

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
Eric J. Romzek	Vice President
Sue Ann Von Blon	Vice President
Julie W. Whitehead	Vice President
Lance T. Weirich	Vice President
Samuel E. Weirich III	Vice President
James L. Neff	Assistant Vice President
Casey I. Zitkus	Assistant Vice President & Controller
Amyan M. Freeto	Banking Officer
Debbie L. Gordon	Banking Officer
Jessica E. Hamood	Banking Officer
Ian E. King	Banking Officer
Kirsten T. King	Banking Officer
Tessa A. Trigg	Banking Officer
Rebecca L. Yoder	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	Retired 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.
Anne Hayes	President, Hayes Towers

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	Assistant Vice President

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

SOUTH BEND OFFICERS

Dana D. Trowbridge	Senior Vice President
Elizabeth L. Groulx	Vice President
Mike L. Zappia	Vice President
Lori A. Faltynski	Assistant Vice President
Tiwanda L. Glover	Assistant Vice President
Jan Sisti	Banking Officer

**CRYSTAL VALLEY
FINANCIAL CORPORATION**

The directors and management of Crystal Valley Financial Corporation (CYVF) are excited and thankful to report another record year of financial performance for the corporation and its subsidiary, First State Bank for year ended December 31, 2021. Net income for the year grew to \$11,649,048 or \$8.07 per share, versus net income in 2020 of \$11,167,303, a year over year increase of more than 7%. Year-end consolidated assets totaled an all-time high of more than \$750 million, an increase of just over 11% compared to the year-end total from 2020.

Two extraordinary items positively impacted 2021 earnings. First State Bank was an early and active participant in the Paycheck Protection Program (PPP), enhancing more than 7,000 Michiana jobs. While taxing to our commercial loan team, we have achieved 100% forgiveness of these loans for our customers. This diligence generated over \$1,600,000 in fee income during 2021. Barring further government action, we do not expect this to be a source of income in the future. Additionally, First State Bank sold the earning assets of our long-time subsidiary, First State Insurance at year's end. This added net fourth quarter income in the amount of \$700,000. We thank our loyal FSI team and wish them all the best as they have all transitioned to employment with the buyer, The Hummel Group. This sale allows bank management to focus on our core enterprise of providing banking services.

The Board of Directors has approved a first quarter cash dividend of \$0.40 per share for shareholders with a record date of February 3, 2022 and a payable date of February 17, 2022. This represents an increase of 11.1% compared to the dividend paid in the first quarter of 2021.

Thank you for your interest in our company. Due to the success of our most recent stock repurchase program and continued strong capital position, the board of directors has authorized a new repurchase program that allows our holding company to repurchase up to \$9 million of its stock in 2022 and 2023.

Please contact me directly if you wish to learn more about this generous program or to discuss your investment. Thank you for your continued interest in First State Bank and Crystal Valley Financial.

Upward & Onward,



D. Joe Caffee, President & CEO

Statement of Condition



December 31, 2021

**CRYSTAL VALLEY
FINANCIAL CORPORATION**

and its Principal Subsidiary

FIRST STATE BANK

Statement of Condition
December 31, 2021 and 2020
Unaudited

	2021	2020
Assets		
Cash and Due from Banks	\$9,663,013	\$11,319,855
Interest Bearing Balance with Banks	34,261,817	57,173,529
Federal Funds Sold	1,200,890	2,303,119
Investment Securities	224,091,857	124,572,424
Federal Home Loan Bank Stock	2,745,700	2,613,800
Loans Gross	468,650,814	469,312,900
Less: Allowance for Loan Losses	-6,476,658	-6,168,739
Deferred Loan Fees	-104,459	-967,560
Net Loans	<u>462,069,697</u>	<u>462,176,601</u>
Premises and Equipment	5,736,833	3,905,256
Accrued Interest Receivable	2,547,293	2,313,105
CSV - Life Insurance	12,201,545	11,873,581
Other Assets	5,043,010	4,309,552
Total Assets	<u><u>\$759,561,655</u></u>	<u><u>\$682,560,822</u></u>
Liabilities and Shareholders Equity		
Liabilities		
Non-Interest Bearing Demand	\$155,321,059	\$135,065,770
Interest Bearing Demand	205,529,126	166,473,830
Savings	159,123,728	127,015,611
Time Under \$100,000	29,076,885	32,577,279
Time \$100,000 and over	64,760,465	67,422,095
Total Deposits	613,811,263	528,554,585
Loans Payable	40,690,598	58,019,872
Repurchase Agreements	5,555,216	5,183,624
Accrued Interest Payable	166,001	208,517
Other liabilities	9,250,975	6,971,806
Total Liabilities	<u>\$669,474,053</u>	<u>\$598,938,404</u>
Shareholders Equity		
Common Stock	\$2,048,000	\$2,048,000
Surplus	2,179,382	2,179,382
Retained Earnings	97,044,868	87,550,278
Treasury Stock	-15,248,551	-13,704,818
Net Unrealized Gain (Loss) on Securities	4,063,903	5,549,576
Total Shareholder Equity	<u>\$90,087,602</u>	<u>\$83,622,418</u>
Total Liabilities and Shareholder Equity	<u><u>\$759,561,655</u></u>	<u><u>\$682,560,822</u></u>
Book Value Per Share	\$62.98*	\$75.46**

* 2021 - Based on 1,430,309 shares outstanding
** 2020 - Based on 1,455,442 shares outstanding

Statement of Income
Year Ended December 31, 2021 and 2020
Unaudited

	2021	2020
Interest Income		
Interest and Fees on Loans	\$23,826,443	\$25,826,373
Interest on B.A.'s & Deposits with Banks	63,128	78,888
Interest on Investment Securities	3,884,153	2,876,652
Other Interest & Dividend Income	353	1,124
Total Interest Income	<u>\$27,324,077</u>	<u>\$28,783,037</u>
Interest Expense		
Interest on Deposits	\$1,823,073	\$2,594,908
Interest on FF Purchased/Repos	7,726	13,000
Interest on Other Borrowed Funds	621,879	768,781
Total Interest Expense	<u>\$2,452,678</u>	<u>\$3,376,689</u>
Net Interest Income		
Provision for Loan Losses	220,000	1,270,000
Net Interest Income After Provision for Loan Losses	<u>\$24,651,399</u>	<u>\$24,136,348</u>
Other Income		
Service Charges on Deposit Accounts	\$322,975	\$413,882
Other Service Charges, Commissions, Fees	2,409,876	1,959,379
Trust Income	1,228,689	1,084,677
Gain (Loss) on Sales of Securities	626,081	779,225
Gain (Loss) on Sales of Loans	2,382,967	2,646,013
Gain (Loss) on Other Real Estate	-138,999	-288,000
Other Income	1,268,761	189,041
Total Other Income	<u>\$8,100,350</u>	<u>\$6,784,217</u>
Other Expenses		
Salaries and Employee Benefits	\$11,074,566	\$10,503,450
Occupancy Expense	1,352,310	1,112,737
Equipment and Processing	2,174,321	2,171,270
Postage & Supplies	307,987	329,948
Legal & Accounting	311,763	341,829
Advertising & Public Relations	758,702	464,458
FDIC Assessment	183,556	147,265
Other Expenses	2,956,084	2,596,948
Total Other Expenses	<u>\$19,119,289</u>	<u>\$17,667,905</u>
Income Before Taxes		
Provision for Income Taxes	1,983,412	2,085,357
Net Income	<u>\$11,649,048</u>	<u>\$11,167,303</u>
Earnings Per Common Share		
	\$8.07*	\$7.54**

* 2021 - Based on 1,443,087 average shares outstanding
** 2020 - Based on 1,480,887 average shares outstanding