

**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 of First State Bank and Crystal Valley Financial Corporation are pleased to announce solid and consistent results for the second quarter and year to date, 2023. Net income for the year has reached \$5,309,938; compared to \$5,409,274 during the same period of 2022. A one-time expense regarding the third and final installment of a BFirst Banker retention program totaling over \$85,000 was paid in June. Thanks, in part, to additional CVF stock buybacks during the second quarter, earnings per share for the first half of the year are \$3.91 compared to \$3.82 during the same period of 2022, an increase of more than 2.3%.

Loan demand remains strong. Despite fierce competition for the very best loans, our net loan portfolio grew by 10.3%, year over year. At the same time, credit quality remains pristine with historically low levels of past due loans, charge offs, and credit downgrades. Once a non-interest income leader for First State Bank, the consumer mortgage business continues to lag expectations. In fact, quarterly re-valuing has seen our mortgage servicing rights asset written down by \$92,000 during the first six months of the year, compared to increasing by \$395,000 during the first six months of the prior year. The provision for loan losses for the first half of the year is \$260,000 compared to a budgeted amount of \$126,000. The amount recorded is based on our most recent ALLL analysis. The increase is primarily due to our growth in loan balances. Effective 01/01/23, we transitioned to the required CECL methodology for calculating our reserve. We will continue to monitor how various factors impact this calculation.

The Board of Directors have approved a third quarter dividend in the amount of \$.43 per share for shareholders of record as of August 3, 2023 and payable on August 17, 2023. This dividend marks an increase of 2.4% compared to the dividend paid for the same period of 2022. As of June 30, 2023, the book value per share has increased to \$52.25.

As we transition into the third quarter, we bid farewell to two members of our senior management team. Randy Miller and Mike Weaver both retired from First State Bank. Both were instrumental in executing respective succession plans involving multiple, experienced BFirst Bankers. We wish them both the very best in the future.

We appreciate your investment in Crystal Valley Financial Corporation. As always, please call me if you would like to discuss your investment.

Upward & Onward,



D. Joe Caffee, President & CEO

# Statement of Condition



June 30, 2023

**CRYSTAL VALLEY  
FINANCIAL CORPORATION**

and its Principal Subsidiary

**FIRST STATE BANK**

**Statement of Condition**

June 30, 2023 and 2022

Unaudited

	2023	2022
<b>Assets</b>		
Cash and Due from Banks	\$16,075,906	\$11,201,216
Interest Bearing Balance with Banks	2,014,768	4,683,366
Federal Funds Sold	69,429	0
Investment Securities	155,797,389	188,218,706
Federal Home Loan Bank Stock	3,530,500	2,702,900
Loans Gross	552,389,457	500,416,140
Less: Allowance for Loan Losses	-7,490,108	-6,517,048
Deferred Loan Fees	-61,466	-78,599
Net Loans	<u>544,837,883</u>	<u>493,820,493</u>
Premises and Equipment	5,103,849	5,551,381
Accrued Interest Receivable	2,485,630	2,741,940
CSV - Life Insurance	12,300,228	12,370,650
Other Assets	16,329,031	14,754,583
Total Assets	<u><u>\$758,544,613</u></u>	<u><u>\$736,045,235</u></u>
<b>Liabilities and Shareholders Equity</b>		
<b>Liabilities</b>		
Non-Interest Bearing Demand	\$148,138,865	\$165,759,402
Interest Bearing Demand	207,762,110	220,878,874
Savings	143,765,187	169,210,035
Time Under \$100,000	33,625,102	26,989,735
Time \$100,000 and over	79,859,437	56,482,257
Total Deposits	613,150,701	639,320,303
Loans Payable	60,608,858	15,923,089
Repurchase Agreements	5,859,791	5,954,491
Federal Funds Purchased	0	2,007,000
Accrued Interest Payable	455,717	150,016
Other liabilities	8,102,524	8,117,282
Total Liabilities	<u>\$688,177,591</u>	<u>\$671,472,181</u>
<b>Shareholders Equity</b>		
Common Stock	\$2,048,000	\$2,048,000
Surplus	2,179,382	2,179,382
Retained Earnings	109,522,955	101,303,992
Treasury Stock	-20,416,875	-18,266,283
Net Unrealized Gain (Loss) on Securities	-22,966,440	-22,692,037
Total Shareholder Equity	<u>\$70,367,022</u>	<u>\$64,573,054</u>
Total Liabilities and Shareholder Equity	<u><u>\$758,544,613</u></u>	<u><u>\$736,045,235</u></u>
<b>Book Value Per Share</b>	\$52.25*	\$46.67**

\* 2023 - Based on 1,346,652 shares outstanding

\*\* 2022 - Based on 1,383,659 shares outstanding

**Statement of Income**

Six Months Ended June 30, 2023 and 2022

Unaudited

	2023	2022
<b>Interest Income</b>		
Interest and Fees on Loans	\$15,455,453	\$11,168,120
Interest on B.A.'s & Deposits with Banks	81,761	38,238
Interest on Investment Securities	1,904,938	2,436,519
Other Interest & Dividend Income	84,613	44,011
Total Interest Income	<u>\$17,526,765</u>	<u>\$13,686,888</u>
<b>Interest Expense</b>		
Interest on Deposits	\$2,172,668	\$857,636
Interest on FF Purchased/Repos	173,382	6,841
Interest on Other Borrowed Funds	1,072,351	194,131
Total Interest Expense	<u>\$3,418,401</u>	<u>\$1,058,608</u>
<b>Net Interest Income</b>	\$14,108,364	\$12,628,280
Provision for Loan Losses	260,000	90,000
Net Interest Income After Provision for Loan Losses	<u>\$13,848,364</u>	<u>\$12,538,280</u>
<b>Other Income</b>		
Service Charges on Deposit Accounts	\$224,396	\$195,635
Other Service Charges, Commissions, Fees	788,284	851,256
Trust Income	566,669	654,954
Gain (Loss) on Sales of Securities	34,849	169,647
Gain (Loss) on Sales of Loans	-72,746	729,342
Other Income	229,510	170,134
Total Other Income	<u>\$1,770,962</u>	<u>\$2,770,968</u>
<b>Other Expenses</b>		
Salaries and Employee Benefits	\$5,239,362	\$4,996,511
Occupancy Expense	565,712	606,074
Equipment and Processing	1,291,084	1,189,784
Postage & Supplies	162,925	148,849
Legal & Accounting	153,624	153,743
Advertising & Public Relations	445,395	352,216
FDIC Assessment	135,471	104,285
Other Expenses	1,423,752	1,539,299
Total Other Expenses	<u>\$9,417,325</u>	<u>\$9,090,761</u>
<b>Income Before Taxes</b>	\$6,202,001	\$6,218,487
Provision for Income Taxes	892,063	809,213
Net Income	<u>\$5,309,938</u>	<u>\$5,409,274</u>
<b>Earnings Per Common Share</b>	\$3.91*	\$3.82**

\* 2023 - Based on 1,359,253 average shares outstanding

\*\* 2022 - Based on 1,414,449 average shares outstanding