

Depos

MISSION FOCUS ON YOU



MOVING FORWARD WHILE  
**FOCUSING ON YOU**

***svb&corporation***

AND SUBSIDIARY

2017 ANNUAL REPORT





## OUR MISSION

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



“Springs Valley’s digital strategy is customer-focused, recognizing our phones and computers hold much that is important to us. Springs Valley prides itself in leading the way for all your banking needs, including convenient eZbanking, with the latest online and mobile banking technologies.”

**Kabrea Robling**, *eServices Specialist (left)*

“Springs Valley invests in technology, so you can bank quickly, conveniently, and securely. And, Springs Valley continually invests in our people, so they can develop, master, and share the most effective financial strategies to enhance your financial quality of life.”

**Brandon Ferguson**, *eServices Specialist (right)*

Invest

Account

Using

Deb

Rates

Tr

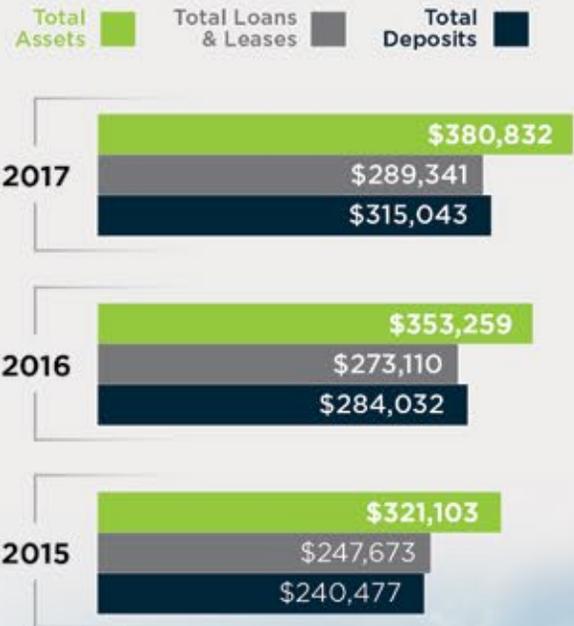
# NET INCOME

(IN THOUSANDS)



# TOTAL ASSETS

(IN THOUSANDS)



SPRINGS VALLEY IS  
**CELEBRATING**  
**115 YRS**  
 1902 - 2017  
 OF LOCAL COMMUNITY BANKING

Loyal to you, your family, and your future.



SPRINGS VALLEY  
**AgMatters**  
 YOUR ALLY ON THE FARM

Pictured above:  
 Ross Key (right),  
 Vice President & Agriculture  
 Relationship Sales Manager

Alex Lueken (left),  
 Lueken Dairy Farm, LLC

Pictured left:  
 Nikita Brown and family,  
 Universal Banker



Left:

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

Right:

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

## FELLOW SHAREHOLDERS:

As indicated in our first Shareholder letter this year, SVB&T Corporation posted another record year in 2017 and significantly added to the franchise value of the organization. We are extremely pleased with the financial performance that the Corporation was able to achieve as a result of a true team effort by our staff, management and the Board. Springs Valley continues to focus on consistent financial performance, quality organic asset growth, asset quality improvement, and income diversification.

### RECAP OF RECORD 2017 FINANCIAL PERFORMANCE

- In 2017, audited earnings of \$3.5 Million or \$6.14 basic earnings per share were posted. This is the highest in the Corporation's history, and translates to a Return on Average Assets (ROAA) of 0.94%.
- In late 2017, the Board approved and paid a dividend for 2017 of \$0.85 per share, representing a 1.39% return based upon the 2016 year-end stock (book) value of \$61.32.
- Year-end book value for 2017 was \$66.92, representing an increase of 9.13% over 2016.

### THE YEAR IN REVIEW...THE YEAR AHEAD

While Springs Valley has had a lot of success growing the balance sheet organically, Management is actively exploring new markets for expansion via de novo branching or by finding a smaller target institution where business synergies exist. Growing core deposits to fund long-term balance sheet growth remains a fundamental priority to our business plan. In addition, a focus on income diversification to reduce margin dependence is critical. In that vein, our Trust Department continues to be a strong non-interest income contributor to overall Springs Valley profitability. Other focal points for non-interest income are eServices, sold residential mortgage fees, and sold business guaranteed loans. The rebranding journey that began in 2012 continues to pay dividends in communicating to the marketplace that we represent a convenient, full-service, relationship-based, community banking alternative to our bigger Regional and Super Regional brethren. Combined with a consistent and branded marketing message, Springs Valley's more disciplined and structured approach to business development is, more often than not, earning us serious consideration by households, businesses, and farmers across our communities.

We remain dedicated to finding innovative ways to improve our competitive standing in all markets we serve and to adding new markets with potential. To that end, the Springs Valley Board and Management Team have a number of notable achievements to share with you from 2017 and a few new initiatives planned for 2018:

- In 2017, the Bank achieved net loan growth in our local markets of \$16.2 Million or 5.94%, and core deposit growth of \$6.4 Million or 4.29%;
- SVB&T Corp achieved all of our Corporate Objectives (Efficiency Ratio, Core Deposit Growth, Non-Interest Income, Delinquency Ratio, Net Charge-off, and Regulatory Rating) which go hand-in-hand with our budgeting and are designed to keep Management focused on the key fundamentals;
- Springs Valley successfully implemented a responsive website and online banking application, with several new ancillary online services;
- The Bank had a successful system conversion which will result in improved credit administration;
- We began a Trust Department rebranding initiative, with a 2018 implementation target;
- Our Management Team chose a new strategic partner to help us manage the Bank's self-insured health care plan and to better control cost;
- Springs Valley invested heavily in digital technologies such as real time chat, the ability to aggregate other bank accounts into our online banking platform, and a credit monitoring app to provide customers updated credit score information;
- In 2018, the Bank will remain focused on improving digital channels with projects such as Online Deposit Account Opening and a small business lending platform. We will also continue to invest in cyber security and infrastructure to better secure and service our customers and their data;
- The Stakeholder Engagement Initiative we began in 2016 is expected to continue and expand in 2018 with the shift in stock trading platform from in-house to OTCQX;
- An informative Shareholder and prospective Shareholder event is planned for mid-year 2018; details will be shared with you as we get closer to the date.

These business drivers have enabled us to sustain the performance which began in 2012 after emerging from the Recession. The changing landscape of commerce from a physical model to a digital one is certainly a trend that cannot be ignored. We remain committed to growing Springs Valley's digital presence and finding the right blend of delivery channels. Hand-in-hand with these evolving business elements is the relentless necessity to grow. Whether in the form of organic or inorganic means, growth is the pathway to economies of scale which are critical to helping us remain competitive in an expanding economic scenario and corresponding rising interest rate environment.

The Directors, officers and employees of Springs Valley Bank & Trust Company are charged with a high-degree of accountability across many stakeholders: customers, employees, our communities, and of course you, our Shareholder. You have entrusted your enterprise to us and we remain committed to maximizing shareholder value by all strategic means. For the record, we simply define "shareholder value" as the ultimate measure of our success. It's the extent to which we enrich you, the Shareholder. That said, if we are not serving all of our constituents with a focused and consistent effort that results in a quality experience, delivering on our "shareholder value" promise will be difficult.

We are committed to continuing a strong level of financial performance and converting it into a strategic mix of equity, income, and improved liquidity.



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



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

# Selected Consolidated Financial Data of Audited SVB&T Corporation

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

	December 31		
	2017	2016	2015
<b>BALANCE SHEET DATA:</b>			
Total Assets	<b>\$ 380,832</b>	\$ 353,259	\$ 321,103
Loans Receivable, Including Loans Held for Sale, Total	<b>289,341</b>	273,110	247,673
Loans Receivable, Including Loans Held for Sale, Net	<b>285,870</b>	269,876	245,030
Investments and Other Earning Assets	<b>67,032</b>	57,874	53,106
Deposits	<b>315,043</b>	284,032	240,477
Borrowed Funds	<b>24,149</b>	29,673	43,480
Stockholder's Equity	<b>37,385</b>	35,217	33,159
<b>Full Year Ended December 31</b>			
	2017	2016	2015
<b>OPERATING DATA:</b>			
Interest & Dividend Income	<b>\$ 14,736</b>	\$ 13,572	\$ 11,760
Interest Expense	<b>2,564</b>	1,876	1,514
Net Interest Income	<b>\$ 12,172</b>	\$ 11,696	\$ 10,246
Provision for Loan Loss	<b>523</b>	750	420
Net Interest Income after Provision for Loan Losses	<b>\$ 11,649</b>	\$ 10,946	\$ 9,826
Non-interest Income	<b>4,832</b>	4,264	3,869
Non-interest Expense	<b>11,916</b>	11,091	9,849
Income (Loss) before Income Taxes	<b>4,565</b>	4,119	3,846
Income Tax Expense (Benefit)	<b>1,112</b>	1,071	1,219
Net Income	<b>\$ 3,453</b>	\$ 3,048	\$ 2,627
Basic Earnings per Share	<b>\$ 6.14</b>	\$ 5.31	\$ 4.58
Diluted Earnings per Share	<b>\$ 6.13</b>	\$ 5.30	\$ 4.57
<b>OTHER DATA:</b>			
Yield on all Interest-earning Average Assets	<b>4.26%</b>	4.23%	4.25%
Cost on all Interest-bearing Average Liabilities	<b>0.94%</b>	0.75%	0.71%
Interest Rate Spread	<b>3.32%</b>	3.48%	3.54%
Net Interest Margin	<b>3.51%</b>	3.65%	3.70%
Number of Full Service Banking Centers	<b>4</b>	4	4
Return on Average Assets (net income divided by average total assets)	<b>0.94%</b>	0.89%	0.89%
Return on Average Equity (net income divided by average total equity)	<b>9.53%</b>	8.71%	8.21%
Equity to Assets Ratio (average total equity divided by average total assets)	<b>9.83%</b>	10.24%	10.83%



# Protecting *your* financial future.

TRUST IN LOCAL SERVICE



**SPRINGS  
VALLEY'S  
TRUST  
DEPARTMENT**

*Left to right:*

**Martin C. Kaiser,**

Senior Executive Vice  
President, Trust Manager

**Sandy Hemmerlein,**

Vice President & Trust Officer

**Jason Schmitt**

Vice President & Trust Officer

# Springs Valley's Internship Program *Objectives*

The Internship Program enables Springs Valley to develop local talent and provide future growth in the communities in which we live and work.

Interns provide our organization with fresh perspectives while assessing their interests and abilities in a particular career field and apply skills in the application of theory to practical work situations.

Identifying future employees, while supporting current students, enables Springs Valley's Internship Program to give back to our communities by influencing and encouraging talent to pursue a career locally upon graduation.

## PROVIDING A PATHWAY FORWARD

“ I am very thankful to have this opportunity and I am excited for the new experiences Springs Valley will bring. ”

**Bailee Moser**, *Marketing Intern*



“ I am excited to have the opportunity of learning and working with a group of individuals who are passionate about improving the financial quality of life for each customer who banks with Springs Valley. ”

**Gavin Lorey**,  
*Finance Intern*



“ I am very excited for this opportunity that Springs Valley has given me and I am eager to learn and help in any way possible. ”

**Luke Ackerman**,  
*Loan Support Intern*



## 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**  
President, Hall Brothers  
Transportation
4. **Tonya S. Heim**  
Vice President of Patient  
Services Memorial Hospital  
& Health Care Center
5. **Jason M. Kelly**  
President/CEO of SERVUS
6. **Tracy Lorey, Ph.D.**  
Superintendent of Greater  
Jasper Consolidated Schools
7. **Ronald J. Sermersheim**  
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.

# SVB&T CORPORATION



## EXECUTIVE OFFICERS

Back left to right: **Martin C. Kaiser**, Senior Executive Vice President, Trust Manager; **Jamie R. Shinabarger**, President & CEO; **Darrell E. Blocker**, Senior Executive Vice President, Cashier & CFO; Front left to right: **J. Craig Buse**, Senior Executive Vice President, COO & CLO; **Dianna B. Land**, Senior Vice President, Human Resources & Marketing

## VICE PRESIDENTS

Michael Egler  
Vicki Englert  
Terry Giesler  
Sandra Hemmerlein  
Ansley Jenkins  
Angela Jones  
Ross Key  
Greg Matheis  
Douglas Pittman  
Jason Schmitt  
Kenneth Schnaus  
Michael Smith  
Diann Verkamp  
Valerie Wilkins  
Martin R. Wininger

## ASST. VICE PRESIDENTS

Bernita Berger  
Shane Buffington  
Loretta Dorman  
Nicole Ford  
JoElla Land  
Tina Qualkenbush  
Susan Richardson  
Dustin Rumble  
Brian Smith  
Mary Wendholt

## INDEPENDENT AUDITORS

BKD, LLP, CPAs and Advisors,  
Cincinnati, Ohio

## LEGAL COUNSEL

SmithAmundsen LLC, Indianapolis, Indiana

## ADMINISTRATIVE DEPARTMENT

SVB&T Corporation, Jasper, Indiana

## ANNUAL MEETING

The Annual Meeting of Stockholders of SVB&T Corporation will be held on Tuesday, May 15, 2018 at 9:15 a.m. local time, at the West Baden Springs Town Hall at 8361 West State Road 56, West Baden Springs, Indiana 47469.

## AUDITED FINANCIALS

A copy of the Corporation's Audited Financial Statement and 2017 Annual Report will be furnished to Shareholders of the Corporation without charge upon request to Darrell Blocker, SVB&T Corporation, 1500 Main Street, PO Box 830, Jasper, IN 47547-0830, [dblocker@svbt.com](mailto:dblocker@svbt.com).



# SVB&T LOCATIONS

## JASPER - THIRD AVENUE

865 3rd Avenue  
Jasper, IN 47546

## PAOLI BANKING CENTER

867 North Gospel Street  
Paoli, IN 47454

## JASPER - MAIN STREET

1500 Main Street  
Jasper, IN 47546

## VALLEY BANKING CENTER

8482 West State Road 56  
French Lick, IN 47432



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

**svbt.com** | **1.800.843.4947**



Pictured on cover from top down:

Doug Pittman  
and wife,  
*Vice President &  
Commercial Loan Officer*  
Sheila Stafford,  
*Universal Banker*

Chelsey Bell,  
*Universal Banker*  
Mallory Wendholt  
and family,  
*Marketing Specialist*