

THE FIRST NATIONAL BANK OF DENNISON A MESSAGE FROM THE PRESIDENT



Nichole L. Zesiger, President

The First National Bank of Dennison has had a nice nine months. Net income is \$1.18MM. So thankful for where we stand today. In times where the economy is uncertain, we are thankful for the dedication of the employees, loyalty of our customers & patience of our shareholders.

Our net interest margin has begun to improve through rising interest rates. Investment income has also seen a spike given our new investment strategy with more diversity and municipal investments.

Inflation in full force, consumer confidence declining, gas prices rising, the increasing cost of retail goods and over all cost of living is causing all consumers and businesses alike to be more conservative. Commercial loan demand is still very strong. Prime rate is increasing but has not seemed to stop the demand for home-equity lines of credit. Many are doing improvements to their homes, paying off

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debt or managing student loan debt. Long-term fixed rates are climbing and over 7% causing significant decline in loan volume. Many have not seen rates like this in 15 years. Here at FNB, we do not see rates declining any time soon. Certainly, a mindset we all need to adjust to.

Most long-term fixed rates are now only purchases. Installment loan lending is certainly booming. Even with the lack of automobile inventory on car lots, people are still buying. Deposit rates are climbing but have not seen the same reaction in the market as loan rates. With the investment market plummeting, many have exited and found themselves trusting banks all over again. We have been very fortunate to always have a great core deposit base. And we have all of you to thank for that.

Competition in the market is fierce. Not all to the benefit of the customer. You can trust the employees at the First National Bank of Dennison to provide you with the best rates and terms available for your loan requests. The Bank has been here for over 90 years and will continue to put you first.

Last quarter, we were excited to announce the new suite of products to improve our customer experience. The online mortgage application portal has provided many of you the convenience of applying at home! On October 31st, we will be rolling out online applications for non-real estate consumer loans. This includes unsecured, car loans, motorcycles, home equity lines of credit etc. Our goal is to provide our customers with the most convenient products as possible. After all, life is really busy and finding time to handle your financial tasks usually happens at night on the couch. We are here for that!! Our new turnkey online & mobile platform has been operational for a few months. There are many new perks that our old system did not have. If you need help, don't hesitate to call us!

Many of you have asked if we are going to endorse Zelle. This is on our radar in a strategic project in 2023. We also have many other smaller projects internally that we are looking forward to that will benefit our customer base. We are all interested in making the bank the best it can be by providing the best customer experience.

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It is amazing how fast time goes. Here we are, already at mid October. Halloween, then Thanksgiving and Christmas only for another year to have gone by. On behalf of all employees at the Bank, we hope you enjoy every day and find blessings in the little things.

Thank you to all our customers and shareholder's for supporting the bank and helping us be the best we can be. We look forward to ending another great year as we have our roots where other have their branches.

Sincerely,

Nichole Zesiger, President