
Section 1: 8-K (FORM 8-K)

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 6, 2019

FIRST DEFIANCE FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

OHIO
(State or other jurisdiction of incorporation)

0-26850
(Commission File No.)

34-1803915
(IRS Employer I.D. No.)

601 Clinton Street, Defiance, Ohio 43512
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (419) 782-5015

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405) of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Section 8 – Other Events.

Item 8.01 Other Events

Attached hereto as Exhibit 99 is an investor presentation being presented by management on Wednesday February 6, 2019 and Thursday February 7, 2019.

Section 9 – Financial Statements and Exhibits.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit

Number

Description

99

Attached hereto as Exhibit 99 is an investor presentation being presented by management on Wednesday February 6, 2019 and Thursday February 7, 2019 (furnished pursuant to Item 8.01 hereof).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST DEFIANCE FINANCIAL CORP.

By: /s/ Kevin T. Thompson

Kevin T. Thompson
Chief Financial Officer

Date: February 6, 2019

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Section 2: EX-99 (EXHIBIT 99)

Exhibit 99



Forward Looking Statements

The issuer has filed a registration statement including a prospectus, and will file a related supplement with the Securities and Exchange Commission ("SEC"), for the offering to which this communication relates. Before you invest, you should read the prospectus, the prospectus supplement and any other documents the issuer has filed or will file with the SEC for more complete information about the issuer and this offering. This presentation may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21B of the Securities Exchange Act of 1934, as amended, which are intended to be safe harbors created thereby. Those statements may include, but are not limited to, all statements regarding intent, beliefs, expectations, projections, forecasts and plans of First Defiance Financial Corp. and its management, and specifically include statements regarding: changes in economic conditions, the nature, extent and timing of governmental actions and reforms, future movements of interest rates, the production levels of mortgage loan generation, the ability to grow loans and deposits, the ability to benefit from a changing interest rate environment, the ability to sustain credit quality ratios at current or improved levels, the ability to sell OREO properties, the continued strength of First Federal Bank of the Midwest in its market area, and the ability of First Defiance to grow in existing and adjacent markets. These forward-looking statements involve numerous risks and uncertainties, including those inherent in general and local banking, insurance and mortgage conditions, competitive factors specific to markets in which First Defiance and its subsidiaries operate, future interest rate levels, legislative and regulatory decisions or capital market conditions and other risks and uncertainties detailed from time to time in the First Defiance's SEC filings, including First Defiance's Annual Report on Form 10-K for the year ended December 31, 2017. One or more of these factors have affected or could in the future affect First Defiance's business and financial results and could cause actual results to differ materially from plans and projections. Therefore, there can be no assurances that the forward-looking statements included in this investor presentation will prove to be accurate. In light of significant uncertainties in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by First Defiance or any other persons, that the objectives and plans of First Defiance will be achieved. All forward-looking statement made in this investor presentation are based on information presently available to the management of First Defiance. First Defiance assumes no obligation to update any forward-looking statements.



Company Overview



SUCCESS THROUGH FOCUS

Company Profile

Unwavering focus for over 90 years: **Community Financial Services**

- Consolidated Assets of \$3.2 billion (12/31/18)
 - 44 branches in 3 states; 1 LPO
 - New branch in downtown Ft Wayne in 2018
 - Enhanced Columbus, OH LPO to a full-service branch in 2017
 - New branch in Sylvania, OH, in 2017
 - Opened Ann Arbor, MI, LPO in 2017
 - Trust & Wealth Management services - AUM \$341 million
 - Acquired Commercial Savings Bank (2/24/17) - \$342 million



- 9 locations throughout the bank's footprint
- Built from agencies acquired – 1998-2017
- \$14.1 million in fees & commissions – LTM
- Specializes in property & casualty and group health & life insurance
- Acquired Corporate One Benefits Agency, Inc. (4/1/17)



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Investment Highlights

- Market leader in northwest Ohio deeply rooted in the communities we have served since the 1920s
- Growing presence in metro markets
- Experienced, disciplined management team
- Strong and diversified loan mix and stable deposit base
- Historically stable and strong net interest margin
- Strong tangible capital levels



Executive Leadership

Management	Position	Age	Years with Company	Years in Financial Services
Donald P. Hileman	President & CEO	66	11	44
Kevin T. Thompson	Executive Vice President, CFO	65	5	41
John R. Reisner	EVP, Chief Risk Officer, Legal Counsel	63	5	38
Sharon L. Davis	EVP, Director of Human Resources	37	3	14
Gregory R. Allen	EVP, Fort Wayne Market Area Executive	55	20	31
Joel P. Jerger	EVP, Toledo Market Area Executive	41	1	19
David D. Dygert	EVP, Columbus Market Area Executive	53	4	28
Amy L. Hackenberg	EVP, Southern Market Area Executive	48	3	22
James R. Williams III	EVP, Northern Market Area Executive	51	20	28
Marybeth Shunck	EVP, Director of Sales	49	13	30
Dennis E. Rose, Jr.	EVP, Director of Strategy Management	50	22	28
Paul D. Nungester	EVP, Director of Accounting & Finance	45	<1	18
Timothy K. Harris	EVP, Chief Credit Officer	60	18	39
Michael D. Mulford	EVP, Chief Credit Administration Officer	54	14	31
Michael R. Klein	President & COO, First Insurance Group	65	5	44



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The First Defiance Market

- Largest community bank based in northwest Ohio
- Footprint covers northwest and central OH, southeast MI and northeast IN



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Our Footprint – Local Economy

- **Fort to Port Growth Corridor**

- Logistics and Transportation
- Regional distribution centers
- Food processing and production

- **Metro Markets**

- **Fort Wayne, IN** – diverse economy with manufacturing roots and companies that specialize in food processing, high tech communications, the defense and logistics industries and the specialty insurance industry.
- **Columbus, OH** – robust population growth with diverse economy base of education, insurance, banking, fashion, defense, aviation, food, logistics, steel, energy, medical research, healthcare, hospitality, retail, technology.
- **Toledo, OH** – strong legacy automotive, higher education, and healthcare presence, with expansion in energy, logistics and transportation, food processing, and advanced manufacturing.



Strategic Focus

- **Profitability**

- High performance objectives for revenue growth, expense control and maintaining strong asset quality

- **Growth**

- Organic and through acquisitions, targeting newer markets, new relationships, enhanced delivery and deeper relationships in more established markets

- **Shareholder Value Enhancement**

- Effective capital management supporting growth, dividend increases and share repurchases

Emphasis on the Community Bank Difference



Consistent Profitability

	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>
Diluted Earnings per Share	\$0.58	\$0.54	\$0.55	\$0.59
Return on Average Assets	1.60%	1.48%	1.47%	1.53%
Return on Average Equity	12.73%	11.69%	11.52%	12.22%
Net Interest Margin - TE	3.95%	3.95%	4.00%	4.02%
Efficiency Ratio	63.48%	61.24%	59.22%	57.29%

KBW Honor Roll for 2017

- Based on 8 consecutive years of increases in reported EPS results
- Only 16 banks admitted from nearly 370 bank universe



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Strong Sales & Service Delivery

- **Demonstrating our core values in all interactions to create long-term, profitable relationships**
 - 5-year annual average customer retention rate of 92.95%
- **Enhancing customer experience through technology advancements**
 - Introduction of Card Controls – provides options with in mobile app to limit access and use of debit card
 - Joined MoneyPass ATM network for access to 32,000+ ATMs nationwide without a surcharge fee
 - Improved, personalized online mortgage experience
 - New First Insurance Group app
 - Retail Internet Banking enrollment now at 87%
 - Retail Mobile Banking utilization has risen to 43% with growth of 20.9% over the last 12 months



Strong Sales & Service Delivery

- **Reaching more customers through digital channel development**
 - Over 50% of our transactions are now outside of the branch
- **Growing our communities through our people**
 - Financial literacy champions
 - Sponsor Banzai Financial Literacy Program for multiple schools throughout our footprint; numerous non-profit partnerships
 - Pay it Forward - Annual event since 2014
 - Every employee performs random acts of kindness
 - Fund over \$10,000 worth of grants annually
 - Building Better Communities - First annual event
 - In celebration of National Homeownership Month
 - 633 volunteer hours donated; executive level – part-time employees participated
 - 50 homes assisted with home maintenance projects;
 - 70 individuals reached through homeownership seminars



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Market Area Growth

Dec 2015 – Dec 2018

(In thousands)

December 31,					Total Organic	
Total Gross Loans	2015	2016	2017	2018	CAGR	CAGR
Total	1,802,217	1,940,487	2,348,713	2,540,039	12.1%	7.8%
Toledo/BG	496,446	532,077	573,451	624,165		
Fort Wayne	166,590	157,418	194,254	227,252		
Columbus	76,181	111,293	186,565	266,146		
Northern	542,243	580,336	609,202	638,291		
Southern	491,324	533,011	749,314	756,701		
Total Deposits						
Total	1,836,137	1,981,628	2,437,656	2,620,882	12.6%	8.0%
Toledo/BG	271,665	314,754	345,663	395,392		
Fort Wayne	32,724	46,464	72,827	90,728		
Columbus	-	270	6,558	9,970		
Northern	951,233	1,014,877	1,053,380	1,125,593		
Southern	557,748	577,690	935,916	965,708		

At June 30, 2018, Ranked #1 or #2 market share in 8 of 17 counties.



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Strong Shareholder Returns

First Defiance Financial Corp. – Total Return (%)



 First Defiance Financial Corp. (FDEF)

 SNL U.S. Banks \$1B-\$5B

Includes all Major Exchange (NYSE, NYSE MKT, NASDAQ)
Banks in SNL's coverage universe with \$1B to \$5B in Assets as of
most recent financial data.



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Source: SNL data as of 01/24/19 – Five year

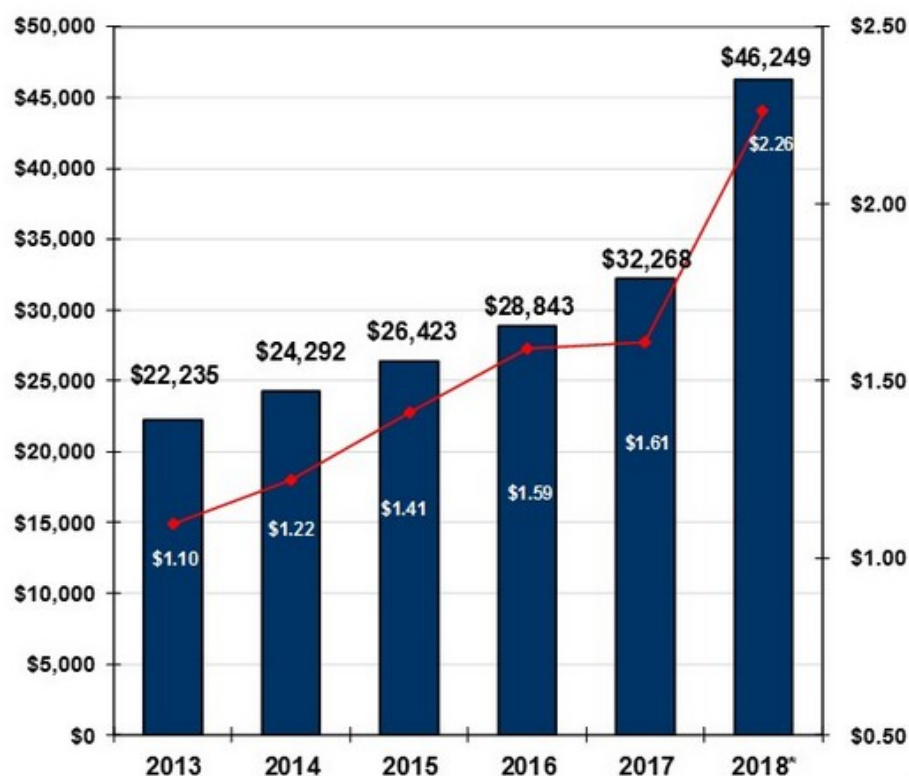
Financial Highlights



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Net Income & Earnings Per Share

(Net Income in thousands)



Line Graph = Diluted EPS

*All 4Q18 and FY18 results herein include a benefit of \$636,000 after-tax (\$806,000 pre-tax) or \$0.03 per diluted share from an immaterial accounting correction related to the company's deferred compensation plan reflected as a reduction of non-interest expenses.

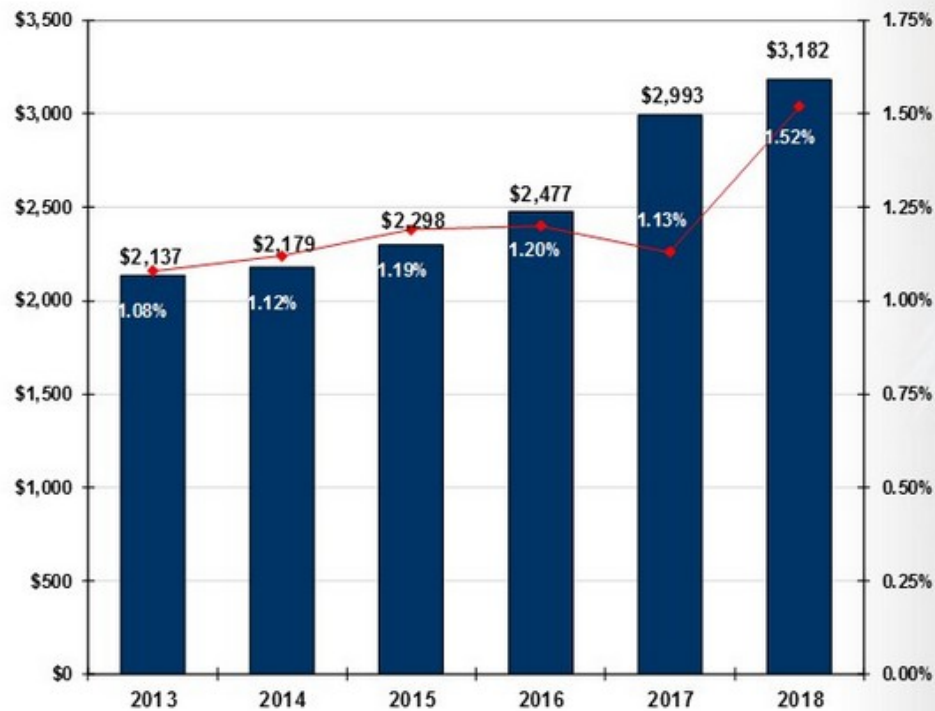


SUCCESS THROUGH FOCUS

Source: Press releases

Total Assets & Return on Assets

(In millions)

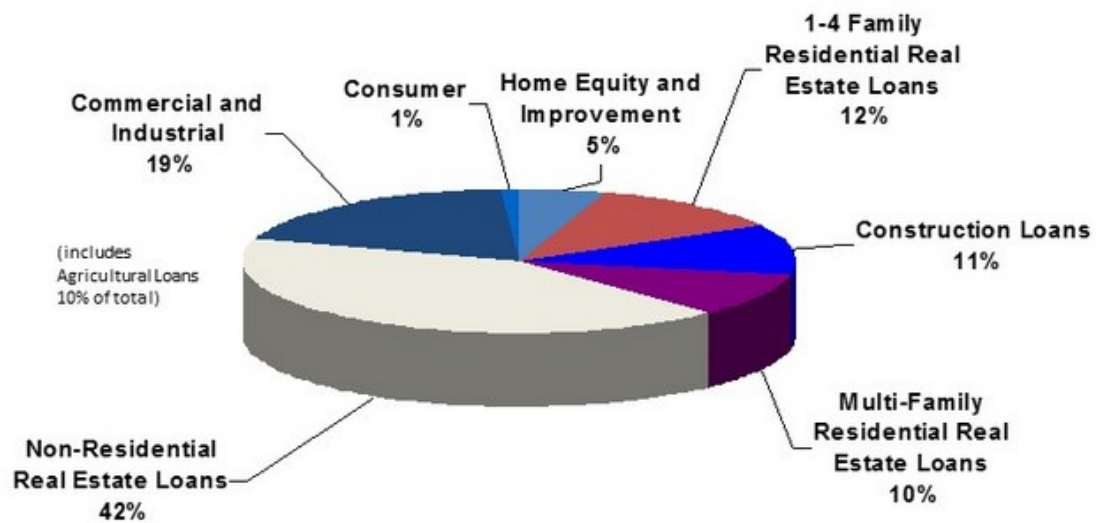


Line Graph = ROA

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Source: Press releases

Loan Portfolio Composition



Total = \$2.665 billion
2018 Average Yield on Loans 4.80%

Data as of 12/31/18

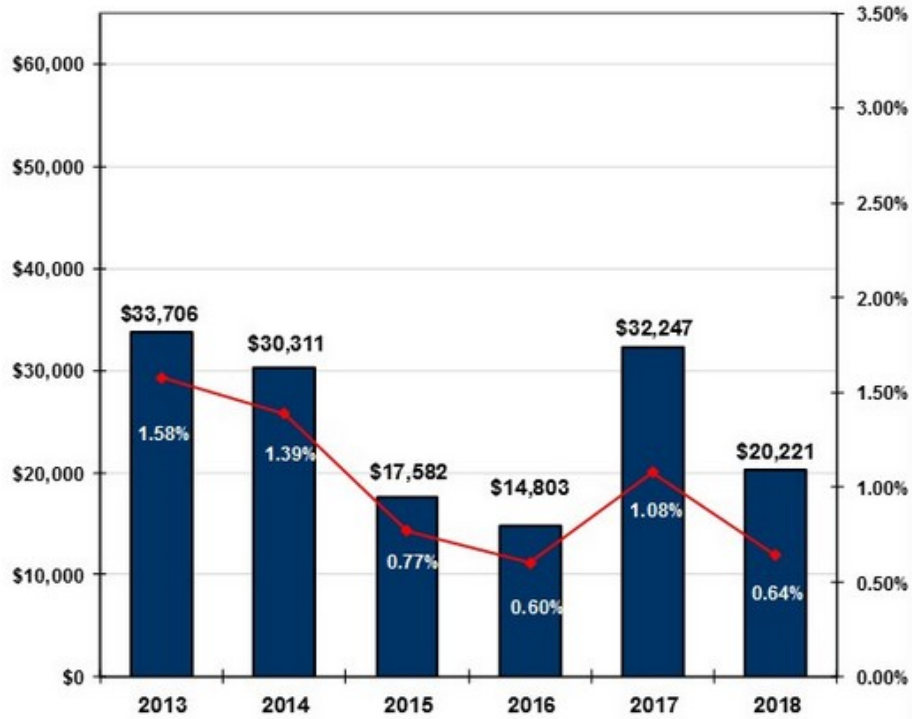


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Source: Press releases and internally prepared files for 10-K

Non-performing Assets & NPAs/Assets

(In thousands)

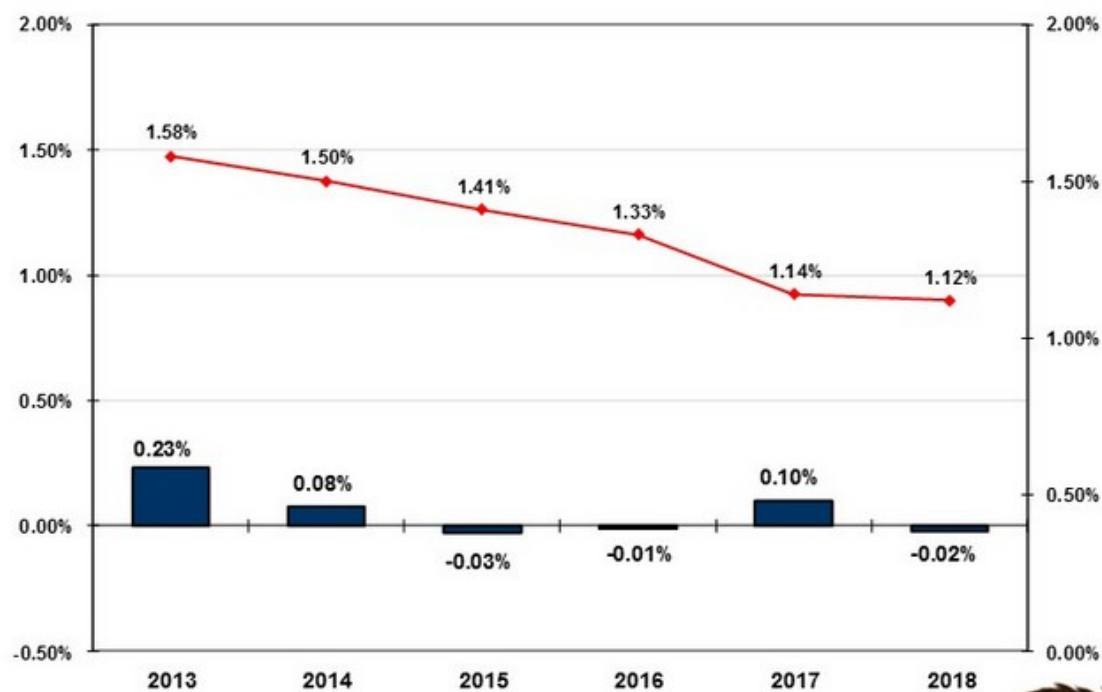


Line Graph = NPA/Total Assets

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Source: Press releases

Net Charge-Offs/Average Loans (annualized) ALLL/Total Loans



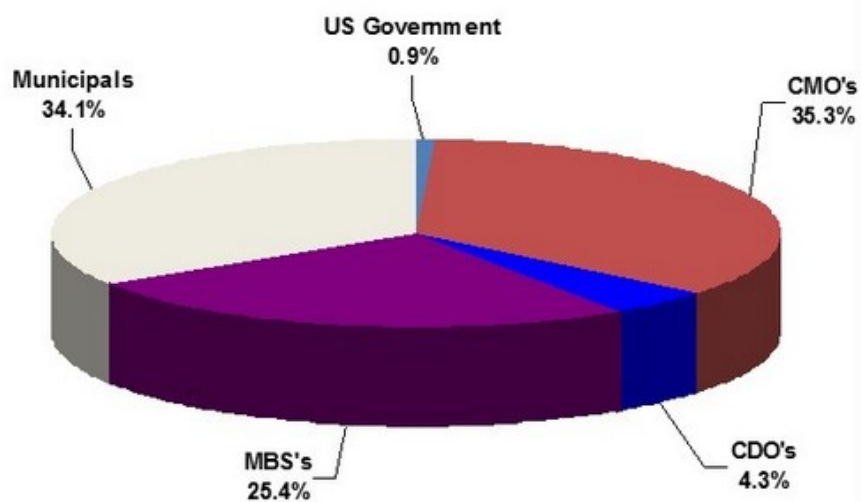
Line Graph = ALLL/Total Loans



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Source: Press releases

Quality Securities Portfolio



Total = \$294.6 million

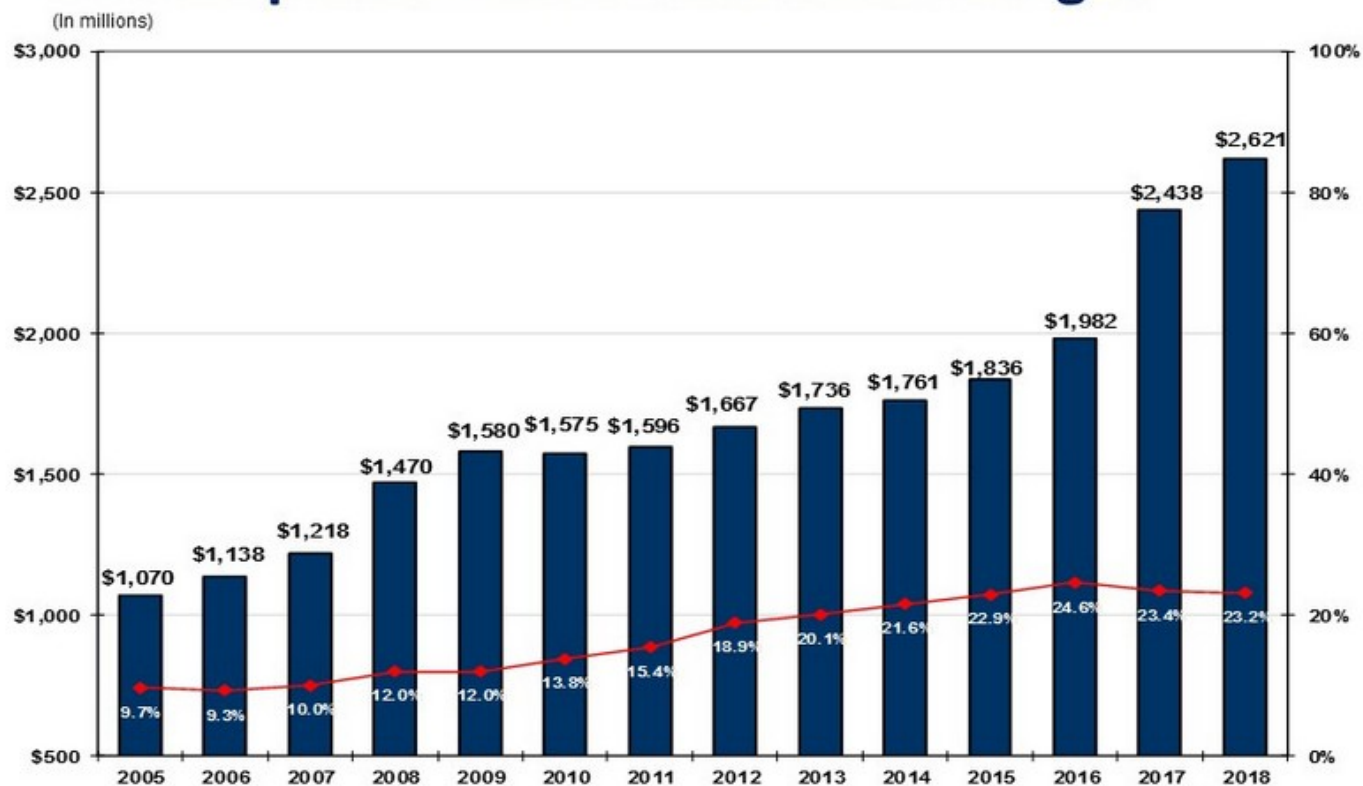
Data as of 12/31/18



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Source: internally prepared files for 10-K

Total Deposits & Non-Interest Bearing %



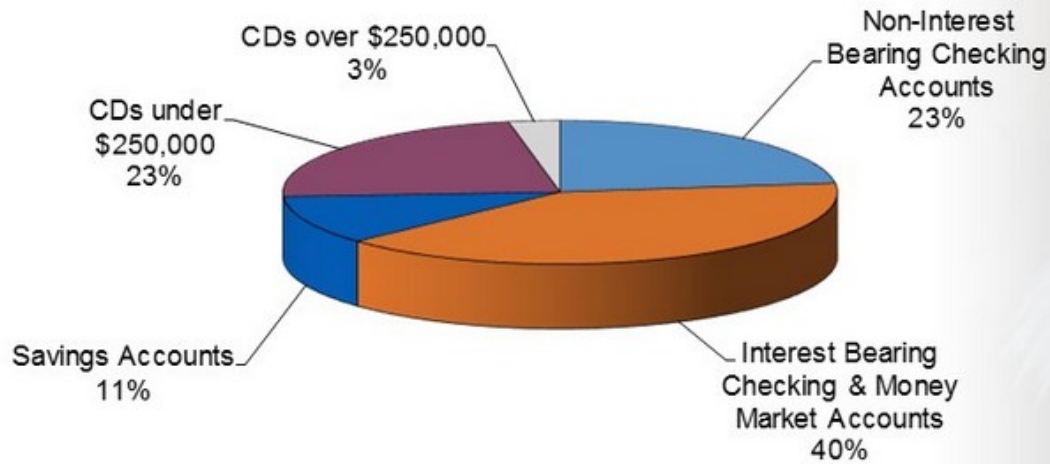
Line Graph = Non-Interest Deposits as % of Total Deposits



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Source: Press releases

Deposit Base Composition



Total Deposits= \$2.621 billion
2018 Average Cost of Deposits: 0.55%

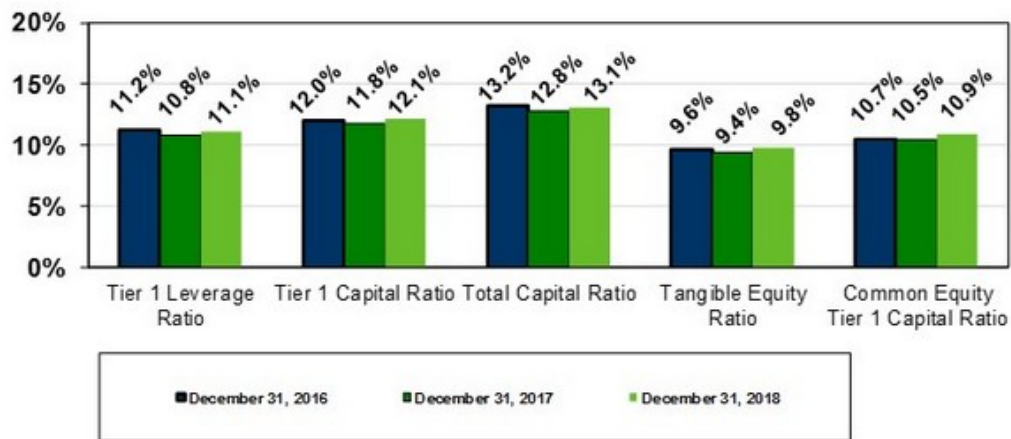
Data as of 12/31/18



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Source: Press release

Capital Levels



Total Risk Based Capital
 Tier 1 to Risk Weighted Assets
 Tier 1 to Average Assets
 Common Equity Tier 1 Cap. Ratio

Well Capitalized Requirement

10.0%
 8.0%
 5.0%
 6.5%

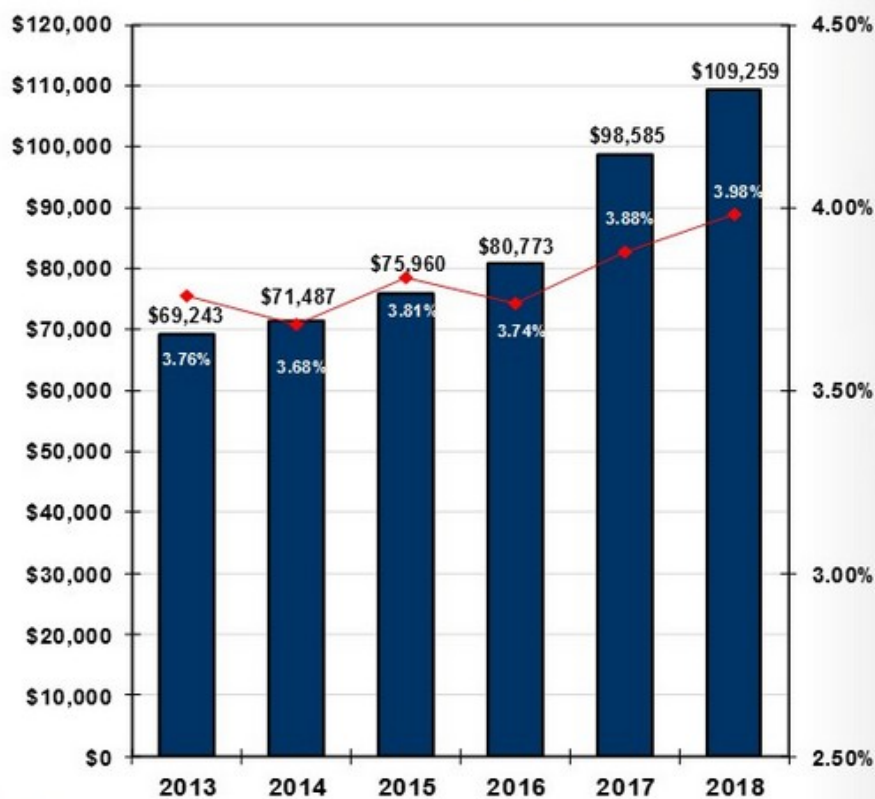


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Source: 10-K and internally prepared documents for the 12/31/18 10-K

Net Interest Income & Margin

(In thousands)



Bar Graph = Tax-Equivalent Net Interest Income; Line Graph = Net Interest Margin

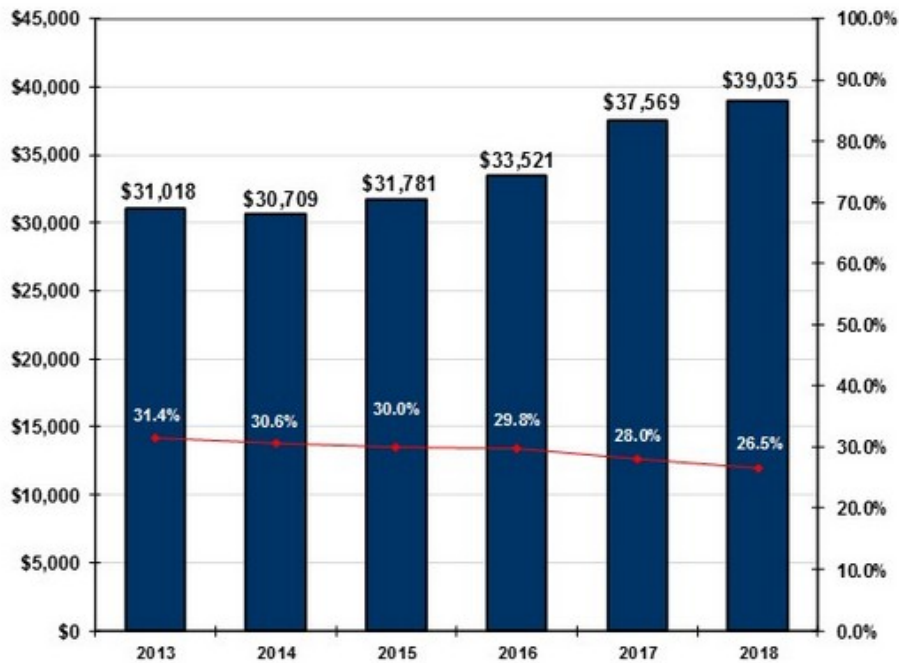


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Source: Press releases

Non-Interest Income & Percent of Total Revenue

(In thousands)



Non-Interest Income excluding securities gains/losses and impairment on securities/BOLI enhancement gain/trust fee accrual

Line Graph = Non-Interest Income as a % of Revenue

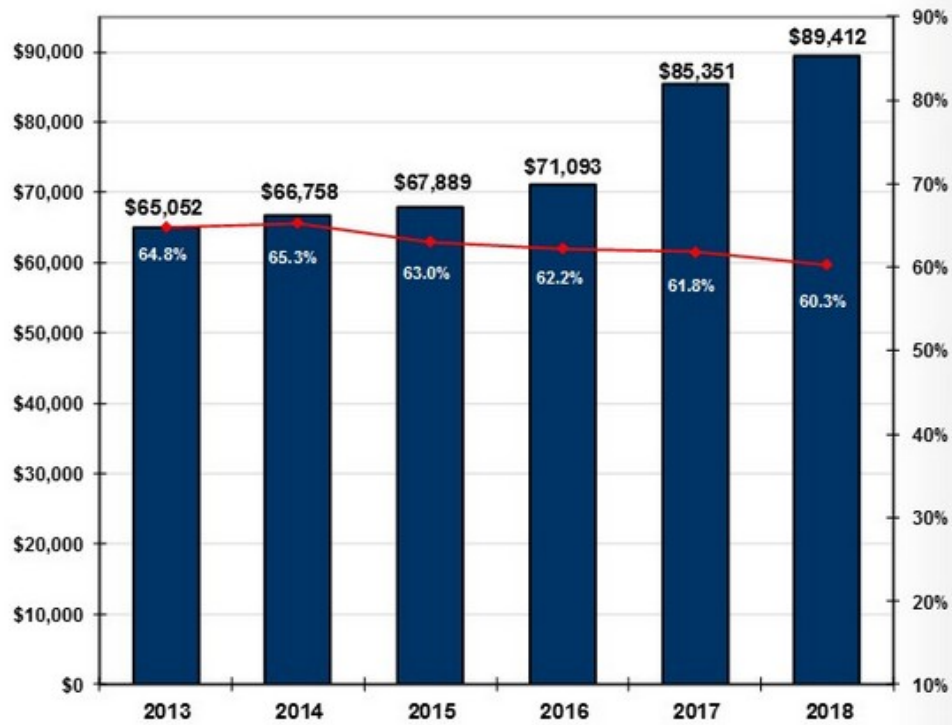


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Source: Press releases

Non-Interest Expense & Efficiency Ratio

(In thousands)

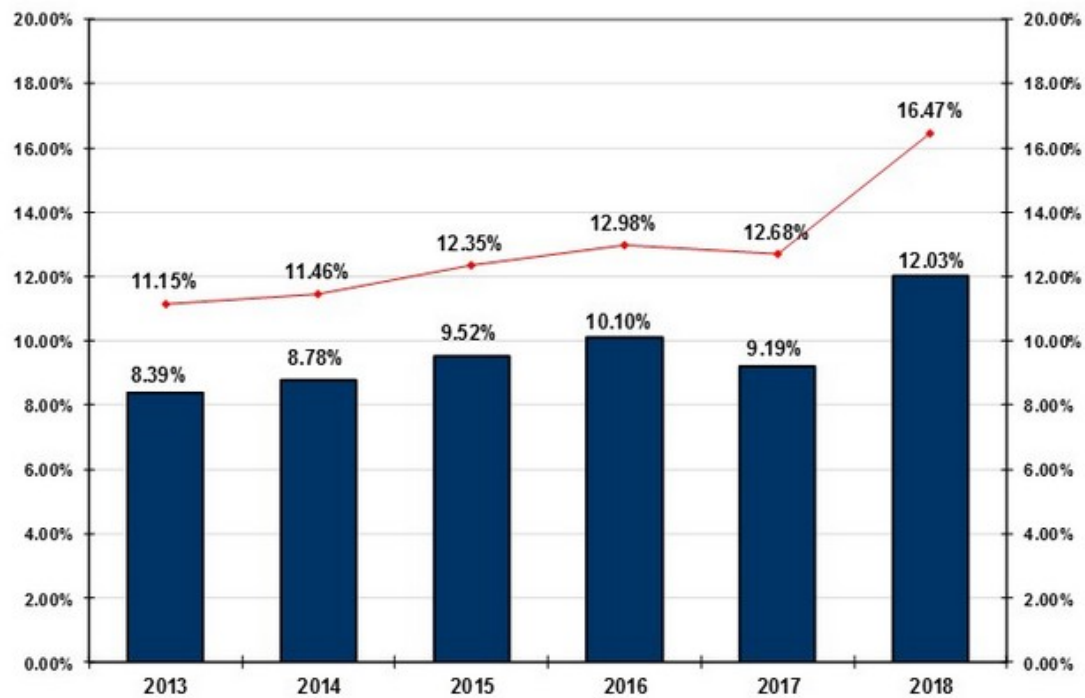


Line Graph = Efficiency Ratio

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Source: Press releases

Return On Equity & ROTE



Line Graph = Return On Tangible Equity



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Source: Press releases

Shareholder Value



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Maximizing Shareholder Value

EPS, Dividends and Stock Price



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Source: Press releases

Maximizing Shareholder Value

Strong Five Year Returns

First Defiance Financial Corp. – Total Return (%)



With Upside Opportunity

First Defiance Financial Corp. – Price/LTM EPS (X)



First Defiance Financial Corp. (FDEF)



SNL U.S. Banks \$1B-\$5B

Includes all Major Exchange (NYSE, NYSE MKT, NASDAQ)
Banks in SNL's coverage universe with \$1B to \$5B in Assets as of
most recent financial data.



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Source: SNL data as of 01/24/19 – Five year

Maximizing Shareholder Value

Investment Opportunity

	FDEF	SNL Index \$1B - \$5B
Price / Earnings	12.1x	13.9x
Price / Book	144.3%	141.1%
Price / Tangible Book	194.4%	166.8%
Dividend Yield	2.7%	1.9%



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Source: SNL data as of 01/24/19

Summary

- Disciplined management team with proven track record
- Reputation of focusing on fundamentals
- Strong capital levels
- Balance sheet strength – attractive core deposit base
- Balanced loan portfolio with a disciplined approach to lending
- Well-positioned to grow our balance sheet and geographic footprint, enhancing long-term shareholder value





Thank you.

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