

A LETTER FROM THE PRESIDENT

FINANCIAL SUMMARY

Sauk Valley Bank delivered solid performance across our reporting areas for the third quarter. Our balance sheet remains strong with deposits totaling \$567.6 million at the end of September, which is an increase of \$42.9 million or 8.2% from this time last year. This increase is primarily driven from our larger relationships and the seasonality associated with their business cycles. Compared to this time last year, all balances in checking, savings, NOW and Money Market have increased. As we look at the remainder of the year and into 2023, we expect some migration of deposit dollars to more long-term options as some customers may prefer to lock in dollars with a higher yield.

Our loan portfolio grew to \$394.3 million, an increase of \$30.7 million or 8.5% from this time last year. All areas experienced growth, with Commercial growing \$17.6 million or 8.3% from the same time in 2021. The Ag portfolio grew \$6.9 million, or 5.5% year-over-year. Given the economic environment, we will remain disciplined with our approach to rate and credit risk management to ensure we properly manage future loan growth.

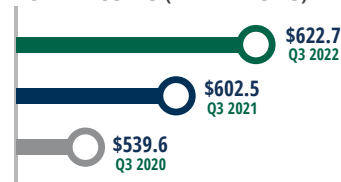
Total assets were \$622.7 million at the end of the third quarter, growing \$20.2 million, or 3.4% from the same time last year. Net income through September totaled \$3.4 million versus \$3.7 million at this time in 2021. The primary cause of a lower net income is the fees generated from the Paycheck Protection Program included in 2021. From a core operations standpoint we continued to generate increased earnings. Non-interest expense increased year-over-year, primarily reflecting higher investments in compensation, infrastructure, as well as the impact of inflation. While net interest income was similar to 2021, we realize we will continue to see pressure in the rising rate environment. It is important for us to remain mindful and ready to adapt to the sensitivity we are undoubtedly going to face in the coming year.

SCHOOL PARTNERSHIP PROGRAM

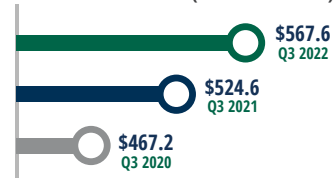
After a year of preparation, we are excited to launch our new school partnership program. The bank has developed strategic partnerships with Sterling, Newman, Rock Falls and Dixon High Schools to co-brand a debit card that gives back to our schools. In designing the program, it was important to find a way to engage our customer base with something as simple as using their debit card.

PERFORMANCE AT A GLANCE

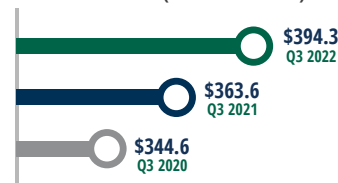
TOTAL ASSETS (IN MILLIONS)



TOTAL DEPOSITS (IN MILLIONS)



TOTAL LOANS (IN MILLIONS)



NET INTEREST INC. (IN MILLIONS)



TANGIBLE BOOK VALUE





**SCHOOL SPIRIT.
SHOW YOUR PRIDE.**



SCHOOL PARTNERSHIP PROGRAM—CONT.

A customer can select a school of their choice and as they use their card, a portion of the interchange revenue the bank receives is given back to the school in the form of a donation.

This does not require anything of our customers other than using their card, however, it encourages our customers to use their card more, as the donation back to the school increases.

We have appreciated the strong relationships with our schools, as well as the opportunity to build a program that will allow further collaboration and support. Additionally, as our footprint continues to grow, we look forward to continuing to grow our program with new partnerships within new communities.

GUIDING OUR FUTURE

As we enter the fourth quarter, we will begin planning for the coming year, which will include forecasting and addressing challenging market conditions that may lie ahead. Our success continues to center around our team—they serve our customers, communities, drive technology and innovation.

As we look to next year and beyond, we will continue to invest in our team, combined with our focus on prudent risk and financial management. We remain well-positioned to support our customers as they will also be navigating the changing economic environment.

We also would like to thank our customers, community and you—our shareholder for your continued investment in Sauk Valley Bank. We would like to wish our Ag relationships the best as they are wrapping up their harvest season.

DIRK MEMINGER
President & CEO



Sterling West | Spirit Day



Sterling East | Spirit Day



Rock Falls | Spirit Day



Dixon | Spirit Day