

**MIDDLEBURY OFFICERS**

D. Joe Caffee	President & CEO
Sam H. Hoover III	Exec. Vice President
Michael D. Weaver	Exec. Vice President & CLO
Jared E. Sponseller	Senior Vice President & CFO
Randall D. Miller	Senior Vice President
James L. Neff	Senior Vice President
Lance T. Weirich	Senior Vice President
Darla K. Kauffman	Vice President
Jon E. Miller	Vice President
Eric J. Romzek	Vice President
Sue Ann Von Blon	Vice President
Samuel E. Weirich III	Vice President
Julie W. Whitehead	Vice President
Jessica E. Hamood	Assistant Vice President
Kirsten T. King	Assistant Vice President
Tessa A. Trigg	Assistant Vice President
Debbie L. Gordon	Banking Officer
Amanda L. Kindig	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, 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	Retired President, Parkland Plastics Inc.
Kip B. Ellis	Exec. Vice President & COO, Patrick Industries, Inc.
Anne F. Hayes	President, Hayes Towers

**GOSHEN OFFICERS**

Duane R. Miller	Senior Vice President
Louis W. Gerber	Vice President & CCO
Jeff D. Showalter	Vice President
Lynda L. Hershberger	Assistant Vice President
Peggy A. Guyas	Mortgage 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
Lori A. Faltynski	Assistant Vice President

**SOUTH BEND OFFICERS**

Dana D. Trowbridge	Senior Vice President
Elizabeth L. Groulx	Vice President
Nicholas R. Matthews	Vice President

**CRYSTAL VALLEY  
FINANCIAL CORPORATION**

The directors and management team of Crystal Valley Financial Corporation is pleased to report a strong start to the calendar year 2023. In fact, first quarter, consolidated net income of nearly \$2.7 million marks the strongest opening quarter in our company's history. This represents an increase of 14.8% compared to the same quarter of 2022. Higher net income was largely driven by a 29% increase in interest income compared to the prior year.

Despite the continued interest rate hikes, the bank's loan portfolio grew by over \$60 million, or 12.9% since last year. Credit quality remains outstanding as all quality metrics remain at historically low levels. Of course, with increasing interest rates also comes higher interest expense, which increased by more than 150% compared to the same period of 2022. Regarding our balance sheet, we continue to opportunistically sell securities at breakeven, or even at a small gain to decrease the unrealized losses in the portfolio. The liquidity issues that spelled doom for some East and West coast banks have not been an issue for First State Bank as we stick to our business core model and maintain and stress test alternatives to selling securities at a loss for liquidity.

It is impossible to discuss the corporation's financial performance without recognizing a retiring director, Jim Hiatt. Mr. Hiatt retired as our president and CEO near the end of 2014. He has continued serving on our board of directors since then. After more than 41 years of service to Crystal Valley Financial Corporation, First State Bank and our subsidiaries Jim has reached our board's mandatory retirement age. I would like to personally thank Jim for mentoring, encouraging, and challenging me over the last 8 and a half years. Jim personifies the spirit of independent community bankers, and we wish him and his wife, Sue, the very best in this next stage of life.

The Board of Directors have approved a second quarter dividend in the amount of \$.43 per share for shareholders of record as of May 4, 2023 and payable on May 18, 2023. This increase represents a 4.9% increase compared to the dividend paid at the end of 2022's first quarter. As of March 31, 2023, earnings per share were \$1.97.

Upward & Onward,



D. Joe Caffee, President & CEO


**Statement of Condition**


**March 31, 2023**

**CRYSTAL VALLEY  
FINANCIAL CORPORATION**

and its Principal Subsidiary

**FIRST STATE BANK**



**Statement of Condition**  
March 31, 2023 and 2022  
Unaudited

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash and Due from Banks	\$12,951,447	\$10,389,954
Interest Bearing Balance with Banks	2,393,307	40,060,698
Federal Funds Sold	62,021	884,189
Investment Securities	162,731,099	212,055,298
Federal Home Loan Bank Stock	2,908,700	2,702,900
Loans Gross	534,414,659	473,496,302
Less: Allowance for Loan Losses	-7,375,976	-6,501,942
Deferred Loan Fees	-63,835	-86,878
Net Loans	526,974,848	466,907,482
Premises and Equipment	5,188,316	5,621,389
Accrued Interest Receivable	2,616,822	2,494,140
CSV - Life Insurance	12,327,275	12,286,097
Other Assets	15,369,860	8,807,946
Total Assets	<u>\$743,523,695</u>	<u>\$762,210,093</u>
<b>Liabilities and Shareholders Equity</b>		
<b>Liabilities</b>		
Non-Interest Bearing Demand	\$155,932,549	\$161,383,904
Interest Bearing Demand	200,917,629	207,231,329
Savings	153,689,748	174,225,965
Time Under \$100,000	29,359,747	28,091,835
Time \$100,000 and over	71,680,021	59,953,947
Total Deposits	611,579,694	630,886,980
Loans Payable	46,108,858	40,423,089
Repurchase Agreements	5,611,176	5,447,251
Accrued Interest Payable	366,304	148,272
Other Liabilities	9,042,943	8,460,055
Total Liabilities	<u>\$672,708,975</u>	<u>\$685,365,647</u>
<b>Shareholders Equity</b>		
Common Stock	\$2,048,000	\$2,048,000
Surplus	2,179,382	2,179,382
Retained Earnings	107,383,046	98,810,990
Treasury Stock	-19,397,515	-15,391,124
Net Unrealized Gain (Loss) on Securities	-21,398,193	-10,802,802
Total Shareholder Equity	<u>\$70,814,720</u>	<u>\$76,844,446</u>
Total Liabilities and Shareholder Equity	<u>\$743,523,695</u>	<u>\$762,210,093</u>
<b>Book Value Per Share</b>	51.91*	\$54.28**

\* 2023 - Based on 1,364,122 shares outstanding  
\*\* 2022 - Based on 1,415,638 shares outstanding

**Statement of Income**  
Three Months Ended March 31, 2023 and 2022  
Unaudited

	<b>2023</b>	<b>2022</b>
<b>Interest Income</b>		
Interest and Fees on Loans	\$7,413,851	\$5,343,111
Interest on B.A.'s & Deposits with Banks	41,810	11,144
Interest on Investment Securities	975,014	1,213,693
Other Interest & Dividend Income	39,909	20,808
Total Interest Income	<u>\$8,470,584</u>	<u>\$6,588,756</u>
<b>Interest Expense</b>		
Interest on Deposits	\$910,917	\$408,807
Interest on FF Purchased/Repos	42,173	1,857
Interest on Other Borrowed Funds	424,437	125,509
Total Interest Expense	<u>\$1,377,527</u>	<u>\$536,173</u>
<b>Net Interest Income</b>		
Provision for Loan Losses	192,000	30,000
Net Interest Income After Provision for Loan Losses	<u>\$6,901,057</u>	<u>\$6,022,583</u>
<b>Other Income</b>		
Service Charges on Deposit Accounts	\$100,821	\$93,267
Other Service Charges, Commissions, Fees	383,963	397,337
Trust Income	271,657	324,901
Gain (Loss) on Sales of Securities	34,462	25,762
Gain (Loss) on Sales of Loans	-59,031	191,828
Other Income	124,840	92,512
Total Other Income	<u>\$856,712</u>	<u>\$1,125,607</u>
<b>Other Expenses</b>		
Salaries and Employee Benefits	\$2,541,865	\$2,470,363
Occupancy Expense	278,957	324,329
Equipment and Processing	630,604	583,848
Postage & Supplies	88,217	63,197
Legal & Accounting	76,975	82,989
Advertising & Public Relations	222,494	167,644
FDIC Assessment	51,595	52,197
Other Expenses	723,037	753,984
Total Other Expenses	<u>\$4,613,744</u>	<u>\$4,498,551</u>
<b>Income Before Taxes</b>		
Provision for Income Taxes	455,876	308,279
Net Income	<u>\$2,688,149</u>	<u>\$2,341,360</u>
<b>Earnings Per Common Share</b>		
	1.97*	\$1.65**

\* 2023 - Based on 1,364,341 average shares outstanding  
\*\* 2022 - Based on 1,423,035 average shares outstanding