

► THIRD QUARTER | 2020 FINANCIAL REPORT

A LETTER FROM THE PRESIDENT

As our economy continues to weather the COVID-19 pandemic, I would like to thank the entire Sauk Valley Bank team for their exceptional work under extraordinarily difficult circumstances. The past eight months have tested us and I'm proud to say that our team has responded incredibly well—continuing to deliver for our customers, our communities and our shareholders.

Despite the ongoing challenges of the pandemic, we've continued to build upon our successes to dependably grow and advance the organization through a number of ways. In the past, we've discussed the importance of planning and preparing resources devoted to cybersecurity, and given the current climate, the value of this investment continues to be just as important. We remain diligent with the priority placed on ensuring that our customers' information is safeguarded. Therefore, in this next quarter we will be implementing a new enhanced security monitoring system. This new tool will aid us in our technology expansion and allow us further advancement in responding to our customer's needs.

As we look ahead to the remainder of the year, we aim to continue to build the organization for the future. Over the last 20 years, the way we work to build relationships has defined not only our success, but also who we are. As we've progressed, innovation has lent a hand in reshaping our industry. Continuing to invest in digital efforts will refine and grow the defining characteristics of our business and offerings, while driving our customer experiences through providing long-term value for our customers.

FINANCIAL SUMMARY

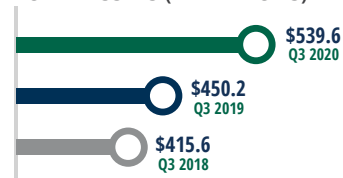
Sauk Valley Bank generated \$1.1 million in net income during the third quarter, bringing year-to-date earnings to \$3 million. This represents an increase of 33.4% over the prior year.

Total assets increased \$89.4 million, or 19.9% from this time last year and totaled \$539.6 million as of September 30, 2020. Our loan portfolio has increased by \$30.4 million, or 9.7% from this time last year. In Commercial lending, we grew by \$29.3 million or 17.5% and our Ag lending grew by \$3.9 million or 3.3%. Total non-interest income is up 31% year-over-year. At this time, we are not experiencing asset quality issues, however, we feel it is prudent to increase our provision reserves given the economic uncertainty.

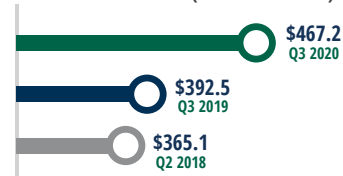
Deposits totaled \$467.2 million at the end of the quarter, which is an increase of \$74.7 million, or 19%. As we begin to build our plan for next year, we will continue to invest and drive innovation across our business, allowing us to be responsive to the ever-changing needs of our customers.

PERFORMANCE AT A GLANCE

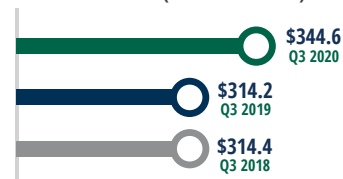
TOTAL ASSETS (IN MILLIONS)



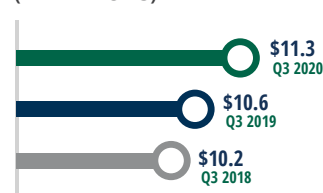
TOTAL DEPOSITS (IN MILLIONS)



TOTAL LOANS (IN MILLIONS)



YEAR-TO-DATE NET INTEREST INC. (IN MILLIONS)



TANGIBLE BOOK VALUE PER SHARE





PAT JONES

A FOUNDING TEAM MEMBER RETIRES

Bidding a warm farewell to a founding team member, friend & colleague.



A FOUNDING TEAM MEMBER'S FAREWELL

This past month we made the bittersweet announcement of a retirement—that of one of our very own founding team members, Pat Jones. There's so much to say about Pat and yet no words could ever express what her commitment, dedication and guidance have meant to us these past 21 years.

As one of our founding team members, Pat Jones has truly been instrumental in building Sauk Valley Bank up to the organization it is today. She's been there, helping us grow from the beginning. Always ready to jump in to do anything and everything to help us be the best we could be. In the early days, this founding team was also organizers, cleaners, painters and played the part of whatever else was needed.

Looking back all those years ago in that small trailer, it isn't difficult to see the impact that our founding team had on all of us—from our employees, to our customers and our communities. It was this founding group who paved the way in changing the face of banking little by little and day by day for all of those in our area. They saw the need for a bank that listened to its customers, a bank where you were a face with a name and not just a number. They were presented with the idea and embraced it fully. Pat expressed it best when she said:

"When we started the organization 21 years ago, I knew that we were undertaking something momentous. *Let's start a Bank*, seemed like a crazy idea! But, one that soon took shape in my imagination. It was such a wild adventure and one that I will always be proud to have been a part of."

SAUK VALLEY BANK HONORS PAT JONES ON HER RETIREMENT

On behalf of our Board of Directors and Sauk Valley Bank, we thank you Pat for all the years you helped our organization grow and while you will be missed, we wish you the best as you pursue your next chapter.

Best Wishes,
Sauk Valley Bank

Sauk Valley Bank is here today because of the foresight and dedication of our founding team members. Pat's impact to the bank is cemented into our history; forever remaining a part of our company and culture.

GUIDING OUR FUTURE

We would not be where we are without our incredible employees, the leadership of our board of directors, our wonderful customers, community and you, our shareholder. Thank you for your continued support as we enter our fourth quarter.

DIRK MEMINGER
President & CEO

