



# Financial *focus*

Third Quarter  
2018 Financial Report

## Message from President Dirk Meminger:

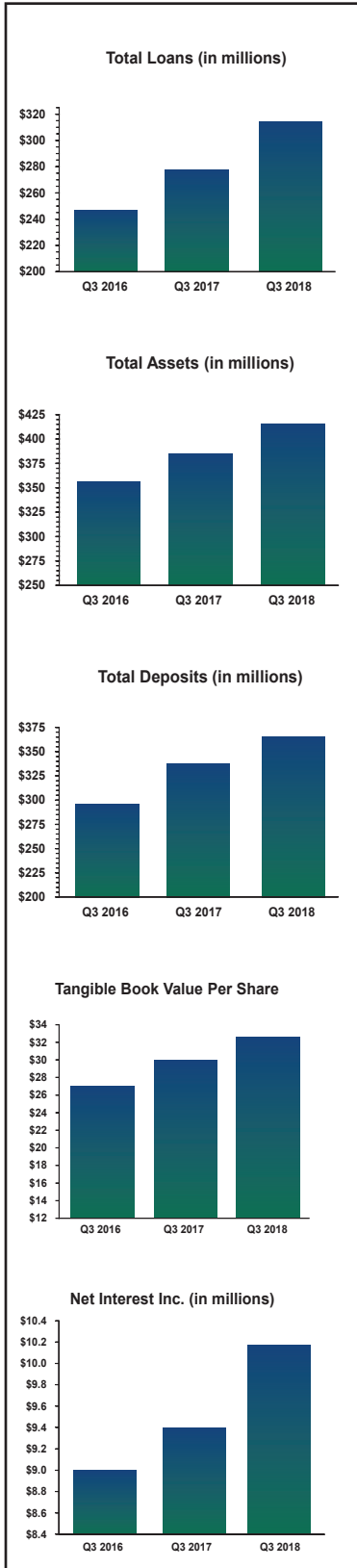
Sauk Valley Bank generated \$804,606 in net income during the third quarter, bringing year-to-date earnings to \$2,019,566. Total assets increased \$30.8 million or 8.0% from this time last year and totaled \$415.6 million on September 30, 2018. At the end of the third quarter the loan portfolio totaled \$314.4 million, which is an increase of \$36.8 million, or 13.3% from this time last year. Commercial lending grew \$12.3 million, or 8.2% and Agriculture lending grew \$28.3 million, or 30.0%. At the end of the third quarter, a large multi-family real-estate loan was placed on non-accrual with the understanding that our borrower is in the process of completing a restructuring of the business. Credit risk indicators continue to be closely monitored and provisions have been added to the allowance for loan losses in order to keep pace with loan growth as well as offset any future potential losses relating to this relationship. Deposit funding has been driven primarily by ongoing initiatives with total deposits ending the quarter at \$365.1 million. This is an increase of 8.1%, or \$27.2 million from this time last year. As we look at the remainder of the year, we anticipate modest growth in most areas of our business.

Finding an operational infrastructure that would support our future has been in the planning stages for the last two years. A project with a magnitude such as this can only be successful with a strong team that is capable and committed to creating a better experience for our customers. I am proud to share that we have completed our technology upgrade and are operating with a new platform we believe is fully capable of supporting the ongoing growth of Sauk Valley Bank while providing incremental customer convenience and operational efficiencies into the future. I want to personally thank the staff as they worked countless hours and weekends to prepare for our conversion. All systems migrated over and we look forward to continuing to serve our customers banking needs for many years to come.

Our expansion into the Harvard market continues to progress well with our full-service office scheduled to open in late October and a grand opening planned at the end of November. Plans are underway to find a permanent home for our full-service banking facility and banking team. We appreciate the continued response within the community and look forward to being a business partner for years to come.

Thank you for your continued support of Sauk Valley Bank,

Dirk Meminger, President & CEO



# A special note of thanks to our retiring Chairman of the Board, Ronald Gerken and a welcome to our incoming Chairman, Robert Hill:

We want to thank Ronald Gerken not only for the past 19 years, but also for his passion and expertise that was so instrumental in the formation and success of Sauk Valley Bank.

Robert Hill, one of the bank's founding board members was recently elected to replace long-time Chairman Ronald Gerken who retired from the position but will remain on the board. Robert has been instrumental in the growth and success of this organization, and we look forward to his continued guidance.

Congratulations Ronald and Robert!

