

Shareholder Newsletter

QUARTER 2 | 2022



MESSAGE FROM THE PRESIDENT

I am very pleased to report continued strong operations through the second quarter of 2022.

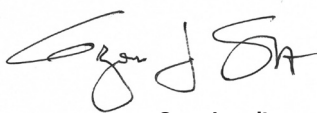
For the six months ended 6/30/22, Fortifi Bank posted net income after tax of \$3,154,000 vs. \$5,003,000 for the same period in 2021. Annualized Return on Equity was 9.85%, down from 19.63% last year. The first six months of 2021 saw record mortgage refinance activity, significant PPP income as well as a one-time gain on the sale of a branch location. Economic conditions resulted in a contraction of our net interest margin which was 3.58% for the first six months vs. 4.11% for the same period in 2021. Despite the challenges, the Bank was able to maintain a strong Return on Assets of 1.08% for the six months vs. 2.29% in 2021.

The total book value per share of common stock was \$20/share at 6/30/22 vs. \$19/share at 3/31/22 (Adjusted for the 5:1 stock split during the second quarter of 2022). The book value was once again negatively impacted during the quarter by the requirement that banks recognize an unrealized loss on the value of their investment portfolio, (commonly referred to as "mark to market"). Treasury market interest rates increased significantly during the first half of 2022. This change in rates has caused the market value of the Bank's investment portfolio to decline resulting in an unrealized loss value on the Bank's balance sheet. A portion of the unrealized loss is recorded as accumulated other comprehensive income (AOCI) which is factored in the book value per share of First Berlin stock. The resulting AOCI impact on book value per share during the second quarter was \$1.00. The unrealized loss is based entirely on the interest rate market so in no manner reflects the credit quality of the investment portfolio.

Our total loans were \$391,251,000 at 6/30/22 up from \$373,994,000 at 3/31/22. The growth has been due to an increase in both commercial and retail loan demand. The quality of our loan portfolio remains acceptable, however we continued to maintain a strong Reserve for Loan Losses to reflect the uncertainty of the economy. At 6/30/22 the reserve stood at \$4,927,000 or 1.26% of total loans. Despite the significant year to date impact of the unrealized loss on the value of the investment portfolio, Total Equity Capital was \$60,797,000 at 6/30/22 up from \$53,310,000 at 6/30/21. The Bank's Total Assets grew 5% year over year to \$588,842,000 at 6/30/22 vs. \$559,188,000 at 6/30/21.

It is my honor and privilege to serve as your Bank President and CEO. I am extremely proud of the team at Fortifi and look forward to watching them grow. On behalf of our Board of Directors and employees, thank you.

Sincerely,


Greg Lundberg
President + CEO



FINANCIAL CONDITION

(dollars in thousands)

Income Statement Items:	Q2 2022	Q2 2021
Interest Income	\$10,250	\$10,808
Interest Expense	\$483	\$624
Non-Interest Income	\$2,147	\$4,549
Net Income After Taxes	\$3,154	\$5,003
Net Interest Margin (1)	3.58%	4.11%
Return on Equity (annualized)	9.85%	19.63%
Return on Assets (annualized)	1.08%	1.90%
Efficiency Ratio	64.19%	51.21%
Capital Ratios:	Q2 2022	Q2 2021
Leverage Ratio	11.69%	9.86%
Risk Based Capital	14.96%	13.72%
RLL/Total Loans	1.26%	1.38%

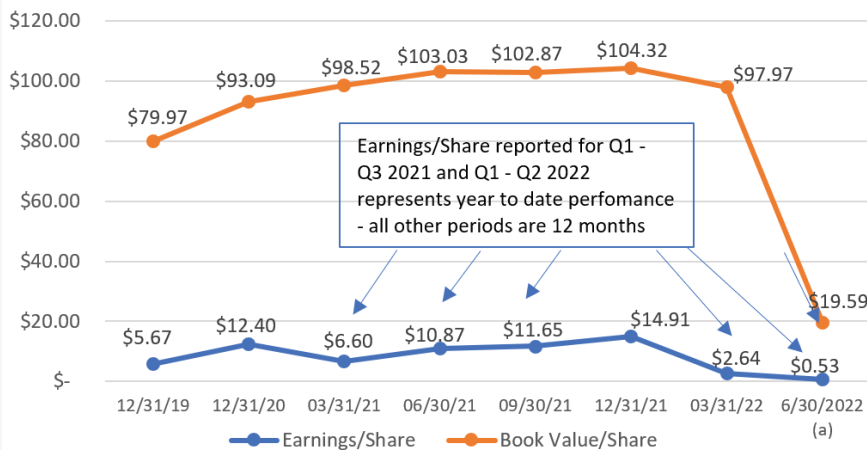
(dollars in thousands)

Balance Sheet Items:	Q2 2022	Q2 2021
Total Deposits	\$504,555	\$487,265
Total Loans	\$391,251	\$377,689
Reserve for Loan Losses (RLL)	\$4,927	\$5,228
Total Assets	\$588,842	\$559,188
Total Equity Capital	\$60,797	\$53,310
Shares	Q2 2022	Q2 2021
Number of Shares Outstanding (2)	2,772,560	448,250
Earnings per Share (2)	\$1	\$11
Book Value (2)	\$20	\$103

(1) "Net Interest Margin" reflects interest income including select loan origination fees net of interest expenses, adjusted for tax-exempt loans and securities, as a percentage of average earning assets.

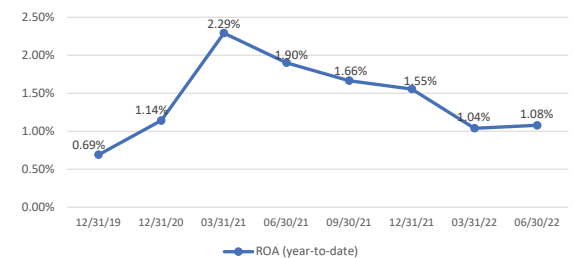
(2) Earnings per share and book value as of June 30, 2022, are calculated using total number of outstanding shares after the 5-for-1 stock split effective on June 15, 2022.

First Berlin - Book Value and Earnings Per Share

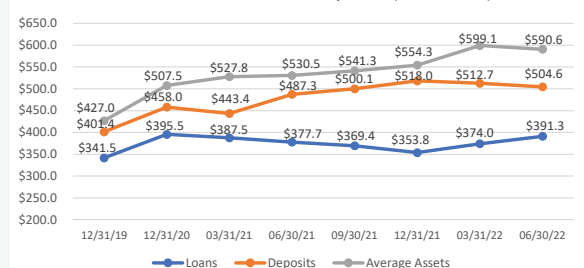


(a) Results reflect impact of 5-for-1 stock split effective June 15, 2022

Fortifi Bank - Annualized Return on Assets



Fortifi Bank - Loans and Deposits (in millions)



STOCK SPLIT FAQs

FIRST BERLIN BANCORP

FREQUENTLY ASKED QUESTIONS ABOUT OUR RECENT STOCK SPLIT

Why did we split our common stock?

Over recent years, the book value of our common stock increased to over \$100 per share based on the Bank's financial performance. The 5-for-1 stock split increases the number of shares held by you; thereby, reducing the book value to approximately \$20. Shares valued at this post-split level tend to be more actively traded.

Does the stock split affect the value of my shares?

The stock split does not affect the total value (number of shares owned multiplied by the book value per share) of the shares you own. You now own five shares of First Berlin common stock for each one share that you owned prior to the stock split. Since the number of shares that you own is increased by a factor five; the book value per share is reduced by this same factor of five.

How do I purchase or sell our common stock?

We are in the process of finalizing a relationship with a market maker who will assist you with purchasing and/or selling shares of First Berlin Bancorp stock. Currently, we have applied to list First Berlin Bancorp common stock on an Over the Counter ('OTC') exchange. Once our application is approved, our shares can be more efficiently traded on the OTC. We will provide contact information for our market maker upon completion of this process which is expected in the third quarter of 2022.

What are book entry shares?

Shares held in book entry form are recorded and accounted for by our transfer agent, ClearTrust, LLC. These shares are registered in your name just like shares issued via a stock certificate. Your account statement from ClearTrust will show the number of shares owned by you recorded in book entry form. Holding shares in book entry form is a convenient manner to reflect stock ownership as it eliminates the need for you to safekeep stock certificates. Also, book entry holdings more efficiently support buying and selling shares as physical stock certificates do not need to be transferred from buyer to seller to complete a transaction.

Can shares that I own in certificate form be exchanged and transferred to book entry?

Yes. ClearTrust will be glad to assist you with this process. They can be contacted directly at 813.235.4490 or inbox@cleartrusttransfer.com. Please note that ClearTrust will charge a fee for this service.

HIGHLIGHTS

SHAREHOLDER MEETING RECAP

In May, Fortifi Bank held its annual shareholder's meeting where topics of the current condition of the company were discussed, including the impact and reasoning behind the 5:1 split of the First Berlin Bancorp stock and the upcoming public listing.



Greg Lundberg, President & CEO



Mike Boettcher, CFO

POWER OF COMMUNITY WEEK

As part of the American Bankers Association Power of COMMUNITY week, our Berlin branch got out into the community to clean up Riverside Park! We picked up trash in the park to get it ready for families to enjoy when warm weather arrives.

Team and family members from our Green Lake and Berlin branches also participated in the Boys and Girls Club of the Tri County Area and Sleep in Heavenly Peace-Portage, annual bed build. Volunteers came together to build 25 beds, which were then delivered for 25 children in the community who slept in their own beds that night.



Bottom Left: Jennifer Mohen, Branch Manager; Wendy Swansby, Teller; Katie Thiem, Office Assistant;

TEACH KIDS TO SAVE DAY

In early May, Fortifi helped to educate their local elementary schools for 'Teach Kids to Save Day.' Our Waunakee location taught four classes, with over 100 students learning about the differences between wants and needs. They read a story about saving their money and received a tour of the bank and loved the coin counter, safe boxes and drive through tubes.



Students from the 4th grade class of Arboretum Elementary School at the Waunakee Branch

BOARD MEMBER SPOTLIGHT - RUSSEL L. KUEHN



Russ Kuehn
Board Member
Since 2000

OCCUPATION

- Chairman of the Board, First Berlin Bancorp

AREAS OF EXPERTISE

- Former Fortifi Bank President
- Community Banking
- Berlin Market

It is a privilege for me to serve on the board of directors and work with such a caring, experienced, and dedicated staff. The future and legacy of Fortifi Bank is people banking with people, side-by-side, where we all work and live.

INVESTOR RELATIONS - DIGITAL ARCHIVE

All shareholder communications and news are stored and able to view on our website. The investor relations page can be found at:
FortifiBank.com/InvestorRelations

CORPORATE INFORMATION

CORE VALUES



Supporting Each Other



Can-Do Attitude



Seamless Service



Building Relationships

OUR MISSION

Remain an independent community bank that supports the growth of our shareholders, clients, and employees while Growin' Wisconsin — one person, one business, one relationship at a time.

OUR VISION

Fortifi Bank helps people, businesses, and communities better understand their opportunities in the financial world based on 145 years of experience. We do this with a commitment to our core values, extraordinary client service, trusted financial solutions, and local decision making.

SENIOR MANAGEMENT TEAM



Greg Lundberg
President + CEO



Mike Boettcher
Chief Financial
Officer



Gina Evans
SVP - Wealth
Management



Chris Jenkinson
SVP - Information
Technology



Loni Meiborg
SVP - Organizational
Development



Mike Uttech
Chief Credit
Officer

BOARD OF DIRECTORS



Bruce Bohn
President
Bohn Farms, Inc.



Jeff Braun
President + CEO | American
Prosthetic Components



Eric Cerbins
Past President + CEO
Fortifi Bank



Jason Kadow
CEO
KMA, Inc.



Russel L. Kuehn
President
First Berlin Bancorp



Greg Lundberg
President + CEO
Fortifi Bank



Mark Milbrandt
Plant Manager + Partner
Apollo Tool Inc.



Peter J. Prickett
Former CEO | First National
Bank - Fox Valley



Pat Seaman
Retired Auto Dealer
Westside Garage

