



Fleur de Lis

Sentinel

MARCH 2024

FOR OUR COMMUNITY

Our Roots Are Firmly Planted Here.

Springs Valley is committed to working with our customers and supporting the economic strength of our communities.

Our commitment to farming and rural communities goes back generations. After all, we've been here since 1902,

providing financial insight and support to farm operators and agriculture related businesses. We're proud of our past and confident of what we will bring to future generations. If you operate in the agricultural industry and need to speak to someone who understands your needs, give Ross or Josh a call today.



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Vice President & Agricultural
Relationship Sales Manager
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SPRINGS VALLEY
AgMatters

YOUR ALLY ON THE FARM

Josh Lottes
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HAPPY NATIONAL AG DAY

March 19, 2024



SPRINGS VALLEY
AgMatters
YOUR ALLY ON THE FARM



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eStatements

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Traditional paper statements pose inherent risks, such as mail theft and identity fraud.

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WOW MOMENTS



MALINDA HEALY
Personal Banker



JUNE MOFFATT
Personal Banker



MIKE ARVIN
Credit Analyst



NIKITA BROWN
eServices Manager



SHEILA STAFFORD
eBanking Specialist



DAREK TURPIN
AVP & Portfolio Manager



SVB&T Corporation, Parent Company of Springs Valley Bank & Trust Company,
**Reports 2023 Fourth Quarter and Annual Earnings and
Declares Quarterly Dividend**

SVB&T Corporation (OTCQX: SVBT), parent company of Springs Valley Bank & Trust Company, today announced 2023 fourth quarter unaudited earnings of \$1.09 million or \$0.99 earnings per share (EPS), a 23.85% decrease over the same prior year period earnings on a per share basis. This fourth quarter 2023 performance translates to a return on average assets (ROAA) of 0.73%, compared to the same prior year period of 1.06%.



svb&tcorporation

SVB&T Corporation also announced that its Board of Directors declared a quarterly dividend of \$0.20 per share of the Corporation's common stock. The quarterly dividend is payable on or about April 15, 2024, to shareholders of record as of the close of business on March 15, 2024. The dividend declared is an 11.11% annualized increase over the total dividend declared for the 2023 fiscal year.

Net interest income before provision expense for the fourth quarter ended December 31, 2023 was \$4.25 million compared to \$4.87 million for the same period in 2022. Interest income increased \$1.68 million compared to the prior year fourth quarter, primarily due to increased loan balances and increased interest rates on loans resulting from the rising rate environment. Interest expense increased \$2.30 million compared to the same prior year quarter, again due to the rising interest rate environment and increased deposit balances, as well as the mix between interest- and noninterestbearing deposits. Provision expense decreased by \$300,000 over the prior year fourth quarter. Additionally, noninterest income increased approximately \$152,000 to \$2.11 million from \$1.96 million. The higher income can largely be attributed to increased revenue over the prior year fourth quarter

from sold mortgage loans, the Financial Advisory Group, and electronic banking services. As it has been in the past, noninterest income generation continues to be a strategic focus of SVB&T's by growing the Financial Advisory Group, increasing sold loan income, expanding electronic banking services, and other avenues, to continue to reduce margin dependence. Noninterest expense increased \$297,000 to \$5.10 million from \$4.80 million, attributable to increases in general operating expenses, the largest of which being increased salaries and health insurance expenditures in the fourth quarter of 2023.

Quarter over trailing quarter earnings decreased approximately \$531,000 or 32.79%. The earnings decrease was largely driven by higher interest expense, which was greater than the accompanying increase in interest income. Additionally, decreased revenue from sold mortgages and servicing fees on sold loans, as well as higher health insurance claims contributed to the quarter over quarter change.

SVB&T Corporation book value (adjusted for the 2022 stock split) has increased from \$50.31 per share as of December 31, 2022, to \$54.86 as of December 31, 2023, an 9.04% increase. SVB&T Corporation stock closed at \$39.00 per share on the OTCQX exchange on December 31, 2023. In February of 2021, the Corporation's Board of Directors authorized a share repurchase program through December 31, 2022. Under the program, the Corporation was authorized to repurchase, from time to time as the Corporation deemed appropriate, shares of SVB&T Corporation's common stock with an aggregate purchase price of up to \$2.00 million. As of December 31, 2022, SVB&T had repurchased (adjusted for 2022 stock split) 24,400 shares, with an average purchase price of \$40.59, under the program. As of May 16, 2023, the repurchase program has been renewed with an aggregate purchase price of up to \$1.00 million. As of the end of the fourth quarter, no shares have been repurchased under the newly approved plan.

Total assets increased \$52.35 million to \$613.01 million on December 31, 2023, compared to December 31, 2022 assets of \$560.66 million. Total loans before allowance increased \$30.56 million to \$483.60 million on December

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31, 2023, from \$453.04 million on December 31, 2022. The loan growth was primarily generated through commercial and agriculture real estate (including commercial real estate construction), consumer home equity lines of credit, and consumer real estate lending. Springs Valley has experienced healthy loan demand throughout 2023. However, the Bank is strategically managing loan growth in 2024 to alleviate some of the pressure on the funding side of the balance sheet as cost of funds continue to increase, as well as to help mitigate any potential credit concerns that could arise due to the high interest rate and economic environment. Allowance as a percent of total loans was 1.49% as of December 31, 2023, compared to 1.55% as of December 31, 2022. Total deposits increased \$64.24 million to \$533.46 million on December 31, 2023, from \$469.22 million on December 31, 2022. Noninterest-bearing deposits decreased by approximately \$8.80 million due largely to

decreases in business accounts. Interest-bearing deposits have increased by approximately \$73.04 million. These increases occurred primarily in Springs Valley's reciprocal deposit products (ICS and CDARS), public funds accounts, and retail CDs.

Year to date (YTD) unaudited earnings for the twelve months ended December 31, 2023 was \$5.65 million or \$5.14 EPS, an 11.07% decrease over the same prior year period earnings on a per share basis. This YTD performance translates to a ROAA of 0.97%, compared to the same prior year period of 1.21%.

Net interest income before provision expense for the twelve months ended December 31, 2023 was \$17.63 million compared to \$18.39 million for the same period in 2022, a decrease of \$760,000. Interest income increased approximately \$8.09 million as compared to the same prior year period, largely due to increased loan balances and increased interest rates on loans resulting from the rising rate environment. Additionally, interest expense increased by \$8.85 million over the same period, again

“Our strength continues to be our noninterest income”

due to the rising interest rate environment and increased deposit balances, as well as the mix between interest- and noninterest-bearing deposits. YTD provision expense decreased by \$431,000, compared to the same prior year period; as loan growth has strategically slowed and the Bank has had a sufficient coverage ratio to adequately cover risk in the loan portfolio, less provision was needed during 2023, especially during the fourth quarter. Total noninterest income decreased \$255,000 to \$8.40 million YTD December 2023 from \$8.65 million for the same period in 2022. The largest contributing factors to the unfavorable variance were decreased Financial Services income from annuity sales; lower revenue from sold loans, primarily due to decreased mortgage volume, as one would expect, due to the rising interest rate environment and its effect on mortgage originations and refinancings; reduced income from servicing fees on the sold loan portfolio; and no gain on sale of other real estate owned (OREO) as was recognized in the first quarter of 2022. Growing noninterest income to reduce margin dependence continues to be a strategic focus of Springs Valley Bank & Trust. Noninterest expense increased \$442,000 to \$18.96 million YTD December 2023 from \$18.52 million for the same period in 2022. This expense increase was largely driven by various

we Are INVESTED in YOU!

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Craig Buse,
President

Loyal to you, your family, and your future.

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overhead components that have been necessary to support the future growth and operations of the Bank and serve a growing customer base. The largest components of this expense variance have been increased salary expense, deposit insurance premium expense, and premises and equipment expenses.

CEO Jamie Shinabarger had this to say: "Despite an unprecedented 525 basis points of interest rate increases in just 16 months (March 2022 to July 2023) with the Fed Funds rate still sitting at 5.25% to 5.50% today, SVB&T was able to deliver to our shareholders a solid 2023 ROAE of 9.96% and ROAA of 0.97%. Our strength continues to be our noninterest income which ended the year at 1.44% of average assets while our nemesis remains noninterest expense at 3.25%." SVB&T Management and the Board of Directors remain squarely focused on growing low-cost core deposits, which is the long-term solution to sustained and incremental profitability improvement. Shinabarger went on to say, "In the meantime, we have made a recommitment to growing full relationship customers and are being more deliberate in credit extensions, both in terms of quality and return."

The Corporation weathered 56 basis points of NIM contraction over the course of 2023 (from 3.69% down to 3.13%), and the Bank's cost of funds (2.35%) finished the year 18% higher than the average across all Indiana banks (1.99%). President J. Craig Buse remarked, "Given that the FOMC now seems poised to cut rates at some point in the year, the worst of our shrinking NIM should be behind us. Further, asset quality numbers were quite good at year-end 2023 and have even improved early in the new year. This bodes well for our 2024 provisioning considerations."

Make Your Own Luck

'Stache your cash with Springs Valley!

Brittany Scherzer,
Digital Marketing Manager
& Savannah Scherzer,
Daughter of Brittany

**Loyal to you, your family,
and your future.**

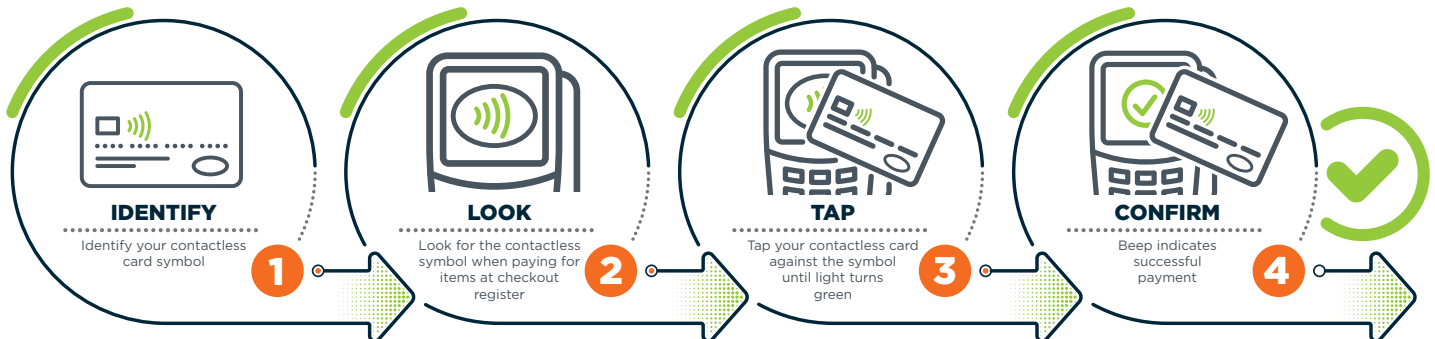
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PAY ON THE GO WITH

Springs Valley's Instant Issue Contactless Debit & Credit Cards



Springs Valley instant issue contactless debit and credit cards offer you a faster way to pay using the latest and most secure technology. Ideal for when you're in a hurry and as simple as a single tap, and get on your way!


HOW TO TELL WHETHER YOUR CARD IS CONTACTLESS

To check whether your Springs Valley card is contactless, just look for the contactless symbol on the front of your card by the EMV chip. The contactless symbol is four curved lines that get bigger from left to right. You might notice that it looks similar to the Wi-Fi symbol.

HOW DO CONTACTLESS DEBIT AND CREDIT CARDS WORK?

Contactless cards use radio-frequency identification (RFID) technology. This allows the card to communicate with the card reader when the card is held near the reader during a transaction. Contactless cards also usually come with an EMV chip and the usual card number, expiration date, security code and magnetic stripe. This gives cardholders a variety of options at the register. So if a store doesn't have contactless readers, you can still swipe your card or use the chip reader. When you hold your contactless card to the contactless reader, it securely authenticates your card information. Then the merchant's point-of-sale system sends the transaction to the card issuer, like Springs Valley. The issuer then analyzes the transaction before approving it. That might seem like a lot of steps. But the tap-and-go process usually takes less than a second, which is quicker than inserting or dipping a chip card – and way faster than using cash.

HERE'S HOW TO USE A CONTACTLESS DEBIT OR CREDIT CARD:

- 1 Look for the contactless symbol on the card reader.  The four curved lines that appear on your card should also appear on contactless-enabled card readers.
- 2 When prompted, hold the card within one to two inches of the contactless symbol.
- 3 If your purchase is approved, you'll receive confirmation – typically a beep, green light or check mark. Once you know how to use contactless debit cards, it takes just a few seconds to complete the payment process.

WHERE CAN I USE MY CONTACTLESS DEBIT OR CREDIT CARD?

There are so many places you can use your contactless card. From grocery stores and fast-food restaurants to convenience stores and gas stations, thousands of merchants across the country now support contactless technology.

CONTACTLESS CARD SECURITY

How safe are contactless cards? Contactless cards are just as secure as chip cards at a chip-enabled register. And they're even more secure than magnetic stripe payments.

Each contactless transaction creates a unique, one-time code or password. This helps reduce security risks since the code can't be used again – and it can be read only by the card-processing network.

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