

MIDDLEBURY OFFICERS

| | |
|-----------------------|------------------------------|
| D. Joe Caffee | President & CEO |
| Sam H. Hoover III | Exec. Vice President & COO |
| Michael D. Weaver | Exec. Vice President & CLO |
| Jared E. Sponseller | Senior Vice President & CFO |
| Dean R. Miller | Senior Vice President |
| Randall D. Miller | Senior Vice President |
| Ron L. Yoder | Senior Vice President |
| Darla K. Kauffman | Vice President |
| Jon E. Miller | Vice President |
| Linda C. Poncé | Vice President |
| Eric J. Romzek | Vice President |
| Sue Ann Von Blon | Vice President |
| Samuel E. Weirich III | Vice President |
| Julie W. Whitehead | Vice President |
| James L. Neff | Assistant Vice President |
| Lance T. Weirich | Assistant Vice President |
| Casey I. Zitkus | Banking Officer & Controller |
| Jessica E. Hamood | Banking Officer |
| Ian E. King | Banking Officer |
| Kirsten T. King | Banking Officer |
| Tessa A. Trigg | Banking Officer |

BOARD OF DIRECTORS

| | |
|---------------------|--------------------------------------------------------------------|
| R. Gordon Lord | Chairman of the Board, Attorney, Yoder, Ainlay, Ulmer & Buckingham |
| D. Joe Caffee | President and CEO, First State Bank and CVFC |
| James G. Hiatt | Retired President & CEO, First State Bank and CVFC |
| Sam H. Hoover III | Exec. Vice President & COO, First State Bank and CVFC |
| Derald L. Bontrager | President, Jayco, Inc. |
| Carl D. Eash | Retired Business Owner and Real Estate Investor |
| John W. Gardner | Trustee, Bethel University |
| Cynthia S. Gillard | Partner, Warrick & Boyn LLP |
| Joe A. Smucker | President, Parkland Plastics Inc. |
| Kip B. Ellis | Exec. Vice President & COO, Patrick Industries, Inc. |

Goshen: Dennis J. Weldy Vice President & Agent
 Middlebury: Richard L. Holderread Office Manager & Agent

GOSHEN OFFICERS

| | |
|----------------------|-----------------------|
| Brent L. Carrick | Senior Vice President |
| Louis W. Gerber | Vice President & CCO |
| Duane R. Miller | Vice President |
| Jeff D. Showalter | Vice President |
| Lynda L. Hershberger | Banking Officer |

ELKHART OFFICERS

| | |
|-------------------|---------------------------------------|
| Sheila L. Gordy | Senior Vice President |
| Patrece D. Yates | Senior Vice President & Trust Officer |
| Duane S. Klein | Vice President |
| Shannon G. Klein | Vice President & Trust Officer |
| Nicholas B. Corpe | Assistant Vice President |
| Phyllis J. Arroyo | Assistant Vice President |

MISHAWAKA & SOUTH BEND OFFICERS

| | |
|-----------------------|------------------------------|
| Dana D. Trowbridge | Senior Vice President |
| Elizabeth L. Groulx | Vice President |
| Jim W. Martindale | Vice President |
| Mike L. Zappia | Vice President |
| Lori A. Faltynski | Assistant Vice President |
| Brandon T. Williamson | Business Development Officer |

**CRYSTAL VALLEY
 FINANCIAL CORPORATION**


The directors and management of First State Bank and Crystal Valley Financial Corporation are pleased to announce outstanding results for the second quarter and year to date, 2020. Net income for the year has reached \$4,842,152, marking an increase of 8% compared to the first half of 2019. Gross loan balances reached a record of more than \$517 million as of June 30, 2020. Growth has proven profitable as earnings per share for the first half of the year are \$3.23 compared to \$2.90 during the same period of 2019, an increase of more than 11%.

Historically low interest rates drove single family mortgage demand in the refinance, construction and purchase sectors creating record opportunities for a 175% increase in gains on loan sales when compared to the same period last year. Overall, credit quality remains consistent bolstered by a strong local manufacturing economy.

The Board of Directors have approved a third quarter dividend in the amount of \$.34 per share for shareholders of record as of August 6, 2020 and payable on August 20, 2020. This dividend marks an increase of 9.7% compared to the dividend paid for the same period of 2019. As of June 30, 2020, the book value per share reached \$53.37, a 14% increase over the prior year.

Our commercial loan team committed much of the second quarter to implementing, originating, funding and managing the Payroll Protection Program (PPP). While the guidelines of the program were, and are, ever-changing, our team stayed the course to the delight of our customers. To date, we have funded just over 400 PPP loans exceeding \$60 million in volume and preserving more than 7,000 Michiana jobs. June marked the first month where we realized a fraction of the fee income from the PPP program. Our team has transitioned to assisting clients in understanding the forgiveness guidelines as they become available.

Upward & Onward,



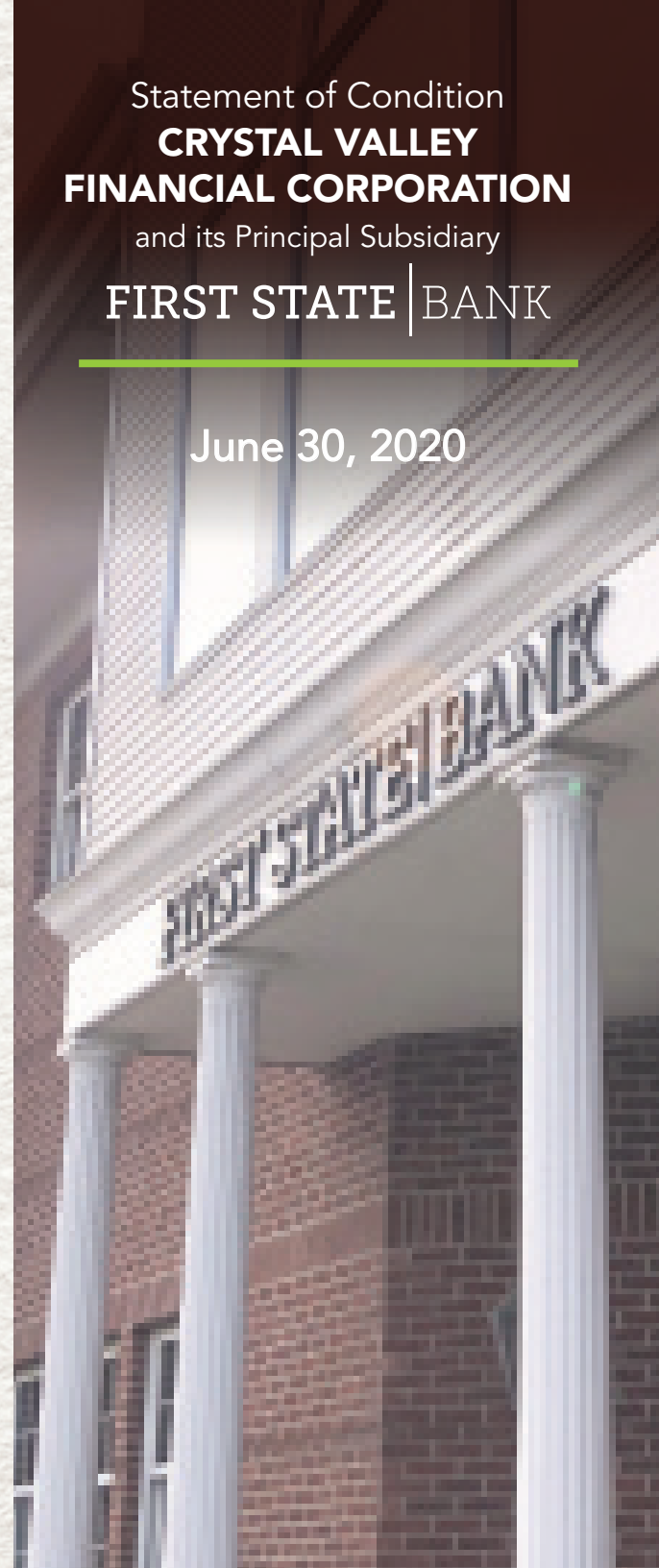
D. Joe Caffee, President & CEO

**Statement of Condition
 CRYSTAL VALLEY
 FINANCIAL CORPORATION**

and its Principal Subsidiary

FIRST STATE | BANK

June 30, 2020



Statement of Conditions
June 30, 2020 and 2019
Unaudited

| | 2020 | 2019 |
|--------------------------------------------|----------------------|----------------------|
| Assets | | |
| Cash and Due from Banks | \$12,217,809 | \$7,908,735 |
| Interest Bearing Balance with Banks | 21,435,197 | 5,393,589 |
| Federal Funds Sold | 149,809 | 277,541 |
| Investment Securities | 107,687,166 | 107,597,752 |
| Federal Home Loan Bank Stock | 2,613,800 | 2,532,700 |
| | <hr/> | <hr/> |
| Loans Gross | 517,414,585 | 448,061,853 |
| Less: Allowance for Loan Losses | -6,133,637 | -5,876,137 |
| Deferred Loan Fees | -1,965,477 | -208,777 |
| | <hr/> | <hr/> |
| Net Loans | 509,315,471 | 441,976,939 |
| | | |
| Premises and Equipment | 4,215,688 | 3,607,347 |
| Accrued Interest Receivable | 2,767,826 | 2,295,774 |
| CSV - Life Insurance | 10,717,276 | 10,873,286 |
| Other Assets | 4,514,939 | 5,300,951 |
| | <hr/> | <hr/> |
| Total Assets | <u>\$675,634,981</u> | <u>\$587,764,614</u> |
| | | |
| Liabilities and Shareholders Equity | | |
| Liabilities | | |
| Non-interest Bearing Demand | \$133,316,656 | \$84,568,822 |
| Interest Bearing Demand | 160,782,558 | 145,105,758 |
| Savings | 113,108,941 | 103,104,764 |
| Time Under \$100,000 | 34,358,057 | 36,466,660 |
| Time \$100,00 and over | 73,258,925 | 95,176,681 |
| | <hr/> | <hr/> |
| Total Deposits | 514,825,137 | 464,422,685 |
| Loan Payable | 71,656,301 | 38,811,900 |
| Repurchase Agreements | 4,382,782 | 7,006,345 |
| Accrued Interest Payable | 270,815 | 340,091 |
| Other liabilities | 5,832,015 | 4,835,208 |
| | <hr/> | <hr/> |
| Total Liabilities | \$596,967,050 | \$515,416,229 |
| | | |
| Shareholders Equity | | |
| Common Stock | \$2,048,000 | \$2,048,000 |
| Surplus | 2,179,382 | 2,179,382 |
| Retained Earnings | 82,526,002 | 74,917,873 |
| Treasury Stock | -12,829,124 | -9,147,877 |
| Net Unrealized Gain (Loss) on Securities | 4,743,671 | 2,351,007 |
| | <hr/> | <hr/> |
| Total Shareholder Equity | \$78,667,931 | \$72,348,385 |
| | | |
| Total Liabilities and Shareholder Equity | <u>\$675,634,981</u> | <u>\$587,764,614</u> |
| | | |
| Book Value Per Share | \$53.37* | \$46.79 |

* 2020 - Based on 1,473,962 shares outstanding
** 2019 - Based on 1,546,272 shares outstanding

Statement of Income
Six Months Ended June 30, 2020 and 2019
Unaudited

| | 2020 | 2019 |
|-----------------------------------------------------|--------------|--------------|
| Interest Income | | |
| Interest and Fees on Loans | \$12,457,470 | \$11,950,296 |
| Interest on B.A.'s & Deposits with Banks | 49,159 | 64,541 |
| Interest on Investment Securities | 1,459,187 | 1,591,843 |
| Other Interest & Dividend Income | 815 | 41,841 |
| | <hr/> | <hr/> |
| Total Interest Income | \$13,966,631 | \$13,648,521 |
| | | |
| Interest Expense | | |
| Interest on Deposits | \$1,541,606 | \$1,620,775 |
| Interest on FF Purchased/Repos | 8,888 | 37,624 |
| Interest on Other Borrowed Funds | 369,027 | 319,263 |
| | <hr/> | <hr/> |
| Total Interest Expense | \$1,919,521 | \$1,977,662 |
| | | |
| Net Interest Income | \$12,047,110 | \$11,670,859 |
| Provision for Loan Losses | 520,000 | 105,000 |
| | <hr/> | <hr/> |
| Net Interest Income After Provision for Loan Losses | \$11,527,110 | \$11,565,859 |
| | | |
| Other Income | | |
| Service Charges on Deposit Accounts | \$217,333 | \$244,773 |
| Other Service Charges, Commissions, Fees | 771,413 | 663,265 |
| Trust Income | 534,987 | 444,979 |
| Gain (Loss) on Sales of Securities | 576,743 | 347,105 |
| Gain (Loss) on Sales of Loans | 810,407 | 294,445 |
| Other Income | 39,564 | 31,388 |
| | <hr/> | <hr/> |
| Total Other Income | \$2,950,447 | \$2,025,955 |
| | | |
| Other Expenses | | |
| Salaries and Employee Benefits | \$5,077,367 | \$4,878,081 |
| Occupancy Expense | 549,709 | 512,748 |
| Equipment and Processing | 1,191,322 | 1,102,505 |
| Postage & Supplies | 173,900 | 167,822 |
| Legal & Accounting | 172,401 | 142,463 |
| Advertising & Public Relations | 231,757 | 277,864 |
| FDIC Assessment | 66,714 | 74,069 |
| Other Expenses | 1,297,206 | 1,290,415 |
| | <hr/> | <hr/> |
| Total Other Expenses | \$8,760,376 | \$8,445,967 |
| | | |
| Income Before Taxes | \$5,717,181 | \$5,145,847 |
| Provision for Income Taxes | 875,029 | 661,162 |
| | <hr/> | <hr/> |
| Net Income | \$4,842,152 | \$4,484,685 |
| | | |
| Earnings Per Common Share | \$3.23* | \$2.90** |

* 2020 - Based on 1,499,428 average shares outstanding
** 2019 - Based on 1,548,644 average shares outstanding