

*Benton
Financial Corporation*

2021 Annual Report

March 19, 2022

Dear Fellow Shareholders:

As we closed out 2021, I suspect we were all happy to put the year behind us as the pandemic surged with a second wave impacting our communities once again. Looking toward 2022, we are hopeful the anxieties and uncertainties it has created over the past two years will be replaced with positives, such as a stabilizing economy and an improved sense of community.

The Company enjoyed solid performance for the year, with net income of \$2,246,308 and earnings per share of \$3.56. While both numbers are down a bit from last year, your book value of \$44.76 and cash dividend of \$0.86 are increases of 2% and 6% respectively. Growth in the balance sheet was again favorable, but the industry-wide net interest margin compression affected us as well.

We were able to resume our shareholder liquidity efforts by repurchasing 25,420 shares during the year. Historically, this has been good for shareholders who have needed some liquidity but more importantly, a boost for remaining shareholders. Your Board of Directors considers this a very worthy program and will continue to evaluate it each year as an option to increase shareholder value.

On a national scale, there is much to keep our eyes on, as inflation continues to affect nearly every household in our communities and supply chain concerns remain a reality for the time being.

Our commitment to the communities we serve remains a primary focal point. Customer referrals continue to be one of the best ways we can build and strengthen relationships. As we look to improve our ability to serve you, please consider a reference to someone in your social circle.

Finally, we have taken steps to improve our shareholder service platform and communicate directly with you more efficiently and timely. If you have not communicated with us recently, please consider reaching out as we have new staff involved in shareholder relations. I wish you the very best for 2022.

Most respectfully,

A handwritten signature in black ink, appearing to read "Steven K. Brunton". The signature is fluid and cursive, with the first name "Steven" being the most prominent.

Steven K. Brunton
President & CEO

FINANCIAL HIGHLIGHTS

	2021	2020	2019
PER SHARE			
Basic earnings	\$3.56	\$3.72	\$3.61
Cash dividends	.86	.84	.84
Book value	44.76	42.13	39.00
PERFORMANCE RATIOS			
Return on average equity capital	8.63%	9.80%	11.52%
Return on average assets	1.07%	1.31%	1.70%
EARNINGS			
Net interest income	\$6,924,216	\$7,094,686	\$6,650,067
Provision for loan losses	(150,000)	0	0
Net income	2,246,308	2,407,305	2,381,312
Cash dividends	537,598	541,817	544,333
BALANCE SHEET AVERAGES			
Total assets	\$210,780,518	\$183,557,291	\$166,779,596
Loans (net)	91,412,151	89,051,658	77,896,634
Noninterest bearing balances	8,503,563	8,545,194	8,963,736
Interest bearing balances	158,649,795	131,375,665	119,191,386
Total deposits	167,153,358	139,920,859	128,155,122
Equity capital (net of unrealized gains)	26,026,720	24,558,301	23,384,386
OTHER			
Weighted average shares outstanding	630,706	646,485	659,829

FIVE YEAR RECORD

Year	Net Income		Dividend		Capital	
	Amount	Earnings Per Share(1)	Amount	Per Share	Amount	Per Share(2)
2021	\$ 2,246,308	\$ 3.56	\$ 537,598	\$ 0.86	\$ 27,828,840	\$ 44.76
2020	\$ 2,407,305	\$ 3.72	\$ 541,817	\$ 0.84	\$ 27,198,964	\$ 42.13
2019	\$ 2,381,312	\$ 3.61	\$ 544,333	\$ 0.84	\$ 25,096,144	\$ 39.00
2018	\$ 2,289,514	\$ 3.34	\$ 533,415	\$ 0.80	\$ 22,755,995	\$ 34.41
2017	\$ 2,023,153	\$ 2.87	\$ 532,179	\$ 0.77	\$ 22,472,123	\$ 32.78

(1) Based on average shares outstanding

(2) Based on year-end outstanding shares

PLEASE NOTE:

The financial statements in this Annual Report are not a replacement for the Audited Financial Statements of the Company. The Audited Financial Statements contain much more detail. Audited Financial Statements are available upon request from the Company; simply call (800) 439-3951 or visit the Bank's website at www.fowlerstatebank.com

If you have questions about the Audited Financials, please feel free to contact Steven K. Brunton, President & CEO or Rick J. Mickle, Executive Vice President at (765) 884-1200 or (800) 439-3951.

Balance Sheet Summary December 31, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 2,512,843	\$ 3,578,307
Investments	94,269,220	79,455,582
Loans, net of allowance for loan losses of \$1,755,666 and \$2,008,261	87,751,251	89,607,583
Federal Home Loan Bank stock	810,000	810,000
Federal funds sold	16,650,000	26,748,000
Premises and equipment	543,085	646,144
Interest receivable	1,672,789	1,777,555
Other assets	953,222	450,179
	<u> </u>	<u> </u>
Total assets	<u><u>\$ 205,162,410</u></u>	<u><u>\$ 203,073,350</u></u>

Liabilities and Stockholders' Equity

Noninterest bearing deposits	\$ 9,424,249	\$ 8,150,123
Interest bearing deposits	156,030,899	149,813,226
Total deposits	<u>165,455,148</u>	<u>157,963,349</u>
Borrowings	11,000,000	17,000,000
Interest payable	28,459	34,828
Other liabilities	849,963	876,209
Total liabilities	<u>177,333,570</u>	<u>175,874,386</u>
Preferred stock, no par value	0	0
Common stock, no par value	1,584,326	1,642,982
Capital surplus	2,210,692	2,238,611
Retained earnings	22,544,193	21,657,779
Accumulated other comprehensive income	1,489,629	1,659,592
Total stockholders' equity	<u>27,828,840</u>	<u>27,198,964</u>
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	<u><u>\$ 205,162,410</u></u>	<u><u>\$ 203,073,350</u></u>

Income Statement Summary

December 31, 2021 and 2020

	2021	2020
Interest Income		
Cash and equivalents	\$ 11,899	\$ 22,026
Loans receivable	5,110,200	5,193,177
Investment securities	2,366,435	2,566,641
Total interest income	7,488,534	7,781,844
Interest Expense		
Deposits	299,772	378,469
Borrowings	264,546	308,689
Total interest expense	564,318	687,158
Net Interest Income	6,924,216	7,094,686
Provision for loan loss	(150,000)	-
Net Interest Income After Provision for Loss	7,074,216	7,094,686
Other Income		
Service charges	431,424	406,316
Gains (losses) on securities	(7,775)	294,831
Other income	415,176	340,058
Total other income	838,825	1,041,205
Other Expenses		
Salaries and employee benefits	3,246,635	3,353,107
Premises, equipment and operating	1,086,956	1,109,337
Other expenses	975,347	880,565
Total other expenses	5,308,938	5,343,009
Income Before Income Tax	2,604,103	2,792,882
Income tax expense	357,795	385,577
Net Income	\$ 2,246,308	\$ 2,407,305

Statement of Equity Summary
December 31, 2021 and 2020

	Common Stock		Capital Surplus	Retained Earnings	Accumulated Other Comprehensive	
	Shares Outstanding	Amount			Income	Total
Balance January 1, 2020	643,577	\$ 1,638,013	\$ 2,172,392	\$ 19,792,291	\$ 1,493,448	\$ 25,096,144
Net income				2,407,305		2,407,305
Other comprehensive income					166,144	166,144
Cash dividends (\$0.84 per share)				(541,817)		(541,817)
Issuance of Stock	1,924	4,969	66,219			71,188
Purchase of Stock	-	-	-	-		-
Balance December 31, 2020	<u>645,501</u>	<u>\$ 1,642,982</u>	<u>\$ 2,238,611</u>	<u>\$ 21,657,779</u>	<u>\$ 1,659,592</u>	<u>\$ 27,198,964</u>
Net income				2,246,308		2,246,308
Other comprehensive income					(169,963)	(169,963)
Cash dividends (\$0.86 per share)				(537,598)		(537,598)
Issuance of Stock	1,613	4,068	58,838			62,906
Purchase of Stock	(25,420)	(62,724)	(86,757)	(822,296)		(971,777)
Balance December 31, 2021	<u><u>621,694</u></u>	<u><u>\$ 1,584,326</u></u>	<u><u>\$ 2,210,692</u></u>	<u><u>\$ 22,544,193</u></u>	<u><u>\$ 1,489,629</u></u>	<u><u>\$ 27,828,840</u></u>

These statements are unaudited.

Benton Financial Corporation
DIRECTORS & OFFICERS

STEVEN K. BRUNTON - *President & CEO*

MICHAEL E. FISCHBACH - *Vice Chairman*

JOHN S. FREELAND - *Chairman*

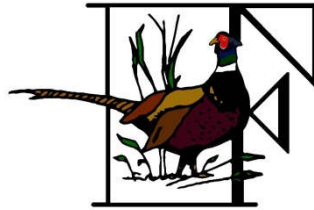
RICK J. MICKLE – *Executive Vice President*

STEVEN T. PETTET

SUZANNE M. SOULIGNE

JOHN C. WRIGHT

KASSEY L. BUDREAU - *Secretary*



Fowler State Bank
OFFICERS

Steven K. Brunton - *President & CEO*

Rick J. Mickle – *Executive Vice President*

Kassey L. Budreau – *Senior Vice President*

Linda K. Brouillette - *Vice President*

Kim M. Datzman - *Vice President & Chief Technology Officer*

Traci L. Davies - *Vice President*

Cynthia L. Eberhardt - *Vice President*

Lori A. Francis - *Vice President & Compliance Officer*

Anne M. Molter - *Vice President & Senior Trust Officer*

Diane L. Ross - *Vice President & Mortgage Loan Coordinator*

Michelle E. Huff – *Assistant Vice President - Loan Operations*

Court A. Rooze – *Ag Loan Officer*

Amy M. Whistler – *Ag Loan Coordinator*

Kevin K. Lange - *Loan Officer*

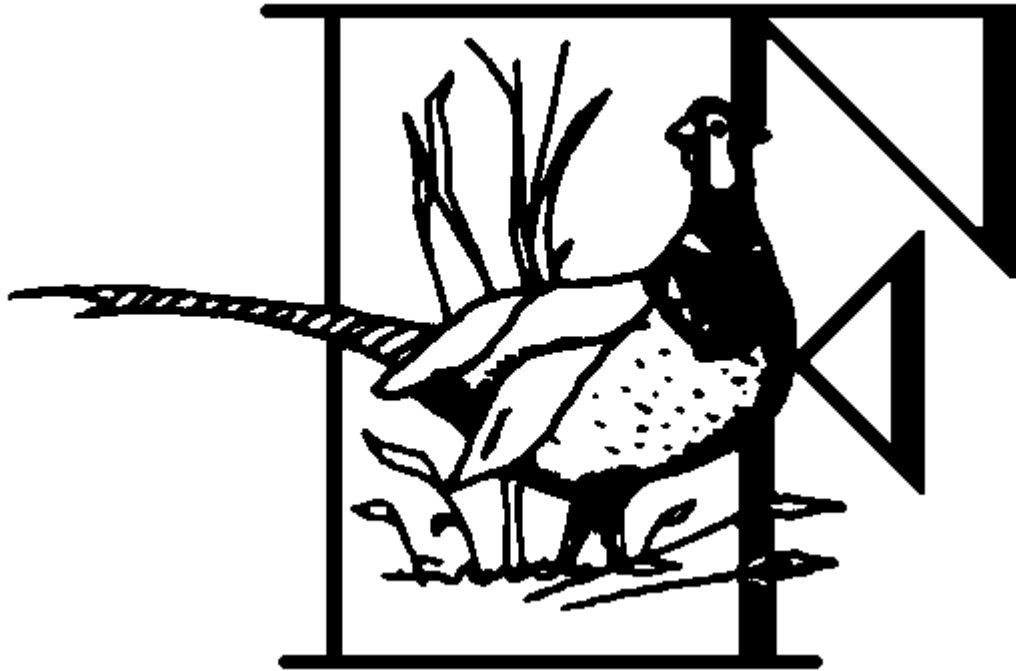
Laura S. Lee – *Deposit Operations Officer*

Mary Lou Hardebeck - *Assistant Cashier*

Martha L. Salla - *Assistant Cashier*

Pamela S. Benner - *Assistant Auditor*

Linda K. Ringle – *Branch Manager, Grant Avenue Office*



Fowler State Bank

www.fowlerstatebank.com

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