



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
Lance T. Weirich	Senior Vice President
Darla K. Kauffman	Vice President
Jon E. Miller	Vice President
James L. Neff	Vice President
Eric J. Romzek	Vice President
Sue Ann Von Blon	Vice President
Samuel E. Weirich III	Vice President
Julie W. Whitehead	Vice President
Casey I. Zitkus	Assistant Vice President & Controller
Jessica E. Hamood	Assistant Vice President
Kirsten T. King	Assistant Vice President
Amyian M. Freeto	Banking Officer
Debbie L. Gordon	Banking Officer
Ian E. 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 F. 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
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
Mike L. Zappia	Vice President
Janice L. Sisti	Banking Officer

CRYSTAL VALLEY FINANCIAL CORPORATION

The directors and management of First State Bank and Crystal Valley Financial Corporation are pleased to announce positive results for the second quarter and year to date, 2022. Net income for the year has reached \$5,409,274, compared to \$5,432,954 during the same period of 2021. Keep in mind that during the first half of 2021, we realized more than \$860,000 of Payroll Protection Program (PPP) loan fees. Net of that PPP fee income, bank net income grew by just over 18% when comparing the same period from 2021. Earnings per share for the first half of the year are \$3.82 compared to \$3.75 during the same period of 2021, an increase of more than 1.8%.

While our nation grapples with high inflation and stock market uncertainty, our local economy remains cautiously stable. Some manufacturers have taken preliminary steps to slow production. First State Bank remains blessed with outstanding credit quality and record-low levels of past due and troubled loans.

Despite economic headwinds, unemployment remains very low, disrupting many local business' ability to attract and retain the very best talent, especially retail workers. First State Bank continues to execute a succession plan regarding our commercial lending team and has added three commercial BFirst Bankers to the team during the most recent quarter.

Rising interest rates are manifesting themselves on our income statement in two primary ways. While our net loan portfolio grew by 9.1%, year over year; First State Bank interest income, excluding fee income, grew by 10.2%. Additionally, our home mortgage business has watched a migration from sold, fixed rate mortgages to an increase in adjustable-rate mortgage loans, which remain on our balance sheet, as customers seek the lowest rate and payment. Our semi-annual evaluation of servicing rights to our mortgage portfolio revealed a gain of \$388,000 in June thanks to volume and an industry-wide slowing of pre-payments.

The Board of Directors have approved a third quarter dividend in the amount of \$.42 per share for shareholders of record as of August 4, 2022 and payable on August 18, 2022. This dividend marks an increase of 10.5% compared to the dividend paid for the same period of 2021. As of June 30, 2022, the book value per share is \$46.67. This decrease is due to the mark to market of our investment portfolio.

We appreciate your investment in Crystal Valley Financial Corporation. Please call me if you would like to discuss your investment or inquire about our generous and ongoing stock repurchase program.

Upward & Onward,

D. Joe Caffee, President & CEO



Statement of Condition



June 30, 2022

CRYSTAL VALLEY FINANCIAL CORPORATION

and its Principal Subsidiary

FIRST STATE | BANK

Statement of ConditionJune 30, 2022 and 2021
Unaudited

	2022	2021
Assets		
Cash and Due from Banks	\$11,201,216	\$12,877,703
Interest Bearing Balance with Banks	4,683,366	37,418,122
Federal Funds Sold	0	548,089
Investment Securities	188,218,706	180,341,333
Federal Home Loan Bank Stock	2,702,900	2,745,700
Loans Gross	500,416,140	460,046,949
Less: Allowance for Loan Losses	-6,517,048	-6,452,717
Deferred Loan Fees	-78,599	-852,814
Net Loans	493,820,493	452,741,418
Premises and Equipment	5,551,381	3,688,631
Accrued Interest Receivable	2,741,940	2,345,570
CSV - Life Insurance	12,370,650	12,038,926
Other Assets	14,754,583	5,405,810
Total Assets	\$736,045,235	\$710,151,302
Liabilities and Shareholders Equity		
Liabilities		
Non-Interest Bearing Demand	\$165,759,402	\$149,252,737
Interest Bearing Demand	220,878,874	181,444,024
Savings	169,210,035	142,239,819
Time Under \$100,000	26,989,735	30,813,114
Time \$100,000 and over	56,482,257	67,073,421
Total Deposits	639,320,303	570,823,115
Loan Payable	15,923,089	40,757,609
Repurchase Agreements	5,954,491	5,219,122
Federal Funds Purchased	2,007,000	0
Accrued Interest Payable	150,016	175,532
Other liabilities	8,117,282	6,523,427
Total Liabilities	\$671,472,181	\$623,498,805
Shareholders Equity		
Common Stock	\$2,048,000	\$2,048,000
Surplus	2,179,382	2,179,382
Retained Earnings	101,303,992	91,939,257
Treasury Stock	-18,266,283	-14,470,767
Net Unrealized Gain (Loss) on Securities	-22,692,037	4,956,625
Total Shareholder Equity	\$64,573,054	\$86,652,497
Total Liabilities and Shareholder Equity	\$736,045,235	\$710,151,302
Book Value Per Share	\$46.67*	\$60.09**

* 2022 - Based on 1,383,659 shares outstanding
** 2021 - Based on 1,442,059 shares outstanding

Statement of Income
Six Months Ended June 30, 2022 and 2021
Unaudited

	2022	2021
Interest Income		
Interest and Fees on Loans	\$11,168,120	\$11,608,413
Interest on B.A.'s & Deposits with Banks	38,238	32,146
Interest on Investment Securities	2,436,519	1,715,377
Other Interest & Dividend Income	44,011	40,784
Total Interest Income	\$13,686,888	\$13,396,720
Interest Expense		
Interest on Deposits	\$857,636	\$935,304
Interest on FF Purchased/Repos	6,841	3,831
Interest on Other Borrowed Funds	194,131	363,336
Total Interest Expense	\$1,058,608	\$1,302,471
Net Interest Income	\$12,628,280	\$12,094,249
Provision for Loan Losses	90,000	220,000
Net Interest Income After Provision for Loan Losses	\$12,538,280	\$11,874,249
Other Income		
Service Charges on Deposit Accounts	\$195,635	\$149,134
Other Service Charges, Commissions, Fees	851,256	988,678
Trust Income	654,954	614,988
Gain (Loss) on Sales of Securities	169,647	317,716
Gain (Loss) on Sales of Loans	729,342	1,450,302
Gain (Loss) on Other Real Estate	0	-138,999
Other Income	170,134	188,507
Total Other Income	\$2,770,968	\$3,570,326
Other Expenses		
Salaries and Employee Benefits	\$4,996,511	\$5,434,989
Occupancy Expense	606,074	580,119
Equipment and Processing	1,189,784	1,016,167
Postage & Supplies	148,849	155,984
Legal & Accounting	153,743	167,443
Advertising & Public Relations	352,216	298,007
FDIC Assessment	104,285	88,231
Other Expenses	1,539,299	1,349,557
Total Other Expenses	\$9,090,761	\$9,090,497
Income Before Taxes	\$6,218,487	\$6,354,078
Provision for Income Taxes	809,213	921,124
Net Income	\$5,409,274	\$5,432,954
Earnings Per Common Share	\$3.82*	\$3.75**

* 2022 - Based on 1,414,449 average shares outstanding
** 2021 - Based on 1,447,685 average shares outstanding