

We believe

IN THE POWER OF COMMUNITY

2022
ANNUAL REPORT



02 President's Letter

03 Who We Are

04 *Customer Testimonial:*
Adams Memorial Hospital

06 *Customer Testimonial:*
Community Care of Northeast Indiana

08 *Customer Testimonial:*
Adams County 4-H

10 *Customer Testimonial:*
Nidlinger Farms

12 Community Investment

14 Leadership

16 2022 Balance Sheet



PRESIDENT'S LETTER



We began the year 2022 with optimism that our economy and world events were settling down as we entered a post-COVID environment with stability in our economic conditions. It became apparent during the first quarter of the year that we were dealing with new and unexpected headwinds, including the Russian invasion of Ukraine and accelerating national and global inflation. These and other variables created volatility across the bond and equity markets. Our First Bank of Berne team has worked diligently to position our bank to maintain safety and soundness during this economic transitional period, while also keeping our financials healthy. We wrapped up the year with total assets of \$1.05 billion including net income of \$20.38 million. The rapid inflationary pressures aided our profits during the first part of the year with a declining impact after interest rate increases were realized.

The rural areas we call home at First Bank of Berne are reliant upon a strong, local financial institution for many reasons. The access to loan, deposit, cash management services, and expertise are vital for consumers, businesses, and municipalities to grow and thrive. We invest heavily in providing these services and the technology necessary to deliver them effectively in a world that becomes more digital daily. We also invest in developing local bank team members who offer financial solutions to our clients in a manner that is timely, knowledgeable, and highly professional.

This commitment to our communities extends to the financial support of many local non-profits and other community-based organizations. Our involvement goes beyond our financial support as we have many team members who volunteer their time with local organizations focused on their mission of supporting our youth, elderly, health services, crisis centers, and many other essential functions. These are vital quality-of-life services which make our local communities great places to live, work, worship, and educate our children and grandchildren.

You have probably noticed our multi-year "Shop Local" campaign in partnership with local chambers of commerce. When we all support local, everyone wins, including residents, businesses, non-profits, and the First Bank of Berne. Our local commitment is unwavering and one that grows stronger as our local influence and impact becomes more essential in times of uncertainty and changing market conditions. We believe First Bank of Berne is here to serve and support the communities we call home, and to keep them vibrant and thriving for many generations to come.

Sincerely,

Kent A. Liechty
President & CEO

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

At First Bank of Berne, we are united by a commitment to help others. It's a calling we strive to fulfill not only through banking, but by investing in the people, businesses and nonprofit organizations that share our community.

For us, giving back isn't just about financial contributions. We also volunteer at local charities. We serve as youth mentors and coaches. We support and promote the hopes and visions of our fellow locals because we believe in the power of community.



We believe
**HEALTHY BUSINESSES
 LEAD TO A HEALTHY
 COMMUNITY.**



ADAMS MEMORIAL HOSPITAL

Dane Wheeler, CFO for Adams Memorial Hospital (AMH) maintains it's important to have a bank that understands where you are coming from. "Our mission is to be invested in, and a reflection of, the community. I like working with First Bank of Berne because they share our mission. They're fully invested in the local community." Kyle Sprunger, AMH's Assistant CFO agrees, saying, "With First Bank of Berne, it's not a transactional relationship. We know

the people there. We go to church with them. We see them in the community."

Scott Smith, the CEO of AMH, finds First Bank of Berne's commitment to community refreshing. He says, "As a county hospital, we are committed to seeing that decisions about our future as a healthcare provider are made locally. First Bank of Berne has the same commitment. The decisions they make that impact our community are all made locally."



Scan the QR code to hear more about how First Bank of Berne serves Adams Memorial Hospital.

"At Adams Memorial Hospital, it's very important that we value people. Valuing people means we not only care for our patients, but for the associates who work for the hospital. When we interact with First Bank of Berne, I see that same

commitment to their employees and customers, and it makes me want to be their customer."

~ Scott Smith
 CEO & Medical Director
 Adams Memorial Hospital
 Decatur, Indiana



We believe
**ALL RELATIONSHIPS
SHOULD BE PERSONAL.**

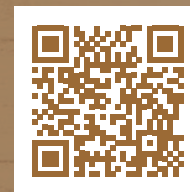
COMMUNITY CARE OF NORTHEAST INDIANA

When Chris Walker, the Executive Director for Community Care of Northeast Indiana, was searching for a bank that could help her organization grow, she sought recommendations. "First Bank of Berne came highly recommended. We chose them because they are known for community involvement," says Chris.

She quickly discovered that First Bank of Berne shares her organization's values. "At Community Care, relationships are key and everyone

is valued. When we walk into First Bank of Berne, we feel valued by every staff member," says Chris.

She maintains First Bank of Berne's willingness to partner with them in changing the lives of people in the community has been wonderful. "We want to see people reach for their dreams and grow. Having First Bank of Berne as our banking partner instills trust from our donors and helps us achieve our dreams," says Chris.



Scan the QR code to hear more about how First Bank of Berne serves Community Care of Northeast Indiana.

"First Bank of Berne saw our vision of what a changed family can do to a community. They joined us in pursuing that vision, and we're very thankful."

~ Chris Walker
Executive Director,
Community Care of Northeast Indiana
Bluffton, Indiana



We believe
**IN INVESTING IN
OUR YOUTH.**



ADAMS COUNTY 4-H

As an Educator for Adams County 4-H, Amy Rumschlag states that the best way to invest in the future of a community is to invest in its youth. She is grateful First Bank of Berne shares this perspective. “Adams County 4-H enables more than 700 youths in our community to develop real-world leadership skills by participating in a variety of learning projects—and all of this would not be possible without the

ongoing support we receive from First Bank of Berne,” says Amy.

Amy loves the strong community relationship that Adams County 4-H and First Bank of Berne have. She says, “The people at First Bank of Berne live and work here. They are parents to 4-H members, and they are our biggest supporters and volunteers.”



*Scan the QR code to
hear more about how
First Bank of Berne serves
Adams County 4-H.*

“Like 4-H, First Bank of Berne makes good things happen. They believe in giving back to the community and making our area a better place to live.”

*~ Amy Rumschlag,
Adams County 4-H Educator
Monroe, Indiana*



NIDLINGER FARMS

John and Nan Nidlinger of Nidlinger Farms have been in business close to 50 years and in all that time one quality has remained essential to the people they choose to do business with—relationships. “We’re relationship people, and we like to do business with people that understand our business. First Bank of Berne understands agriculture, and they understand our operation.

They have great people and a great reputation,” says John.

Nan agrees, “It’s very important to know the people you bank with because you need to be able to have conversations with them. First Bank of Berne is a local community bank, so you can pick up the phone and talk to them when you need to.”



Scan the QR code to hear more about how First Bank of Berne works with Nidlinger Farms.

“First Bank of Berne is very involved in the community, and in helping local agricultural businesses grow.”

~ Nan Nidlinger,
Nidlinger Farms
Decatur, Indiana

We believe LOCAL INVESTMENTS HAVE THE BEST RETURNS.



The Community Bank Multiplication Factor

When a community bank lends money to a local business, it's likely that much of the money will be used and spent locally.

1) Deposit Money

When you choose to bank locally, your deposits make a positive impact on our local community!

2) Loan

Your deposits are returned to the community in the form of loans for local businesses, farms, and homes.

3) Money Multiplier

Suppose a local farmer deposits \$10,000 at our bank. We hold 10%, \$1,000, in reserves (as required by the Federal Reserve Bank) and lend out the remaining \$9,000. We lend that money to a local business that needs a new delivery vehicle. The business spends the money at a local automobile dealer, who then deposits the \$9,000 back at the bank. Again, we hold 10%, \$900, and lend out the remaining \$8,100. This time we lend the \$8,100 to a neighbor for a home improvement project. The cycle keeps repeating. In the end, that \$10,000 deposit turns into about \$90,000 in loans invested into our local economy. It's what economists call the money multiplier.

4) Benefit the Community

Local businesses receiving loans sustain and grow their business, which keeps and creates new jobs in our communities. Those gainfully employed citizens deposit a portion of their earnings in the bank, but also spend much of it at local businesses. When money is deposited locally, invested locally, and spent locally, our communities prosper!

Community Investment Summary

At First Bank of Berne, we are committed to investing in the future growth and prosperity of our communities. We do this in a number of ways, from promoting area businesses and coaching youth sports leagues, to volunteering at 4-H events, serving as board members for area charities, and of course, making financial contributions.

We believe it's important to remember where you come from, and to demonstrate your appreciation in tangible ways. We are grateful for the opportunities we get to support the many wonderful people and programs that endeavor to make the communities we share successful in every way.



577+
VOLUNTEER HOURS

\$297K
DONATED



We believe GREAT LEADERS BUILD GREAT COMMUNITIES.

To truly understand the financial needs of a community, you have to be there. Fortunately for First Bank of Berne, all of our leaders and employees are locals. More importantly, because we live locally, we are fully invested in doing what's best for our customers, area businesses, and community. It's the secret of our ongoing success, and our privilege as trusted neighbors in the community.

Executive Leadership



Kent Liechty
President/Chief Executive Officer



Sharon Neuenschwander
Human Resources Manager



Rick Gentis
Agribusiness Banking Manager



Deon Shoaf
Chief Operations Manager



Kevin Gould
Chief Financial Officer



Jenilee Bransteter
Business Banking Manager

Board of Directors



Todd Fiechter
Fiechter Family Livestock



Roger Muselman
Chairman, DRG, Inc.



Kent Liechty
President/Chief Executive Officer



Daryl Martin
Retired Executive Director, Swiss Village



Matthew Subler
Sales Manager, Berne Ready Mix



Lindsey R. Beer
Operations Manager, Best-One Tire



David Baumgartner
*Chairman of the Board,
Baumgartner Attorneys*



Lisa Girod
CPA, Honegger, Ringger & Co.

CONSOLIDATED STATEMENT OF CONDITION (000s)

Close of Business December 31, 2021 & December 31, 2022

	2021	2022
ASSETS		
Cash and Cash Equivalents	\$79,001	\$21,661
Investment Securities	\$326,287	\$285,876
Loan (net of valuation reserve)(\$8,807 in 2021 & \$8,745 in 2022)	\$642,130	\$700,911
Premises & Equipment, net	\$10,718	\$9,945
Accrued Income	\$5,144	\$6,618
Cash Value of Life Insurance	\$15,369	\$15,822
Other Assets	\$4,629	\$4,521
TOTAL ASSETS	\$1,083,278	\$1,045,354
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-Interest Bearing Deposits	\$339,789	\$373,143
Interest Bearing Deposits	\$598,631	\$590,199
TOTAL DEPOSITS	\$938,420	\$963,342
Other Liabilities	\$6,135	\$4,480
Federal Home Loan Bank Advances	\$35,000	\$25,000
Other Short Term Borrowings	\$11,173	\$8,589
TOTAL LIABILITIES	\$990,728	\$1,001,411
STOCKHOLDERS' EQUITY		
Capital Stock	\$1,600	\$1,600
Additional Paid-in Capital	\$10,874	\$11,110
Retained Earnings	\$111,422	\$117,689
Unearned ESOP Compensation	(\$2,737)	(\$2,554)
Treasury Stock	(\$32,428)	(\$32,452)
Unrealized Gain/Loss on Securities	\$3,819	(\$51,450)
TOTAL STOCKHOLDERS' EQUITY	\$92,550	\$43,943
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$1,083,278	\$1,045,354

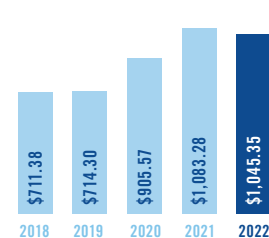
CONSOLIDATED STATEMENT OF INCOME (000s)

Years Ended December 31, 2021 & December 31, 2022

	2021	2022
INCOME		
Interest Income	\$32,282	\$38,148
Interest Expense	(\$2,218)	(\$5,036)
NET INTEREST INCOME	\$30,064	\$33,112
Provision for Loan Losses	\$480	—
NON-INTEREST INCOME		
Service Charges on Deposit Accounts	\$1,627	\$1,867
Debit Card Income	\$2,278	\$2,293
Other Non-Interest Income	\$3,445	\$2,513
TOTAL NON-INTEREST INCOME	\$7,350	\$6,673
NON-INTEREST EXPENSE		
Salaries and Employee Benefits	\$9,413	\$9,780
Occupancy and Equipment Expense	\$1,721	\$1,936
Other Non-Interest Expense	\$6,591	\$7,693
TOTAL NON-INTEREST EXPENSE	\$17,725	\$19,409
NET INCOME	\$19,209	\$20,376

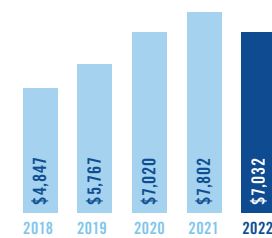
ASSETS

As of December 31, Dollars (In millions)



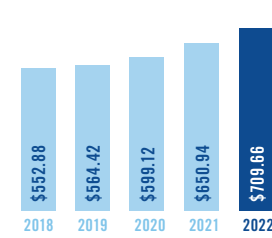
STOCK TRADE PRICE

As of December 31, (In dollars)



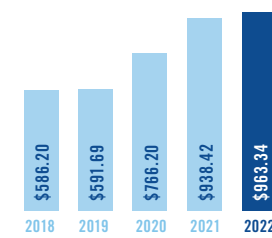
GROSS LOANS

As of December 31, Dollars (In millions)



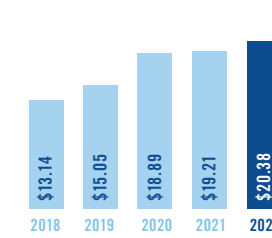
DEPOSITS

As of December 31, Dollars (In millions)



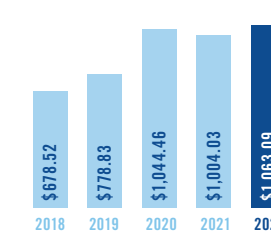
NET INCOME

As of December 31, Dollars (In millions)



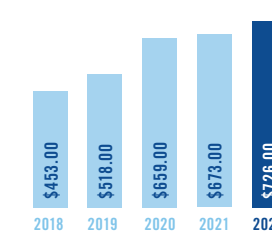
EARNINGS PER SHARE

As of December 31, (In dollars)



DISTRIBUTIONS PER SHARE

As of December 31, (In dollars)





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

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

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

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

PORTLAND
 185 Industrial Drive
 Portland, Indiana 47371
 260-726-2133

VAN WERT
 102 Christopher Crossing
 Van Wert, Ohio 45891
 419-232-2222

