,” commented Alejandro Rodriguez, President and second-generation

Rodriguez. “I, myself, was working over 70 hours a week when I was just 20. It’s just part of our family’s culture to work hard for what you want.” RJ’s Demolition & Disposal, Inc. operates retail home improvement stores, nurseries, recycling, and gardening services in Southern California.

In addition to retail, landscape, and recycling services, the company

recently began manufacturing and bagging its own mulch, plant mix, and wood chips under a wholly-owned subsidiary, Agricultural & Soil Products, LLC. These products were once purchased from an outside resource, but having its own supply of these products greatly benefits RJ’s from both an efficiency and profitability perspective. “Being more efficient has definitely led us to more opportunities for growth,” Rodriguez said. In 2016, the company expanded its outreach to landscapers that resulted in new customers for the recycling business who also began purchasing mulch, wood chips, and plant mix from the same location. This is a great example of the “one-stop-shop” nature of the business and synergy among all products and services offered.

The Rodriguez family not only partnered with First Bank to help fuel their multi-business growth, but they have also taken advantage of the convenience and efficiencies offered to them through First Bank’s Treasury Management Services. “Our partnership with First Bank is a mutually-beneficial relationship,” he expounded. “I see other banks that just want to close a deal; however, with First Bank, it has been a family experience building the relationship.”

# A Look at Differentiation

Throughout First Bank's history, our vision has been set on providing our clients the products and services they'll need throughout their financial journey. As a multi-generational, family-owned business, our long-term perspective and an eye on the future sets us apart. Meaning, we're not focused on short-term gains, but rather on serving our clients when, where, and how they choose to bank. The world is changing and First Bank is innovating right along with it.



with a live banker to ask questions and receive answers. It allows us to offer expanded hours to better serve our clients. We will also offer intelligent call routing for our Service Center calls, live or video chat, and a new, robust website. In short, we're offering a higher level of service with the capabilities to provide guidance throughout our clients' financial journey.

**Technology.** Throughout 2019, we began implementing the technological advancements our clients both need and want. In 2020, First Bank will not only continue to expand its products, but also offer the technology to feature ITMs, or Interactive Teller Machines. Unlike an ATM, a First Bank Express ITM does not require a PIN, does not have cash back limitations, and allows clients to cash checks and interact

Our updated banking centers will begin to have a unique, appealing look with modern amenities in efficient, conveniently-located spaces. What's more, our specialized training, branch segmentation, and streamlined credit process will allow us the unique ability to provide high-touch services and specialized care for our retail, business, wealth management, and mortgage clients.

**Workplace Banking.** First Bank continues to leverage its own knowledge and experience as a family business to differentiate itself as *the* bank for family-owned and privately-held businesses and their families. As such, in 2019, we introduced a Workplace Banking program and our new, unique Financial Education platform that offers our business clients the ability to offer state-of-the-art financial education to their employees. We care about family businesses and it shows with our focus on succession planning, an educational series geared toward helping our family business owners navigate the unique challenges and opportunities they face, and by continuing our personalized advisory services that we offer our business clients each and every day.

**Philanthropy.** While it is true that other financial institutions provide donations to agencies, First Bank has assigned a goal of 70% of our charitable dollars to the next generation. The fact that we've assigned a tangible metric to our youth-oriented, charitable giving makes us unique. Our foundation remains built on a caring, family culture with a vision for tomorrow.

**70%**  
of our philanthropic dollars support young people from under-served communities

More than  
**90%**  
of First Bank mortgages are serviced in-house.

**Mortgage & Retail Banking.** As one of the primary client deliverables that set us apart, over 90% of our mortgages are serviced in-house, meaning our clients work with First Bank Mortgage throughout the life of their mortgage.

## Family Business Profile: Spartan Light Metal Products

A multi-generational, family-owned company, Spartan Light Metal Products is a global leader in light metal technologies. Specializing in aluminum and die-cast manufacturing, Spartan offers machining and assembly as well as design and analysis expertise. Spartan was founded in 1961 by Henry A. Jubel, an entrepreneur with a vision on providing high-quality products at the forefront of the die-casting industry. Often living on-site to stand watch of the 24/7 manufacturing operations at the first location in Sparta, IL, Henry's dedication and perseverance led to what is now a global solutions provider.

Don Jubel, second-generation Chairman of the Board, carries the family business forward with differentiation in the marketplace with its long-term perspective, strong Christian core values, engineering solutions, and a philanthropic legacy. "Our customers like to know they're working with a company that stands for something and operates by the values

it was founded on," said Don. "We attract many of our employees due to our unique culture." With the perseverance of a Spartan warrior, the torch continues as third-generation Jubels now assume leadership roles. "Our long-term perspective is a huge asset," said Melissa Markwort, Corporate Human Resources Manager. "We're not just focused on short-term goals, rather, we're strategizing with an eye toward innovation for the future. "Many customers and employees depend on us."

Partnering with First Bank in 1995, Don recalls the trusted relationship they've developed. "Jim (Dierberg) told Dad and me to call him personally if we ever had an issue," said Don. "We've never had to make that call. They're part of our team."



Melissa Markwort, third generation, and Don Jubel, second generation, stand proudly in front of the Spartan symbol.

# An Eye Toward Growth



One of our newest offices, Beverly Hills, CA

Having a long-term perspective means many different things to different organizations. Like other like-minded businesses, our long-term perspective allows us to look at our growth in expanded capacities versus just meeting short-term goals. To us, growth encompasses the deepening of our relationships with clients, broadening our employees and clients' financial

knowledge, expanding our reach in new markets, giving back to our communities by expanding our outreach efforts, and growing our focus on serving families and family-owned businesses.

**Education.** Our business clients requested financial resources for their valued employees. As such, we launched our Financial Education platform and began enrolling participating organizations and banking households. With these enrolled organizations, the First Bank Education Center grew to nearly 400 new training modules. We feel this financial education is of great value to our clients. What's more, we continued to help our employees grow personally and professionally by investing heavily in their educational journey.

**Mortgage.** Last year, our First Bank Mortgage division saw many exciting changes. By expanding into new markets and launching the Belay Bank Mortgage brand in Lincoln, Omaha, and Papillion, Nebraska, First Bank Mortgage experienced significant growth. Year over year, our mortgage closing volume was up greater than 40% in new home loan origination. Our client satisfaction rate grew with 96% of our clients saying they would gladly refer a friend to us and close their next mortgage transaction with First Bank. With an eye for tomorrow, we will focus on the growth of our mortgage division by making significant investments into new technology in addition to continuing to build up a world-class home loan advisory team.

More than  
**40%**  
Growth in Mortgage  
Closing Volume

Nearly  
**\$1B**  
in Total Assets  
Under Management

**Wealth Management.** Our Wealth Management Group really delivered in 2019 with a significant increase in the retirement and investment accounts we manage. As such, our AUM is up 15% and our revenue from Private Banking, Brokerage, and Wealth Management combined is up by 39%.

We'll continue to expand First Bank Wealth Management's presence and develop specialized teams in high-growth markets.

**Community.** Overall, our giving has increased with the expansion of our charitable partnerships. First Bank continues to expand the number of youth-serving agencies we support. One of the many exciting developments was our partnership with the Urban League

of Metropolitan St. Louis to open a branch in Dellwood, MO, helping to serve the under-banked in our community.

First Bank remains committed to growing our products and services to exceed the needs of our clients, no matter where they're at in their financial journey.



Rick and Lupe Rodriguez, and their seven children, lead RMI International, Inc. as one of the largest Hispanic-owned security services business in America.

## Family Business Profile: RMI International, Inc.

After possessing a long-term relationship with another financial services provider, the Rodriguez family sought funding to buy out the entire ownership shares of a silent partner who was hindering further growth of the family's security services' operations. After interviewing many other banks and receiving five viable proposals, First Bank was chosen as their strategic partner.

Starting his business with just \$300, Rick Rodriguez, along with his wife, Lupe, started RMI International, Inc. in the back of their house to help provide for their seven children. "When we partnered with First Bank, we felt like we were part of the family" said Rick "Rocky" Rodriguez, Jr., President of RMI. "Both family-owned businesses, we have a common DNA and similar service philosophy. When I call, they answer."

Now, in its second generation of family leadership, RMI sees its employees, clients, and partners as an extension of their family. Rodriguez said they work to become a big ship but with small ship agility because, "big ships turn too slow". "We're a family-based business in corporate America," said Rick Rodriguez, founder of RMI. "We're not only a security and protection company, but a service and solutions company. We've built our company from the ground up; we're an American-owned entity and we intend to stay that way." Poised for continued growth, the Rodriguez's family joined the First Bank family due to its superior service and similar ownership structure. Having grown to more than \$44MM in annual revenues, RMI is one of the largest Hispanic-owned security services business in the nation. "We'll continue to stay competitive and intuitive with our technology. Above all else, however, we'll continue to customize to meet our customers' needs," said Serah Larison, VP of HR and Administration and second-generation Rodriguez. "You see, we bring clients on as family."

# First Bank: Strength in Numbers

## Income Statement Data:

	<u>2019</u>
Net interest income	\$200,415
(Benefit) provision for loan losses	(7,500)
Net interest income after (benefit) provision for loan losses	207,915
Noninterest income	55,088
Noninterest expense	168,373
Income before provision for income taxes	94,630
Provision for income taxes	24,507
Net income	<u>\$ 70,123</u>

## Balance Sheet Data:

	<u>2019</u>
Total loans	\$ 3,641,193
Total investment securities	1,987,426
Total assets	6,166,684
Total deposits	5,462,902
Total stockholder's equity	648,188

(\$ in thousands)

## Ratios Compared to Peer\*, as of December 31, 2019:

\*Peer group is banks with between \$2 billion and \$10 billion in total assets.

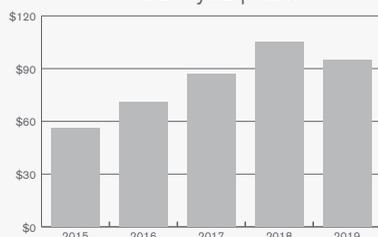
<b>Regulatory Capital:</b>	<b>First Bank</b>	<b>Peer Median</b>	<b>Asset Quality:</b>	<b>First Bank</b>	<b>Peer Median</b>	<b>Liquidity:</b>	<b>First Bank</b>	<b>Peer Median</b>
Tier 1 capital to risk-weighted assets	14.47%	12.69%	Nonperforming assets to assets	0.13%	0.50%	Loans to deposits	66.65%	91.83%
Total capital to risk-weighted assets	15.37%	13.60%	Net charge-offs/average loans	(0.10%)	0.08%	Liquidity ratio	33.08%	14.45%

We are well positioned from a capital perspective to encounter a downturn in the economy. We have been building our capital ratios to withstand adverse circumstances and preserve our ability to lend to our clients.

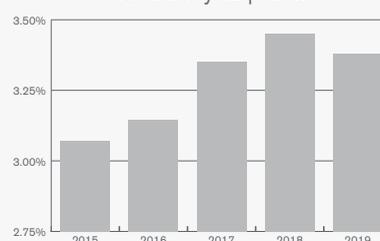
We compare very favorably to our peers in asset quality metrics with very few adverse loans. In addition, we have limited exposure to current distressed industries such as energy, transportation and hospitality which will help preserve our ability to lend to our clients.

We are much more "liquid" than our peers, meaning we currently have fewer loans as a % of our deposits. In addition, we have more cash to lend to our clients given our solid base of core relationship deposits.

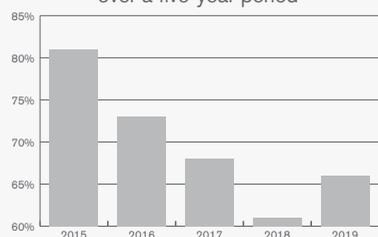
Increase in Pre-Tax Income (in millions) of  
**68%**  
over a five-year period



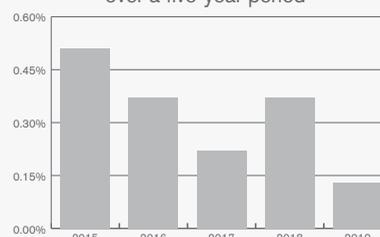
Increase in Net Interest Margin of  
**31** Basis Points  
over a five-year period



Improvement in Efficiency Ratio of  
**15%**  
over a five-year period



Improvement in Nonperforming Assets to Total Assets of  
**38** Basis Points  
over a five-year period





As a fourth generation leader of this outstanding organization, I can attest to the importance of building solid, long term relationships with our clients, colleagues, and other family business leaders. Our focus on building lasting relationships is woven within the very fabric of our history. For over 100 years as a family owned company, we've operated with a long term perspective and an eye for tomorrow. As such, we're evolving and innovating to not just keep pace with industry trends but, rather, to exceed the needs of our clients.

Our vision is clear. Shelley Seifert, elected in 2019 to become our first female CEO, is leading our organization to become *the* bank and trusted partner for families, family owned, and other privately held businesses. Undoubtedly, Shelley's outstanding leadership and unwavering commitment to our mission's success will better position First Bank for the future. We are so excited and proud to have Shelley leading the way for us.

At First Bank, you'll always experience the same personalized service you've come to expect, but with a renewed focus on innovation. Continue to look to First Bank as we enthusiastically transform to serve our clients now and going forward. See for yourself what sets us apart.

Let's connect.

Michael Dierberg  
Chairman of the Board,  
FB Corporation

You don't grow to be one of the biggest family-owned banks by standing still. And you don't do business for 100-plus years by forgetting where you came from, or who you're here to serve. Because helping clients reach their goals is our goal, and planning better for tomorrow starts with achieving more today. For individuals, for businesses, and for the whole community.

This is what it means to be a part of First Bank.

Where being treated like family means something.  
Where the success of our clients means everything.  
And where relationships come first.



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