

STANDING STRONG

IN THE FACE OF A GLOBAL PANDEMIC



*svb&t*corporation

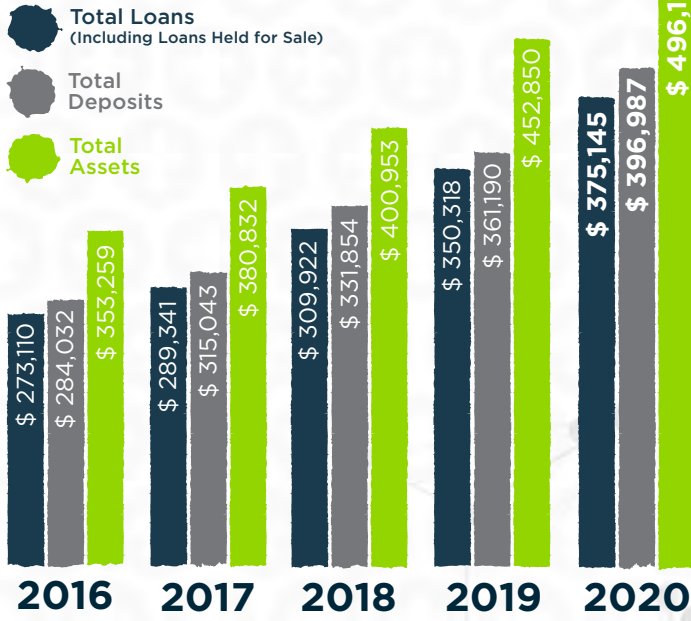


2020

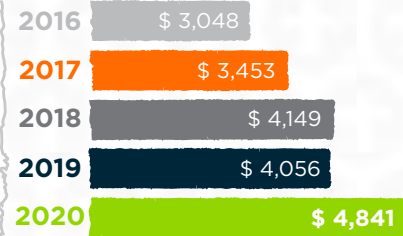
ANNUAL REPORT

FINANCIAL HIGHLIGHTS

BALANCE SHEET (IN THOUSANDS)



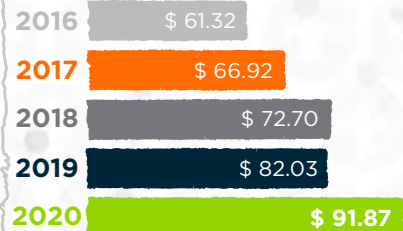
NET INCOME (IN THOUSANDS)



EARNINGS PER SHARE (DILUTED)



BOOK VALUE



OUR VISION

To be the most respected, trusted, top-of-mind community bank, leading in the markets we serve.

Dear SVB&T Corporation Shareholder:

2020 was a year dominated by massive global health concerns that challenged the “status quo” on virtually every front imaginable. At the end of the first quarter of 2020, it became apparent in the United States that extreme measures would be required to avoid overrunning the healthcare system. Shutdowns of non-essential businesses were ordered, and state mandates were issued around gathering sizes and other restrictions. Social distancing and mask mandates became the norm for the rest of the year. For the better part of April and May, Springs Valley operated drive-up only and “by appointment” in our six banking centers, with lobbies remaining closed until the day after Memorial Day.

This expansive business disruption cascaded through the US and worldwide economies as unemployment skyrocketed, and the equities market fell dramatically. The Federal Reserve took extraordinary measures by dropping the discount rate to 0.25% and the federal funds rate to 0-0.25% which sent retail and wholesale deposit rates tumbling. Borrowing costs followed suit. At mid-year 2020, the government stepped in with a massive spending stimulus bill that pumped money into businesses via forgivable PPP loans and into many households via direct stimulus payments. Bank balance sheets ballooned, and Springs Valley was no exception as loan and deposit balances increased drastically.

By the second quarter of 2020, the business impact to Springs Valley was quickly becoming apparent. Borrowing costs fell dramatically, expanding the Bank’s net interest margin to 3.65% for the full year ended December 31, 2020 and 4.02% for the fourth quarter of 2020. In the Spring of 2020, the mortgage market began to sizzle and ignite with increased mortgage refinancing and home purchases, despite being somewhat hampered by already historically low housing inventory.

Bank Management, your Board, and staff stepped up to the challenge, and “execution” became the keyword for how the Bank would perform in 2020. Though not via the path scripted by the 2020 budget, which went out the window early in the year due to rapidly changing assumptions, the Bank responded to the Payroll Protection Program call, retooled our sold mortgage operation and restructured balance sheet funding, while the Financial Advisory Group skillfully navigated the tumultuous equities scene on behalf of clients.

Under the guidance of your Board of Directors, Spring Valley Bank & Trust Company continues to focus on consistent financial performance, quality organic asset growth, complementary inorganic growth opportunities, asset quality improvement, core deposit growth and income diversification – **standing strong in the face of a global pandemic.**



Jamie R. Shinabarger

President & CEO



Douglas A. Habig

Chairman of the Board



RECAP OF 2020 FINANCIAL PERFORMANCE

- In 2020, audited earnings of \$4.8 million or \$8.63 basic and diluted earnings per share were posted. This translates to a Return on Average Assets (ROAA) of 1.00%.
- In 2020, the Board approved and paid a quarterly dividend for 2020 of \$0.26 per share (equating to \$1.04 in total for 2020), representing a 1.44% return based upon the 2020 year-end stock market value of \$72.00.
- Year-end book value for 2020 was \$91.87, representing an increase of 12.00% over 2019.

THE YEAR IN REVIEW... THE YEAR AHEAD

Virtually all of Springs Valley's successes over the past nine post-recession years can be attributed to strong organic growth via the strategic day-to-day execution of community banking fundamentals. For 2020, Springs Valley chose not to let adversity be an excuse or an obstacle, but instead applied it as a catalyst for creating extraordinary results:

- Generated \$21.7M of PPP loans in Round 1 of the Cares Act to 414 commercial borrowers struggling to keep their doors open in the midst of a pandemic;
- Generated \$109.4M of home refinance, purchase or construction mortgages (approximately five times 2019 volume) which put badly needed dollars back in household budgets or helped families buy or build a home while locking in historically low rates;
- Restructured the funding of the Bank's balance sheet in the aftermath of the Fed's rate cut in March of 2020, resulting in a \$1.7M reduction in interest expense when comparing 2020 to 2019;
- The Financial Advisory Group helped clients navigate the tumultuous stock market retraction early in 2020, while staying positioned to ride the rebound later in the year.

Despite the extraordinary events of the past year, you will likely recognize the tone and tenor of much of the remainder of this letter, as our chosen strategic course has deviated very little since 2012 when this new era of higher bank performance began. Some of these strategic fundamentals include:

- Building a stronger business development framework within our legacy markets (primarily greater Dubois and Orange Counties) with strategic growth in adjoining, county-seat-like rural markets, such as Daviess County and Gibson County, and a concentrated emphasis on growing core deposits;
- Full-relationship banking emphasis with a relationship pricing foundation;
- Leveraging agricultural expertise to grow the Ag portfolio to \$101.5M through 12/31/2020 (\$88.4M principal outstanding, plus an additional \$13.1M undrawn but available);
- Developing and growing complementary business lines and strategies (Real Estate Investment Trust (REIT), Captive Insurance Agency, etc.);
- Expanding an already solid menu of "digital" solutions in response to Covid-19 P2P restrictions (ITMs, online account opening, video-meeting options, chatbot, online appointment scheduling, etc.)

The Federal Reserve has held an extremely accommodating posture since last spring when the discount rate was reduced to 0.25%. The Fed has remained active in the bond market and pledged to remain accommodative for the foreseeable future. That said, in the first quarter of 2021 we have seen the longer end of the yield curve move up 50 basis points, and many are predicting another 50 basis point increase by year-end 2021. Throughout the second half of 2020 and into early 2021, the Bank has enjoyed margin expansion in clear opposition to most of the banking industry. While there may still be modest expectations for further cost of

funds reductions this year, we are starting to see downward asset yield pressure via refinancing which negatively impacts the Bank's interest income. The net impact will likely be a slight reversal to net interest margin contraction for the remainder of 2021.

The national economy is showing signs of regaining strength after the series of painful shutdowns throughout much of 2020 to manage the spread of Covid-19. Metro areas seemed to be suffering the most while rural markets like ours have not been as heavily impacted. Pent-up consumer demand

and the prospects for a large percent of the population receiving vaccinations by mid-year 2021 have caused economists to revise 2021 GDP predictions from 4.2% up to 6.5%. For the foreseeable future, Management would expect interest rates to remain low and unemployment to trend lower as many businesses rebound.

The Bank remains dedicated to finding innovative ways to improve our competitive standing in the markets we serve and to adding new markets with potential. To that end, our Board of Directors and Management team have several notable achievements to share with you from 2020 and a few new initiatives planned for 2021:

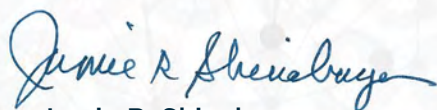
- In 2020, the Bank achieved net loan growth (including loans held for sale) of \$23.2M or 6.70% and deposit growth of \$35.8M or 9.91% (compound average growth rate for loans of 10.17% and for deposits of 8.76% since 2012);
- At year-end 2020, SVB&T Corporation has two and a half years of history on the OTCQX exchange. This strategic move has had direct and immediate benefits for shareholders on several fronts. For example, it provided a quick, easy, and convenient avenue for buying and selling SVB&T shares, which in turn created an immediate release of pressure from pent-up sale demand (liquidity for those wishing to sell) and ownership opportunities for those wishing to buy. However, despite the success of this move to the exchange, the Board is not satisfied with the level of local ownership and has charged Management with making this a key driver in 2021. In support of this directive, and in evidence of our confidence in the value proposition, the Board approved a \$2.0M Share Repurchase Plan on March 4, 2021;
- SVB&T Corporation stock price has ebbed and flowed with the general bank stock market since 2018, and at December 31, 2020 closed at \$72.00 per share. The trading price of the Company's stock at the close of business on March 1, 2021 was \$76.00 per common share, and the number of outstanding shares was 559,136;
- Company continues to provide quarterly press releases as a part of our shareholder outreach and transparency commitment;
- Springs Valley continues to strategically grow core, non-maturity accounts. This deposit strategy is a key to building a source of reliable funds to support our lending operation in 2021 and beyond. In addition, Management regularly reinforces the message to Bank staff that "total relationship" banking is essential in order to support both sides of the balance sheet;
- The strategic melding of our brokerage division into our

much larger fiduciary division concurrent with an overall wealth rebranding initiative (from Trust Department to Financial Advisory Group) began in 2019 and continued throughout 2020. Financial Advisory Group assets under management were \$551.8M as of December 31, 2020;

- Over the past few years, Springs Valley has invested heavily in multi-faceted digital technologies with products such as Notifi (automated alerts), Zelle (nationally branded person-to-person money transfer via the VISA network), Originate (online deposit account opening), and Instant Issue consumer and business debit cards, as well as ITM advanced technology (smart ATMs with two-way video capabilities to remotely handle more complex banking transactions). These technology investments were made in order to grow and enhance the digital banking experience;
- Credit administration is the strongest in the company's 119-year history, as evidenced by our asset quality metrics. This stands as a tribute to the Chief Lending Officer and the seasoned loan team he has assembled. Over the course of 2020, we assertively increased our allowance for loan losses due to the unknown impact that the Covid-19 pandemic presented to the loan portfolio, growing it from \$4.3M at the beginning of 2020 to \$6.0M at year-end, resulting in a coverage ratio of 1.60%;
- Our investment in cybersecurity and infrastructure has paid dividends with an exceptionally strong and secure IT posture; however, we remain ever diligent as we continue to deliver safe, sound, and secure service to our customers while protecting their data;
- Springs Valley opened new banking centers in Washington, Indiana (September 3, 2019) and in Princeton, Indiana (January 2, 2020). Both locations are profitable with year-end 2021 deposit goals of \$10.0M for each location. Rapidly building momentum in these two newest banking centers continues to be key to delivering on the 2021 financial plan.

These business drivers have enabled us to sustain the performance that began in 2012 after emerging from the Great Recession and have continued despite some of the most challenging economic times in our history. Whether in the form of organic or inorganic means, growth is the pathway to economies of scale which is critical to helping us remain competitive in a rapidly consolidating industry.

The directors, officers, and employees of Springs Valley Bank & Trust Company are committed to the success of the Company and to working with, and providing value to, our customers, communities, and shareholders.



Jamie R. Shinabarger
President & CEO



Douglas A. Habig
Chairman of the Board



(In Thousands, Except Shares Outstanding and Per Share Data)

	December 31	
	2020	2019
ASSETS:		
Cash and due from banks	\$ 12,604	\$ 6,144
Federal funds sold	10,201	10,745
Interest-bearing demand deposits	13,100	4,391
Interest-bearing time deposits	1,267	1,200
Available for sale securities	61,460	57,820
Loans held for sale	894	156
Loans net of allowance for loan losses	368,266	345,822
Premises and equipment	6,141	6,636
Federal Home Loan Bank stock	2,738	2,567
Bank-owned life insurance	9,002	8,820
Accrued interest receivable	2,853	2,413
Foreclosed assets held for sale	720	129
Other assets	6,872	6,007
Total assets	\$ 496,118	\$ 452,850
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Noninterest-bearing deposits	82,900	51,344
Interest-bearing deposits	314,087	309,846
Accrued interest payable	531	927
Borrowed funds	37,000	34,764
Subordinated debentures	5,000	5,000
Other liabilities	5,230	5,102
Total liabilities	\$ 444,748	\$ 406,983
Stockholders' equity - substantially restricted	51,370	45,867
Total liabilities and stockholders' equity	\$ 496,118	\$ 452,850
Full Year Ended December 31		
	2020	2019
OPERATING DATA:		
Interest and dividend income	\$ 20,412	\$ 19,558
Interest expense	3,811	5,513
Net interest income	\$ 16,601	\$ 14,045
Provision for loan losses	2,967	885
Net interest income after provision for loan losses	\$ 13,634	\$ 13,160
Fiduciary activities	3,211	2,915
Customer service fees	584	713
Net gains on loan sales	3,279	771
Net realized gain on sales of AFS securities	8	444
Other income	711	1,031
Total noninterest income	\$ 7,793	\$ 5,874
Salary and employee benefits	9,391	8,290
Premises and equipment	1,964	1,666
Deposit insurance premium	123	22
Other expenses	4,342	4,372
Total noninterest expense	\$ 15,820	\$ 14,350
Income before taxes	5,607	4,684
Income tax expense	766	628
Net income	\$ 4,841	\$ 4,056
Basic and diluted earnings per share	\$ 8.63	\$ 7.22
Book value per share	\$ 91.87	\$ 82.03
Market value per share - end of period close	\$ 72.00	\$ 79.95
Shares outstanding	559,136	559,136
Number of full service banking centers	6	5

Together, We've Got This!

2020

A NOTE FROM SPRINGS VALLEY BANK & TRUST COMPANY:

We're Open!

The financial services sector is identified as a Critical Infrastructure Sector.

Springs Valley will be open during Indiana's "Stay at Home" from March 25, 2020 – April 7, 2020.

We will continue to operate with drive-up window services during regular business hours. Call your local Springs Valley Banking Center to make an in-person appointment.



Paycheck Protection Program Loan Im

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HEE

\$21.7M
BACK TO THE COMMUNITY



We're here for you.

Our clients and potential clients can schedule a **Virtual Meeting** with a Springs Valley Financial Advisor today.

Need to discuss Financial Planning?
Have your estate documents reviewed at no cost?
Rollover your 401k...
...or transfer your IRA?
And so much more.

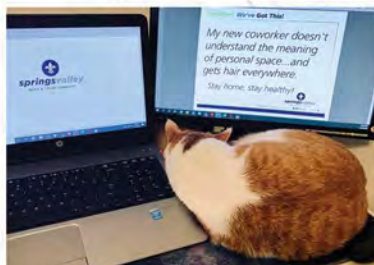
Investment and Insurance Products: Are not FDIC insured. Are not guaranteed. May lose value. Are not insured by any federal government agency. Are not bank deposits. Terms and conditions may apply. Subject to change without notice.

Loyal to you, your family, and your future.

fa.svbt.bank | 800.843.4947 | Since 1902



I'M NOT A REGULAR BANKER. I'M A SPRINGS VALLEY BANKER.



Estamos ac para ti.

Nuestros clientes y d pueden solicitar una un representante de

¿Necesita abrir una cuenta corriente. Pre-Checking?
Pregunte sobre nuestras Tarjetas de Débito Instantáneas de Emisión.
Para más información sobre nuestra Promoción de Tarjetas de Crédito al Consumidor.
Aplica para un préstamo hipotecario.*
Recorrea nuestra banca en línea.
Y mucho más.

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**BUSINESSES
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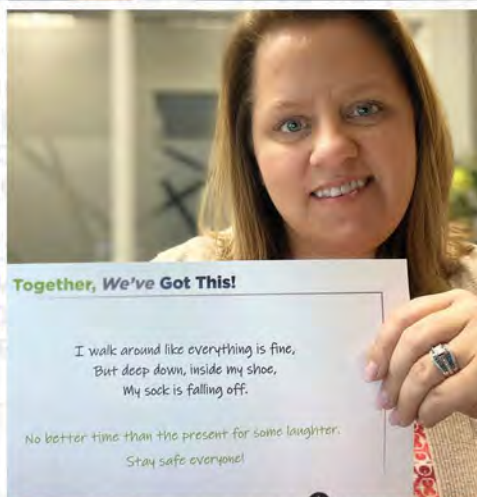
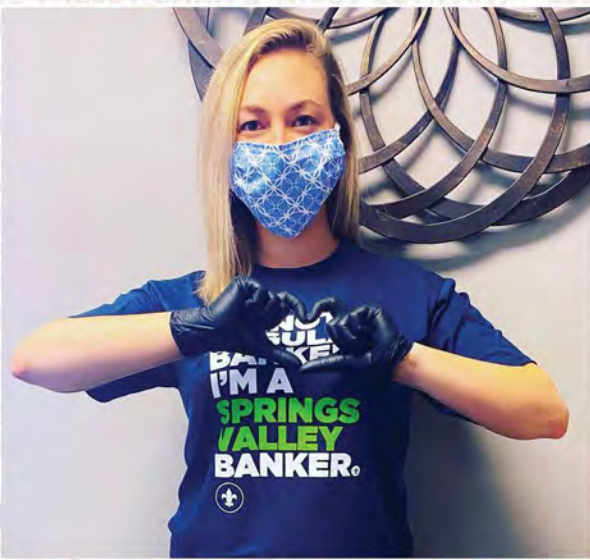
qui
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Cita Virtual con
Springs Valley hoy.



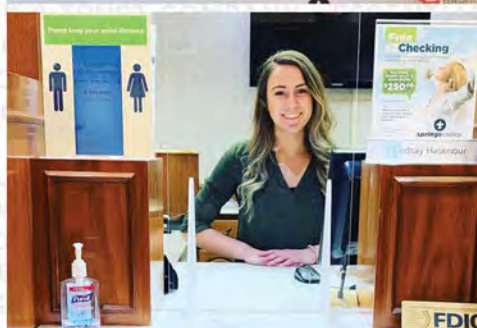
Congratulations to our Mortgage Lending team for assisting

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valued customers in 2020!

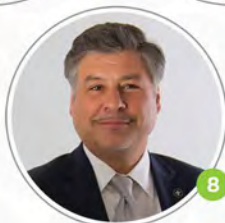


thank you.
We Appreciate You.



SVB&T CORPORATION

DIRECTORS



1. Douglas A. Habig

Chairman of the Board, Springs Valley Bank & Trust Company; Retired, Kimball International, Inc.

2. John B. Habig

Retired, Kimball International, Inc.

3. K. Frank Hall

Retired, Hall Brothers Transportation

4. Tonya S. Heim

Retired, Memorial Hospital & Health Care Center

5. Tracy Lorey, Ph.D.

Superintendent of Greater Jasper Consolidated Schools

6. Jeffrey P. Owens

Taber Owens Construction Group, LLC

7. Robert F. Schneider

Retired, Kimball International, Inc.

8. Jamie R. Shinabarger

President & CEO, Springs Valley Bank & Trust Company

9. Ronald J. Thyen

Retired, Kimball International, Inc.

10. James C. Tucker

Attorney-at-Law, Tucker & Tucker, P.C.

SPRINGS VALLEY BANK & TRUST COMPANY

VICE PRESIDENTS

Rob Apple
Shane Buffington
John Clauss
Michael Egler
Vicki Englert
Sandra Hemmerlein
Ansley Jenkins
Angela Jones
Ross Key
JoElla Land

Greg Matheis
Megan Mehninger
Tina Qualkenbush
Susan Richardson
Jason Schmitt
Kenneth Schnaus
Brian Smith
Michael Smith
Diann Verkamp

ASSISTANT VICE PRESIDENTS

Chad Blessinger
Nicole Ford
Joshua Lottes
Dustin Rumble
Brian Schwartz
Mary Wendholt

EXECUTIVE OFFICERS

Left to right: **Dianna B. Land**, Senior Executive Vice President, Human Resources & Marketing; **J. Craig Buse**, Senior Executive Vice President, COO & CLO; **Jamie R. Shinabarger**, President & CEO; **Martin C. Kaiser**, Senior Executive Vice President, Financial Advisory Group Manager; **Ryan A. Heim**, Senior Executive Vice President, Cashier & CFO



INDEPENDENT AUDITORS

BKD, LLP, CPAs and Advisors,
Cincinnati, Ohio

LEGAL COUNSEL

SmithAmundsen LLC, Indianapolis, Indiana

ADMINISTRATIVE DEPARTMENT

SVB&T Corporation, Jasper, Indiana

STOCK REGISTRAR AGENT

Pacific Stock Transfer Company
6725 Via Austi Parkway, Suite 300
Las Vegas, NV 89119

ANNUAL MEETING

The Annual Meeting of the shareholders of SVB&T Corporation will be held virtually on Tuesday, May 18, 2021 at 9:15 a.m.

AUDITED FINANCIALS

A copy of the Corporation's Audited Financial Statements will be furnished to Shareholders of the Corporation without charge upon request to Ryan Heim, SVB&T Corporation, 1500 Main Street, PO Box 830, Jasper, IN 47547-0830, rheim@svbt.com.

LOCATIONS



JASPER BANKING CENTER

1500 Main Street
Jasper, Indiana 47546



PAOLI BANKING CENTER

867 North Gospel Street
Paoli, Indiana 47454



PRINCETON BANKING CENTER

1501 West Broadway
Princeton, Indiana 47670



THIRD AVENUE BANKING CENTER

865 3rd Avenue
Jasper, Indiana 47546



VALLEY BANKING CENTER

8482 West State Road 56
French Lick, Indiana 47432



WASHINGTON BANKING CENTER

1717 South State Road 57, Suite A
Washington, Indiana 47501

PICTURED ON THE COVER

Left to right:
Dianna B. Land,
J. Craig Buse,
Jamie R. Shinabarger,
Martin C. Kaiser,
Ryan A. Heim



svb&t corporation

AND SUBSIDIARIES



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