



Financial *focus*

First Quarter
2019 Financial Report

Message from President Dirk Meminger:

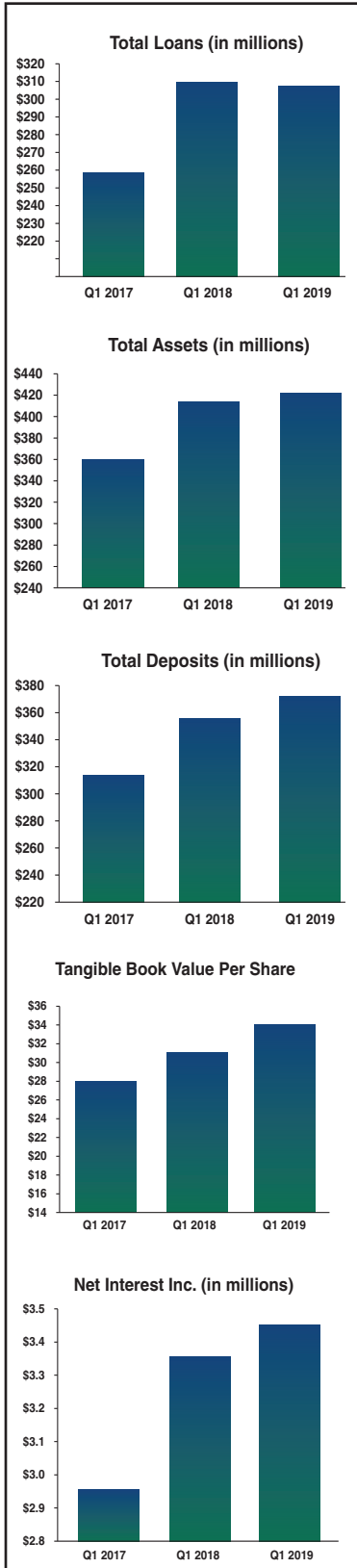
Our acquisition of the Rock Falls and Sterling, Illinois offices of Illinois Bank and Trust is well under way with the conversion officially occurring in the middle of the second quarter. For the last several months, our team has been working very hard to make the transition smooth and seamless for our new customers. We are fortunate to be merging two well-respected financial institutions in the community and have found that our new employees align well with our RADAR-centric culture. A project such as this is only successful with a strong dedication to a great customer experience and I want to recognize our team that has been working diligently to ensure a successful transition.

Net income for the first quarter was \$564,118 versus \$600,349 a year ago. Results were affected by higher compensation, trailing conversion costs associated with our core technology system and other related technology costs. Additionally, net income was impacted by increased legal costs associated with a large commercial credit relationship currently in Chapter 11 reorganization. Total assets were \$422.1 million at March 31, 2019, compared to \$413.7 million at March 31, 2108. Deposits totaled \$372.2 million at the end of the first quarter of this year, which is an increase of \$16.6 million or 4.7% from this time last year. Our loan portfolio remained relatively flat with a total of \$307.2 million, compared to \$309.8 million at the end of the first quarter of 2018. Our first quarter experienced greater pay downs and some loan fundings were delayed into the second quarter. We expect moderate loan growth for the remainder of the year.

As a community bank, we recognize financial education as a fundamental component in the successful development of our youth. Sound financial skills are important lessons that last a lifetime. We are proud to share that for the last 11 years, Sauk Valley Bank has participated in Teach Children to Save-an outreach program of the American Bankers Association. Teach Children to Save helps students to understand money and the difference between needs and wants. This year alone, we will have 43 employees in 4 of our markets teaching financial literacy to over 1,300 students in our local schools. We are excited to have our newest market of Harvard, Illinois join in our literacy initiative. As our organization continues to grow, we remain focused and committed to continuing to provide financial literacy opportunities for our youth.

Achieving our goals by investing in the infrastructure of our organization is important as it ensures our sustainability and continuous value for our customers and shareholders. Thank you for your support of Sauk Valley Bank. We look forward to sharing our success in the coming year.

Dirk Meminger, President & CEO





Celebrating 20 years

Thank you for your many valuable contributions over the years.
Your knowledge and dedicated service has played an integral role in our success.



Debbie Vivarelli
Executive Services Officer



Sheila Dean
Commercial Administrative
Assistant



Pat Jones
BSA Compliance Analyst



Sauk Valley Bank would like to also congratulate Pat Twining on her retirement and thank her for her many years of service. Her knowledge, dedication to RADAR principles and friendship will be missed.