

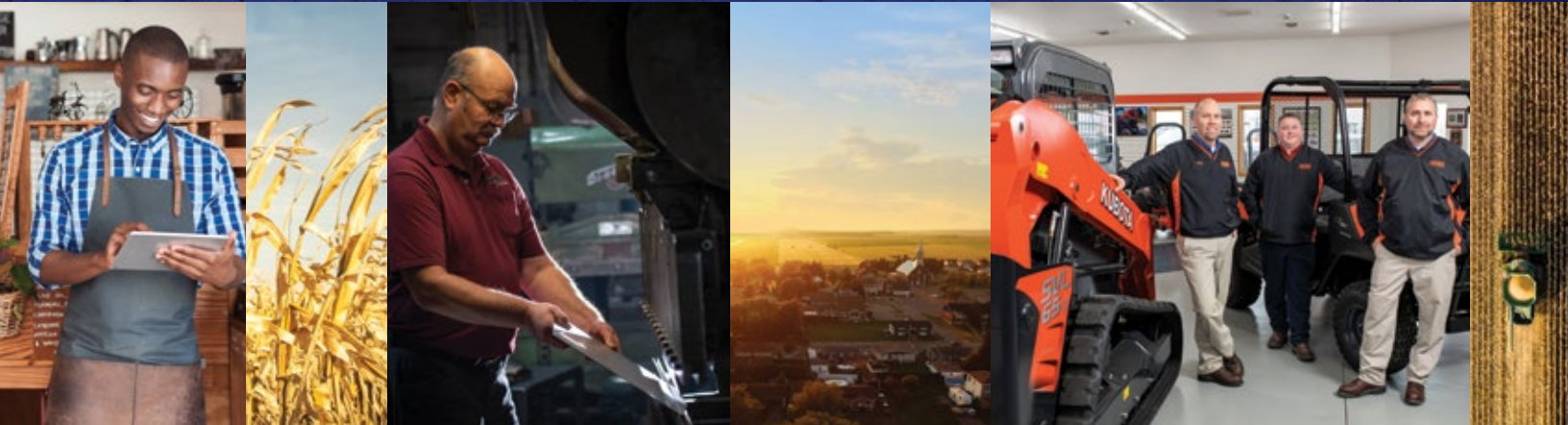
ANNUAL

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20

REPORT

We believe IN WORKING TOGETHER.





02

LETTER FROM THE PRESIDENT

03

WHO WE ARE

05

AGRIBUSINESS

06

BUSINESS BANKING

07

SHOP LOCAL

09

RELATIONSHIPS

11

LEADERSHIP

13

2020 BALANCE SHEET

Letter from the president.

We can all most likely agree the year 2020 was by far one of the most unique periods many of us have undergone due to the disruption caused by the COVID-19 pandemic. Everyone experienced significant supply chain and routine challenges which impacted nearly every facet of what we thought was “normal” in our personal and business experiences. This was made more problematic during an election year with broad divisions and protest demonstrations occurring nationwide.

At First Bank of Berne, our first priority was the safety of our customers and team members. We followed state-mandated guidelines to close our lobbies while continuing to serve our customers. Our First Bank of Berne team members worked tirelessly throughout this year to meet the financial needs of our local communities while at the same time dealing with eLearning, supply chain issues, quarantines, and disruption in their personal lives. I am extremely proud of their effort and the positive response from our customers to our ability to meet their needs in a trying time.

The financial results for 2020 at First Bank of Berne were very strong and exceeded our expectations during a very difficult year. We completed the acquisition of the Adams County Credit Union in the first quarter which allows us to offer additional products and services to these clients. Another positive note was the significant residential mortgage volume increases our bank experienced as interest rates fell to record low levels.

We realized net income for the year in the amount of \$18.89 million which did include several one-time gains available in this very unique environment. We also exceeded our growth goals as our total assets grew 26.7% during the past year, ending the period with assets of \$905 million.

At First Bank of Berne, we define success as effectively meeting the needs of our employees, clients, communities, and shareholders in a way that provides consistent value for all of these parties. In the year ahead, we will continue to look for ways to strategically position our organization for continued success.

Several top-of-mind priorities we have identified for our bank's future include: operating efficiently in a COVID/post-COVID market, profitable growth in shifting economic and political environments, evaluating adjustments in client patterns based upon demographics, and work-from-home adjustments and technology advancements. The world is changing rapidly and we are eager to embrace these changes to meet the financial needs of consumers, agricultural producers, and our business/commercial client partners.

Finally, I would like to thank our shareholders, customers, and employees. We appreciate the confidence you continue to place in First Bank of Berne. We also feel blessed with the high level of dedicated and talented employees our bank is able to attract and retain to ensure our continued success and future opportunities.

Sincerely,



Kent A. Liechty
President & CEO

We believe it all comes down to our customers.

To understand who First Bank of Berne is today, you must first understand the principles upon which we were built — the core beliefs that have shaped this financial institution and continue to guide us every day. Let's take a closer look at our purpose, mission, vision and values.

The purpose of First Bank of Berne goes beyond just providing financial services. Our purpose is to help our customers improve their financial future. We do this by serving as experienced and knowledgeable partners and advisors — whether a customer is just starting out on their financial future, owns their own business, operates a family farm, or is enjoying retirement. As our customers move through the stages of their financial lives, we are there every step of the way.

To make banking easy — that's our mission. It certainly sounds simple, but it serves as a basis for everything we do. This means not only providing financial products and services to meet the needs of our customers, but also making sure that they go beyond expectations to provide an extra level of service. For some, it's the personal, one-on-one service they receive when visiting our branches. But

for others, that extra level of service comes from the convenience provided by our array of digital services that mean they don't have to go to a branch.

Our vision is to be the trusted and recommended financial institution in our communities. We do this by forming strong relationships with our customers, business partners, shareholders, communities, and employees. We believe in the value of people and work hard to treat everyone as we want to be treated, regardless of how much business they do with us or how long we've been working together.

You can see the values of First Bank of Berne in everything we do. We believe strongly in each one of them: integrity, knowledge, empowerment, community, teamwork, and fun. These are the values we instill in our employees and extend to our clients and the communities we serve.



purpose

We help our customers improve their financial future.



mission

We make banking easy.



vision

To be the trusted and recommended financial institution in our communities.



values

integrity
knowledge
empowerment
community
teamwork
fun



We believe knowledge and experience makes all the difference.



In 2020, First Bank of Berne was honored as one of the nation's Top 100 Agricultural Banks by the American Bankers Association. Being named to this list is a proud distinction — one that recognizes the strong emphasis we place on agribusiness. Season after season, our ag team is out in the community, talking to area farmers about the challenges they face and how we can help them grow.

Despite the demands of 2020, it was a good year for the farming community — with strong yields, profitable grain prices and robust government payments. Low interest rates and increased farm income kept land prices strong and demand for ag loans high.

2021 has begun with continued low interest rates and profitable grain price projections. We expect this trend to create strong ag loan demand for expansion and new equipment purchases. First Bank of Berne, the 83rd largest farm lender by dollar volume in the country*, will be there to meet it.

* FDIC, 3rd quarter 2020, ABA.com





We believe in the business of supporting area businesses.

Small businesses are not only the backbone of our country, they're the lifeblood of the communities we serve. At First Bank of Berne, we're proud to do everything in our power to help area businesses succeed — especially in a difficult year.

One highlight of 2020 was witnessing the agility of our customers. Restaurant owners switched to carryout, manufacturers created new products to solve problems posed by the pandemic, and retailers found new ways to boost customer confidence. Likewise, our business banking team shifted its

focus to PPP loans, virtual client meetings, and “how can we help?” phone calls.

By being challenged to think differently, we found new levels of effectiveness and efficiency. We rolled out an updated version of our business online banking platform offering fewer clicks and more functionality. We also offered services uniquely positioned for the pandemic — direct deposit payroll, mobile deposit, and e-sign. Through it all, First Bank of Berne was here for area businesses with products, services, convenience, advice, and more.

An aerial photograph of a town at sunset. The sun is low on the horizon, casting a warm, golden glow over the scene. In the foreground, there are residential houses and a street. In the middle ground, a prominent church with a tall steeple is visible. The background shows a wide river or valley. The overall atmosphere is peaceful and community-oriented.

We believe in local support for local business.

Business was tough for retailers in 2020. The pandemic wreaked havoc on just about every aspect of business. Especially hard hit were locally owned businesses.

First Bank of Berne stepped up to help the communities we serve by sponsoring two Shop Local campaigns.

Working with area leaders and chambers of commerce, First Bank of Berne developed two marketing campaigns centered on the benefits of shopping locally. Through these strategic partnerships, we provided area chambers with attention-grabbing billboards, radio and newspaper ads, banners, and window clings focused on the Shop Local message. The goal was to help sustain local businesses during the pandemic and remind customers to support area merchants. Any retailer could participate, and they did not have to be customers of First Bank of Berne.

“Working with First Bank of Berne has been a breath of fresh air in so many ways — it is nice to be appreciated... and it is nice to work with a bank that chooses to support and understand small 'main street' business.”

– V. Scott Manwaring, General Manager and CFO, Fuqua Chrysler Dodge Jeep & Ram;
Vice President, Jay County Chamber of Commerce



“I want to show our appreciation for sponsoring our Shop Local campaign for the year of 2020. It is not often that you see a whole county pull together when the going gets tough, but Adams County has a true friend in our local bank, First Bank of Berne.”

– Craig Coshow, Executive Director, Decatur Chamber of Commerce



First Bank of Berne

We believe
in investing in
our communities.

Over the past few years, the local banking landscape has changed. Banks have changed names and ownership. They've closed branches and left communities. But while others have moved away, First Bank of Berne has renewed its commitment to and investment in our local communities.

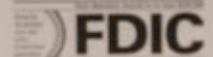
One of the highlights of 2020 was the renovation of our Bluffton branch. This project goes beyond decorative updates. It's an investment in the Bluffton community — one that demonstrates our ongoing financial commitment to the communities we serve.

Why are other banks closing branches? One reason often cited is the move to greater technology. At First Bank of Berne, we believe technology should be used to help customers, not avoid them. In fact, we offer industry-leading mobile and online services. But we also believe in the power of personal relationships and friendly, face-to-face banking.

Day in and day out, our goal is to provide our customers the best of both worlds and deliver a superior customer experience, whichever way the customer chooses.

Christina

Branch Accessibility Policy





We believe in leading the way.

At First Bank of Berne, we're proud of our history as a locally owned, community bank. We're equally proud of the fact that our team is made up of people who live in and love these communities. This includes our leadership team. Through their effective, day-to-day management of the bank and its branches, these talented executives work hard to develop strategic goals and objectives for the long-term success of our organization and to meet the financial needs of our customers.



EXECUTIVE LEADERSHIP

Jenilee Bransteter
Business Banking Manager

Rick Gentis
Agribusiness Banking Manager

Kevin Gould
Chief Financial Officer

Kent Liechty
President/Chief Executive Officer

Sharon Neuenschwander
Human Resources Manager

Deon Shoaf
Chief Operations Manager

Our board of directors take the success of this area personally, because it's their home, too. Working not only for the growth and success of our bank, our board of directors is equally invested in the success of our communities. Working together, they're leading the way for a bright future for First Bank of Berne and the area as a whole. That's real local leadership. Thanks to their expert guidance, First Bank of Berne remains well positioned for growth.



BOARD OF DIRECTORS

David Baumgartner
Chairman of the Board,
Baumgartner Attorneys

Lindsey R. Beer
Operations Manager,
Zurcher's Best-One Tire

Todd Fiechter
Fiechter Family Livestock

Lisa Girod
CPA, Honegger,
Ringger & Co.

Kent Liechty
President/Chief
Executive Officer

Daryl Martin
Retired Executive
Director, Swiss Village

Roger Muselman
Chairman, DRG, Inc.

Matthew Subler
Sales Manager,
Berne Ready Mix

ASSETS

As of December 31, Dollars (In millions)

2020	\$905.57
2019	\$714.30
2018	\$711.38
2017	\$667.92
2016	\$666.22

STOCK TRADE PRICE

As of December 31, (In dollars)

2020	\$7.020
2019	\$5.767
2018	\$4.847
2017	\$4.874
2016	\$4.581

GROSS LOANS

As of December 31, Dollars (In millions)

2020	\$599.12
2019	\$564.42
2018	\$552.88
2017	\$519.67
2016	\$471.69

DEPOSITS

As of December 31, Dollars (In millions)

2020	\$766.20
2019	\$591.69
2018	\$586.20
2017	\$529.85
2016	\$529.79

CONSOLIDATED STATEMENT OF CONDITION (000s)

Close of Business December 31, 2019 & December 31, 2020

ASSETS	2019	2020
Cash and Cash Equivalents	\$18,812	\$89,440
Investment Securities	\$117,909	\$204,727
Loan (net of valuation reserve) (\$7,441 in 2019 & \$8,367 in 2020)	\$556,983	\$590,753
Premises & Equipment, net	\$10,577	\$10,809
Accrued Income	\$4,370	\$4,669
Other Assets	\$5,650	\$5,172
TOTAL ASSETS	\$714,301	\$905,570
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-Interest Bearing Deposits	\$143,061	\$168,916
Interest Bearing Deposits	\$448,626	\$597,284
TOTAL DEPOSITS	\$591,687	\$766,200
Other Liabilities	\$5,697	\$4,509
Federal Home Loan Bank Advances	\$25,000	\$35,000
Other Short Term Borrowings	\$13,294	\$10,661
TOTAL LIABILITIES	\$635,678	\$816,370
STOCKHOLDERS' EQUITY		
Capital Stock	\$1,600	\$1,600
Additional Paid-in Capital	\$10,017	\$10,528
Retained Earnings	\$99,173	\$105,272
Unearned ESOP Compensation	(\$3,104)	(\$2,920)
Treasury Stock	(\$30,706)	(\$32,360)
Unrealized Gain/Loss on Securities	\$1,643	\$7,080
TOTAL STOCKHOLDERS' EQUITY	\$78,623	\$89,200
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$714,301	\$905,570

CONSOLIDATED STATEMENT OF INCOME (000s)

Years Ended December 31, 2019 & December 31, 2020

INCOME	2019	2020
Interest Income	\$31,353	\$31,688
Interest Expense	\$5,021	\$3,224
NET INTEREST INCOME	\$26,332	\$28,464
Provision for Loan Losses	\$975	\$1,080
NON-INTEREST INCOME		
Service Charges on Deposit Accounts	\$2,217	\$1,696
Debit Card Income	\$1,587	\$1,916
Other Non-Interest Income	\$1,878	\$4,952
TOTAL NON-INTEREST INCOME	\$5,682	\$8,564
NON-INTEREST EXPENSE		
Salaries and Employee Benefits	\$8,403	\$9,169
Occupancy and Equipment Expense	\$1,678	\$1,660
Other Non-Interest Expense	\$5,911	\$6,231
TOTAL NON-INTEREST EXPENSE	\$15,992	\$17,060
NET INCOME	\$15,047	\$18,888

CAPITAL

As of December 31, Dollars (In millions)

2020	\$89.20
2019	\$78.62
2018	\$70.23
2017	\$66.36
2016	\$62.28

NET INCOME

As of December 31, Dollars (In millions)

2020	\$18.89
2019	\$15.05
2018	\$13.14
2017	\$11.82
2016	\$11.28

EARNINGS PER SHARE

As of December 31, (In dollars)

2020	\$1,044.46
2019	\$778.83
2018	\$678.52
2017	\$612.12
2016	\$587.08

DISTRIBUTIONS PER SHARE

As of December 31, (In dollars)

2020	\$659.00
2019	\$518.00
2018	\$453.00
2017	\$420.00
2016	\$406.00



FirstBankofBerne.com | 800-589-7848

We believe IN WORKING TOGETHER.

BERNE
1105 North U.S. Hwy 27
Berne, IN 46711
260-589-2670

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

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

