

MIDDLEBURY OFFICERS

D. Joe Caffee	President & CEO
Sam H. Hoover III	Exec. Vice President
Lance T. Weirich	Senior Vice President & CLO
Jared E. Sponseller	Senior Vice President & CFO
James L. Neff	Senior Vice President
Eric J. Romzek	Senior Vice President
Darla K. Kauffman	Vice President
Jon E. Miller	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
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
Cameron D. Boyer	Vice President, Brinkley RV

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**


On behalf of the directors and management team of Crystal Valley Financial Corporation (CYVF) and its primary subsidiary, First State Bank, it is a pleasure to announce stable financial results for the third quarter and year to date. Net income exceeded \$7,900,000, a slight decrease of 4.8% compared to the same period of 2022. Total assets for the corporation have grown to more than \$750 million as of September 30, 2023.

Industry-wide, many commercial banks are watching year over year net income decrease as much as 35%. The primary causative factors include tightening margins due to increased interest expense and increasing expenses. A lack of liquidity in the market has driven most banks to increase borrowing and their reliance on more expensive brokered deposits.

The directors have approved a fourth quarter dividend in the amount of \$.43 per share for shareholders of record as of November 2, 2023 and payable on November 16, 2023. This dividend is an increase of 2.4% compared to the dividend paid for the same period of 2022. Year over year, earnings per share decreased from \$5.92 to \$5.85.

An additional \$150,000 was added to the allowance for loan loss during the most recent month. \$50,000 represents our planned amount according to CECL standards and steady loan growth. The additional amount reflects specific reserves for three unrelated loan relationships that were downgraded in September. In fact, each does business in unrelated industries. Considering our geographic industry concentration, it is worth noting that none are directly related to the recreational vehicle manufacturing industry. Outside of these three isolated relationships, we are enjoying strong credit quality. In fact, during the third quarter we completed a successful FDIC safety and soundness examination.

We appreciate your investment in Crystal Valley Financial. Feel free to call if you would like to discuss our financial results or your investment.

Upward & Onward,



D. Joe Caffee, President & CEO

Statement of Condition



September 30, 2023

**CRYSTAL VALLEY
FINANCIAL CORPORATION**

and its Principal Subsidiary

FIRST STATE BANK

Statement of Condition
September 30, 2023 and 2022
Unaudited

	2023	2022
Assets		
Cash and Due from Banks	\$12,055,213	\$11,540,054
Interest Bearing Balance with Banks	1,495,707	4,965,068
Federal Funds Sold	63,295	435,070
Investment Securities	145,875,141	169,661,258
Federal Home Loan Bank Stock	3,530,500	2,702,900
Loans Gross	561,363,251	516,468,297
Less: Allowance for Loan Losses	-7,808,668	-6,609,967
Deferred Loan Fees	-46,385	-68,130
Net Loans	553,508,198	509,790,200
Premises and Equipment	4,991,540	5,434,081
Accrued Interest Receivable	2,952,725	2,654,925
CSV - Life Insurance	12,388,107	12,455,202
Other Assets	17,719,954	16,007,634
Total Assets	<u>\$754,580,380</u>	<u>\$735,646,392</u>
Liabilities and Shareholders Equity		
Liabilities		
Non-Interest Bearing Demand	\$145,768,588	\$172,905,410
Interest Bearing Demand	212,128,420	209,284,316
Savings	138,716,864	167,916,151
Time Under \$100,000	32,786,543	25,230,776
Time \$100,000 and over	83,818,020	59,849,885
Total Deposits	613,218,435	635,186,538
Loans Payable	60,608,858	25,923,089
Repurchase Agreements	5,370,939	5,763,295
Federal Funds Purchased	1,609,651	0
Accrued Interest Payable	556,303	183,584
Other liabilities	8,664,693	8,490,086
Total Liabilities	\$690,028,879	\$675,546,592
Shareholders Equity		
Common Stock	\$2,048,000	\$2,048,000
Surplus	2,179,382	2,179,382
Retained Earnings	111,538,854	103,619,419
Treasury Stock	-22,008,591	-18,423,958
Net Unrealized Gain (Loss) on Securities	-29,206,144	-29,323,043
Total Shareholder Equity	\$64,551,501	\$60,099,800
Total Liabilities and Shareholder Equity	<u>\$754,580,380</u>	<u>\$735,646,392</u>
Book Value Per Share	\$48.87*	\$43.52**

* 2023 - Based on 1,320,834 shares outstanding
** 2022 - Based on 1,380,959 shares outstanding

Statement of Income
Nine Months Ended September 30, 2023 and 2022
Unaudited

	2023	2022
Interest Income		
Interest and Fees on Loans	\$23,943,779	\$17,646,894
Interest on B.A.'s & Deposits with Banks	124,069	70,437
Interest on Investment Securities	2,827,418	3,553,228
Other Interest & Dividend Income	146,600	73,060
Total Interest Income	<u>\$27,041,866</u>	<u>\$21,343,619</u>
Interest Expense		
Interest on Deposits	\$3,981,026	\$1,361,465
Interest on FF Purchased/Repos	230,263	16,836
Interest on Other Borrowed Funds	1,863,392	332,525
Total Interest Expense	<u>\$6,074,681</u>	<u>\$1,710,826</u>
Net Interest Income		
Provision for Loan Losses	\$20,967,185	\$19,632,793
Net Interest Income After Provision for Loan Losses	<u>\$20,454,185</u>	<u>\$19,482,793</u>
Other Income		
Service Charges on Deposit Accounts	\$353,645	\$331,485
Other Service Charges, Commissions, Fees	1,244,799	1,328,900
Trust Income	877,165	968,735
Gain (Loss) on Sales of Securities	34,827	209,287
Gain (Loss) on Sales of Loans	-84,745	786,041
Gain (Loss) on Other Real Estate	41	0
Other Income	312,817	265,438
Total Other Income	<u>\$2,738,549</u>	<u>\$3,889,886</u>
Other Expenses		
Salaries and Employee Benefits	\$7,629,174	\$7,710,991
Occupancy Expense	843,455	890,337
Equipment and Processing	1,955,397	1,741,009
Postage & Supplies	229,158	221,035
Legal & Accounting	239,055	225,651
Advertising & Public Relations	673,241	555,921
FDIC Assessment	254,208	156,774
Other Expenses	2,128,489	2,280,544
Total Other Expenses	<u>\$13,952,177</u>	<u>\$13,782,262</u>
Income Before Taxes		
Provision for Income Taxes	\$9,240,557	\$9,590,417
Net Income	<u>\$7,901,270</u>	<u>\$8,305,374</u>
Earnings Per Common Share		
	\$5.85*	\$5.92**

* 2023 - Based on 1,349,995 average shares outstanding
** 2022 - Based on 1,403,622 average shares outstanding