

An aerial photograph of a town at sunrise. The sun is low on the horizon, casting a warm, golden glow over the scene. The town features a mix of residential houses, a prominent church with a steeple, and a large open field. The sky is a mix of blue and orange, with some light clouds.

We believe
STRENGTH GROWS THROUGH COMMUNITY.

 **First Bank
of Berne**

2021 ANNUAL REPORT



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PRESIDENT'S LETTER



Many individuals, businesses, and communities have endured a considerable amount of stress during the past two years as a result of the pandemic. First Bank of Berne,

over our 130 year history, has survived and thrived through many disruptive community and worldwide events including the most recent situations. We continue to look out our window into the future and see uncertainty with inflation, supply chain disruptions, geopolitical unrest, along with several challenging headwinds impacting many sectors of our economy. Your First Bank of Berne team is committed to the safety and security of our bank during this uncertainty and is well positioned to thrive as we adapt to the unknown.

First Bank of Berne had another strong year with record profits in a fluctuating economy. We thank God for our success. Our employees have worked hard to keep our bank prosperous in an economy and political environment which continues to be volatile. Profits for the year were \$19.2 million and total assets ended the year at \$1.08 billion as we crossed over the billion benchmark with 19% growth during the twelve month period. The loan quality for our bank has remained strong due to the corporate philosophy

Sincerely,

Kent A. Liechty
President & CEO

of keeping things simple and maintaining our focus on what we do well and avoiding areas of excessive risk.

Our bank is committed to preparing for the future as we consistently evaluate opportunities to create operational efficiencies and leverage technology. Planning for an enhanced client experience with digital solutions is one of our main focus areas allowing us to be innovative in bringing technology to our clients in an effective manner. This technology investment is expensive, however necessary to stay ahead of the financial services required by our local communities to grow and develop.

Clients throughout Indiana and Ohio depend upon First Bank of Berne to provide the financial support and innovation needed both today and in the future through unexpected circumstances. First Bank of Berne employees exhibit dedication, hard work, and make me optimistic about the future of community banking. I say this with increased confidence as we have been able to attract and retain the qualified employees needed to invest in the processes and procedures necessary to operate in a banking environment that has ever increasing compliance and regulatory requirements. Our team members are working to build something special that matters to our customers, communities, and shareholders. We are fortunate to have a dedicated group who are committed to doing things the right way.

We believe IN THE VALUE OF PEOPLE.

PURPOSE

To help our customers improve their financial future.

VISION

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

MISSION

To make banking easy.

VALUES

Integrity
Knowledge
Empowerment
Community
Teamwork
Fun

First Bank of Berne is a different kind of bank. In fact, that could be one of the reasons you chose us. At First Bank of Berne, we're about more than money. We're about building relationships, helping our neighbors get ahead, investing in local communities, and doing the right thing — even when no one is watching.

It's an old fashioned way of doing business, but it works for us. And our customers and shareholders seem to like it. The guiding principles we follow are written on our hearts, but they're also printed here and posted in our workspaces as a constant reminder of the things that matter.



JOHNSON FAMILY FARMS

Scan the QR code to view a testimonial video of the Johnson family and their farming operation.



For the Johnsons, doing business with First Bank of Berne has been a family tradition for more than 20 years. “Anytime I’m doing business, I want to deal with somebody who’s in my community,” says Matt Johnson of Johnson Family Farms, Redkey, Indiana.

“I like to deal with places that know and understand agriculture,” he says. “So with First Bank of Berne, we know all the way to the very top that they’ve been in agriculture. They understand agriculture. They know where we’re at. They know where we’re going.”

And First Bank of Berne is right there with them, offering personalized solutions and competitive rates to meet their needs. “They sit down and listen to you, and they come up with a plan that is best for you and your situation,” says Matt. “They’re always willing to work with me.”



We believe
**GOOD LISTENERS
 MAKE GOOD LENDERS.**

“It seems like nowadays, you can go to the bank on Friday, and on Monday it’s a different owner, different banking, different people. And I feel like First Bank of Berne is going to be there.”

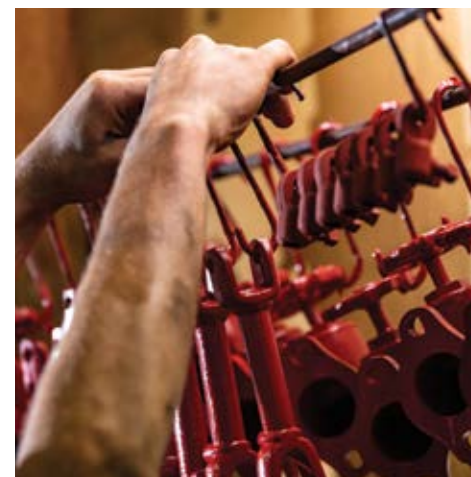
— Tom Johnson

We believe
IN FAMILY BUSINESSES.



"I'm proud to know that Jason is following in a lot of the technology that First Bank of Berne is offering... They've always been there for us, and now we can let him develop that relationship."

— Clez Lehman



HITZER STOVES

When Hitzer Stoves first opened its doors in 1975, First Bank of Berne was there to help. "If it wouldn't have been for the bank, we'd have been out of business," says Clez Lehman of Hitzer Stoves, a family-owned business in Berne, Indiana. "They've been a great asset all the way through."

Today, 47 years later, Hitzer Stove's relationship with the bank is stronger than ever. "Having the relationship that we've built...allows a freedom to know that we can potentially do a larger project or buy a property and...they would stand behind us and work with us on whatever we needed," says Clez's grandson Jason.

Clez's son Dean agrees. "First Bank of Berne is stable," he says. "It's been there. It's treated us right. There's just no reason to go anywhere else."

Scan the QR code to view a testimonial video of the Lehman family and their multi-generational manufacturing business.





DOUBLE L FARMS

Scan the QR code to view a testimonial video of Luke Liechty and his farming operation.



As a farmer facing unpredictable weather and fluctuating markets, Luke Liechty of Double L Farms appreciates the stability he's found with First Bank of Berne. "As a local bank, they're not going to go anywhere," says Luke. "They're also going to be looking for opportunities that are focused on our community and the businesses in our community, especially in agriculture."

For example, when First Bank of Berne heard that Luke's uncle was ready to retire from farming, they were proactive in helping to create a succession plan — one that allowed Luke to capitalize on the opportunity and continue stewarding his family's land near Berne, Indiana.

"They care about me as a person. They care about the relationship," says Luke. "And they want to make sure that I'm successful as a business owner, because when I'm successful, ultimately they're successful."



We believe
**IN THE NEXT GENERATION
OF FARMERS.**

"What I like about working with the people at First Bank of Berne is that they're similar to me. They grew up in this community. They have roots, locally...They believe in the value of people."

— Luke Liechty

We believe
IN PUTTING PEOPLE FIRST.

“Being a small, locally owned business, we always want to align our values with our partners and the vendors we work with. Working with First Bank of Berne, I believe their customer service is second to none.”

— Sandy Bridges



BRIDGES PROPERTY MANAGEMENT

For Sandy Bridges and son Brendan Brooks, the apartment business is all in the family. “My father and mother built our business from the ground up,” says Sandy of Bridges Property Management. And having a bank that shares her company’s values is important.

“When you’re in the people business,” she says, “you’re about pleasing the customer... and that’s what First Bank of Berne does for me. They get it. They care enough to get to know me, to ask questions...so they can give me the best products for my business.”

Case in point. A few years ago, First Bank of Berne came to Bridges Property Management with a new technology that processes checks right in their office. “It has really made our processing of deposits far more efficient,” says Brendan.

“Making it easy for me is huge,” says Sandy. “First Bank of Berne does that for me.”

Scan the QR code to view a testimonial video of Sandy and Brendon and their property management business.



Bridges Property Management

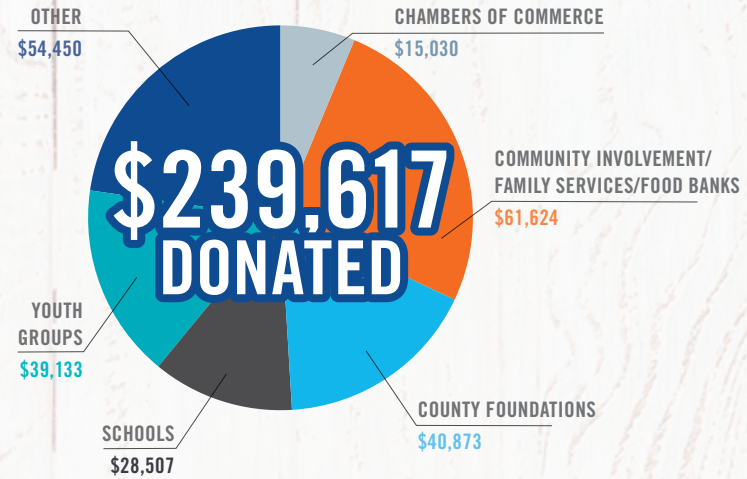


We believe IN MAKING A DIFFERENCE.

Every year, First Bank of Berne invests thousands of dollars in each of our communities — supporting local charities, youth sports leagues, local parks, healthcare initiatives, education programs, and more. In addition, our employees give their time to worthy causes by serving on nonprofit boards, coaching, volunteering, and lending a hand to those in need.

Another way we invest in our communities is by sponsoring an annual Shop Local campaign. The campaign reminds

customers of the benefits of shopping locally for goods and services. By working with area leaders and chambers of commerce, the campaign helps local businesses thrive and has provided a welcomed extra boost to local economies hard-hit by the pandemic this year.



We believe IN LEADERSHIP THROUGH ACTION.

EXECUTIVE LEADERSHIP

(from left to right)

Kent Liechty
President/Chief Executive Officer



Sharon Neuschwander
Human Resources Manager



Rick Gentis
Agribusiness Banking Manager



Deon Shoaf
Chief Operations Manager



Kevin Gould
Chief Financial Officer



Jenilee Bransteter
Business Banking Manager



At First Bank of Berne, we don't just talk local. We live it. Every member of our leadership team works right here in our area — not in some remote location. They understand the financial needs of this region and the people who live here because this is their community, too. From our executive management team to our board of directors, the leaders at First Bank of Berne are dedicated to achieving long-term success for our organization, meeting the financial needs of our customers, and building a bright future for all of our communities.

BOARD OF DIRECTORS

(from left to right)

Todd Fiechter
*Fiechter Family
Livestock*

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

Roger Muselman
*Chairman,
DRG, Inc.*

David Baumgartner
*Chairman of the Board,
Baumgartner Attorneys*

Kent Liechty
*President/Chief
Executive Officer*

Lisa Girod
*CPA, Honegger,
Ringger & Co.*

Daryl Martin
*Retired Executive
Director, Swiss Village*

Matthew Subler
*Sales Manager,
Berne Ready Mix*



ASSETS

As of December 31, Dollars (In millions)

2021	\$1,083.28
2020	\$905.57
2019	\$714.30
2018	\$711.38
2017	\$667.92

STOCK TRADE PRICE

As of December 31, (In dollars)

2021	\$7.802
2020	\$7.020
2019	\$5.767
2018	\$4.847
2017	\$4.874

GROSS LOANS

As of December 31, Dollars (In millions)

2021	\$650.94
2020	\$599.12
2019	\$564.42
2018	\$552.88
2017	\$519.67

DEPOSITS

As of December 31, Dollars (In millions)

2021	\$938.42
2020	\$766.20
2019	\$591.69
2018	\$586.20
2017	\$529.85

CONSOLIDATED STATEMENT OF CONDITION (000s)

Close of Business December 31, 2020 & December 31, 2021

ASSETS	2020	2021
Cash and Cash Equivalents	\$89,440	\$79,001
Investment Securities	\$204,727	\$326,287
Loan (net of valuation reserve) (\$8,367 in 2020 & \$8,807 in 2021)	\$590,753	\$642,130
Premises & Equipment, net	\$10,809	\$10,718
Accrued Income	\$4,669	\$5,144
Cash value of life insurance	–	\$15,369
Other Assets	\$5,172	\$4,629
TOTAL ASSETS	\$905,570	\$1,083,278
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-Interest Bearing Deposits	\$168,916	\$339,789
Interest Bearing Deposits	\$597,284	\$598,631
TOTAL DEPOSITS	\$766,200	\$938,420
Other Liabilities	\$4,509	\$6,135
Federal Home Loan Bank Advances	\$35,000	\$35,000
Other Short Term Borrowings	\$10,661	\$11,173
TOTAL LIABILITIES	\$816,370	\$990,728
STOCKHOLDERS' EQUITY		
Capital Stock	\$1,600	\$1,600
Additional Paid-in Capital	\$10,528	\$10,874
Retained Earnings	\$105,272	\$111,422
Unearned ESOP Compensation	(\$2,920)	(\$2,737)
Treasury Stock	(\$32,360)	(\$32,428)
Unrealized Gain/Loss on Securities	\$7,080	\$3,819
TOTAL STOCKHOLDERS' EQUITY	\$89,200	\$92,550
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$905,570	\$1,083,278

CONSOLIDATED STATEMENT OF INCOME (000s)

Years Ended December 31, 2020 & December 31, 2021

INCOME	2020	2021
Interest Income	\$31,688	\$32,282
Interest Expense	\$3,224	\$2,218
NET INTEREST INCOME	\$28,464	\$30,064
Provision for Loan Losses	\$1,080	\$480
NON-INTEREST INCOME		
Service Charges on Deposit Accounts	\$1,696	\$1,627
Debit Card Income	\$1,916	\$2,278
Other Non-Interest Income	\$4,952	\$3,445
TOTAL NON-INTEREST INCOME	\$8,564	\$7,350
NON-INTEREST EXPENSE		
Salaries and Employee Benefits	\$9,169	\$9,413
Occupancy and Equipment Expense	\$1,660	\$1,721
Other Non-Interest Expense	\$6,231	\$6,591
TOTAL NON-INTEREST EXPENSE	\$17,060	\$17,725
NET INCOME	\$18,888	\$19,209

CAPITAL

As of December 31, Dollars (In millions)

2021	\$92.55
2020	\$89.20
2019	\$78.62
2018	\$70.23
2017	\$66.36

NET INCOME

As of December 31, Dollars (In millions)

2021	\$19.21
2020	\$18.89
2019	\$15.05
2018	\$13.14
2017	\$11.82

EARNINGS PER SHARE

As of December 31, (In dollars)

2021	\$1,004.03
2020	\$1,044.46
2019	\$778.83
2018	\$678.52
2017	\$612.12

DISTRIBUTIONS PER SHARE

As of December 31, (In dollars)

2021	\$673.00
2020	\$659.00
2019	\$518.00
2018	\$453.00
2017	\$420.00



BERNE

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

KOKOMO

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

PORTLAND

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

BLUFFTON

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

PERU

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

VAN WERT

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

DECATUR

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



FirstBankofBerne.com | 800-589-7848



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