

PUBLIC DISCLOSURE

March 3, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Bank of Berne
RSSD# 312244

222 Heritage Trail
Berne, Indiana 46711

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S CRA RATING

First Bank of Berne is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

First Bank of Berne is meeting the credit needs of the communities within its combined assessment area. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and combined assessment area credit needs. A majority of loans are originated in the combined assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas, and loan distribution reflects reasonable penetration to individuals of different income levels and businesses and farms of different revenue sizes. Neither First Bank of Berne nor this Reserve Bank has received any Community Reinvestment Act (CRA) complaints since the previous evaluation.

First Bank of Berne's community development performance demonstrates adequate responsiveness to the needs of its assessment area through community development loans, qualified investments, and community development services. This performance is appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

SCOPE OF EXAMINATION

First Bank of Berne's CRA performance was evaluated using the Federal Financial Institutions Examinations Council's (FFIEC) Intermediate Small Institution Examination Procedures. The evaluation considered information about the institution and its assessment areas, such as asset size, financial condition, competition, and economic and demographic characteristics. Lending activity for the bank's major products lines (HMDA-reportable, small business, and small farm loans), were reviewed as the basis of this evaluation. No other lending products were reviewed. HMDA-reportable lending received the greatest weight in the analysis based on loan origination volume during the review period.

The bank has delineated three assessment areas in the states of Indiana and Ohio, including two assessment areas in Indiana (Eastern Indiana Non-Metropolitan Statistical Area (Eastern IN Non-MSA)) and Western Indiana Non Metropolitan Statistical Area (Western IN Non-MSA)), as well as one assessment area in Ohio (Ohio Non-Metropolitan Statistical Area (Ohio Non-MSA)). The Eastern IN Non-MSA assessment area received a full-scope review due to the volume of lending in the assessment area and the bank's physical presence of branches and ATMs. The Western IN Non-MSA received a limited scope review due to limited lending volume and the branch and ATM network in the assessment area. Further, the Ohio Non-MSA received a full-scope review as examination procedures require a state rating and one full-scope assessment for each state that the bank maintains a deposit-taking office. Additional information that was considered included

deposit market share, percentage of low- and moderate-income families, and community credit needs. The bank's Eastern IN Non-MSA received significantly greater weight than the Western IN Non-MSA and Ohio Non-MSA assessment areas based on the factors previously mentioned.

Performance within the designated assessment areas was evaluated using intermediate-small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 13 quarter average loan-to-deposit ratio, from the period of December 31, 2021, through December 31, 2024, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2022, through December 31, 2023, and a sample of small business and small farm loans originated from January 1, 2023, through December 31, 2023, were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2022, through December 31, 2023, and a sample of small business and small farm loans originated within the assessment area, from January 1, 2023, through December 31, 2023, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank's HMDA-reportable loans originated from January 1, 2022, through December 31, 2023, and a sample of small business and small farm loans originated within the assessment area from January 1, 2023, through December 31, 2023, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank's record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank's responsiveness to community development needs through community development loans, qualified investments, and community development services, from February 1, 2022, through March 3, 2025, were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

In addition, three community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. In addition, one community housing study¹ was reviewed for additional performance context. The following types of organizations were contacted: economic development, affordable housing, and community development.

DESCRIPTION OF ASSESSMENT AREA

First Bank of Berne is an interstate institution consisting of three assessment areas in two states: Eastern Indiana Non-MSA (Adams, Jay, and Wells counties in their entirety), Western Indiana Non-MSA (Miami county in its entirety), and Ohio Non-MSA (Van Wert County in its entirety). The bank's assessment area has changed since the last evaluation as previously, the bank delineated partial Kokomo, IN MSA #29020, specifically the entirety of Howard County as an assessment area. In November of 2022, the bank closed its only branch and corresponding ATM located in a middle-income census tract in the assessment area. Closure of the Kokomo branch resulted in removal of the Kokomo assessment area.

The combined delineated assessment area includes 40 census tracts, including 4 upper-, 26 middle-, and 10 moderate-income census tracts. There are no census tracts in the bank's combined assessment area that were designated as underserved or distressed during the review period. Of the 39,249 families residing in the combined assessment area, 18.2 percent are low-income, and 20.5 percent are moderate-income families. Additionally, businesses and farms with gross annual revenues less than or equal to \$1 million represent 90.3 and 98.4 percent, respectively. This information is indicative of lending opportunities for low- and moderate-income families, as well as small businesses and small farms within the combined assessment area.

Additional 2023 demographic information of the combined assessment area is provided in the following table. Demographic information of the combined assessment area for 2022 is provided in Appendix B.

¹ Wells County Economic Development. "Wells County Housing Study 2024." Wells County Indiana Economic Development, February 16, 2024. http://www.wellsedc.com/sites/default/files/page-docs/wells_county_housing_study_compressed.pdf.

2023 Combined Assessment Area AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	7,162	18.2
Moderate	10	25.0	7,415	18.9	1,232	16.6	8,057	20.5
Middle	26	65.0	26,863	68.4	2,177	8.1	9,050	23.1
Upper	4	10.0	4,971	12.7	133	2.7	14,980	38.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	40	100.0	39,249	100.0	3,542	9.0	39,249	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	13,502	7,599	17.5	56.3	4,240	31.4	1,663	12.3
Middle	41,850	30,132	69.4	72.0	8,446	20.2	3,272	7.8
Upper	7,274	5,690	13.1	78.2	991	13.6	593	8.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	62,626	43,421	100.0	69.3	13,677	21.8	5,528	8.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,133	22.6	1,006	22.3	104	26.3	23	25.6
Middle	3,331	66.6	3,024	66.9	249	63.0	58	64.4
Upper	541	10.8	490	10.8	42	10.6	9	10.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	5,005	100.0	4,520	100.0	395	100.0	90	100.0
Percentage of Total Businesses:				90.3		7.9		1.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	11	1.4	11	1.5	0	0.0	0	0.0
Middle	629	81.7	618	81.5	9	90.0	2	100.0
Upper	130	16.9	129	17.0	1	10.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	770	100.0	758	100.0	10	100.0	2	100.0
Percentage of Total Farms:				98.4		1.3		0.3
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

DESCRIPTION OF INSTITUTION

First Bank of Berne is headquartered in Berne, Indiana and is a wholly owned subsidiary of First Berne Financial Corporation, a one-bank holding company also located in Berne, Indiana. The bank operates one location in Central Indiana (Western IN Non-MSA) and four locations in Eastern Indiana, close to the border between Indiana and Ohio. Further, the bank operates one location in northwestern Ohio. First Bank of Berne operates six full-service branch locations and nine cash-only ATMs. The main office, and each branch location, are accompanied by a cash-only ATM, while the remaining three ATMs are standalone cash-only ATMs. Five of the bank's branches are located in Indiana, and one branch is located in Ohio. Since the previous evaluation, the bank closed one full-service branch and cash-only ATM in a middle-income census tract in Kokomo, Indiana. Additionally, the bank has opened two new standalone cash-only ATMs in middle-income census tracts in Ossian and Monroe, Indiana.

A list of the bank's branches is provided in the following table.

First Bank of Berne Branch Listing			
Branch Name	Assessment Area	County	City & State
Berne (Main Office)	Eastern IN Non-MSA	Adams County	Berne, Indiana
Bluffton	Eastern IN Non-MSA	Wells County	Bluffton, Indiana
Decatur	Eastern IN Non-MSA	Adams County	Decatur, Indiana
Portland	Eastern IN Non-MSA	Jay County	Portland, Indiana
Peru	Western IN Non-MSA	Miami County	Peru, Indiana
Van Wert	Ohio Non-MSA	Van Wert County	Van Wert, Ohio

As of the December 31, 2024, Uniform Banking Performance Report (UBPR), the bank reported total assets of approximately \$1.1 billion. First Bank of Berne offers a range of traditional deposit and loan product and service offerings that meet the banking needs of consumers, businesses, and farms operating in its combined assessment area. The bank is primarily an agricultural and commercial lender, as these categories represent approximately 49.1 and 24.8 percent of the gross loan portfolio, respectively. The bank's deposit offerings include checking, savings, money market deposit, and certificate of deposit accounts to meet the needs of the community it serves.

Details of the allocation of the bank's loan portfolio are provided in the following table.

Composition of Loan Portfolio as of December 31, 2024 (000's)		
Type	\$	%
Residential Real Estate	142,860	18.2
Commercial	194,727	24.8
Agriculture	385,120	49.1
Consumer	42,107	5.4
Other	20,083	2.6
Total	784,897	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated **satisfactory** under the CRA at its previous evaluation conducted on January 31, 2022.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's lending and community development test performance in Indiana was given the greatest weight in the overall ratings based on the percentage of HMDA-reportable (home mortgage), small business, and small farm loan volume, the size and breadth of the branch network, and total deposits in the state. Additionally, HMDA-reportable loans were given the most weight of the products included in the evaluation due to loan origination volume during the review period.

LENDING TEST

First Bank of Berne's performance relative to the lending test is Satisfactory. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans and other lending-related activities are in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes.

Loan-to-Deposit Ratio

First Bank of Berne had a reasonable loan-to-deposit (LTD) ratio given the bank's size, financial condition, the credit needs of its assessment areas, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.

As of December 31, 2024, the bank had a 13-quarter average LTD ratio of 74.6 percent. The previous evaluation's 13-quarter average LTD ratio was higher at 85.4 percent. The bank's current LTD ratio is in alignment with the peer average of 74.1 percent.

The following table compares the bank's LTD ratio to its local competitors of similar size and complexity.

Comparative Loan-to-Deposit Ratios as of December 31, 2024	
Comparative Data	13 Quarter Average (%)
First Bank of Berne	74.6
Peer Avg – Local	74.1
Competitors	
Citizens NB	103.2
First Bank of Richmond	97.9
Greenville National Bank	69.4
First State Bank	52.0
Minster Bank	48.1

Assessment Area Concentration

First Bank of Berne made a majority of its loans in its combined assessment area, as the bank originated 73.0 percent of total loans by number and 70.9 percent of total loans by dollar, inside the combined assessment area. HMDA-reportable and small business loans had a similar concentration rate by number within the combined assessment area of 74.2 percent and 75.4 percent, respectively. Small farm loans had a lower concentration of loan originations within the assessment area by number at 64.8 percent. Similar trends are seen when reviewing the bank's lending concentration in the assessment area by dollar. This performance indicates the bank is actively serving the credit needs of the local community.

The following table summarizes First Bank of Berne's lending inside and outside its assessment area for HMDA-reportable loans from January 1, 2022, through December 31, 2023, and small business and small farm loans from January 1, 2023, through December 31, 2023.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	18	90.0	1,481	76.5	2	10.0	455	23.5
Home purchase - Conv.	225	69.4	35,002	66.6	99	30.6	17,543	33.4
Multi-Family Housing	7	58.3	3,908	63.4	5	41.7	2,256	36.6
Refinancing	93	87.7	15,357	89.8	13	12.3	1,751	10.2
Total HMDA Related	343	74.2	55,748	71.7	119	25.8	22,005	28.3
Small Business	52	75.4	4,553	69.2	17	24.6	2,024	30.8
Small Farm	59	64.8	8,770	66.9	32	35.2	4,333	33.1
TOTAL LOANS	454	73.0	69,071	70.9	168	27.0	28,363	29.1

Geographic and Borrower Distribution

The geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion throughout the assessment areas, including low- and moderate- income geographies. In addition, the distribution of loans to individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes is reasonable given the demographics of the bank's assessment areas. Additional information regarding the bank's geographic and borrower distribution of lending activity is found within the individual assessment area discussions in this evaluation.

Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is **Satisfactory**.

Lending, Investment, and Services Activities

First Bank of Berne demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments and donations, and community development services, as appropriate, considering the bank's capacity and the availability of such opportunities for community development in the assessment area.

During the evaluation period, First Bank of Berne originated 15 qualified loans with a total of approximately \$8.0 million toward affordable housing and community services for the communities the bank serves and a broader statewide and regional area. The bank's loans in the broader statewide and regional area are qualified community development activities as they were provided to communities bordering the counties the bank serves, and likely to benefit the assessment area. Additionally, the bank's community development loans in the combined

assessment area, and in the broader statewide and regional, are deemed responsive as community contacts noted that additional affordable housing was needed in the area. The number of community development loans increased from the previous evaluation from 12 to 15; the dollar amount increased significantly from approximately \$3.4 million to \$8.0 million.

During the evaluation period, the bank made three qualified investments for affordable housing totaling approximately \$9.0 million. Of the bank's investments, two investments were current period investments in the broader statewide and regional area totaling \$700,000, and one was a prior period investment in the bank's assessment area totaling approximately \$8.3 million. The bank's investments in the broader statewide and regional area are qualified as both investments are statewide initiatives, impacting the bank's combined Indiana assessment area. Additionally, both current investments were for the purpose of affordable housing, which is deemed responsive based on the needs identified by community representatives. This represents a decrease in the number of community development investments by number, but an increase by dollar as the bank made five investments during the prior evaluation totaling approximately \$4.0 million.

Additionally, the bank provided 220 qualified donations for a total of approximately \$341,000 to organizations which support community services, economic development, and revitalization and stabilization of the areas the bank serves. Of the 220 qualified donations, 8 donations for \$12,000 were made in the broader statewide and regional area. Three were made in Kokomo, IN during the period in which the bank operated a branch location in the area, thus serving their community. Five were made in communities bordering the bank's assessment area and benefits communities the bank serves. This represents a decrease in number of individual donations, but an increase in the total dollar amount of donations. At the prior examination, the bank made 281 donations totaling approximately \$295,000.

During the evaluation period, First Bank of Berne's staff provided 2,180 hours of community development services to 38 unique organizations. A majority of services hours were dedicated to community service organizations, with the remaining hours focused on affordable housing and economic development. Staff provided these organizations with financial planning and technical assistance by serving on committees or the board of the organization. Community development service hours decreased from the prior evaluation period in which the bank provided 3,206 hours of community services, however, the number of unique organizations served increased from 25 to 38.

The specifics of the bank's community development activities are discussed in the individual assessment area sections.

Community Development Activities February 1, 2022 – March 3, 2025								
Assessment Area	Loans		Investments		Donations		Services	
	#	\$	#	\$	#	\$	#	Hours
Full Review								
Eastern Indiana Non MSA	12	5,873,706	1	8,305,153	174	266,934	36	1940
Ohio Non MSA	0	0	0	0	17	11,250	2	240
Limited Review								
Western Indiana Non MSA	0	0	0	0	22	50,823	0	0
Other								
Broader Statewide and Regional Area	3	2,161,381	2	700,000	8	12,000	0	0
Total Qualified	15	8,035,087	3	9,005,153	220	341,007	38	2,180

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

STATE OF INDIANA

CRA RATING FOR INDIANA: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The state of Indiana rating is based on the institution's performance in the Eastern IN Non-MSA assessment areas. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. The bank's community development performance in the state of Indiana demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, investments and donations, and services considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas in the state of Indiana.

SCOPE OF EXAMINATION

The review of this assessment area is consistent with the scope discussed in the "Scope of Examination" section of this performance evaluation. Please refer to the Scope of Examination section for more detailed information.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN INDIANA

First Bank of Berne's operations in the state of Indiana consist of two assessment areas, Eastern IN Non-MSA, which is located along the eastern border of Indiana, and Western IN Non-MSA, which is located in central Indiana. The Eastern IN Non-MSA assessment area is comprised of Adams, Jay, and Wells Counties, in their entirety. The bank operates four branch locations and seven cash-only ATMs within the Eastern IN Non-MSA. The Western IN Non-MSA is comprised of Miami County in its entirety. The bank operates one branch location and one cash-only ATM within the Western IN Non-MSA assessment area. Please refer to the individual assessment area summaries for demographic and economic conditions in each Indiana assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA

LENDING TEST

First Bank of Berne's performance relative to the lending test in Indiana is satisfactory based on reasonable geographic distribution of loans and reasonable penetration of loans among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes.

Geographic and Borrower Distribution

First Bank of Berne's geographic distribution of loans reflects reasonable distribution throughout the assessment areas within the state of Indiana. In addition, the bank's lending activities reflect reasonable penetration among individuals of different income, including low- and moderate-income levels, and businesses and farms of different sizes

COMMUNITY DEVELOPMENT TEST

Lending, Investments, and Services Activities

First Bank of Berne's community development activities are satisfactory. The bank demonstrates adequate responsiveness to the community development needs of its assessment areas in the state of Indiana through community development loans, qualified investments and donations, and community development services considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area. Please refer to the individual assessment area summary for further details.

EASTERN INDIANA NON-MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Eastern Indiana Non-MSA assessment area. The scope of this section is consistent with the overall scope of the examination described within the institution summary. For further information refer to the "Scope of Examination" section for details.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN EASTERN INDIANA NON-MSA²

The bank's Eastern IN Non-MSA assessment area is comprised of Adams, Jay and Wells counties, in their entirety. The assessment area is comprised of 21 census tracts located in Northeast Indiana. The delineation of the assessment area and the total number of census tracts remain unchanged since the prior examination. However, due to changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020, the composition of census tract designations changed in comparison to the previous examination. The number of moderate-income census tracts increased from two to three, the number of middle-income census tracts decreased 17 to 15, and the number of upper-income tracts increased two to three, resulting in 21 total census tracts in the assessment area. There are no low-income census tracts in the assessment area, nor are there census tracts designated as distressed or underserved.

The bank operates its headquarters and three full-service branch offices, each with a cash-only automated teller machines (ATM), in the assessment area. The bank's branches in the assessment area are located in the cities of Berne (headquarters), Decatur, Portland, and Bluffton, Indiana. The Decatur branch is located in a moderate-income tract, while all others are located in middle- and upper-income tracts. Additionally, the bank has an operations facility, which serves as administrative and operational support for branch locations. Since the prior examination, the bank has opened two new standalone cash-only ATMs in Ossian and Monroe, Indiana. No branch locations have been opened or closed in the assessment area since the prior examination.

According to the June 30, 2024, FDIC Deposit Market Share report, the bank ranked first out of 10 depository institutions operating in the assessment area. The bank's deposits were \$784.9 million, with 39.4 percent of market share in the assessment area. Additionally, First Merchants Bank ranked second out of 10, with total deposits of \$453.9 million and 22.8 percent of market share, followed by The Farmers & Merchants State Bank, ranked third out of 10, with total deposits of \$383.9 million and 19.3 percent of market share. In 2023, First Bank of Berne ranked 4th out of 130 HMDA reporting financial institutions in the Eastern IN Non-MSA assessment area with a total of 117 originations. In comparison, the first and second ranked institutions were The Farmers &

² Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Merchants State Bank and First Merchants Bank with a total of 203 and 161 originated loans, respectively. The volume of originated loans from local competitors and the number of loan competitors indicates significant competition in the assessment area.

Tract Designation Change Data

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	-
Moderate	2	3	+1
Middle	17	15	-2
Upper	2	3	+1
Unknown	0	0	-
Total	21	21	-
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

Additional 2023 demographic information of the Eastern IN Non-MSA assessment area is provided in the following table. Demographic information of the assessment area for 2022 is provided in Appendix B.

2023 Eastern IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,015	18.3
Moderate	3	14.3	2,931	13.4	430	14.7	4,480	20.4
Middle	15	71.4	14,968	68.2	1,482	9.9	4,932	22.5
Upper	3	14.3	4,035	18.4	91	2.3	8,507	38.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	21	100.0	21,934	100.0	2,003	9.1	21,934	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	5,372	3,062	12.5	57.0	1,670	31.1	640	11.9
Middle	23,353	16,935	68.9	72.5	4,826	20.7	1,592	6.8
Upper	5,779	4,593	18.7	79.5	841	14.6	345	6.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	34,504	24,590	100.0	71.3	7,337	21.3	2,577	7.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	495	16.8	436	16.4	50	21.4	9	18.8
Middle	2,020	68.5	1,839	69.0	147	62.8	34	70.8
Upper	433	14.7	391	14.7	37	15.8	5	10.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,948	100.0	2,666	100.0	234	100.0	48	100.0
Percentage of Total Businesses:				90.4		7.9		1.6
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	4	0.9	4	0.9	0	0.0	0	0.0
Middle	361	77.6	355	77.5	5	83.3	1	100.0
Upper	100	21.5	99	21.6	1	16.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	465	100.0	458	100.0	6	100.0	1	100.0
Percentage of Total Farms:				98.5		1.3		0.2
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

According to the 2011-2025 U.S. Census Bureau American Community Survey and 2020 U.S. Census Bureau Decennial Census, total population within the assessment area, in 2020, was 84,467, resulting in 0.9 percent increase since 2015. Population growth in the state of Indiana was 3.3 percent during the same period, which was above the assessment area and most of the counties comprising the assessment area. According to a Wells County Housing study³ conducted by the Wells County Economic Development Commission, there's a need for housing development, as a shortage of affordable and available housing options is impacting parts of the assessment area. The study notes that scarcity can lead to increased housing costs and thus a decreased ability to attract and retain residents. Overall, the population throughout the geographies comprising the assessment area have remained generally stable.

The following table represents population trends for the assessment area, the counties comprising the assessment area and state of Indiana from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percent Change
Assessment Area	83,693	84,467	0.9%
Adams County, IN	34,642	35,809	3.4%
Jay County, IN	21,255	20,478	-3.7%
Wells County, IN	27,796	28,180	1.4%
State of Indiana	6,568,645	6,785,528	3.3%
Source: 2011-2015 U.S. Census Bureau American Community Survey and 2020 U.S. Census Bureau Decennial Census			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 21,934 families, of which 18.3 percent are designated as low-income, 20.4 percent are moderate-income, 22.5 percent are middle-income, and 38.8 percent are upper-income. The percentage of families living below the poverty level within the assessment area is 9.1 percent, which is comparable to the poverty rate of state of Indiana overall at 8.9 percent.

Overall, the assessment area experienced an increase in median family income (MFI) of 3.8 percent from 2015 to 2020. Wells and Adams Counties saw mild growth while Jay County and the state of Indiana saw significant growth during the same period. Despite significant growth in Jay County, the MFI in the county is still the lowest in the assessment area. According to a community representative, a meat factory in Jay County conducted a significant mass hire in the assessment

³ Wells County Economic Development. "Wells County Housing Study 2024." Wells County Indiana Economic Development, February 16, 2024. http://www.wellsedc.com/sites/default/files/page-docs/wells_county_housing_study_compressed.pdf.

area, which may have contributed to growth in the MFI in parts of the assessment area. Conversely, the representative noted that a hospital in the county closed and was replaced by a care center with fewer jobs.

The following table represents the MFI for 2015 and 2020, for families living in the assessment area, the counties comprising the assessment area, and the state of Indiana overall.

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Assessment Area	\$63,348	\$65,755	3.8%
Adams County, IN	\$64,656	\$66,532	2.9%
Jay County, IN	\$55,674	\$60,890	9.4%
Wells County, IN	\$69,345	\$71,872	3.6%
State of Indiana	\$66,777	\$73,265	9.7%
<i>Source: 2011 - 2015 and 2016 -2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

There are a total of 34,504 housing units within the assessment area. The majority of the housing units are owner-occupied at 71.3 percent, followed by rental units which comprise 21.3 percent, followed by vacant units, which make up 7.5 percent.

A method to understand poverty and housing outcomes is calculating housing cost burden, which is presented in the following table. The housing cost burden is the ratio of a household's gross monthly housing costs to the household's gross monthly income. Housing cost burden, as defined by HUD, takes these quantitative ratios, and assigns qualitative values to them. If a household's housing cost is above 30.0 percent of its income, that household is considered housing cost burdened. If housing cost is above 50.0 percent, then the household is severely housing cost burdened. Across the bank's Eastern IN Non-MSA assessment area, 30.3 percent of all renters are considered housing burdened, with 67.9 percent of low-income and 9.3 percent of moderate-income renters burdened. For homeowners, a significantly smaller percentage are housing cost burdened overall at 15.4 percent, with 63.7 percent of low- and 19.1 percent of moderate-income owners burdened. While low-income renters in the assessment area experience cost burden at a similar rate as low-income renters in the entire state of Indiana (67.9 and 73.9 percent respectively), moderate-income renters in the assessment area experience the burden at a much lower rate than moderate-income renters across the state of Indiana at 9.3 percent and 32.4 percent, respectively. Housing cost burden in the assessment area and the state of Indiana are similar across income level for homeowners.

A community representative noted that rents have increased significantly in the area, with renters struggling to find landlords that accept housing vouchers. The 2024 Wells County housing study⁴ noted that there are a significant number of homes in Wells County valued at less than \$200,000, which would typically be indicative of opportunities for first time homebuyers and low- and moderate-income individuals to purchase housing. However, the low value is due to aging housing stock, with first time and low- and moderate-income buyers shying away due to significant repair costs. According to the representative, low- and moderate-income homeowners struggle to fund necessary home repairs, noting that a significant amount experience plumbing issues and lack complete kitchens.

Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	67.9%	9.3%	30.3%	63.7%	19.1%	15.4%
Adams County, IN	61.2%	9.9%	27.7%	68.8%	19.5%	18.3%
Jay County, IN	63.0%	4.4%	27.3%	55.9%	18.8%	15.0%
Wells County, IN	78.4%	11.9%	35.2%	62.9%	19.0%	12.3%
State of Indiana	73.9%	32.4%	40.6%	58.6%	23.4%	14.6%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i> <i>Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

Employment Conditions

The unemployment rate for the assessment area and the state of Indiana in 2023 were 2.8 and 3.3 percent, respectively. In 2023, the assessment area and the counties comprising the assessment area had only small variances in unemployment rates from a low of 2.7 percent for Wells and Adams counties, and a high of 3.1 percent for Jay County. Unemployment rates in 2020 were elevated during the COVID-19 pandemic but dropped substantially in 2021. Since 2021, unemployment rates appear to be generally stable.

One community representative indicated that quality jobs are in demand and a major need of the assessment area is education and skills training. The representative noted that there is a shortage of hospital and factory workers. A community study noted that net commuter trends indicate that a larger portion of residents are traveling between counties for employment year over year, and notes that those with lower wages may be priced out of living in the area closest to their employment.

⁴ Wells County Economic Development. "Wells County Housing Study 2024." Wells County Indiana Economic Development, February 16, 2024. http://www.wellsedc.com/sites/default/files/page-docs/wells_county_housing_study_compressed.pdf.

The following table represents employment trends for the assessment area, the counties that comprise the assessment area, and state of Indiana from 2019 to 2023.

Unemployment Rates					
Area	2019	2020	2021	2022	2023
Assessment Area	2.8%	6.0%	2.7%	2.4%	2.8%
Adams County, IN	2.7%	5.7%	2.4%	2.2%	2.7%
Jay County, IN	3.0%	6.7%	3.0%	2.7%	3.1%
Wells County, IN	2.7%	5.9%	2.9%	2.4%	2.7%
State of Indiana	3.3%	7.3%	3.9%	3.1%	3.3%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

Industry Characteristics

According to the Quarterly Census of Employment and Wages conducted by the Bureau of Labor Statistics (BLS), manufacturing, government, and retail trade industries have the largest number of employees. Additionally, retail trade, construction, and manufacturing have the largest number of establishments in the assessment area. One community representative indicated that a large hospital closed in the assessment area and a care center was added to replace it. However, the representative noted that there are significant hospital and maternal care deserts in the area.

Community Representative

One community representative was contacted during the evaluation to provide information regarding local economic and demographic conditions within the assessment area. Additionally, the 2024 Wells County housing study⁵ in the assessment area was utilized. The representative and study provided information on housing, employment, and economic development needs. The representative and study highlighted the financial challenges within the assessment area and how local financial institutions could be more involved. The community representative highlighted the need for additional accessible branch locations and access to banks remotely. They also highlighted need for job skills training opportunities. The representative emphasized that affordable housing is a major need in the area, with renters struggling to find landlords that accept housing vouchers and homeowners struggling to fund necessary home repairs.

⁵ Wells County Economic Development. "Wells County Housing Study 2024." Wells County Indiana Economic Development, February 16, 2024. http://www.wellsedc.com/sites/default/files/page-docs/wells_county_housing_study_compressed.pdf.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN EASTERN INDIANA NON-MSA

LENDING TEST

Geographic Distribution of Loans

First Bank of Berne geographic distribution of loans reflects reasonable dispersion throughout the bank's Eastern IN Non-MSA assessment area.

An analysis of the dispersion of the loans in the assessment area was also reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. In 2022 and 2023, the Eastern IN Non-MSA was comprised of 21 census tracts, of which 3 were designated as moderate-income, 15 as middle-income, and 3 as upper-income. In 2022, the bank originated HMDA-reportable loans in all census tracts in the assessment area. In 2023, First Bank of Berne originated HMDA-reportable loans in all moderate- and middle-income census tracts. The bank made loans in two of the three upper-income census tracts. Examiners determined that there were no conspicuous geographic lending gaps.

HMDA-Reportable Loans

In 2022 and 2023, the bank originated a limited number of HMDA-reportable home improvement and multi-family loans. Thus, a meaningful analysis cannot be conducted on the aforementioned product types.

In 2022 and 2023, First Bank of Berne originated 195 and 110 HMDA-reportable loans, respectively, in the assessment area. In 2023, the bank originated 10.9 percent of HMDA-reportable loans in moderate-income geographies, which was below aggregate lending and the percentage of owner-occupied units in moderate-income geographies at 16.0 and 12.5 percent respectively. During 2023, the bank also originated 83.6 percent of loans in middle-income and 5.5 percent in upper-income census tracts. Lending in middle-income geographies exceeded aggregate lenders (66.4 percent) and the percentage of owner-occupied units located in middle-income census tracts (68.9 percent). However, lending in upper-income geographies (5.5 percent) was below the percentage of aggregate lending (17.5 percent) and the percentage of owner-occupied units in those geographies (18.7 percent). As a result, the bank's geographic distribution of HMDA-reportable loans in the assessment area is considered reasonable. Performance in 2022 was consistent with the performance of 2023.

Home Purchase

In 2023, the bank originated 12.0 percent of home purchase loans in moderate-income census tracts in the assessment area. This performance was below aggregate at 19.4 percent, and similar to the percentage of owner-occupied units in moderate-income census tracts at 12.5 percent. The bank originated 82.7 percent of home purchase loans in middle-income census tracts, which was above the percentage of lending from aggregate lenders (65.1 percent) and the percentage of owner-occupied units in middle-income census tracts (68.9 percent). Few of the bank's home purchase loans were made in upper-income census tracts (5.3 percent), which was below aggregate lenders at 15.4 percent and owner-occupied demographics at 18.7 percent. The bank's performance in 2022 was comparable to performance in 2023.

Refinance

The bank originated 7.7 percent of refinance loans in moderate-income census tracts in the assessment area. This performance was below aggregate at 13.7 percent and the percentage of owner-occupied units in moderate-income census tracts at 12.5 percent. The bank originated 84.6 percent of refinance loans in middle-income census tracts, which was above the percentage of lending from aggregate lenders (68.7 percent) and the percentage of owner-occupied units in middle-income census tracts (68.9 percent). Further, the bank's made 7.7 percent of refinance loans in upper-income census tracts, which was below aggregate lenders at 17.6 percent and owner-occupied demographics at 18.7 percent. The bank's performance in 2022 was below performance in 2023 as the bank made one loan in a moderate-income census tract equal to 1.7 percent of refinance loans.

The following table summarizes the bank's 2022 and 2023 geographic distribution of HMDA-reportable lending in the assessment area.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Eastern IN Non MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	\$%	#	%	%	\$(000)	%	\$%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	16	13.2	17.0	1,845	9.4	13.4	9	12.0	19.4	1,270	12.0	17.3	12.5
Middle	96	79.3	63.1	15,730	79.9	64.5	62	82.7	65.1	8,655	81.6	63.6	68.9
Upper	9	7.4	19.9	2,103	10.7	22.1	4	5.3	15.4	677	6.4	19.1	18.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	121	100.0	100.0	19,678	100.0	100.0	75	100.0	100.0	10,602	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	1.7	14.0	99	1.0	10.6	2	7.7	13.7	314	8.0	9.0	12.5
Middle	52	88.1	65.2	8,900	88.8	65.7	22	84.6	68.7	3,351	85.2	71.5	68.9
Upper	6	10.2	20.7	1,029	10.3	23.7	2	7.7	17.6	267	6.8	19.4	18.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	59	100.0	100.0	10,028	100.0	100.0	26	100.0	100.0	3,932	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	22.2	12.6	75	16.1	10.0	1	12.5	15.0	180	18.5	12.2	12.5
Middle	6	66.7	61.8	248	53.3	66.1	7	87.5	61.9	794	81.5	65.4	68.9
Upper	1	11.1	25.7	142	30.5	23.9	0	0.0	23.1	0	0.0	22.4	18.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	9	100.0	100.0	465	100.0	100.0	8	100.0	100.0	974	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	33.3	33.3	508	29.7	21.8	0	0.0	0.0	0	0.0	0.0	23.2
Middle	4	66.7	66.7	1,200	70.3	78.2	1	100.0	75.0	2,200	100.0	13.2	67.4
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	9.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	25.0	0	0.0	86.8	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	6	100.0	100.0	1,708	100.0	100.0	1	100.0	100.0	2,200	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	21	10.8	15.1	2,527	7.9	12.2	12	10.9	16.0	1,764	10.0	13.5	12.5
Middle	158	81.0	64.7	26,078	81.8	65.8	92	83.6	66.4	15,000	84.7	61.0	68.9
Upper	16	8.2	20.3	3,274	10.3	22.0	6	5.5	17.5	944	5.3	18.0	18.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0	0.0	7.4	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	195	100.0	100.0	31,879	100.0	100.0	110	100.0	100.0	17,708	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Small Business Loans

The bank's geographic distribution of small business loans in the assessment area is considered reasonable. First Bank of Berne originated 22.9 percent of small business loans by number in moderate-income census tracts, which is above the percentage of businesses in the assessment area that are located in moderate-income census tracts at 16.8 percent. The bank originated 39.6 percent of loans in middle-income census tracts, which is significantly below the percentage of businesses located in middle-income census tracts at 68.5 percent. The remaining 18 small business loans, accounting for 37.5 percent of small business loans in 2023, were originated to businesses located in upper-income census tracts. This is significantly above the percentage of businesses in the assessment area that are located in upper-income census tracts, which is 14.7 percent.

The following table presents the bank's geographic distribution of small business loans.

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Eastern IN Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	11	22.9	1,613	44.1	16.8
Middle	19	39.6	1,393	38.1	68.5
Upper	18	37.5	655	17.9	14.7
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	48	100.0	3,660	100.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Small Farm Loans

The bank's geographic distribution of small farm loans in the assessment area is considered reasonable. First Bank of Berne originated 6.8 percent of small farm loans in moderate-income census tracts, which is above the percentage of farms in the assessment area that are located in moderate-income census tracts at only 0.9 percent. Additionally, the bank originated a substantial majority of loans in middle-income census tracts at 81.4 percent, which is above the percentage of farms located in middle-income census tracts, at 77.6 percent. The remaining 11.9 percent of small farm loans were originated to farms located in upper-income census tracts. This is below the percentage of farms in the assessment area that are located in upper-income census tracts (21.5 percent).

The following table presents the bank's geographic distribution of small farm loans.

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: Eastern IN Non MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	4	6.8	533	6.1	0.9
Middle	48	81.4	7,488	85.4	77.6
Upper	7	11.9	749	8.5	21.5
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	59	100.0	8,770	100.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

First Bank of Berne demonstrates reasonable penetration of loans among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes.

HMDA-Reportable Loans

The borrower distribution of total HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. In 2023, First Bank of Berne originated 15.6 percent of HMDA-reportable loans to low-income borrowers, which was in alignment with aggregate lenders (16.7 percent) and below the percentage of families that are designated as low-income in the assessment area (18.3 percent). The bank originated the largest portion of HMDA-reportable loans to moderate-income borrowers, which accounts for 35.8 percent of HMDA-reportable lending in 2023. The bank's performance was above aggregate lenders, which originated 30.6 percent of HMDA-reportable loans to moderate-income borrowers, and above the percentage of families in the assessment area who are moderate-income, at 20.4 percent. The bank originated 26.6 percent of HMDA-reportable loans to middle-income families, which was comparable to aggregate and the percentage of families in the assessment area, which was 23.2 and 22.5 percent, respectively. The bank originated 16.5 percent of loans to upper-income families, which was comparable to aggregate lending (20.5 percent) but below the percentage of families in the assessment area (38.8 percent). Further, the bank originated 5.5 percent of loans to families with an unknown income designation, which was similar to aggregate lenders at 8.9 percent. Borrower distribution of 2022 HMDA-Reportable loans was comparable to the bank's 2023 performance.

Home Purchase

The bank originated 18.7 percent of home purchase loans to low-income families and 34.7 percent to moderate-income families in 2023. The bank's lending to low- and moderate-income borrowers in 2023 exceeded the aggregate lenders at 16.0 percent of home purchase loans to low-income borrowers and 31.7 percent to moderate-income borrowers. The bank's home purchase lending to low-income borrowers is consistent with the percentage of families in the assessment area that are low-income at 18.3. The bank's lending to moderate-income borrowers is above the percentage of families in the assessment area that are moderate-income at 20.4 percent. The bank originated 28.0 percent of home purchase loans to middle-income borrowers, which was above both aggregate lenders (22.5 percent) and the percentage of families that are designated as middle-income (22.5 percent). The bank originated 13.3 percent of home purchase loans to upper-income borrowers, which was consistent with aggregate lenders (16.8 percent) and significantly below families by income (38.8 percent). Further, the bank originated 5.3 percent of home purchase loans in 2023 to families with unknown income designation, which is below aggregate (13.0 percent). In 2022, the bank's lending to low- and moderate-income families was in alignment with 2023.

Refinance

In 2023, the bank originated 11.5 percent of HMDA-reportable refinance loans to low-income families, which was below aggregate lenders and low-income families at 18.8 and 18.3 percent, respectively. The bank originated the largest portion of refinance loans to moderate-income borrowers at 42.3 percent, which was above aggregate (32.9 percent) and significantly above the percentage of families in the assessment area who are moderate-income, which is 20.4 percent. The bank originated 19.2 percent of loans to middle-income borrowers, which is in alignment with aggregate and the percentage of families that are middle-income at 19.7 and 22.5 percent, respectively. The bank also originated 26.9 percent of refinance loans to upper-income families, which is slightly above the aggregate lenders (22.3 percent), but below the percent of families that are upper-income (38.8 percent). Performance in 2022 for HMDA-reportable refinance loans was in alignment with 2023.

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Eastern IN Non MSA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	26	21.5	15.6	2,488	12.6	9.5	14	18.7	16.0	1,111	10.5	9.0	18.3
Moderate	33	27.3	29.0	3,997	20.3	22.8	26	34.7	31.7	2,889	27.2	24.2	20.4
Middle	18	14.9	22.1	3,559	18.1	23.6	21	28.0	22.5	3,420	32.3	22.8	22.5
Upper	28	23.1	17.4	7,755	39.4	28.6	10	13.3	16.8	2,601	24.5	30.2	38.8
Unknown	16	13.2	15.9	1,879	9.5	15.5	4	5.3	13.0	581	5.5	13.9	0.0
Total	121	100.0	100.0	19,678	100.0	100.0	75	100.0	100.0	10,602	100.0	100.0	100.0
Refinance Loans													
Low	7	11.9	17.1	702	7.0	12.8	3	11.5	18.8	145	3.7	13.9	18.3
Moderate	22	37.3	28.2	3,040	30.3	24.2	11	42.3	32.9	1,429	36.3	29.8	20.4
Middle	16	27.1	23.8	2,468	24.6	23.1	5	19.2	19.7	889	22.6	19.0	22.5
Upper	11	18.6	24.1	3,302	32.9	31.9	7	26.9	22.3	1,469	37.4	29.3	38.8
Unknown	3	5.1	6.7	516	5.1	8.1	0	0.0	6.3	0	0.0	8.0	0.0
Total	59	100.0	100.0	10,028	100.0	100.0	26	100.0	100.0	3,932	100.0	100.0	100.0
Home Improvement Loans													
Low	3	33.3	11.0	175	37.6	6.8	0	0.0	13.1	0	0.0	9.3	18.3
Moderate	0	0.0	20.4	0	0.0	17.1	2	25.0	23.8	320	32.9	17.9	20.4
Middle	3	33.3	24.1	98	21.1	20.9	3	37.5	29.4	389	39.9	32.3	22.5
Upper	3	33.3	41.9	192	41.3	53.4	1	12.5	30.6	50	5.1	36.4	38.8
Unknown	0	0.0	2.6	0	0.0	1.8	2	25.0	3.1	215	22.1	4.1	0.0
Total	9	100.0	100.0	465	100.0	100.0	8	100.0	100.0	974	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	36	19.0	15.3	3,365	11.2	10.4	17	15.6	16.7	1,256	8.1	10.3	18.3
Moderate	55	29.1	27.8	7,037	23.3	23.0	39	35.8	30.6	4,638	29.9	25.3	20.4
Middle	37	19.6	22.8	6,125	20.3	23.0	29	26.6	23.2	4,698	30.3	22.4	22.5
Upper	42	22.2	23.2	11,249	37.3	31.5	18	16.5	20.5	4,120	26.6	30.6	38.8
Unknown	19	10.1	10.8	2,395	7.9	12.0	6	5.5	8.9	796	5.1	11.4	0.0
Total	189	100.0	100.0	30,171	100.0	100.0	109	100.0	100.0	15,508	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. A sample of small business loans originated in 2023 were reviewed, of which 60.4 percent by number were to businesses with annual revenues of \$1.0 million or less. First Bank of Berne's performance is significantly below the percentage of total businesses in the assessment area with total revenues of \$1.0 million or less (90.4 percent). However, of the bank's 29 loans made to businesses of revenue of \$1 million or less, 86.2 percent were in loan amounts of \$100,000 or less, which are considered the most beneficial to small businesses, and indicating the bank's willingness to meet the credit needs of small businesses within the assessment area.

The following table presents the distribution of business loans by revenue and loan size.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Eastern IN Non MSA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	29	60.4	1,339	36.6	90.4
Over \$1 Million	19	39.6	2,321	63.4	7.9
Revenue Unknown	0	0.0	0	0.0	1.6
Total	48	100.0	3,660	100.0	100.0
By Loan Size					
\$100,000 or Less	38	79.2	1,148	31.4	
\$100,001 - \$250,000	8	16.7	1,112	30.4	
\$250,001 - \$1 Million	2	4.2	1,400	38.3	
Total	48	100.0	3,660	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	25	86.2	716	53.5	
\$100,001 - \$250,000	4	13.8	623	46.5	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	29	100.0	1,339	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. A sample of small farm loans originated in 2023 were reviewed, of which 84.7 percent by number were to farms with annual revenue of \$1 million or less. The bank's performance is below the percentage of total farms in the assessment area with total revenues of \$1 million or less (98.5 percent). Of those loans to farms with annual revenue of \$1 million or less, a total of 54.0 percent of small farm loans were in loan amounts of \$100,000 or less, which are considered the most beneficial to small farms, and indicating the bank's willingness to meet the credit needs of small farms within the assessment area.

The following table presents the distribution of farm loans by revenue and loan size.

Distribution of 2023 Small Farm Lending By Revenue Size of Farms Assessment Area: Eastern IN Non MSA					
	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	50	84.7	6,585	75.1	98.5
Over \$1 Million	9	15.3	2,185	24.9	1.3
Revenue Unknown	0	0.0	0	0.0	0.2
Total	59	100.0	8,770	100.0	100.0
By Loan Size					
\$100,000 or Less	29	49.2	1,430	16.3	
\$100,001 - \$250,000	18	30.5	3,130	35.7	
\$250,001 - \$500,000	12	20.3	4,210	48.0	
Total	59	100.0	8,770	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	27	54.0	1,309	19.9	
\$100,001 - \$250,000	14	28.0	2,236	34.0	
\$250,001 - \$500,000	9	18.0	3,040	46.2	
Total	50	100.0	6,585	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

COMMUNITY DEVELOPMENT TEST

Lending, Investment, and Services Activities

The bank demonstrates adequate responsiveness to the community development needs of its Eastern IN Non-MSA assessment area through community development loans, qualified investments and donations, and community development services.

Loans

During the evaluation period, the bank originated 12 community development loans for approximately \$5.87 million with the purposes of affordable housing and community services. A community representative noted affordable housing to be a significant need in the communities of the Eastern IN Non-MSA assessment area, thus, those loans are responsive to the needs of the community. Further, community development lending within the assessment area was significantly higher than the prior evaluation, in which the bank originated eight community development loans totaling approximately \$2.2 million.

Investments

The bank made one qualified investment during the review period for a total of approximately \$8.3 million. The bank's sole investment was focused on a significant revitalization project in the Eastern IN Non-MSA assessment area. During the prior examination, the bank did not make any qualified investments, thus performance this evaluation is significantly higher by dollar amount.

The bank made 174 qualified community development donations totaling \$266,934 to various organizations with focuses on community services, economic development, and revitalization and stabilization. This performance indicates an increase from the prior examination, in which the bank made 128 donations for \$148,696.

Services

Bank staff provided a total of 1,940 hours of community services to 36 unique organizations located through the assessment area. The majority of service hours involved staff serving on committees or on board of organizations providing financial expertise and technical assistance. The bank provided services to three affordable housing organizations, which is responsive to community needs cited by a community representative and the Well's County Housing Study⁶. The number of community services and the hours of service decreased since the prior examination, in which staff provided services to 61 organizations for a total of 2,469 hours.

6 Wells County Economic Development. "Wells County Housing Study 2024." Wells County Indiana Economic Development, February 16, 2024. http://www.wellsedc.com/sites/default/files/page-docs/wells_county_housing_study_compressed.pdf.

The following table presents First Bank of Berne’s Community development activities during the evaluation period in the Eastern IN Non-MSA assessment area.

Summary of Community Development Activities from February 1, 2022 – March 3, 2025										
Type of Activity	Affordable Housing		Economic Development		Revitalize and Stabilize		Community Service		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	9	4,823,567	0	0	0	0	3	1,050,139	12	5,873,706
Investments	0	0	0	0	1	8,305,153	0	0	1	8,305,153
Donations	0	0	8	25,500	1	2,000	165	239,434	174	266,934
Services	3	44	3	110	0	0	30	1,786	36	1,940

WESTERN INDIANA NON-MSA – LIMITED REVIEW

SCOPE OF EXAMINATION

Limited scope examination procedures were used to evaluate the bank’s performance in the Eastern Indiana Non-MSA assessment area. The scope of this section is consistent with the overall scope of the examination described within the institution summary. For further information refer to the “Scope of Examination” section for details.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN WESTERN INDIANA NON-MSA⁷

The Western Indiana Non-MSA assessment area is comprised of Miami County in its entirety. The assessment area is comprised of ten census tracts, of which four census tracts are moderate-income, five middle-income, and one is an upper-income census tract. The delineation of the assessment area and the number of census tracts has not changed. However, due to changes in the 2020 Decennial Census and the ACS for the period of 2016-2020, the number of moderate-income census tracts increased from two to four, the number of middle-income census tracts decreased from eight to five, and the number of upper-income tracts increased from zero to one. The Western IN Non-MSA assessment area has no low-income or underserved or distressed census tracts.

The bank operates one branch location with a cash-only ATM in Peru, Indiana in a moderate-income census tract. Since the prior examination, the bank has not opened or closed any branches in the assessment area.

According to the June 30, 2024, FDIC Market Share Report, First Bank of Berne ranked second of six depository institutions operating within the Western IN Non-MSA assessment area. The bank

⁷ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

held \$103.5 million in deposits, representing a market share of 12.4 percent. The financial institution with the largest share of the deposit market is First Farmers Bank & Trust Company (67.8 percent). In 2023, First Bank of Berne ranked 16th of 99 among HMDA-reporting financial institutions in the Western IN Non-MSA assessment area with six total originations and purchases. First Farmers Bank & Trust Company and Beacon Credit Union ranked first and second with 68 and 59 originations, respectively.

Tract Designation Change Data

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	-
Moderate	2	4	+2
Middle	8	5	-3
Upper	0	1	+1
Unknown	0	0	-
Total	10	10	-
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

Additional 2023 demographic information of the Western IN Non-MSA assessment area is provided in the following table. Demographic information of the assessment area for 2022 is provided in Appendix B.

2023 Western IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,001	22.2
Moderate	4	40.0	2,863	31.8	588	20.5	1,741	19.3
Middle	5	50.0	5,201	57.8	395	7.6	2,073	23.0
Upper	1	10.0	936	10.4	42	4.5	3,185	35.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	10	100.0	9,000	100.0	1,025	11.4	9,000	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	5,307	2,975	30.4	56.1	1,591	30.0	741	14.0
Middle	8,596	5,717	58.4	66.5	2,001	23.3	878	10.2
Upper	1,495	1,097	11.2	73.4	150	10.0	248	16.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	15,398	9,789	100.0	63.6	3,742	24.3	1,867	12.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	390	37.9	354	37.6	27	39.7	9	45.0
Middle	532	51.7	489	51.9	36	52.9	7	35.0
Upper	108	10.5	99	10.5	5	7.4	4	20.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,030	100.0	942	100.0	68	100.0	20	100.0
Percentage of Total Businesses:				91.5		6.6		1.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	4	2.9	4	3.0	0	0.0	0	0.0
Middle	102	75.0	98	74.2	3	100.0	1	100.0
Upper	30	22.1	30	22.7	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	136	100.0	132	100.0	3	100.0	1	100.0
Percentage of Total Farms:				97.1		2.2		0.7
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS WESTERN INDIANA NON-MSA

Assessment Area	Lending Test	Community Development Test
Western IN Non-MSA	Consistent	Below

The institution's lending performance in the area is consistent with the institution's performance in Indiana. Community development performance in the area is below, the state of Indiana; however, it does not change the rating for the state. Please see the lending and community development tables below for more detail.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Western IN Non MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	66.7	32.5	313	71.5	38.8	1	16.7	33.8	42	4.2	27.4	30.4
Middle	1	16.7	56.4	80	18.3	51.9	5	83.3	56.1	960	95.8	62.8	58.4
Upper	1	16.7	11.1	45	10.3	9.3	0	0.0	10.1	0	0.0	9.8	11.2
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	6	100.0	100.0	438	100.0	100.0	6	100.0	100.0	1,002	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Western IN Non MSA					
Geographic Income Level	Bank Loans				Total
	#	#%	\$(000)	\$%	Businesses %
Low	0	0.0	0	0.0	0.0
Moderate	1	100.0	17	100.0	37.9
Middle	0	0.0	0	0.0	51.7
Upper	0	0.0	0	0.0	10.5
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	1	100.0	17	100.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: Western IN Non MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	2.9
Middle	0	0.0	0	0.0	75.0
Upper	0	0.0	0	0.0	22.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	0	0.0	0	0.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Western IN Non MSA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Low	2	33.3	14.4	125	28.5	9.5	0	0.0	14.3	0	0.0	9.0	22.2
Moderate	2	33.3	25.9	178	40.6	23.2	2	33.3	32.9	463	46.2	28.5	19.3
Middle	0	0.0	24.5	0	0.0	25.2	0	0.0	21.0	0	0.0	22.0	23.0
Upper	1	16.7	22.4	70	16.0	26.8	0	0.0	17.5	0	0.0	21.8	35.4
Unknown	1	16.7	12.7	65	14.8	15.2	4	66.7	14.3	539	53.8	18.7	0.0
Total	6	100.0	100.0	438	100.0	100.0	6	100.0	100.0	1,002	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Western IN Non MSA					
	Bank Loans				Total
	#	#%	\$(000)	%	Businesses %
By Revenue					
\$1 Million or Less	1	100.0	17	100.0	91.5
Over \$1 Million	0	0.0	0	0.0	6.6
Revenue Unknown	0	0.0	0	0.0	1.9
Total	1	100.0	17	100.0	100.0
By Loan Size					
\$100,000 or Less	1	100.0	17	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	1	100.0	17	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	1	100.0	17	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	1	100.0	17	100.0	
Source: 2023 FFIEC Census Data					
2023 Dun & Bradstreet Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2023 Small Farm Lending By Revenue Size of Farms Assessment Area: Western IN Non MSA					
	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	0	0.0	0	0.0	97.1
Over \$1 Million	0	0.0	0	0.0	2.2
Revenue Unknown	0	0.0	0	0.0	0.7
Total	0	0.0	0	0.0	100.0
By Loan Size					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

Community Development

Summary of Community Development Activities from February 1, 2022 – March 3, 2025										
Type of Activity	Affordable Housing		Economic Development		Revitalize and Stabilize		Community Service		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	0	0	0	0	0	0	0	0	0	0
Investments	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	22	50,823	22	50,823
Services	0	0	0	0	0	0	0	0	0	0

STATE OF OHIO

CRA RATING FOR OHIO⁸: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The state of Ohio rating is based on the institution's performance in the Ohio Non-MSA assessment area. The geographic distribution of loans reflects poor dispersion throughout the assessment area and reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. The bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development donations and services considering the bank's capacity and the need and availability of such opportunities for community development in the Ohio Non-MSA assessment area.

SCOPE OF EXAMINATION

The scope for the full review assessment area is consistent with the scope presented in the overall "Scope of Examination" section of this performance evaluation. Refer to the Scope of Examination section for more detailed information.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN OHIO

First Bank of Berne's operations in the state of Ohio consist of one assessment area in western Ohio, bordering the state of Indiana. The Ohio Non-MSA is comprised of Van Wert County, in its entirety. The bank operates one branch location and one cash-only ATM within the assessment area. Please refer to the individual assessment area summary for demographic and economic conditions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO

LENDING TEST

First Bank of Berne's performance relative to the lending test in Ohio is satisfactory based on poor geographic distribution of loans and reasonable penetration of loans among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes.

⁸ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Geographic and Borrower Distribution

First Bank of Berne's geographic distribution of loans reflects poor distribution throughout the assessment area. Additionally, lending activities reflect reasonable penetration among individuals of different income, include low- and moderate-income, levels and businesses and farms of different sizes.

COMMUNITY DEVELOPMENT TEST

Lending, Investments, and Services Activities

First Bank of Berne's community development activities in the Ohio Non-MSA assessment area is satisfactory. The bank demonstrates adequate responsiveness to the community development needs of its assessment area through qualified community development donations and services considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area. Please refer to the individual assessment area summary for further details.

OHIO NON-MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Ohio Non-MSA assessment area. The scope of this section is consistent with the overall scope of the examination described within the institution summary. For further information refer to the "Scope of Examination" section for details.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN OHIO NON-MSA⁹

The bank's Ohio Non-MSA assessment area is comprised of Van Wert County in its entirety. The assessment area consists of nine census tracts, of which three are moderate-income and six are middle-income. The delineation of the assessment area and the total number of census tracts have not changed since the prior examination. However, due to changes in the 2020 Decennial census and the ACS for the period of 2016-2020, the number of moderate-income census tracts increased from zero to three, the number of middle-income census tracts decreased from eight to six, and the number of upper-income tracts decreased from one to zero. The Ohio Non-MSA assessment area has no low-income census tracts or census tracts designated as underserved or distressed.

The bank operates one branch location and one cash-only ATM in Van Wert, Ohio, in a middle-income census tract. Since the prior examination, the bank has not opened or closed any branches in the assessment area.

According to the June 30, 2024, FDIC Deposit Market Share Report, First Bank of Berne ranked seventh among eight FDIC-insured financial institutions operating within the Ohio Non-MSA assessment area. The bank held \$54.0 million in deposits, representing a market share of 7.7 percent. The financial institutions with the largest percentage share of the deposit market include First Federal Savings and Loan Association of Van Wert (19.6 percent), Van Wert Federal Savings Bank (19.5 percent), and The Citizens Nation Bank of Bluffton (17.8 percent). In 2023, First Bank of Berne ranked 11th out of 86 HMDA reporting financial institutions in the Ohio Non-MSA assessment area for home mortgage originations with seven total loans. Superior Credit Union, Inc. and First Financial Bank ranked first and second with 62 and 34 originations, respectively. The Deposit Market Share Report indicates significant competition in the assessment area. However, the bank's number of HMDA-reportable loans, and its rank in the assessment area indicates that the bank is still able to meet the needs of the community through HMDA-reportable loans without being impeded by the significant presence of lenders in the area.

⁹ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Tract Designation Change Data

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	-
Moderate	0	3	+3
Middle	8	6	-2
Upper	1	0	-1
Unknown	0	0	-
Total	9	9	-
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

Additional 2023 demographic information of the Ohio Non-MSA assessment area is provided in the following table. Demographic information of the assessment area for 2022 is provided in Appendix B.

2023 OH Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,146	13.8
Moderate	3	33.3	1,621	19.5	214	13.2	1,836	22.1
Middle	6	66.7	6,694	80.5	300	4.5	2,045	24.6
Upper	0	0.0	0	0.0	0	0.0	3,288	39.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	9	100.0	8,315	100.0	514	6.2	8,315	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,823	1,562	17.3	55.3	979	34.7	282	10.0
Middle	9,901	7,480	82.7	75.5	1,619	16.4	802	8.1
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	12,724	9,042	100.0	71.1	2,598	20.4	1,084	8.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	248	24.1	216	23.7	27	29.0	5	22.7
Middle	779	75.9	696	76.3	66	71.0	17	77.3
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,027	100.0	912	100.0	93	100.0	22	100.0
Percentage of Total Businesses:				88.8		9.1		2.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	3	1.8	3	1.8	0	0.0	0	0.0
Middle	166	98.2	165	98.2	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	169	100.0	168	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.4		0.6		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

According to the 2011-2025 U.S. Census Bureau American Community Survey and 2020 U.S. Census Bureau Decennial Census, population in the assessment area in 2020 was 28,931, an increase of 1.2 percent since 2015. Population growth in the state of Ohio was 1.9 percent from 2015 to 2020, which was comparable to the growth in the assessment area. According to a community representative, population in the assessment area has remained stable for a long period of time, with one representative noting that population growth is mostly organic. A community representative also noted that there have been a number of housing and economic development projects aimed at retaining residents, including the revitalization of the downtown area in Van Wert.

The following table presents population trends for the assessment area and the state of Ohio from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percent Change
Assessment Area (Van Wert County)	28,576	28,931	1.2%
State of Ohio	11,575,977	11,799,448	1.9%
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey and 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 8,315 families, of which 13.8 percent are designated as low-income, 22.1 percent are moderate-income, 24.6 percent are middle-income, and 39.5 percent are upper-income. Families living below the poverty level within the assessment area is 6.2 percent, which is lower than the poverty rate of 9.6 percent for the state of Ohio.

Overall, the assessment area experienced an increase in median family income (MFI) (6.7 percent), below the increase experienced by the state of Ohio overall (8.4 percent) from 2015 to 2020. Community representatives noted that the increase in MFI can be attributed to increased higher education attainment overtime, increased job opportunities, and remote work allowing some to attain higher paying jobs while continuing to live in Van Wert County.

The following table presents the MFI for families living in the assessment area and the state of Ohio from 2015 to 2020.

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Assessment Area (Van Wert County)	\$64,801	\$69,125	6.7%
State of Ohio	\$68,632	\$74,391	8.4%
<i>Source: 2011 - 2015 and 2016 -2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

There are a total of 12,724 housing units within the assessment area. The majority of housing units are owner-occupied at 71.1 percent, followed by rental units which comprise 20.4 percent, followed by vacant units, which make up 8.5 percent of housing units in the assessment area.

A method to understand poverty and housing outcomes is calculating housing cost burden, which is presented in the following table. The housing cost burden is the ratio of a household's gross monthly housing costs to the household's gross monthly income. Housing cost burden, as defined by HUD, takes these quantitative ratios, and assigns qualitative values to them. If a household's housing cost is above 30.0 percent of its income, that household is considered housing cost burdened. If housing cost is above 50.0 percent, then the household is severely housing cost burdened. Across the bank's Ohio Non-MSA assessment area, 35.8 percent of all renters are considered housing cost burdened, with 82.6 percent of low- and 13.1 percent of moderate-income renters burdened. For homeowners, a much smaller percentage, 11.1 percent, are considered housing cost burdened, with 58.6 percent being low-income and 17.2 percent being moderate-income owners. Low-income renters are significantly more burdened in Van Wert County than the state of Ohio at 82.6 percent and 71.7 percent, respectively. Conversely, moderate-income renters are significantly more burdened in the state of Ohio than Van Wert County at 27.0 and 13.1 percent, respectively. While low-income homeowners experience cost burden at similar rates in both Van Wert County and the state of Ohio, moderate-income homeowners are more cost burdened in the state as a whole than Van Wert County at 27.2 and 17.2 percent, respectively.

Community representatives stated that affordable housing is a need in the assessment area. They noted that the cost of housing is low compared to larger, urban areas; however, income and availability of affordable housing is also low. One community representative noted that there is more demand for affordable single-family housing than for multi-family housing. Aging housing stock is also an issue in the area, with potential purchasers shying away due to significant repair costs. Additionally, community representatives noted that housing loan demand has decreased since the COVID-19 pandemic due to the interest rate environment.

Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area (Van Wert County)	82.6%	13.1%	35.8%	58.6%	17.2%	11.1%
State of Ohio	71.7%	27.0%	38.6%	60.4%	27.2%	16.1%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i> <i>Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy</i>						

Employment Conditions

The unemployment rate for the assessment area and the state of Ohio in 2023 were 2.8 and 3.5 percent, respectively. The assessment area and the state of Ohio had significantly higher unemployment rates in 2020 and 2021 during the COVID-19 pandemic, as seen in the following table. However, in 2022 and 2023, unemployment rates dropped significantly and are now lower than 2019 unemployment rates.

Community representatives noted that unemployment in the assessment area is impacted by economic uncertainty and higher interest rates. Similarly, one community representative stated that higher interest rates have impeded businesses from taking out loans due to the cost, limiting the possibility for expansion and job creation. Conversely, another community representative noted that a number of improvement projects in Van Wert has positively impacted employment by attracting businesses to the area and will continue to do so as more projects are ongoing.

The following table represents employment trends for the assessment area, the counties that comprise the assessment area, and state of Indiana from 2019 to 2023.

Unemployment Rates					
Area	2019	2020	2021	2022	2023
Assessment Area (Van Wert County)	3.3%	7.0%	4.0%	3.3%	2.8%
State of Ohio	4.2%	8.2%	5.1%	4.0%	3.5%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

Industry Characteristics

According to the Quarterly Census of Employment and Wages conducted by the Bureau of Labor Statistics (BLS), manufacturing, government, and health care and social assistance are the largest employers by industry in the assessment area. Additionally, government, retail trade, and accommodation and food services have the largest number of establishments in the assessment area. One community representative noted that there have not been any employer closings or relocations that significantly impacted the assessment area.

Community Representative

Two community representatives were contacted during the evaluation to provide information regarding local economic and demographic conditions within the assessment area. Each representative provided information on housing, employment, economic development needs. Additionally, each representative discussed the financial challenges within their respective areas and how local financial institutions could be more involved. Both community representatives highlighted the need for affordable housing. One community representative also noted that additional loan programs, or visibility of programs such as SBA loan programs for businesses, and home improvement would benefit the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO NON-MSA

LENDING TEST

Due to low lending volumes for HMDA-reportable, small business, and small farm loans in 2023, no meaningful analysis can be completed for 2023. Thus, the geographic distribution of lending was evaluated using 2022 HMDA-reportable loans.

Geographic Distribution of Loans

First Bank of Berne demonstrates poor geographic distribution of loans in the bank's Ohio Non-MSA assessment area.

An analysis of the dispersion of the loans in the assessment area was also reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. In 2022, the Ohio Non-MSA assessment area was comprised of 9 census tracts, of which three were designated moderate-income. First Bank of Berne originated a loan in one moderate-income census tract, and the remainder of the bank's HMDA-reportable loans were originated in middle-income census tracts. Examiners determined that there were no conspicuous geographic lending gaps.

HMDA-Reportable Loans

Due to a limited number of loans in 2022, only total HMDA lending was analyzed. Meaningful analysis cannot be conducted for home-purchase, refinance, home improvement, or multi-family loans alone.

The bank's geographic distribution of HMDA-reportable loans reflects poor dispersion throughout the assessment area. In 2022, First Bank of Berne originated a total of 19 HMDA-reportable loans in the assessment area. The bank originated 5.3 percent, or one, HMDA-reportable loan in moderate-income geographies, which was significantly below HMDA-reportable loans originated by

aggregate lenders at 24.4 percent and the percentage of owner-occupied units in moderate-income census tracts at 17.3 percent. The majority of the bank's HMDA-reportable loans in 2022 were originated in middle-income census tracts at 94.7 percent, which was above both the aggregate at 75.6 percent and the percentage of owner-occupied units at 82.7 percent.

The following table presents the geographic distribution of HMDA-reportable loans for 2022 and 2023 within the assessment area.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography													
Assessment Area: OH Non MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	#	#%	#%	\$(000)	%	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	5.3	24.4	70	2.1	26.7	0	0.0	25.6	0	0.0	23.1	17.3
Middle	18	94.7	75.6	3,295	97.9	73.3	7	100.0	74.4	1,356	100.0	76.9	82.7
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	19	100.0	100.0	3,365	100.0	100.0	7	100.0	100.0	1,356	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Small Business Loans

In 2023, the bank originated three total small business loans in the assessment area. As previously stated, due to a low volume of small business loans in 2023, no meaningful analysis could be performed.

Small Farm Loans

In 2023, the bank did not originate small farm loans in the assessment area, therefore no meaningful analysis could be performed.

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

First Bank of Berne demonstrates a reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes.

HMDA-Reportable Loans

The borrower distribution of total HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. In 2022, the bank originated 10.5 percent of HMDA-reportable loans to low-income borrowers, which was below aggregate lending and the percentage of families in the assessment area who are designated as low-income at 15.1 percent and 13.8 percent, respectively. First Bank of Berne originated 31.6 percent of HMDA-reportable loans to moderate-income families, which was above aggregate lending at 26.4 percent, and the percentage of families in the assessment area who are moderate-income, which was 22.1 percent. The bank made 21.1 percent of their total HMDA loans to middle-income families, which was comparable to aggregate at 22.1 percent and the percentage of families that are middle-income at 24.6 percent. The bank made 36.8 percent of their HMDA loans to upper-income families, above aggregate at 26.1 percent and comparable to the percentage of upper-income families at 39.5 percent.

The following table presents the borrower distribution of HMDA-reportable loans for 2022 and 2023 within the assessment area.

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level												
Assessment Area: OH Non MSA												
Borrower Income Level	Bank And Aggregate Loans By Year											
	2022						2023					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%
Low	2	10.5	15.1	79	2.3	9.8	0	0.0	14.1	0	0.0	8.7
Moderate	6	31.6	26.4	851	25.3	22.2	5	71.4	30.9	626	46.2	24.3
Middle	4	21.1	22.3	601	17.9	21.4	1	14.3	21.4	300	22.1	20.7
Upper	7	36.8	26.1	1,834	54.5	35.2	1	14.3	23.6	430	31.7	30.4
Unknown	0	0.0	10.1	0	0.0	11.3	0	0.0	10.1	0	0.0	15.9
Total	19	100.0	100.0	3,365	100.0	100.0	7	100.0	100.0	1,356	100.0	100.0
Source: 2023 FFIEC Census Data												
2016-2020 U.S. Census Bureau: American Community Survey												
Note: Percentages may not total 100.0 percent due to rounding.												
Multifamily loans are not included in the borrower distribution analysis.												

Small Business Loans

The bank originated three small business loans in the assessment area. Due to a low volume of small business loans in 2023, no meaningful analysis could be performed.

Small Farm Loans

The bank originated no small farm loans in the assessment area, therefore, no meaningful analysis could be performed.

COMMUNITY DEVELOPMENT TEST

Lending, Investment, and Services Activities

The bank demonstrates adequate responsiveness to the community development needs of its Ohio Non-MSA assessment area through qualified community development donations and services considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

Lending

The bank made no qualified community development loans in the assessment area during the review period, which is in alignment with the prior examination.

Investments

First Bank of Berne made no investments during the review period in the assessment area. This represents a decrease from the prior examination where the bank had one investment for a total of \$340,000.

During the current review period, the bank made 17 qualified community development donations totaling \$11,250 to various organizations. A substantial majority of the qualified donations were to community service organizations. Additionally, a majority of the bank's donations were to organizations operating in moderate-income census tracts in the assessment area and were for health and essential services, including services for aging communities which are responsive to community needs. In 2020 population data for the assessment area, 18.3 percent of the population are age 65 or older. During the prior examination, the bank made 14 donations for a total of \$4,930.

Services

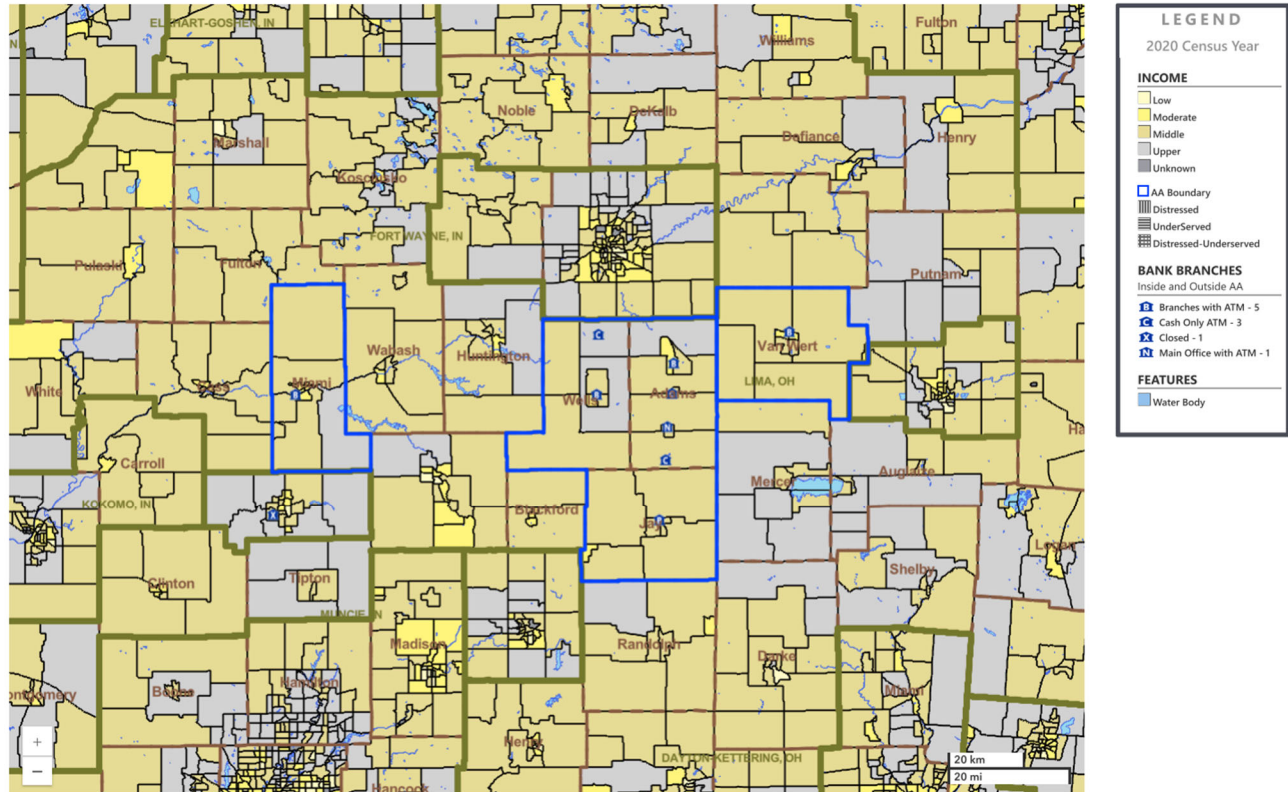
Bank staff provided a total of 240 hours of community development services to two unique organizations located in the assessment area. All services were to organizations providing community services to the community. Additionally, both organizations provide services targeted to low- and moderate-income individuals/families in Van Wert County, including the three moderate-income census tracts, making these services responsive to the needs of low- and moderate-income individuals and families in the assessment area. This performance represents a decrease from the prior examination, in which bank staff provided 522 hours of community service to 10 unique organizations.

The following table presents First Bank of Berne's community development activities during the evaluation period in the Ohio Non-MSA assessment area.

Summary of Community Development Activities from February 1, 2022 – March 3, 2025										
Type of Activity	Affordable Housing		Economic Development		Revitalize and Stabilize		Community Service		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	0	0	0	0	0	0	0	0	0	0
Investments	0	0	0	0	0	0	0	0	0	0
Donations	0	0	1	500	0	0	16	10,750	17	11,250
Services	0	0	0	0	0	0	2	240	2	240

APPENDIX A – Maps of the Assessment Areas

First Bank of Berne 312244 Combined Assessment Area



Appendix B – 2022 Assessment Area Demographics

2022 Combined Assessment Area AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	7,162	18.2
Moderate	10	25.0	7,415	18.9	1,232	16.6	8,057	20.5
Middle	26	65.0	26,863	68.4	2,177	8.1	9,050	23.1
Upper	4	10.0	4,971	12.7	133	2.7	14,980	38.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	40	100.0	39,249	100.0	3,542	9.0	39,249	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	13,502	7,599	17.5	56.3	4,240	31.4	1,663	12.3
Middle	41,850	30,132	69.4	72.0	8,446	20.2	3,272	7.8
Upper	7,274	5,690	13.1	78.2	991	13.6	593	8.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	62,626	43,421	100.0	69.3	13,677	21.8	5,528	8.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,137	22.3	1,014	22.0	101	26.0	22	23.9
Middle	3,396	66.6	3,087	66.9	248	63.8	61	66.3
Upper	564	11.1	515	11.2	40	10.3	9	9.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	5,097	100.0	4,616	100.0	389	100.0	92	100.0
Percentage of Total Businesses:				90.6		7.6		1.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	11	1.4	11	1.4	0	0.0	0	0.0
Middle	633	81.7	622	81.5	9	90.0	2	100.0
Upper	131	16.9	130	17.0	1	10.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	775	100.0	763	100.0	10	100.0	2	100.0
Percentage of Total Farms:				98.5		1.3		0.3
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2022 Eastern IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,015	18.3
Moderate	3	14.3	2,931	13.4	430	14.7	4,480	20.4
Middle	15	71.4	14,968	68.2	1,482	9.9	4,932	22.5
Upper	3	14.3	4,035	18.4	91	2.3	8,507	38.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	21	100.0	21,934	100.0	2,003	9.1	21,934	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	5,372	3,062	12.5	57.0	1,670	31.1	640	11.9
Middle	23,353	16,935	68.9	72.5	4,826	20.7	1,592	6.8
Upper	5,779	4,593	18.7	79.5	841	14.6	345	6.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	34,504	24,590	100.0	71.3	7,337	21.3	2,577	7.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	498	16.4	439	16.0	50	21.6	9	18.0
Middle	2,081	68.6	1,899	69.0	146	63.2	36	72.0
Upper	453	14.9	413	15.0	35	15.2	5	10.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,032	100.0	2,751	100.0	231	100.0	50	100.0
Percentage of Total Businesses:				90.7		7.6		1.6
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	3	0.6	3	0.6	0	0.0	0	0.0
Middle	365	77.8	359	77.7	5	83.3	1	100.0
Upper	101	21.5	100	21.6	1	16.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	469	100.0	462	100.0	6	100.0	1	100.0
Percentage of Total Farms:				98.5		1.3		0.2
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2022 Western IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,001	22.2
Moderate	4	40.0	2,863	31.8	588	20.5	1,741	19.3
Middle	5	50.0	5,201	57.8	395	7.6	2,073	23.0
Upper	1	10.0	936	10.4	42	4.5	3,185	35.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	10	100.0	9,000	100.0	1,025	11.4	9,000	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	5,307	2,975	30.4	56.1	1,591	30.0	741	14.0
Middle	8,596	5,717	58.4	66.5	2,001	23.3	878	10.2
Upper	1,495	1,097	11.2	73.4	150	10.0	248	16.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	15,398	9,789	100.0	63.6	3,742	24.3	1,867	12.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	400	37.7	365	37.6	26	38.8	9	42.9
Middle	549	51.8	505	52.0	36	53.7	8	38.1
Upper	111	10.5	102	10.5	5	7.5	4	19.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,060	100.0	972	100.0	67	100.0	21	100.0
Percentage of Total Businesses:				91.7		6.3		2.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	5	3.6	5	3.7	0	0.0	0	0.0
Middle	103	74.6	99	73.9	3	100.0	1	100.0
Upper	30	21.7	30	22.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	138	100.0	134	100.0	3	100.0	1	100.0
Percentage of Total Farms:				97.1		2.2		0.7
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

2022 OH Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,146	13.8
Moderate	3	33.3	1,621	19.5	214	13.2	1,836	22.1
Middle	6	66.7	6,694	80.5	300	4.5	2,045	24.6
Upper	0	0.0	0	0.0	0	0.0	3,288	39.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	9	100.0	8,315	100.0	514	6.2	8,315	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,823	1,562	17.3	55.3	979	34.7	282	10.0
Middle	9,901	7,480	82.7	75.5	1,619	16.4	802	8.1
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	12,724	9,042	100.0	71.1	2,598	20.4	1,084	8.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	239	23.8	210	23.5	25	27.5	4	19.0
Middle	766	76.2	683	76.5	66	72.5	17	81.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,005	100.0	893	100.0	91	100.0	21	100.0
Percentage of Total Businesses:				88.9		9.1		2.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	3	1.8	3	1.8	0	0.0	0	0.0
Middle	165	98.2	164	98.2	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	168	100.0	167	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.4		0.6		0.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	<ul style="list-style-type: none">HMDA-Reportable Lending from January 1, 2022, to December 31, 2023.Small Business Lending from January 1, 2023, to December 31, 2023.Small Farm Lending from January 1, 2023, to December 31, 2023.Community Development Activities from February 1, 2022, to March 3, 2025.		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED <ul style="list-style-type: none">HMDA-ReportableSmall BusinessSmall FarmCommunity Development Loans, Investments and Donations, and Services
First Bank of Berne			
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	NA		NA
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Eastern IN Non-MSA	Full Scope	NA	ISB HMDA Reporter
Western IN Non-MSA	Limited Scope	NA	ISB HMDA Reporter
Ohio Non-MSA	Full Scope	NA	ISB HMDA Reporter

APPENDIX D – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.¹⁰

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

¹⁰ Source: FFIEC press release dated October 19, 2011.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted based on median income figures for MSA/MDs and the applicable state-wide nonmetropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;

- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:
 - a. Rates of poverty, unemployment or population loss; or
 - b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male household and no wife present) or “female householder” (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and

internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent

- of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;
- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
 - 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment, and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan production office (LPO): This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the

point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (**MSA**) or a metropolitan division (**MD**) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income.

The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).