

We believe
IN A BRIGHT FUTURE.



We believe IN THE PROMISE OF TOMORROW.

At First Bank of Berne, we have stayed true to our beliefs and values for more than a century. However, we are far from stuck in the past. As we wrap up 2017, we are looking ahead to opportunities not only for our success and growth, but for the chance to help our customers achieve their dreams, as well. Because at First Bank of Berne, we believe that by working together, we can build a bright future.





PRESIDENT'S LETTER	05	LEADERSHIP	12
AGRIBUSINESS	06	GET TO KNOW US	14
BUSINESS BANKING	08	BALANCE SHEET	16
PERSONAL BANKING	10	SECURITY	18
MORTGAGE BANKING	11	OUR PEOPLE	19



As we reflect on the accomplishments of 2017, we keep our eyes on the horizon, ready to meet the future head on with plans for continued success and growth.

This has been an instrumental year as we strive to lay the groundwork for our future. First Bank of Berne recently made significant investments in our systems and technology to provide customers with innovative solutions to meet their financial needs. Our employees continue to fuel our success and provide us with a strong platform to grow our organization in a way which benefits our local communities and our customers.

Profitability has been strong with a 2017 net income of \$11.81 million. This is a result of economic expansion factors, efficiencies in our organization and seizing growth opportunities. While we experienced moderate growth in 2017, we continue to act cautiously as the business foundation and fundamentals can shift rapidly during uncertain economic cycles. We relied on our vast experience and expertise to analyze risk and utilize smart management practices in order to protect your investment. Of course, this remains a priority into the future.

Going forward, our strategy is to pursue consistent bank growth with an acceptable amount of risk, while positioning our bank as the market leader in providing financial services to our clients. We have strategically invested in highly qualified employees who are able to provide the expertise and professionalism our local communities have come to expect from First Bank of Berne.

We are positive about the future. We look forward to meeting the upcoming challenges and taking advantage of opportunities provided to us. I would like to thank you, our shareholders, customers, partners and employees for your continuous engagement and trust. Without you, our success today and tomorrow would simply not be possible.



Kent A. Liechty
President & CEO

We believe

WORKING HARD TODAY WILL PAY OFF TOMORROW.

First Bank of Berne is proud of the relationships we've built with farmers. They understand the challenges of working toward the future. After all, every year, farmers plant seeds with the hope of an outstanding crop at harvest. Our experienced agribusiness team takes the same optimistic approach with customers, while also offering real solutions.

GROWING RELATIONSHIPS. The 2017 farming season

was long and frustrating. A wet spring forced many to replant fields multiple times. The favorable weather at season's end wasn't enough to raise low grain prices. Rather than sit back and look to next year, our agribusiness team took a proactive approach.

We once again sat at kitchen tables and in family rooms throughout the region, visiting customers on their turf. We attended auctions and field days. Everywhere we went, we

(Left to Right) **Jamie McDonald**, Loan Officer, Berne | **Rex Journey**, Agribusiness Banker, Portland | **Nathan Liechty**, Agribusiness Banker, Berne
Brent Hickman, Agribusiness Banker, Kokomo | **Kody Kumfer**, Agribusiness Banker, Bluffton | **Tim Tobias**, Agribusiness Banker/Crop Insurance Services, Berne
Lisa Gilbert, Loan Assistant, Bluffton | **Michelle Dahlinghaus**, Agribusiness Banker/Crop Insurance Services, Portland | **Dan Buuck**, Agribusiness Banker/Crop Insurance Services, Decatur
Angela Paxson, Agribusiness Banker, Portland | **Lori Liechty**, Loan Assistant, Berne | **Roger Cline**, Agribusiness Banker, Kokomo



talked about real issues, offered useful information and helped uncover opportunities for improving financial situations. By comparing numbers to those of other farmers, we demonstrated the importance of knowing the actual cost of production. Then, we could talk about budgets, cutting costs, and finding solutions.

These discussions can be difficult, but we believe in growing lasting relationships regardless of the financial forecast.



We believe

IN SETTING HIGHER GOALS.

The Business Banking Department at First Bank of Berne specializes in looking ahead. We help customers reach their goals by anticipating opportunities and obstacles. So when it comes to our own team, we always set our goals for the upcoming year a bit higher, challenging ourselves and reminding us that we can always do better.

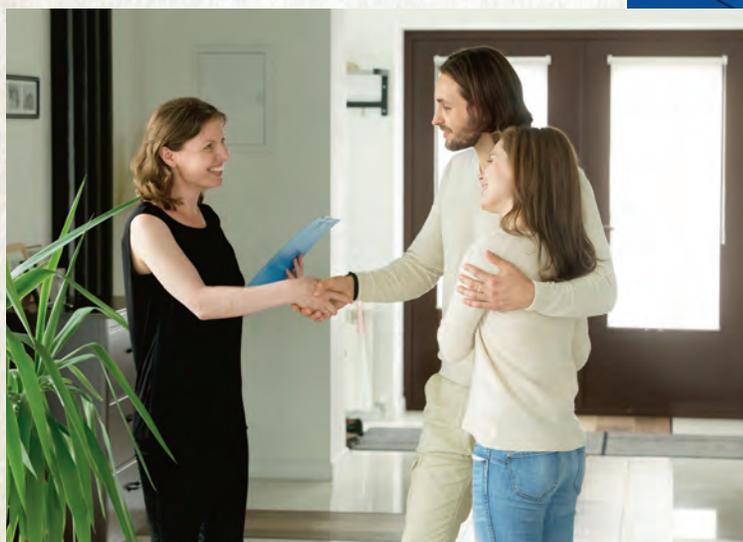
NEW OPPORTUNITIES. For our local business communities, 2017 was a good year, filled with new opportunities and reasons for optimism. Our business banking team experienced positive changes and goals of our own. While the First Bank of Berne is renowned for our strong ties to agriculture, 2017 brought a renewed focus on traditional business banking.



(Left to Right) **Brent Hickman**, Business Banker, Kokomo | **Kody Kumer**, Business Banker, Bluffton | **Jenilee Bransteter**, Business Banker, Berne | **Gary Reichert**, Business Banker, Van Wert
Sean LaFontaine, Cash Management Specialist | **Brandy Rogers**, Business Banker, Berne

Our business banking experience and expertise may be the area's best kept secret. But not anymore. After finishing a massive technology upgrade, we are ready to bring our well-rounded suite of business banking products and services to the forefront. This includes the First Bank of Berne Business Credit Card which was introduced in 2017. The new, in-house credit card offers the same great service that comes with every other aspect of working with First Bank of Berne.

For us, it's all about the one-of-a-kind service that our customers notice. Business owners and managers make countless decisions throughout every day. So our first priority is making their banking easy, giving them one less thing to think about. Our customers depend on us for our unquestionable knowledge of the day-to-day aspects of business banking, and they trust us to handle every aspect of their banking without a problem - every time. That's the kind of valuable, dependable and proactive service everyone can believe in.



We believe IN MAKING THE MOST OF EVERY DAY.

When it comes to personal banking, it's easy for our customers to get caught up in the day to day tasks and forget about the bigger picture. That's what makes our team different. Throughout 2017, we continued to build strong relationships with our customers to help them set financial goals and build paths toward the future.

PASSIONATE SERVICE. In 2017, the retail banking team focused on the basics. We spent time learning to navigate and master new technology. We reviewed existing products and services and explored new ones. We reviewed the execution of the retail

channel, focusing on strategy and objectives. And, we did it all for one reason — so we can continue to provide the outstanding, personalized service our customers expect. That is our passion and we believe we do it better than any other bank out there.



(Left to Right) **Corina Aguirre**, Branch Manager, Kokomo | **Melissa Skinner**, Branch Manager, Berne | **Jennifer Ash**, Branch Manager/Mortgage Loan Officer, Peru | **Erica Bennett**, Branch Manager, Bluffton
Becky Stepleton, Branch Manager, Van Wert | **Penny Parrish**, Branch Manager/Loan Officer, Decatur | **Tracy Carpenter**, Branch Manager/Consumer Lender, Portland



(Left to Right) **Jason Moore**, Mortgage Officer, Decatur & Van Wert | **Tanner McClain**, Mortgage Officer, Bluffton & Portland | **Jennifer Ash**, Branch Manager/Mortgage Loan Officer, Peru
Terry Troxel, Consumer Mortgage Administrator, Berne | **Tracy Carpenter**, Branch Manager/Consumer Lender, Portland | **Penny Parrish**, Branch Manager/Loan Officer, Decatur | **Daniel Claghorn**, Mortgage Officer, Berne

We believe HOME IS WHERE DREAMS START.

Mortgage lending is about so much more than simply buying or building a house, it's about helping people create a home. In 2017 we were able to help people throughout our community build a foundation for the future through our many mortgage options. And, thanks to our online mortgage center, the mortgage lending process is easier than ever.

WELCOME HOME. In the mortgage department of First Bank of Berne, we never lose sight of the

importance of home. Our goal is to keep our customers at their home bank when it comes to finding the right mortgage, whether they are buying, building or refinancing. In 2017, we embraced technology as never before and offered a streamlined lending process for our customers. We also focused on communication. By asking the right questions and really listening to our customers, we were able to better understand what they need most, then work to find a way to make it happen. We believe this is how to build solid relationships.

We believe

IN LEADING WITH PURPOSE.

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 team to lead by example and do everything possible to ensure that First Bank of Berne continues to grow and succeed.



EXECUTIVE LEADERSHIP

Rick Gentis, Chief Ag/Commercial Banking Officer | **Sharon Neuenschwander**, Human Resources Director | **Deon Shoaf**, Chief Operations Officer

Kent Liechty, President/Chief Executive Officer | **Kevin Gould**, Chief Financial Officer



BOARD OF DIRECTORS

Roger Muselman, Chairman, DRG, Inc.

Lisa Girod, CPA, Honegger, Ringger & Co.

Greg Smitley, Vice President for Business & Finance/Treasurer Huntington University

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

Matthew Subler, Sales Manager, Berne Ready Mix

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

Kent Liechty, President/Chief Executive Officer

Paul D. Zuercher, Retired Business Executive and Consultant

Daryl Martin, Retired Executive Director, Swiss Village

We believe IN THE COMMUNITIES WE SERVE.



First Bank of Berne is a community bank in the truest sense of the word – we live, work, support and believe in the communities we serve. Our entire organization embraces a culture of service that comes from the top and spreads to each employee.

In 2017, we took this spirit of volunteerism to the next level with **“First Bank of Berne Gives Back.”**

While the bank was closed in observance of Veterans Day, all our employees spent the day volunteering in their communities. Employees chose volunteering opportunities based on personal affiliations, interests or community needs, then dedicated the day pitching in and lending a hand. It made a traditional bank holiday anything but ordinary.





BALANCE SHEET

ASSETS

As of December 31, Dollars (In millions)

2017	\$667.92
2016	\$666.22
2015	\$595.10
2014	\$549.14
2013	\$547.34

STOCK TRADE PRICE

As of December 31, (In dollars)

2017	\$4,874
2016	\$4,581
2015	\$4,029
2014	\$3,909
2013	\$4,283

GROSS LOANS

As of December 31, Dollars (In millions)

2017	\$519.67
2016	\$471.69
2015	\$460.58
2014	\$435.94
2013	\$415.63

DEPOSITS

As of December 31, Dollars (In millions)

2017	\$529.85
2016	\$529.79
2015	\$450.70
2014	\$398.98
2013	\$398.73

CONSOLIDATED STATEMENT OF CONDITION (000'S)

Close of Business December 31, 2017 & December 31, 2016

ASSETS	2017	2016
Cash and cash equivalents	\$12,553	\$52,320
Investment Securities	\$118,399	\$123,878
Loan (net of valuation reserve) (\$5,830 in 2017 & \$5,868 in 2016)	\$513,842	\$465,820
Premises & Equipment, net	\$11,646	\$12,290
Accrued Income	\$3,493	\$3,416
Other Assets	\$7,982	\$8,498
TOTAL ASSETS	\$667,915	\$666,222
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-Interest Bearing Deposits	\$97,322	\$97,587
Interest Bearing Deposits	\$432,530	\$432,200
TOTAL DEPOSITS	\$529,852	\$529,787
Other Liabilities	\$3,001	\$4,346
Federal Home Loan Bank Advances	\$30,000	\$30,000
Other Short Term Borrowings	\$38,699	\$39,814
TOTAL LIABILITIES	\$601,552	\$603,947
STOCKHOLDERS' EQUITY		
Capital Stock	\$1,600	\$1,600
Additional Paid-in Capital	\$9,713	\$7,951
Retained Earnings	\$89,902	\$86,206
Unearned ESOP Compensation	(\$3,482)	(\$0)
Treasury Stock	(\$29,611)	(\$31,670)
Unrealized Gain/Loss on Securities	(\$1,759)	(\$1,812)
TOTAL STOCKHOLDERS' EQUITY	\$66,363	\$62,275
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$667,915	\$666,222

CONSOLIDATED STATEMENT OF INCOME (000'S)

Years Ended December 31, 2017 & December 31, 2016

INCOME	2017	2016
Interest Income	\$25,929	\$24,157
Interest Expense	\$2,179	\$1,616
NET INTEREST INCOME	\$23,750	\$22,541
Provision for Loan Losses	\$1,105	\$975
NON-INTEREST INCOME		
Service Charges on Deposit Accounts	\$2,241	\$2,178
Debit Card Income	\$1,262	\$1,241
Other Non-Interest Income	\$2,101	\$1,712
TOTAL NON-INTEREST INCOME	\$5,604	\$5,131
NON-INTEREST EXPENSE		
Salaries and employee benefits	\$8,715	\$7,962
Occupancy and equipment expense	\$1,878	\$1,873
Other Non-Interest Expense	\$5,841	\$5,586
TOTAL NON-INTEREST EXPENSE	\$16,434	\$15,421
NET INCOME	\$11,815	\$11,276

CAPITAL

As of December 31, Dollars (In millions)

2017	\$66.36
2016	\$62.28
2015	\$60.00
2014	\$58.70
2013	\$55.03

NET INCOME

As of December 31, Dollars (In millions)

2017	\$11.82
2016	\$11.28
2015	\$11.01
2014	\$11.85
2013	\$11.68

EARNINGS PER SHARE

As of December 31, (In dollars)

2017	\$612.12
2016	\$587.08
2015	\$574.40
2014	\$611.58
2013	\$606.42

DISTRIBUTIONS PER SHARE

As of December 31, (In dollars)

2017	\$420
2016	\$406
2015	\$411
2014	\$471
2013	\$480



Peter Schmidt, CISM, CBSM, Vice President and Information Security Officer

We believe IN PEACE OF MIND.

When it comes to cyber security, the reality is that every business or organization, no matter how large or small, is a potential target for a cyber-attack today. Anything that relies on the internet for communication, or is connected to a computer or other smart device can be affected by a breach in security.

That's why at First Bank of Berne, we have made cyber security a priority. We believe in protecting your information with the same veracity, safeguards and diligence as we protect our own. We have an experienced Information Security Officer, Peter Schmidt, whose primary task is to protect your personal information from cyber-attacks. He has earned both the Certified Information Security Manager and the Certified Banking Security Manager designations and is a graduate of the prestigious Graduate School of Banking in Madison, Wisconsin. He is supported by an Information Technology team with a combined 94 years of experience. In addition, we participate in early warning cyber alert programs and work closely with multiple federal, state and local law enforcement agencies to deter cyber-attacks. Your peace of mind is our priority.

OPERATIONS CENTER

Joanie Agler
Call Center Supervisor

Jordan Arnold
Credit Department Manager

Cory Aschliman
Credit Analyst

Steve Bailey
E-Banking Officer

Tim Beck
Help Desk Technician

Cletus Bulcher
Compliance Officer

Angie Bultemeier
Mortgage Loan Processor

Laura Chaffins
Call Center Agent

Dianna Cook
Call Center Agent

Susan Culy
Loan Servicing

Michelle Eicher
Mortgage Loan Processor

Elizabeth Fruechte
Loan Assistant

Allison Garwood
Lead Consumer Processing Coordinator

Rick Gentis
Chief Agribusiness/
Commercial Banking Officer

Rick Gorrell
Systems Administrator

Kevin Gould
Chief Financial Officer

Jennifer Habegger
Deposit Services

Marsha Habegger
Loan Servicing

Beth Knuth
Mortgage Loan Processor

Christa Koons
Deposit Operations Manager

Nancy Kuhn
Loan Servicing

Sean LaFontaine
Cash Management Specialist

Kyla Lengerich
Deposit Services Supervisor

Dawn Lewis
Call Center Agent

Kent Liechty
President/Chief Executive Officer

Kyle Litwiller
Loan Origination Systems Administrator

Monica Manley
Accountant

Camie McDaniel
Loan Post Closer

Sherri Minnich
Human Resources

Chad Montgomery
Marketing Director

Marie Neuenschwander
Deposit Services

Sharon Neuenschwander
Human Resources Director

Kyle Raugh
Security Specialist/BSA Assistant

Matthew Reinoehl
Controller

Catherine Richards
Retail System Administrator

James Rife
Credit Administration Officer

Saretta Robbins
Retail Banking Coordinator

Jody Saige
Chief Information Officer

Peter Schmidt
Information Security Officer

Rebecca Schwartz
EFT/E-Banking Specialist

Ryan Schwartz
Credit Administration Specialist

Kimberly Scott
Business and Ag Processor/Closer

Renee Shearrer
Loan Servicing Supervisor

Deon Shoaf
Chief Operating Officer

Stephanie Simon
Deposit Services

Joshua Smith
Loan Servicing

Stacey Smith
Call Center Agent

Shad Springer
Network Administrator

Gregg Sprunger
Purchasing/Facilities Manager

Diana Stirratt
Loan Operations Manager

Kelley Tobias
Investment Assistant

Terry Troxel
Consumer Mortgage Administration

Julie Tucker
Loan Closer

Kristina Wass
Lead Business/Ag Processing Coordinator

Landyn Waugh
Credit Analyst

CeAnn Weaver
Marketing

Kathy Whitehurst
Deposit Services Specialist

Janelle Yoder
Accountant

BERNE BRANCH

Miranda Bird
Teller

Jenilee Bransteter
Business Banker

Brenda Butcher
Teller

Dan Claghorn
Loan Officer

Heidi Compton
Teller

Lorie Garwood
Investment Adviser Representative

Phillip Goodwin
Personal Banker

Donna Klopfleisch
Assistant Branch Manager

Julie Lehman
Personal Banker

Lori Liechty
Loan Assistant

Nathan Liechty
Agribusiness Banker

Darien McCullough
Teller

Jamie McDonald
Loan Officer

Bethany Rigby
Personal Banker

Brandy Rogers
Business Banker

Melissa Skinner
Branch Manager

Deborah Stewart
Teller

Jami Suman
Head Teller

Timothy Tobias
Agribusiness Banker/Crop Insurance Services

Sue Wulliman
Teller

BERNE DOWNTOWN

Jamie Gaskill
Teller

Carla Moser
Teller

BLUFFTON

Erica Bennett
Branch Manager

Patrick Bluhm
Teller

Mona Craighead
Teller

Maeghon Falller
Teller

Lisa Gilbert
Loan Assistant

Kody Kumfer
Agribusiness Banker

Christina Leistman
Personal Banker

Tanner McClain
Mortgage Loan Originator

Amy Reineck
Personal Banker

Pamela Whetstone
Teller

DECATUR

Daniel Buuck
Agribusiness Banker/Crop Insurance Services

Sharon Elzy
Teller

Kimberly Fosnaugh
Teller

Payton Hamrick
Personal Banker

Jessica Jones
Teller

Beverly Lichtensteiger
Teller

Jason Moore
Mortgage Loan Originator

Penny Parrish
Branch Manager/Loan Officer

MacKenzie Staten
Teller

Mina Velasco
Assistant Branch Manager

KOKOMO

Corina Aguirre
Branch Manager

Roger Cline
Agribusiness Banker

Brent Hickman
Agribusiness Banker

Kaylee Pattengale
Teller

Dana Scarberry
Personal Banker

Sharon Summers
Teller

PERU

Jennifer Ash
Branch Manager/
Mortgage Loan Officer

Stacy Hall
Assistant Branch Manager

Nancy Howard
Teller

Paula Lisciotto
Personal Banker

Mary Rothermel
Teller

Brianne Timmons
Personal Banker

PORTLAND

Tracy Carpenter
Branch Manager/Consumer Lender

Michelle Dahlinghaus
Agribusiness Banker

Karen Herron
Teller

Rex Journay
Agribusiness Banker

Dianna Miller
Teller

Emilee Page
Personal Banker

Angela Paxson
Agribusiness Banker

Jan Rigby
Personal Banker

Deanna Walker
Assistant Branch Manager

VAN WERT

Melissa Bartley
Personal Banker

Tonya Green
Teller

Nicole Jones
Personal Banker

Gary Reichert
Business Banker

Pam Schroyer
Assistant Branch Manager

Rebecca Stepleton
Branch Manager/Lender

FLOAT TELLERS

Christine Sheets
Teller

Maddison Steiner
Teller

Mary Stuckey
Teller

Arlene Stump
Teller

Branch LOCATIONS

BERNE

Downtown
170 W. Main Street
Berne, IN 46711
260-589-2151

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

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

BLUFFTON

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

DECATUR

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

KOKOMO

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

PERU

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

PORTLAND

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

VAN WERT

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

