



Financial *focus*

Second Quarter
2017 Financial Report


Message from President Dirk Meminger:

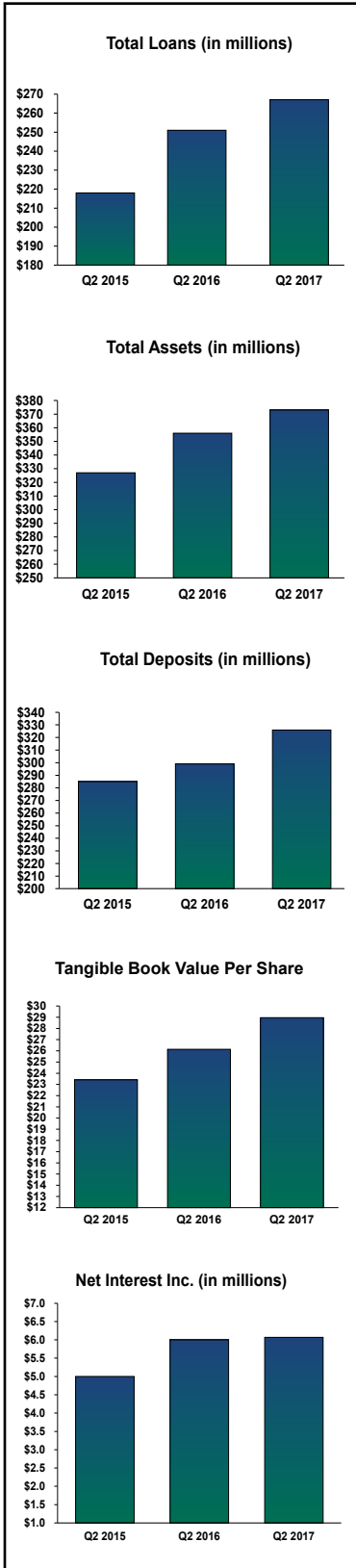
Sauk Valley Bank continues strong performance as we conclude the first half of 2017. Net income for the first six months of the year was \$1.43 million, an increase of 4.8% from last year's \$1.36 million. Earnings per share increased to \$1.59 compared to \$1.52 at this time in 2016, representing a 4.8% increase. Our net interest income continues to be strong year-over-year with an increase of 3.4% from this time last year. Our loan portfolio increased \$21.1 million or 8.6% between June 30, 2017 and June 30, 2016. Commercial lending grew \$13.7 million or 10.8%, and Agriculture lending grew \$9.7 million or 11.9%. Total deposits increased \$26.4 million or almost 9% with savings accounts and Certificate of Deposits representing the largest growth.

Two key components that drive the future of our organization are regulation and technology. The regulatory environment continues to consume more resources (time and money) to operate on a daily basis. While we are conscious of the importance of regulation, we also want to maintain our commitment as a customer-centric organization. We realize that the regulatory landscape is changing, and with that, we must continue to adapt. When it comes to technology, our team also recognizes the importance of maintaining the trust and confidence of our customers. In order to do that, we have to make significant investments in software and people. We have made several technological enhancements over the past year in our continuing effort to maintain a high service-level as well as maintain a secure and trusted environment. While technology is a valuable asset to our organization and our customers, we realize it is not just about the technology, but rather the solution that marries back to our culture of helping people.

Our ultimate measure of success is growing our customer relationships. A significant measure of our progress is through comparison of our CIF (Customer Information File) metrics year-over-year. Each customer represents one file. If we look back over the last 5 years, we have averaged consistent annual growth around 9%, resulting in an average increase of 1,500 customers each year. We are bringing on new customers, but we are also working hard to retain our existing base. This key metric is a strong indicator of the value of building a relationship as opposed to a transactional-based approach.

We have already experienced positive momentum for the first half of 2017, and we look forward to what the rest of the year holds.


Dirk Meminger, President & CEO



SV Financial Inc.



Customer Appreciation Day 2017