



2021 ANNUAL REPORT



**svb&t corporation**

AND SUBSIDIARIES

## CORE VALUES

Competence  
Initiative  
Integrity  
Ownership  
Respect  
Responsiveness  
Teamwork

## OUR VISION

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

## OUR MISSION

Springs Valley Bank & Trust Company will enhance the financial quality of life in our communities by focusing on you.

# 2021 FINANCIAL HIGHLIGHTS

## BALANCE SHEET

(IN THOUSANDS)



## NET INCOME

(IN THOUSANDS)



## BOOK VALUE



## EARNINGS PER SHARE

(DILUTED)





Left:

**Jamie R. Shinabarger**  
*President & CEO*

Right:

**Douglas A. Habig**  
*Chairman of the Board*

## DEAR SVB&T CORPORATION SHAREHOLDER:

2021 in many ways turned out to be COVID 2.0, the sequel. It marked a year of continued departure from normal operating conditions to be sure. Unlike 2020, however, and despite substantial disruptions, there was a sense of greater certainty and optimism. The COVID-19 vaccine and natural herd immunity began to permit us to return to some level of normalcy. Crowd restrictions began to lift, mask wearing became largely optional, businesses reopened, employees began to physically return to the workplace, and the economy responded to the fuel of massive government spending by gaining momentum which ultimately turned into an inflation rate in the second half of the year that had not been seen for over 40 years.

It is within this context of COVID 2.0 that Springs Valley Bank & Trust Company was successful in taking the “execution” lessons learned in COVID 1.0, while making additional appropriate adjustments, in order to sustain in 2021 and beyond the momentum that was established in 2020.

Under the guidance of your Board of Directors, Springs Valley continues to focus on consistent financial performance, quality organic asset growth, complimentary inorganic growth opportunities, asset quality improvement, core deposit growth, and income diversification.

### RECAP OF 2021 FINANCIAL PERFORMANCE

- In 2021, audited earnings of \$7.38 million or \$13.36 basic and diluted earnings per share were posted. This translates to a Return on Average Assets (ROAA) of 1.48%.
- In 2021, the Board approved and paid a quarterly dividend of \$0.27 per share (equating to \$1.08 in total for 2021), representing a 1.09% return based upon the 2021 year-end stock market value of \$99.30 (pre-split market value).
- Year-end book value for 2021 was \$103.07, representing an increase of 12.19% over 2020.

## THE YEAR IN REVIEW

2021 proved to be our strongest financial performance year in franchise history to-date, capping off the extraordinary assembly of consecutive performance years which began in 2012 (2012-2021). Fueled by a CAGR (compounded average growth rate) for loans of 9.45% and 7.57% for deposits, over that timeframe, the Bank has performed at an average 1.01% ROA and 9.58% ROE clip.

### For 2021 there were several positive factors that contributed:

- Round 2 Payroll Protection Program (PPP) loans totaling \$12.9M, though 40% lower than Round 1 loans (in 2020), still were a positive net contributor to the Bank's NIM (net interest margin) which ended the year at 3.99% – a superior number in light of the 2.5% average that exists across much of the banking industry.
- A continued strategic focus for funding the balance sheet was validated by a 55% reduction in COF (cost of funds), dropping from 0.73% to 0.33% year-over-year.
- The market for originating and selling mortgages remained robust, though not at the “off-the charts” pace experienced in 2020. Sold mortgages accounted for \$2.4M in revenue compared to \$3.2M in 2020 and \$628K in 2019. Despite and because of low housing inventory throughout all our markets, for much of 2021, the hallmark 10-year Treasury hovered at 150 BP + / - which drove the strong demand for home financing. As the year wore on, the demand for refinances shifted noticeably to a higher percentage of construction and purchases. The addition of Freddie Mac as an investor alternative to Federal Home Loan Bank of Indianapolis provided the Bank favorable underwriting alternatives and often better pricing.
- The continued low interest rate environment also benefited the equities market and, combined with strategic investing, grew our Financial Advisory assets from \$558M (12/31/2020) to \$634M (12/31/2021). This resulted in department revenue at year-end 2021 of \$4.1M compared to \$3.2M 2020 year-end, a favorable 27% increase.
- The Bank's two newest banking centers (Princeton, in Gibson County and Washington, in Daviess County) largely met budgeted growth goals ending the year in deposits at \$10.3M and \$9.4M, respectively. For 2022, the budgeted goals of \$15M per banking center have been communicated.
- Asset quality indicators were very positive in 2021, the best in franchise history with an average delinquency rate of 0.35% for the year, a 23.7% year-ending Classified to Capital ratio, and an enviable 1.88% ALLL Coverage Ratio.

## THE YEAR AHEAD

While COVID seems to have been tamped down as a major uncertainty in the year ahead, several others have risen to take the stage: geopolitical conflict threatening stability in the Baltic region (sending global reverberations largely around energy and food costs), supply chain disruptions, double-digit inflation, and consequential economic uncertainty in a rising rate environment all loom on the horizon.

Despite these uncertainties, your Board of Directors and Management team remain committed to the fundamentals stated in paragraph three of this letter.

The game plan hasn't change materially, but our methodology has noticeably morphed as conditions have dictated:

- While most bank roles have historically been, and will forever be, largely physical in nature, select “hybrid” work roles have found a strategic fit at Springs Valley Bank & Trust Company. We expect some roles will retain a hybrid work nature for several reasons. Workforce challenges which revealed themselves in 2020 began to grow in the broader market: escalation in wages with labor shortages due to Baby Boomers choosing to leave the workforce (often prematurely due to COVID-19), parents (largely female)

dropping out of the workforce to provide childcare for children in and out of hybrid learning, and the unintended consequence of bonus unemployment. We continue to monitor workforce trends and over the course of 2021 implemented several “staff friendly” measures (such as flexible work schedules, enhanced employee benefits, recognition and mentorship programs, greater focus on work/life balance, etc.) to be able to retain and attract the best and the brightest.

- While the shift to less physical and more digital (communication, transactions, meetings, etc.) predominated, as soon as “physical” opportunities returned, we retained our digital proficiencies while leveraging physical interaction opportunities.
- Phase 1 is completed and phase 2 of the Main Office major renovation will be completed by the end of the first quarter 2022. This well-designed project positions the Bank to deliver on our Mission Statement effectively and efficiently: “Springs Valley will enhance the financial quality of life in our communities by focusing on you!”
- We are dedicating a great deal of strategic effort to charting the future of our core data processing course as we near our contract maturity with current provider, FISERV, in 2024.
- We are positioning for a stronger emphasis on data analytics in the coming 18 months through data scrubs and the vetting of prospective data resource partners.
- We are considering solutions for greater integration between the Bank and the Financial Advisory Group clients, desiring to grow relationships significantly in both areas.
- An on-going focus will forever remain on expanding an already solid menu of “digital” solutions (ITMs, online account opening, video-meeting options, chatbot, online appointment scheduling, and a plethora of other digital offerings) in response to customer preference as well as health safety considerations (COVID-19 and other P2P restrictions).
- After emerging from the Great Recession, post-2008, it became increasingly apparent we had to replace transactional, out-of-market A-D-C lending balances with quality on-balance-sheet, local, full-relationship lending opportunities. Despite the volatility and cyclical nature of farming, it was determined that Agricultural lending could fill that void contingent upon enhanced credit administration and the right personnel as key components of the strategy. Now representing 25% of our loan portfolio, Ag credit quality remains good, and relationships are monitored proactively.
- Throughout the course of 2021 and carrying over into 2022, we have made additional positive strides, refining, fine-tuning, and customizing the deposit account growth

processes and strategy garnered from a third-party vendor and internalizing them into something we have branded internally – The Springs Valley Way (SVW). The SVW has been a critical piece of our focus on the deposit side of the balance sheet along with other internal and external retail focal points. Combined with more strategic deposit pricing on the wholesale side, extraordinary progress has been made in bringing the Bank’s cost of funds into line with peer!

- Developing and growing complementary business lines and strategies (Real Estate Investment Trust (REIT), Captive Insurance Agency, etc.) remains a focus.
- 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 2021. Financial Advisory Group assets under management were \$634M as of December 31, 2021.
- Credit administration continues to grow in strength and proficiency, standing at a franchise high as evidenced by credit quality metrics. Over the course of 2021, 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 \$6.0M at the beginning of 2021 to \$7.3M at year-end, resulting in a coverage ratio of 1.88%.
- The global instability of the recent Baltic conflict and current trends toward cybercrimes (away from physical robberies of FIs) with the advent of cryptocurrency and the like, has not gone unnoticed by your Board and Management. Springs Valley has an IT and digital proficiency at the high-end of the peer bank range. The past two decades of excellence in terms of results and reviews is the evidence. That said, we remain diligent in our quest to deliver safe, sound, and secure service to our customers while protecting their data.

## STAKEHOLDERS...

As stated in a January Press Release, Springs Valley’s “relevancy” is at an all-time high for stakeholders: relevant for customers with innovative financial products and services delivered in a highly personalized fashion; relevant for the communities we operate in through our giving and staff engagement; and relevant for shareholders given the historic returns delivered.

- Operating a true relationship-based community bank, Springs Valley Bank & Trust Company is “big enough to bring the right products, services, and expertise to the table, yet small enough to be nimble, offer creative and

customized solutions, priced competitively, while offering a solid value proposition.”

- Focused effort to bring together housing and other critical resources to meet the most pressing needs of our communities.
- Innumerable hours by Bank staff serving on non-profit boards, economic development agencies, or other value-added community groups.
- Countless dollars contributed to youth sports and financial literacy, aging citizen groups, and other worthy community causes.
- Having been on the OTCQX exchange now for about three and a half years with a 10-year performance track record to tout, we continue to make strides, creating a greater awareness with the retail investor.
- However, despite the success of this move to the exchange, creating enhanced liquidity for shareholders, a daily market price, and a better (though not perfect) indication of true value by increasing market value up to and in excess of book value, the Board is not satisfied with the level of local ownership and has charged Management with retaining this as a key driver in 2022.
- With greater consistency, the Bank’s brand and associated “customer friendly, relationship-based” business model, progressive culture, and performance history is making

the radar: American Banker, The Top 200 Publicly Traded Community Banks (May 2020); Independent Banker, Inside the Evolving Role of Community Bank Tellers (Fall 2020); OTC, SVB&T Corporation Named to 2022 OTCQX Best 50 (January 2021).

- SVBT is still trading around 102% P/B and less than 8.0X P/E, while the broader bank indexes are trading at an average of 12.6X (6 major bank indexes: S&P US Banks and US Banks-Midwest Region (2), Dow Jones US Micro-Cap Banks (1), and S&P US Small-Cap, Mid-Cap, and Large-Cap Banks (3) – source, Boenning & Scattergood, Midwest Regional Bank Stock Summary, February 2022). Despite tumultuous times, these conservative performance indicators relative to peer are the basis for Board and Management’s optimism regarding the Bank’s future value proposition.
- As a result, our recently announced 2-for-1 stock split and post-split first quarter 2022 dividend increase of 19% (\$0.27 Q1 2021 compared to pre-split equivalent \$0.32 Q1 2022) over 2021’s dividend, is an indication of the Board confidence in the stock and our outlook for the future. This action was taken by your Board as a supplement to the \$2.0M Share Repurchase Plan approved a year ago on March 4, 2021 (to-date, \$849K of the allocated funds have been spent buying back shares when book value was below market value and, therefore, purchases were accretive to remaining shareholders).

The Federal Reserve posture is anticipated to move from very accommodative to semi-contracting with 100-200 BP of upward movement over the next 18 months, walking a fine line between bringing down rampant inflation and sending the economy into a stall (recession). It is within this COVID 2.0 era of context that we simply say that the key to success in 2022 and beyond is remaining flexible, nimble, and taking nothing for granted. While we have made operational “most likely” assumptions as we launch into 2022, we are prepared to adjust along the way as conditions dictate.

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



Information conveyed in this press release regarding SVB&T Corporation and its subsidiaries’ anticipated future performance is forward-looking and therefore involves risks and uncertainties that could cause the results or developments to differ significantly from those indicated in these statements. These risks and uncertainties include, but are not limited to, risks and uncertainties inherent in general and local banking as well as mortgage conditions, competitive factors specific to markets in which the Company and its subsidiaries operate, future interest rate levels, changes in local real estate markets, legislative and regulatory decisions or capital market conditions and other factors.

# SVB&T Corporation

## Selected Consolidated Financial Data - Audited

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

	December 31	
	2021	2020
<b>ASSETS:</b>		
Cash and due from banks	\$ 5,558	\$ 12,604
Federal funds sold	1,597	10,201
Interest-bearing demand deposits	4,468	13,100
Interest-bearing time deposits	1,252	1,267
Available for sale securities	66,448	61,460
Loans held for sale	1,377	894
Loans net of allowance for loan losses	378,572	368,266
Premises and equipment	6,668	6,141
Federal Home Loan Bank stock	2,738	2,738
Bank-owned life insurance	9,173	9,002
Accrued interest receivable	2,861	2,853
Foreclosed assets held for sale	49	720
Other assets	9,336	6,872
<b>Total assets</b>	<b>\$ 490,097</b>	<b>\$ 496,118</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Noninterest-bearing deposits	92,718	82,900
Interest-bearing deposits	294,191	314,087
Accrued interest payable	229	531
Borrowed funds	34,500	37,000
Subordinated debentures	5,000	5,000
Other liabilities	6,837	5,230
<b>Total liabilities</b>	<b>\$ 433,475</b>	<b>\$ 444,748</b>
Stockholders' equity - substantially restricted	56,622	51,370
<b>Total liabilities and stockholders' equity</b>	<b>\$ 490,097</b>	<b>\$ 496,118</b>
<b>Full Year Ended December 31</b>		
	2021	2020
<b>OPERATING DATA:</b>		
Interest and dividend income	\$ 20,710	\$ 20,412
Interest expense	1,952	3,811
Net interest income	\$ 18,758	\$ 16,601
Provision for loan losses	1,285	2,967
<b>Net interest income after provision for loan losses</b>	<b>\$ 17,473</b>	<b>\$ 13,634</b>
Fiduciary activities	4,072	3,211
Customer service fees	652	584
Net gains on loan sales	2,426	3,279
Net realized gain on sales of AFS securities	10	8
Other income	1,429	711
<b>Total noninterest income</b>	<b>\$ 8,589</b>	<b>\$ 7,793</b>
Salary and employee benefits	10,384	9,391
Premises and equipment	2,026	1,964
Deposit insurance premium	127	123
Other expenses	4,738	4,342
<b>Total noninterest expense</b>	<b>\$ 17,275</b>	<b>\$ 15,820</b>
Income before taxes	8,787	5,607
Income tax expense	1,404	766
<b>Net income</b>	<b>\$ 7,383</b>	<b>\$ 4,841</b>
Basic and diluted earnings per share	\$ 13.36	\$ 8.63
Book value per share	\$ 103.07	\$ 91.87
Market value per share - end of period close (pre-split market value)	\$ 99.30	\$ 72.00
Shares outstanding	549,346	559,136
Number of full service banking centers	6	6

# Rest easy

knowing your financial health is  
in the best possible hands.

Partner with the Financial Advisors at Springs Valley Bank & Trust Company. The services you want with the local, expert attention you deserve.

Through uncertain times and transition periods, the Financial Advisory Group at Springs Valley is here to help.



**Timothy W. Fisher,**  
*Financial Advisor*

**Michelle L. Cave,**  
*Financial Advisory Group  
Account Administrator*

**Martin C. Kaiser,**  
*Senior Executive Vice President &  
Financial Advisory Group Manager*

**Sandra K. Hemmerlein,**  
*Vice President; Trust Officer  
& Financial Advisor*

**Jason T. Schmitt,**  
*Vice President; Trust Officer  
& Financial Advisor*



**springsvalley**

FINANCIAL ADVISORY GROUP

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# 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. James G. McDonald III**  
Attorney-at-Law, McDonald Law Office

**7. Jeffrey P. Owens**  
Partner/Owner, Taber Owens Construction Group, LLC

**8. Robert F. Schneider**  
Retired, Kimball International, Inc.

**9. Jamie R. Shinabarger**  
President & CEO, Springs Valley Bank & Trust Company

**10. Ronald J. Thyen**  
Retired, Kimball International, Inc.

**11. 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 Mehringer  
Tina Qualkenbush  
Susan Richardson  
Jason Schmitt  
Kenneth Schnaus  
Brian Smith  
Michael Smith  
Diann Verkamp

### ASSISTANT VICE PRESIDENTS

Chad Blessinger  
Nicole Ford  
Joshua Lottes  
Tina Martin  
Dustin Rumble

Brian Schwartz  
Kim Seger  
Natalie Smith  
Mallory Wendholt  
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, CPA's 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 17, 2022 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



**svb&tcorporation**

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