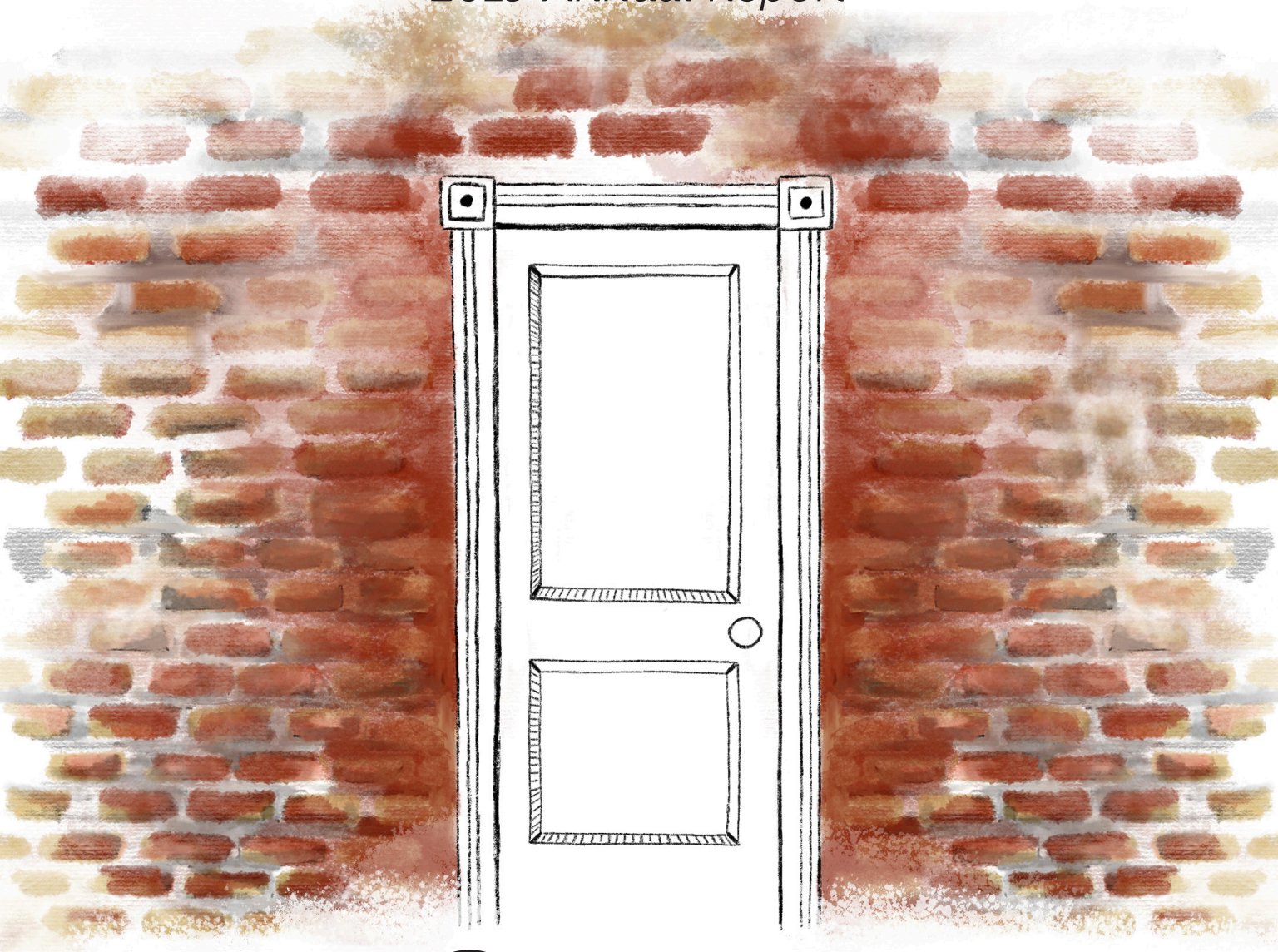


BEYOND OUR DOORS

2019 Annual Report



*"We make a living
by what we get, but
we make a life by
what we give."*

- WINSTON CHURCHILL

DEAR SHAREHOLDERS & FRIENDS,

Every day, First State Bankers open doors. Lance and Peggy open doors to new homes. Dana, Sheila and Jim open doors to new business opportunities. Patty and Shannon might open doors to new ways of thinking. Jonah or Phyllis hold doors open to welcome people to our banking centers. First State Bankers like Jennifer, Eric and Edwin go beyond those banking center doors to fulfill our values of being customer focused, relationship-centric, and locally owned and operated. The goal of our annual report is to open the doors of 2019 and welcome you inside our year of record financial performance. Not only that, but this year we would like to introduce you to some of the ways our bankers go beyond our doors to make a positive difference in the lives of others. At First State Bank, we truly believe that our greatest impact happens beyond the doors of our banking centers.

Crystal Valley Financial Corporation (CYVF) assets grew by just over 5% in 2019. That growth has occurred due to strong local loan demand. Credit quality remains high due to maintaining our credit standards and the experience of our outstanding credit and loan teams. The additional assets have proven to be profitable as well. Net profits for the corporations grew by more than 7% proving that our growth is efficient. Likewise, your investment has become more valuable. Earnings per share grew to \$5.97, a 7.8% increase from 2018 to 2019. We continued our return of capital to investors during 2019 by increasing dividends by 10% and instituting a stock buyback program for those shareholders desiring a ready source of liquidity. Since announcing the program during the fourth quarter of 2019, CYVF has purchased, or committed to purchase, 28,224 shares of outstanding stock. Please contact me if you wish to participate.

We are proud to serve our communities where the economy remains strong and continues to show positive momentum. It is our joy to go beyond our doors to serve these communities. Thank you for trusting us with your investment. We are honored.

Upward & Onward,



D. Joe Caffee



IN LOVING MEMORY



Our dear friend and bank Director, Neal Myers, passed away on February 21, 2019. Neal brought wisdom, insight, and creativity to the First State Bank team. He served as a bank Director for 17 years and was a respected business owner and friend in the Middlebury and surrounding communities.

Neal's life displayed what it truly means to live beyond our doors. He used his talents and resources to reach and help those in need. In his free time, Neal loved to pilot his 7-passenger airplane, which he often used to transport patients in need of medical care and animals seeking shelter. He was instrumental in the development of the Boys and Girls Club of Middlebury, and was always a champion for students.

We are grateful for the insight and wisdom that Neal brought to our team and he will be forever missed.

TABLE OF CONTENTS

GOING BEYOND
*Elkhart County 4-H Fair.....*5

GOING BEYOND
*Goodwill's Little Black Dress Event.....*7

GOING BEYOND
*B Cause Day.....*9

GOING BEYOND
*How Our Jobs Impact Us.....*11

GOING BEYOND
*An Interview with Esther Rogers.....*13

Financials.....15

Directors & Officers.....17



OUR MISSION *is to be a stable independent community bank that offers the highest quality products and services to its customers.*



GOING BEYOND

Elkhart County 4-H Fair

FSB & LoveWay

FIRST STATE | BA

Elkhart County is a giving community. That's why w
s in giving back. For every 25 people that take a p
ate a portion of our marketing budget stra
Join us in supporting our community

Snap. Post. Tag.
#fsbgenerous



SCAN FOR



VIDEO CONTENT



In 2019, we wanted to take our support of the Elkhart County 4-H Fair to a new level. We wanted to be able to give back to multiple organizations at one time. In order to do this, we put posters on the end of each ticket booth at the fairgrounds. The posters encouraged fairgoers

to “snap, post, tag.” Snap a photo of themselves with the poster, post the photo on social media, tag First State Bank. In return, we donated a portion of our Marketing budget to four different community organizations: Loveway, Ryan’s Place, Lifeline Youth Ministries

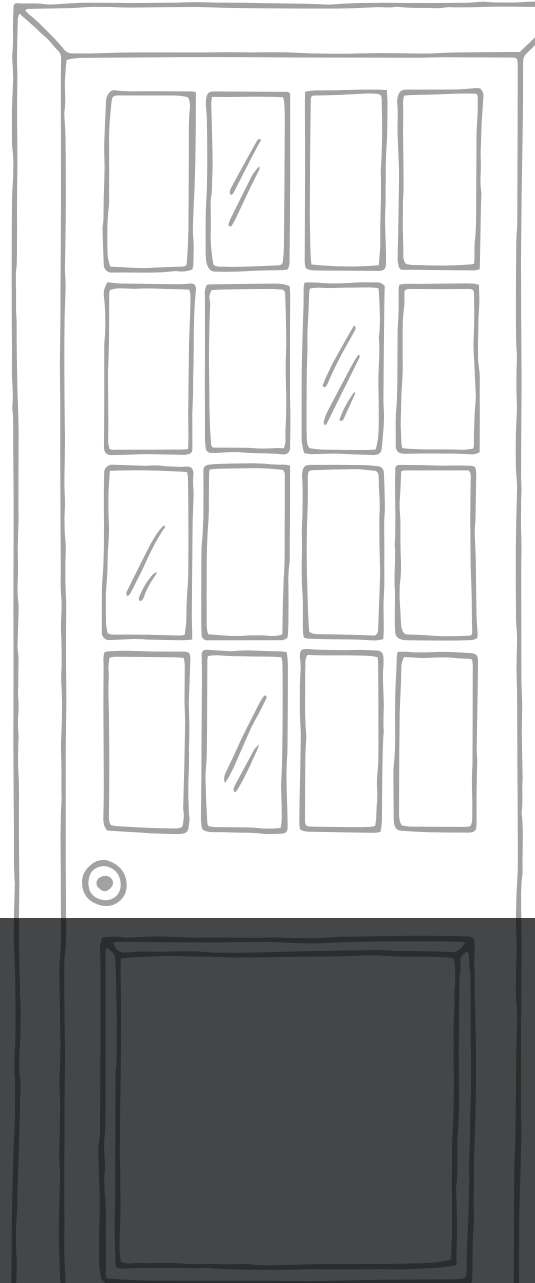
and the Humane Society of Elkhart County. Through this partnership, we donated a total of \$6,000 to these four organizations.

Snap. Post. Tag.
#fsbgenerous



GOING BEYOND

Goodwill's Little Black Dress Event



In 2019, we had the privilege of being the Title Sponsor for Goodwill's Little Black Dress Event. This event seeks to honor Goodwill's mission to strengthen communities and empower individuals and families through education, training and job placement.

With an on-site boutique and fashion show, attendees enjoy the best selection from area Goodwill stores. First State Bank was honored to partner with Goodwill Industries of Michiana to support the mission and initiative of their brand.



GOING BEYOND

B Cause Day



STATS

1,203 MEALS
PACKAGED
at Cultivate Culinary

67 BLANKETS
MADE
at the Elkhart County Fairgrounds

375 PRODUCTS
PACKAGED
for Soup of Success

12 BUNK BEDS
DELIVERED
for Sleep in Heavenly Peace

1 HOUSE PAINTED 2 APARTMENTS
CLEANED
with LaCasa

20 CLASSES
TAUGHT
at the Excel Center

12 TRUCK LOADS OF
FURNITURE MOVED
for the Boys and Girls Club

25FT. OF FENCE
REPAIRED
at Dogtown Resort

2 WAREHOUSES OF
INVENTORY CLEANED
at the Habitat ReStore

In 2019, for the first time in the history of the Bank, we closed our doors on Columbus Day for an all-staff community service day. We called it B Cause Day and sent our employees out to volunteer at one of nine local nonprofit organizations.

Our employees helped package food, clean, paint, move furniture, make blankets and teach classes on banking. To say we were energized in return is an understatement.



FIRST STATE | BANK
TRUST & WEALTH MANAGEMENT



Karen Sherer

Shannon G. Klein

Patty Yates

Martha Bayes

GOING BEYOND

How Our Jobs Impact Us

At FSB, we have found that when we go beyond our doors, something special happens. Not only do we get to impact people, but we are also impacted. By going beyond in their work every day, our Trust & Wealth Management Department experiences this firsthand. We sat down with them to discuss how their jobs impact them and these were their answers:

Patty

Growing up, my dad was a banker and my mom was a nurse. I watched them both take care of people in different ways, and I knew I wanted to do the same thing. I loved crunching numbers and knew that I could not stand the sight of blood. So, my love of finance and investing lead me to First State Bank's Trust & Wealth Management Department. Working in this department, I get to do the two things that I am passionate about-crunching numbers and helping people!

Karen

I love to help people, and the Trust & Wealth Management Department offers many opportunities to help our clients. Of course, there is daily office work and paperwork, but there is also a personal side to the job. So many of our clients are elderly, and often my tasks can include visiting them at their homes, picking up and sorting their mail, even helping them shop for specific items. So many tasks that I get to do are rewarding-not because of what they are, but because of who I am helping.

Martha

One of the things that has made an impact on me is the way that our employees care for each other, which translates into how they care for our customers. What I love most specifically about my job is the feeling that what I'm doing really makes a difference in someone else's life. It's such a great feeling to know that just by doing your job you can show someone you care about them and that you're there for them.

Shannon

It is about much more than a job when you can make a lasting impact in someone's life. Whether it be helping them save for the future, managing their wealth after retirement or helping a family make a decision for where their loved one should live in the last years of their life; being a Trust Officer has brought me tremendous joy. I am passionate about serving others and First State Bank allows me to fulfill that passion every day!



FIRST STATE | INSURANCE



Jamie
Strycker

Sunshine
Tauteris

Denny
Weldy

Isha
Freel

Rick
Holderread

Sandra
Kalb

GOING BEYOND

An Interview with Esther Rogers

Esther Rogers is the owner of Hilltop Restaurant in Middlebury, IN – a restaurant popular among locals for its home-cooked meals. On September 18, 2018, just two weeks shy of Hilltop's 40th anniversary, a fire broke out in the kitchen and completely destroyed the restaurant. With plans to rebuild, the shell of the building was knocked down and leveled on November 1, 2018. Today, Esther and her family have begun taking steps toward opening a new restaurant at an existing structure in downtown Middlebury. First State Insurance has been with Esther and her family since the night of the fire and they are excited to continue to assist in the rebuilding process. We sat down with Esther for a quick Q&A, and here is what she had to say about her experience with FSI:

Q: Why did you choose First State Insurance?

A: Around 6 months before the fire, we felt it was time to review our coverage and asked Denny to look things over for us. He found that we were underinsured and by making changes he was able to increase the value. Had the fire happened before he did that, we wouldn't have been covered.

Q: What has been your favorite thing about working with FSI?

A: They are local and care about local businesses and people. When you deal with them, it feels like home.

Q: In what ways do you feel they went beyond their doors?

A: I called him [Denny] during the fire and I was surprised when he showed up. He was very concerned about what was happening to us and our business.

Q: What would you say to a business owner who is looking for insurance?

A: Make sure you are fully covered for any major loss. Review and adjust your coverage to minimize your loss. I would recommend FSI to anyone needing good insurance. It's nice to deal with someone so close to home who knows about us and our community.

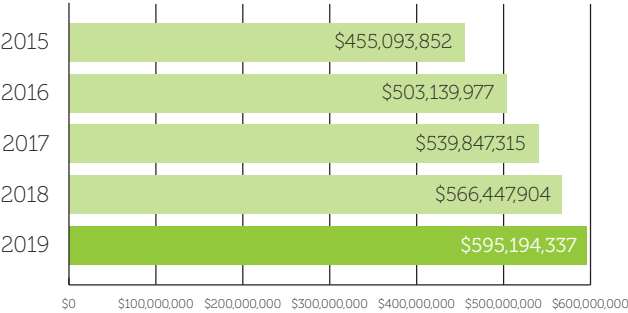
Q: How are they helping you get back on your feet after the fire?

A: Denny has stayed in close contact with us throughout the process and checks in regularly. We are getting the final payout on our claims now and are using that to renovate our new building, which is already covered with FSI.

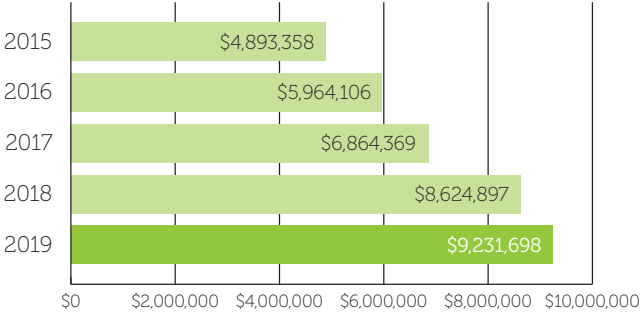


Hilltop Restaurant,
July 2017

2019 FINANCIAL STATEMENT



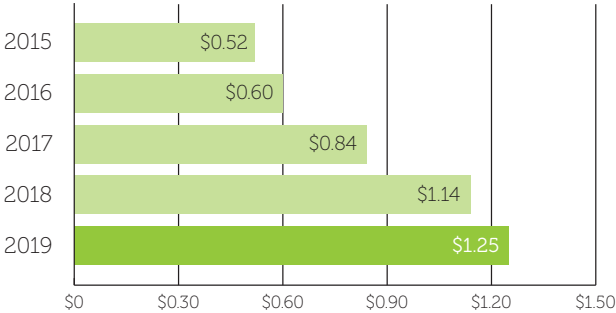
TOTAL ASSETS



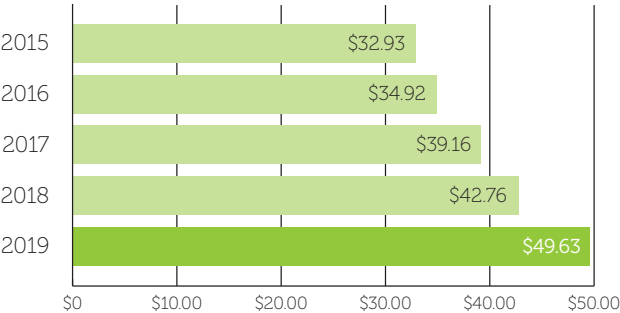
NET INCOME



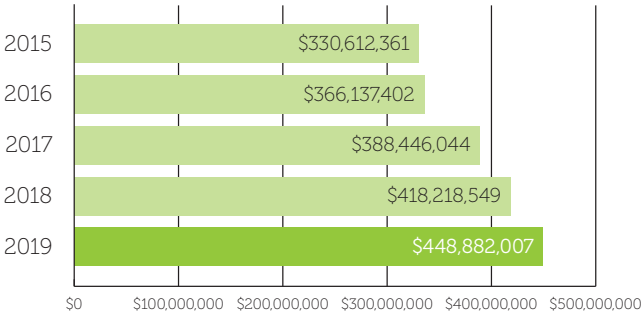
BASIC EARNINGS PER SHARE



DIVIDENDS PER SHARE



BOOK VALUE PER SHARE



TOTAL NET LOANS

Crystal Valley Financial Corporation
Consolidated Balance Sheet
December 31, 2019

Assets

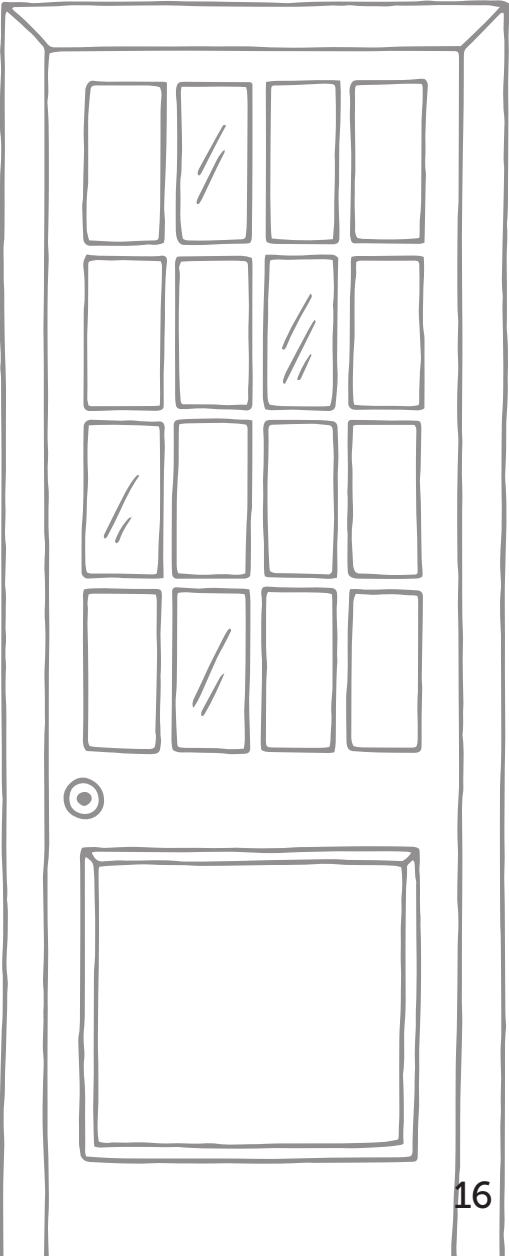
Cash and Cash Equivalents	\$16,973,976
Investment Securities	104,403,045
Federal Home Loan Bank Stock	2,532,700
Loans, net of allowance for loan losses	448,882,007
Premises and equipment	4,383,279
Accrued interest receivable	2,138,314
Real Estate Limited Partnerships	42,670
CSV - Insurance	11,032,737
Other Assets	4,805,609
Total Assets	<u>\$595,194,337</u>

Liabilities

Demand Deposits	\$241,460,927
Savings Deposits	101,729,928
Time Deposits	132,258,625
Total Deposits	<u>475,449,480</u>
Repurchase agreements	4,021,960
Advances from Federal Home Loan Bank	32,195,190
Other Borrowings	0
Other Liabilities	6,925,938
Total Liabilities	<u>518,592,568</u>

Stockholders' Equity

Common stock	2,048,000
Surplus	2,179,382
Retained Earnings	78,675,899
Net unrealized gain (loss) on securities	3,003,065
Less treasury stock, at cost	-9,304,577
Total stockholders' equity	<u>76,601,769</u>
Total Liabilities and stockholders' equity	<u><u>\$595,194,337</u></u>
Book value per share of common stock (based on 1,543,372 shares outstanding)	\$49.63



2019 FINANCIAL STATEMENT (continued)

Crystal Valley Financial Corporation Consolidated Statement of Income Year Ended December 31, 2019

Interest Income

Loans, including fees	\$24,431,171
Investment Securities	3,105,166
Other interest and dividend income	255,025

Total Interest Income	27,791,362
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Interest Expense

Deposits	3,466,498
Federal Home Loan Bank advances	672,738
Other borrowings/Repos	47,657

Total Interest Expense	4,186,893
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Net Interest Income	23,604,469
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Provision for loan losses	0
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Net Interest Income after Provision for loan losses	23,604,469
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Other Income

Service charges on deposit accounts	528,293
Other service charges, commissions, fees	1,928,309
Trust income	983,193
Net gains on sales of securities	475,138
Net gains on sales of loans	502,443
Net gain (loss) on other real estate	0
Other income	56,085

Total Other Income	4,473,461
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Other Expenses

Salaries and employee benefits	10,142,156
Occupancy	1,102,873
Equipment and processing	2,176,009
FDIC Assessment	29,569
Other expenses	3,992,567

Total Other Expenses	17,443,174
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Income Before Income Taxes	10,634,756
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Provision for income taxes	1,403,058
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Net Income	\$9,231,698
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Earnings per share	\$5.97
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Average shares outstanding	1,546,621
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BOARD OF DIRECTORS

R. Gordon Lord

Chairman of the Board
Partner, 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 College

Cynthia S. Gillard

Partner, Warrick & Boyn LLP

Joe A. Smucker

President, Parkland Plastics Inc.

FIRST STATE BANK OFFICERS

MIDDLEBURY OFFICERS

D. Joe Caffee
President & CEO

Sam H. Hoover III
Exec. Vice President & COO

Michael D. Weaver
Exec. Vice President & CLO

Greg R. Krider
Senior Vice President & CFO

Dean R. Miller
Senior Vice President

Randall D. Miller
Senior Vice President

Ron L. Yoder
Senior Vice President

Jared E. Sponseller
Vice President & Controller

Darla K. Kauffman
Vice President

Jon E. Miller
Vice President

Linda C. Poncé
Vice President

Eric J. Romzek
Vice President

Melissa L. Schroeder
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

Ian E. King
Banking Officer

Kirsten T. King
Banking Officer

Rebecca J. Lee
Banking Officer

Tessa A. Trigg
Banking Officer

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

Phillip M. Gray
Vice President

Lori A. Faltynski
Assistant Vice President

Brandon T. Williamson
Business Development Officer

FIRST STATE INSURANCE

Goshen Office
Dennis J. Weldy
LUTCF, Vice President & Agent

Middlebury Office
Richard L. Holderread
CLU, Office Manager & Agent

**Middlebury**

111 S. Main St.
574.825.2166

Goshen

201 N. Main St.
574.533.8277

1820 Greencroft Blvd
574.533.8459

Mishawaka

4101 Edison Lakes Pkwy
574.807.8256

Elkhart

1515 Cobblestone Blvd
574.266.2888

200 NIBCO Pkwy
574.295.3949

South Bend

17977 Cleveland Rd.
574.968.9720

Trust & Wealth Management

200 NIBCO Pkwy, Elkhart, IN
574.295.3949

First State Insurance

118 S. Main St., Middlebury, IN
574.825.5458