

We believe

IN PUTTING CUSTOMERS FIRST.



We believe

IN THE VALUE OF RELATIONSHIPS.



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"The focus for First Bank of Berne has been, and always will be, to put customers first. We value the relationships we have with our customers and continuously strive to exceed their expectations."

- Kent A. Liechty, President & CEO





KENT A. LIECHTY
PRESIDENT & CEO

A LETTER FROM THE PRESIDENT

We look back on the 2019 calendar year and recognize this was a period of time in which we experienced historically low levels of unemployment, continued modest market interest rates, and an equity market that exhibited strong resilience and growth. What does this mean for First Bank of Berne? This economic environment has been good for your bank and provided the opportunity to recognize a record net income in the amount of \$15.05 million, an increase of 14.5% over 2018 results.

While agriculture began the first part of the year with unfavorable weather conditions for planting, the growing season improved and provided our agricultural producers with the opportunity to have satisfactory financial results from an otherwise challenging period. This, coupled with a relatively strong and stable economy, has enhanced our loan quality and minimized problem loans or payment issues with our borrowing entities. Enjoying a period of full employment, our communities continue to exhibit robustness as consumers are encouraged to construct and purchase homes, trade vehicles, and have the financial ability to adequately service their obligations with First Bank of Berne and other financial institutions.

Our Ongoing Commitment to You

The focus for the First Bank of Berne team is to put our customers first in exceeding their client expectations while completing this goal in the most effective and efficient manner possible. We continue to invest in our assets, including most importantly, our people, followed by our physical facilities and bank systems. This enables us to maintain a competitive advantage with our client partners in an ever-changing marketplace. We will continue to strive to be the loyal, go-to financial services provider for our communities.

The Employee Stock Ownership Plan (ESOP) at First Bank of Berne provides employee ownership and is a valuable tool in attracting and retaining the best and brightest level of expertise in the financial services industry. The work ethic and professionalism exhibited by our team within the First Bank of Berne provides us a high level of confidence in the future success of our organization and your investment.

Sincerely,

A handwritten signature in black ink that reads "Kent A. Liechty". The signature is written in a cursive, flowing style.

Kent A. Liechty
President & CEO



We believe

IN A SUSTAINABLE FUTURE.

FIECHTER BROTHERS AG

For over 3 generations, our family has been working with First Bank of Berne to help sustain and grow our multigenerational farm operation.

First Bank of Berne is filled with good people. People with integrity. People that want to build relationships and invest in not only our business, but in the livelihood of our family as well. Our lender, as well as many others at First Bank of Berne, have taken the time to sit down and listen. They are genuinely interested in learning our story and understanding our goals so they can provide sound business advice for our family and our operation – advice that we will all carry with us for years to come. We feel very humbled by that.

We consider ourselves to be very loyal people when it comes to working with a good company that's providing great service and shares many, if not all, of our core values.

This is something we truly appreciate about First Bank of Berne. We appreciate their culture, their understanding of the ag industry, and their investment in the communities in which they're located. That's the kind of people we enjoy doing business with.

We believe that working with a local bank that understands agriculture and believes in who we are has been a huge blessing in our lives and is helping us be a successful and sustainable business.



"We believe working with a local bank who understands agriculture, and believes in who we are, is an important part of the sustainability of a family farm."

- Lynn Fiechter



KODY KUMFER
*First Bank of Berne
Agribusiness Banker*

LYNN FIECHTER
Fiechter Brothers Ag

TIM TOBIAS
*First Bank of Berne
Agribusiness Banker*



MIKE COLLETT
Indiana Dynamic Logistics

BRANDY ROGERS
First Bank of Berne
Business Banker

We believe

IN NEW BEGINNINGS.

INDIANA DYNAMIC LOGISTICS

Getting started in your business can be scary. When I first started working with First Bank of Berne, my business – which specializes in flatbed hauling – didn't have any credit and didn't have much money. I was a high-risk customer without a business background. Luckily, First Bank of Berne believed in me.

First Bank of Berne has been a major contributor to the success of my business financially. They have helped me navigate many new waters and territories to really help get my business up and running. Throughout the process, which was entirely new to me, they were knowledgeable, professional and met all of my needs both personally and business-wise. They could have ran the other way and said no to my new business venture, instead they granted me a lot of favor and truly helped my business to propel forward. They've honored every paycheck and have really helped my cash flow and need for capital.

When somebody treats you that well and makes things so easy – there's not a need to find another bank to work with. First Bank of Berne has been the one stop shop in all of the things I've needed.



"First Bank of Berne will definitely be my first choice to go to for whatever financial needs I have."

- Mike Collett

We believe

THAT GOOD LISTENERS MAKE GOOD LENDERS.

KAM FARMS

Being 3rd generation farmers and 1st generation seed dealers, it's important we work with a bank that can provide us with sound advice and help us see continued growth in our operations. First Bank of Berne has stood behind us when we've needed to expand and has helped see the vision through our own eyes.

We believe that working with the ag lending team at First Bank of Berne has been instrumental in the resulting success of our farm and seed operation. Over the years, we have relied on them for trusted business and financial advice. Whether we are turning to our Agribusiness banker or the President of the bank for guidance, there's always someone there to help. To us, it's reassuring knowing that there is a deep bench of lenders that understand ag and the future of ag.

One thing First Bank of Berne has consistently done a good job of is investing in the right people. They've recognized good lenders and good people – and have continued to add valuable people to their team. The saying goes, "You're only as successful as the people you have helping you get there" and we are proud to have partners like First Bank of Berne who have truly believed in us and want to see our next generation succeed as much as we do.



"The bench at First Bank of Berne is deeper than just two people, and from the top down, everyone at the bank has our best interest at heart."

- Kevin Scott



NATHAN LIECHTY
*First Bank of Berne
Agribusiness Banker*

KEVIN SCOTT
KAM Farms



JIMMIE SCHINDLER
Bandidos

BRANDY ROGERS
First Bank of Berne
Business Banker

We believe

IN LOCAL PARTNERSHIPS.

BANDIDOS RESTAURANT

As a family-owned restaurant with over 40 years in business, we have taken on a lot of exciting new ventures and changes over the years. Most recently, we opened a new location – one of five – in Fort Wayne, IN. Our strategy when it comes to the business is to always try to work with other local operations, such as the First Bank of Berne. After dealing with several other banks over the years – both small and large – we can confidently say that First Bank of Berne is by far the best bank we've worked with.

What sets the First Bank of Berne apart from other banks is their level of engagement. They provide the best service, a competitive fee structure and they're available when we need them – even the top-level executives. What we really value about our relationship with them is that they truly care about more than just our financials. They listen to our business plan, how we want to grow and provide quality advice to help us meet our goals.

They are business-minded bankers who want to share our struggles and successes with us and figure out how strategically we can work together. First Bank of Berne has played an integral part in taking our business to new levels.



"Our long-term vision as we grow and add units is to keep the First Bank of Berne as a part of that growth and partnership."

- Jimmie Schindler

We believe in **OUR LEADERSHIP.**

At First Bank of Berne, we are extremely proud of our long history. Over decades, we have built a solid reputation for outstanding service, integrity, community commitment, and lasting relationships. Our job is to make sure we continue to build on our legacy and enhance our reputation. We believe that first and foremost, this falls on the shoulders of our executive leadership and board of directors team to lead by example and do everything possible to ensure that First Bank of Berne continues to grow and succeed.

EXECUTIVE TEAM



Sharon Neuenschwander | Human Resources Manager

Rick Gentis | Chief Agribusiness Banking Manager

Kent Liechty | President/Chief Executive Officer

Kevin Gould | Chief Financial Officer

Deon Shoaf | Chief Operations Manager





BOARD OF DIRECTORS

Matthew Subler | Sales Manager, Berne Ready Mix

Daryl Martin | Retired Executive Director, Swiss Village

Lisa Girod | CPA, Honegger, Ringger & Co.

Kent Liechty | President/Chief Executive Officer

David Baumgartner | Chairman of the Board, Attorney, Baumgartner Attorneys

Lindsey R. Beer | Operations Manager, Best-One of Monroe

Todd Fiechter | Owner, Fiechter Family Livestock

Roger Muselman | Chairman, DRG, Inc.

ASSETS

As of December 31, Dollars (In millions)

| | |
|------|----------|
| 2019 | \$714.30 |
| 2018 | \$711.38 |
| 2017 | \$667.92 |
| 2016 | \$666.22 |
| 2015 | \$595.10 |
| 2014 | \$549.14 |

STOCK TRADE PRICE

As of December 31, Dollars (In Dollars)

| | |
|------|---------|
| 2019 | \$5,767 |
| 2018 | \$4,847 |
| 2017 | \$4,874 |
| 2016 | \$4,581 |
| 2015 | \$4,029 |
| 2014 | \$3,909 |

GROSS LOANS

As of December 31, Dollars (In millions)

| | |
|------|----------|
| 2019 | \$564.42 |
| 2018 | \$552.88 |
| 2017 | \$519.67 |
| 2016 | \$471.69 |
| 2015 | \$460.58 |
| 2014 | \$435.94 |

DEPOSITS

As of December 31, Dollars (In millions)

| | |
|------|----------|
| 2019 | \$591.69 |
| 2018 | \$586.20 |
| 2017 | \$529.85 |
| 2016 | \$529.79 |
| 2015 | \$450.70 |
| 2014 | \$398.98 |

CONSOLIDATED STATEMENT OF CONDITION

(000'S) CLOSE OF BUSINESS DECEMBER 31, 2019 & DECEMBER 31, 2018

| ASSETS | 2018 | 2019 |
|--|------------------|------------------|
| Cash and Cash Equivalents | \$33,534 | \$18,812 |
| Investment Securities | \$108,938 | \$117,909 |
| Loan (net of valuation reserve) (\$6,674 in 2019 & \$5,830 in 2018) | \$546,209 | \$556,983 |
| Premises and Equipment, net | \$11,024 | \$10,577 |
| Accrued Income | \$4,136 | \$4,370 |
| Other Assets | \$7,539 | \$5,650 |
| TOTAL ASSETS | \$711,380 | \$714,301 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Non-Interest Bearing Deposits | \$150,767 | \$143,061 |
| Interest Bearing Deposits | \$435,434 | \$448,626 |
| TOTAL DEPOSITS | \$586,201 | \$591,687 |
| Other Liabilities | \$3,572 | \$5,697 |
| Federal Home Loan Bank Advances | \$25,000 | \$25,000 |
| Other Short Term Borrowings | \$26,380 | \$13,294 |
| TOTAL LIABILITIES | \$641,153 | \$635,678 |
| STOCKHOLDERS' EQUITY | | |
| Capital Stock | \$1,600 | \$1,600 |
| Additional Paid-in Capital | \$9,920 | \$10,017 |
| Retained Earnings | \$94,257 | \$99,173 |
| Unearned ESOP Compensation | (\$3,286) | (\$3,104) |
| Treasury Stock | (\$29,901) | (\$30,706) |
| Unrealized Gain/Loss on Securities | (\$2,363) | \$1,643 |
| TOTAL STOCKHOLDERS' EQUITY | \$70,227 | \$78,623 |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY | \$711,380 | \$714,301 |

CONSOLIDATED STATEMENT OF INCOME

(000'S) YEARS ENDED DECEMBER 31, 2019 & DECEMBER 31, 2018

| INCOME | 2018 | 2019 |
|-------------------------------------|-----------------|-----------------|
| Interest Income | \$29,130 | \$31,353 |
| Interest Expense | \$3,942 | \$5,021 |
| NET INTEREST INCOME | \$25,188 | \$26,332 |
| Provision for Loan Losses | \$1,485 | \$975 |
| NON-INTEREST INCOME | | |
| Service Charges on Deposit Accounts | \$2,277 | \$2,217 |
| Debit Card Income | \$1,496 | \$1,587 |
| Other Non-Interest Income | \$1,813 | \$1,878 |
| TOTAL NON-INTEREST INCOME | \$5,586 | \$5,682 |
| NON-INTEREST EXPENSE | | |
| Salaries and Employee Benefits | \$8,522 | \$8,403 |
| Occupancy and Equipment Expense | \$1,739 | \$1,678 |
| Other Non-Interest Expense | \$5,885 | \$5,911 |
| TOTAL NON-INTEREST EXPENSE | \$16,146 | \$15,992 |
| NET INCOME | \$13,143 | \$15,047 |

CAPITAL

As of December 31, Dollars (In millions)

| | |
|------|---------|
| 2019 | \$78.62 |
| 2018 | \$70.23 |
| 2017 | \$66.36 |
| 2016 | \$62.28 |
| 2015 | \$60.00 |
| 2014 | \$58.70 |

NET INCOME

As of December 31, Dollars (In millions)

| | |
|------|---------|
| 2019 | \$15.05 |
| 2018 | \$13.14 |
| 2017 | \$11.82 |
| 2016 | \$11.28 |
| 2015 | \$11.01 |
| 2014 | \$11.85 |

EARNINGS PER SHARE

As of December 31 (In dollars)

| | |
|------|----------|
| 2019 | \$778.83 |
| 2018 | \$678.52 |
| 2017 | \$612.12 |
| 2016 | \$587.08 |
| 2015 | \$574.40 |
| 2014 | \$611.58 |

DISTRIBUTIONS

(In dollars) for year

| | |
|------|----------|
| 2019 | \$518.00 |
| 2018 | \$453.00 |
| 2017 | \$420.00 |
| 2016 | \$406.00 |
| 2015 | \$411.00 |
| 2014 | \$471.00 |

We believe

WE ARE STRONGER TOGETHER.

Giving back to our local communities – financially and through the giving of our time – is both a passion and tradition at First Bank of Berne. While you'll find our team working hard to best serve our customers in the workplace, you'll also find them investing their time, talents and resources to support local organizations regularly.

Each year our team members come together to serve the local communities in which they reside. In 2019, over 100 employees from our 8 locations donated nearly 315 hours to local organizations. From libraries and schools to food pantries and churches, our employees had the opportunity to serve area community members and organizations who need it most. In addition to the time our employees spent volunteering, First Bank of Berne also donated over \$230,000 across our local communities in support of other various projects and developments.



Helping the Kindergarten – 2nd grade classes at Southern Wells Elementary.



Collecting and making blankets for Blankets for Hope and the Council on Aging in Decatur.



First Bank of Berne's Decatur location donated \$15,000 to the local Hanna Nuttman Park project for park renovations.



FIRST BANK OF BERNE IS PROUD TO SUPPORT MANY LOCAL ORGANIZATIONS THROUGHOUT THE YEAR, SUCH AS:

- Parks and Wellness
- Creative Arts
- Economic Development
- Boys & Girls Club
- Community Centers
- YMCA's + Schools
- United Way
- 4H
- FFA
- Food Pantries
- Chamber of Commerce
- Local or Community athletics
- Junior Achievement
- Youth for Christ
- American Legion
- And More



Cleaning and organization at the Community Harvest Food Bank in Fort Wayne.



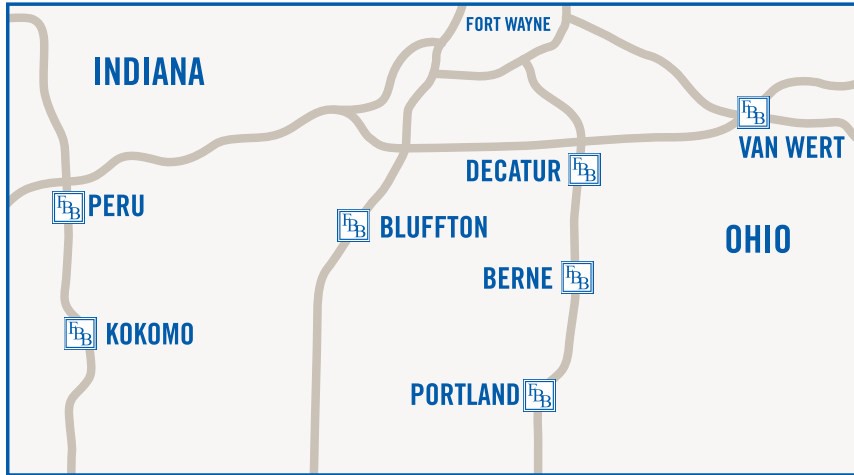
First Bank of Berne's Peru office and customers made a donation to the Miami County Helping Hands.



Yard work and preparing meals & snacks for House 114 in Monroe.



FIRSTBANKOFBERNE.COM | 800.589.7848



BERNE

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Berne, IN 46711
260-589-2670

KOKOMO

1936 South Dixon Road
Kokomo, IN 46902
765-459-4171

SWISS VILLAGE

1350 W. Main Street
Berne, IN 46711
260-589-2401

PERU

915 W. Main St.
Peru, IN 46970
765-472-1991

BLUFFTON

404 N. Main Street
Bluffton, IN 46714
260-824-9982

PORTLAND

185 Industrial Drive
Portland, IN 47371
260-726-2133

DECATUR

1111 S. 13th Street
Decatur, IN 46733
260-728-2727

VAN WERT

102 Christopher Crossing
Van Wert, OH 45891
419-232-2222

