



**2021**

# **4th Quarter Report**



# A Message to Our Shareholders

Dear Shareholders,

The fourth quarter of 2021 continued First Guaranty Bancshares, Inc. eight consecutive quarters of strong earnings and outstanding performance. With net earnings for the quarter of \$8,049,000 (\$7,467,000 after preferred stock dividend payments) First Guaranty Bancshares, Inc.'s earnings for the year 2021 totaled \$27,297,000, \$25,913,000 after payment of preferred stock dividends. Net income for the fourth quarter represented a 31% increase over the fourth quarter of 2020 and a 34% increase for the year 2021 over the year 2020. These strong results were the result of an increase in total interest income year over year of 11% combined with a decrease in total interest expense of approximately 14%.

Asset Quality also increased significantly as the Texas ratio decreased to 6.56% as of December 31, 2021, compared to 11.65% as of December 31, 2020.

The loan portfolio ended the year at \$2,159,359,000 compared to \$1,844,135,000 as of December 31, 2020. This represents an increase in the loan portfolio of year over year of 17%.

Total shareholders' equity ended the year at \$223,889,000 compared to \$178,591,000 as of December 31, 2020.

On December 31, 2021, First Guaranty Bancshares, Inc. paid to its shareholders the 114th consecutive quarterly cash dividend. This cash dividend followed a 10% stock dividend which was awarded to all First Guaranty Bancshares, Inc.'s shareholders on December 17, 2021. The result was a strong cash dividend and a value enhancement to First Guaranty Bancshares, Inc.

While 2021 brought great financial benefit to the shareholders for First Guaranty Bancshares, Inc., we continued to build and strengthen our Bank system. In the fourth quarter 2021, we were awarded and established loan production and deposit production offices in Vanceburg, Kentucky and Bridgeport, West Virginia. The addition of strong management and loan teams in these areas in November 2021 led to immediate loan production and loan income in these areas. As of December 31, 2021, First Guaranty Bancshares, Inc. had \$64,000,000 in loans, from the new areas, booked and earning interest. An additional \$81,000,000 are in the pipeline, either approved or in the approval process.

We continue to explore new opportunities for development of and expansion of our branch operations in Texas. With a strong loan pipeline, additional opportunities for reduction of interest expense, and improvements in our processes and procedures, we expect the success of First Guaranty Bancshares, Inc. to continue and to increase. The quality of our efforts have been recognized by Newsweek and Lending Tree as we have been named the Best Small Bank in the United States for the year of 2022 as a follow-up to the same title in 2021.

We will continue to build a strong, fortress balance sheet and we will continue to enhance shareholder value.

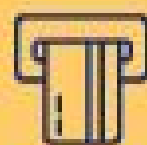
Thank you for your continued support.

## At A Glance (unaudited)



Locations

**36**



ATMs

**48**



Total Assets

**\$2.9** Billion



Deposits

**\$2.6** Billion



Total Loans

**\$2.2** Billion

**\$8.0** Million

4Q 2021 Earnings

**\$27.3** Million

# Consolidated Balance Sheets

(in thousands, except share data)

December 31,

2021

2020

(unaudited)

## Assets

### Cash and cash equivalents:

Cash and due from banks

\$261,749

\$298,903

Federal funds sold

183

702

**Cash and cash equivalents**

**261,932**

**299,605**

### Investment securities:

Available for sale, at fair value

210,620

238,548

Held to maturity, at cost (estimated fairvalue  
of \$150,585 and \$0, respectively)

153,536

-

**Investment securities**

**364,156**

**238,548**

Federal Home Loan Bank stock, at cost

1,359

3,351

Loans held for sale

-

-

Loans, net of unearned income

2,159,359

1,844,135

Less: allowance for loan losses

24,029

24,518

**Net loans**

**2,135,330**

**1,819,617**

Premises and equipment, net

58,637

58,892

Goodwill

12,900

12,900

Intangible assets, net

5,922

6,587

Other real estate, net

2,072

2,240

Accrued interest receivable

12,047

11,933

Other assets

23,765

18,405

**Total Assets**

**\$2,878,120**

**\$2,473,078**

## Liabilities and Shareholders' Equity

### Deposits:

Noninterest-bearing demand

\$ 532,578

\$ 411,416

Interest-bearing demand

1,275,544

860,394

Savings

201,699

168,879

Time

586,671

725,629

**Total deposits**

**2,596,492**

**2,166,318**

Short-term borrowings

50,000

# Consolidated Statements of Income

(in thousands, except share, per share data & percentages)

Three Months Ended  
December 31,

2021

2020

(unaudited)

## Interest Income:

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Loans (including fees)            | \$27,724      | \$23,388      |
| Deposits with other banks         | 106           | 56            |
| Securities (including FHLB stock) | 2,344         | 1,309         |
| Fed Funds Sold                    | -             | 1             |
| <b>Total Interest Income</b>      | <b>30,174</b> | <b>24,754</b> |

## Interest Expense:

|                               |              |              |
|-------------------------------|--------------|--------------|
| Demand deposits               | 2,015        | 1,444        |
| Savings deposits              | 52           | 58           |
| Time deposits                 | 2,963        | 3,771        |
| Borrowings                    | 407          | 616          |
| <b>Total Interest Expense</b> | <b>5,437</b> | <b>5,889</b> |

## Net Interest Income

|  |               |              |
|--|---------------|--------------|
| Less: Provision for loan losses        | 243           | 10,251       |
| <b>Net Interest Income</b>             |               |              |
| <b>after Provision for Loan Losses</b> | <b>24,494</b> | <b>8,614</b> |

## Noninterest Income:

|                                       |              |               |
|---------------------------------------|--------------|---------------|
| Service charges, commissions and fees | 765          | 719           |
| ATM and debit card fees               | 913          | 789           |
| Net (losses) gains on securities      | (162)        | 12,160        |
| Net gains on sale of loans            | 507          | 80            |
| Other                                 | 751          | 730           |
| <b>Total Noninterest Income</b>       | <b>2,774</b> | <b>14,478</b> |

## Total Business Revenue,

|   |               |               |
|---|---------------|---------------|
| <b>Net of Provision for Loan Losses</b> | <b>27,268</b> | <b>23,092</b> |
|---|---------------|---------------|

## Noninterest Expense:

|                                 |       |       |
|---------------------------------|-------|-------|
| Salaries and employee benefits  | 8,501 | 7,411 |
| Occupancy and equipment expense | 1,935 | 2,093 |
| Other                           | 6,668 | 5,918 |

# Consolidated Statements of Income

(in thousands, except share, per share data & percentages)

Years End  
December 31,

2021 2020

(unaudited)

## Interest Income:

|                                   |                |                |
|-----------------------------------|----------------|----------------|
| Loans (including fees)            | \$ 103,353     | \$ 90,808      |
| Deposits with other banks         | 316            | 404            |
| Securities (including FHLB stock) | 8,248          | 9,471          |
| Fed Funds Sold                    | -              | 1              |
| <b>Total Interest Income</b>      | <b>111,917</b> | <b>100,684</b> |

## Interest Expense:

|                               |               |               |
|-------------------------------|---------------|---------------|
| Demand deposits               | 7,237         | 6,089         |
| Savings deposits              | 204           | 268           |
| Time deposits                 | 12,893        | 16,908        |
| Borrowings                    | 1,965         | 2,752         |
| <b>Total Interest Expense</b> | <b>22,299</b> | <b>26,017</b> |

## Net Interest Income

|  |               |               |
|--|---------------|---------------|
| Less: Provision for loan losses                                | 2,055         | 14,877        |
| <b>Net Interest Income<br/>after Provision for Loan Losses</b> | <b>87,563</b> | <b>59,790</b> |

## Noninterest Income:

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Service charges, commissions and fees | 2,699         | 2,571         |
| ATM and debit card fees               | 3,562         | 3,022         |
| Net gains on securities               | 714           | 14,791        |
| Net gains on sale of loans            | 942           | 1,054         |
| Other                                 | 2,843         | 2,342         |
| <b>Total Noninterest Income</b>       | <b>10,760</b> | <b>23,780</b> |

## Total Business Revenue,

|   |               |               |
|---|---------------|---------------|
| <b>Net of Provision for Loan Losses</b> | <b>98,323</b> | <b>83,570</b> |
|---|---------------|---------------|

## Noninterest Expense:

|                                 |        |        |
|---------------------------------|--------|--------|
| Salaries and employee benefits  | 32,179 | 29,600 |
| Occupancy and equipment expense | 8,681  | 7,709  |
| Other                           | 33,008 | 30,734 |

# Bank Officers

## Chairman

Marshall T. Reynolds\*

## Executive Officers

Alton B. Lewis, Jr.\*

*President and CEO | Hammond*

Eric J. Dosch\*

*Chief Financial Officer | Hammond*

## Senior Vice Presidents

Jordan M. Lewis

*Texas Area President*

Michael R. Mineer

*Mideastern Market President*

Thomas F. Brothers

*Director of Internal Audit*

Timothy L. Chesney

*Chief Information Officer*

Mark J. Ducoing

*Chief Deposit Officer*

Glenn A. Duhon, Sr.

Ronnie R. Foshee

*Director of Lending Development*

Kevin J. Foster

Adam J. Johnston

Mikki M. Kelley

Gregory P. Prudhomme

Craig E. Scelfo

Desiree B. Simmons

*Chief Administrative Officer*

Evan M. Singer

*Chief Mergers & Acquisitions Officer*

J. Richard Stark

*Operations*

JoEllen K. Juhasz, BSA Officer

Michael D. Knighten

Mary T. Mayo

Terrie E. McCartney

Colton C. McDaniel

Jason D. Normand

Steven F. Osman

Scott B. Schilling

Amber L. Smith

Lisa K. Stoker

John A. Synco

Lauryn H. Waits

Melina V. West

## Assistant Vice Presidents

Conrad H. Arrambide

Evan A. Baranosky

Darryl P. Boudreaux

Miranda M. Derveloy

Susan M. Desoto

Michelle A. Dionne

Landa G. Domangue

Vanessa R. Drew

Harrison R. Gill

Ludrick P. Hildago

Leslie A. Hinzman

Donna S. Hodges

Matt P. Hudnall

Keith T. Klein

Daniel L. Loe

Catherine E. Mathes

Pamela R. Normand

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