

ANNUAL REPORT

A YEAR IN REVIEW

FINANCIAL SUMMARY
COMMUNITY IMPACT

2024

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2024 ANNUAL REPORT

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About Us

Headquartered in Sterling, Illinois, Sauk Valley Bank is a locally owned, community financial institution that provides the highest quality products and services. Sauk Valley Bank offers solutions that fit various customer financial needs; including personal, commercial, and agricultural.

Sauk Valley Bank has achieved great success in its 25+ year history, including the expansion of its footprint. With various banking locations, the company serves communities throughout Illinois including: Sterling, Rock Falls, Dixon, Harvard, and that of Janesville, Wisconsin.

Our Mission

Sauk Valley Bank aims to build ***relationships*** around ***accountability*** to our customers and team members by ***delighting*** them with the ***attention*** and ***respect*** they deserve.

Building lifelong relationships, one customer at a time.

Letter from the President

As we reflect on another successful year at Sauk Valley Bank, it is a privilege to share our performance. This year included several key accomplishments, including our 25th anniversary, market expansion and advancements in technology.

Over the years, the mission our bank was founded on has guided us through times of growth and challenge. Reflecting on the past quarter-century, we have grown to play a vital role in supporting economic development, creating opportunities for our small businesses, and creating a differentiated banking experience.

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Together, we have built an organization that is customer-centric, but also serves as a pillar of strength in the communities we call home.

That means investing in the people and places we serve through special credit lending programs, financial literacy initiatives, economic development, and partnerships with local businesses and organizations.

Throughout this report, you will see those partnerships in action and the meaningful impact they have created.



Dirk Meminger
President & CEO
Sauk Valley Bank



Sterling West Location

Celebrating 25 Years of Excellence

This year we proudly celebrated a significant milestone—our 25th anniversary. Sauk Valley Bank was founded with a clear vision: to provide an exceptional banking experience, cultivate lasting relationships and be a trusted, community partner.

Unlike many institutions, our success was never intended to be defined by reaching a specific size or geographic footprint. Rather, our measure of success would be the number of relationships supported in the community as well as our impact within those communities.

Through monthly celebrations, a special Customer Appreciation Day, and various community outreach events, this milestone provided a meaningful opportunity to express our gratitude to those who contributed to making this momentous occasion possible.



25th Anniversary Celebration

July 12, 2024



Since opening our doors in July of 1999, we have grown from our original team of 23 to 133 employees today. From our humble beginning in a trailer in Sterling, Illinois, we now serve our communities in northern Illinois and southern Wisconsin with eight full-service locations.



Market Expansion

Janesville, WI

One of the most exciting developments this year is our continued expansion in Janesville, Wisconsin. Janesville is a vibrant community with a strong economic base, diverse industries and a growing population. Since establishing our Loan Production Office in 2015, our desire to offer a full suite of products has been our goal. By incorporating our customer-centric approach beyond lending products, we aim to provide local businesses and individuals with tailored financial solutions that meet their needs. With the addition of the expanded offerings, we are now able to offer a comprehensive suite of financial products from consumer banking to commercial lending. True to our mission, we are also committed to expanding our participation in the Janesville community.

We will actively invest in local initiatives and partnerships that support economic development and enrich the lives of residents and businesses in the community.



This expansion also presents significant opportunities for growth, as it serves as a strategic connection between our northern Illinois and southern Wisconsin markets. We look forward to continuing to serve the surrounding communities and building meaningful relationships that support their initiatives and financial success.

While we will continue to reside at our current location, we are actively seeking a more permanent home that will enable us to better serve our customers and the community. We look forward to sharing exciting updates as our plans progress.



Janesville Full-Service Ribbon Cutting

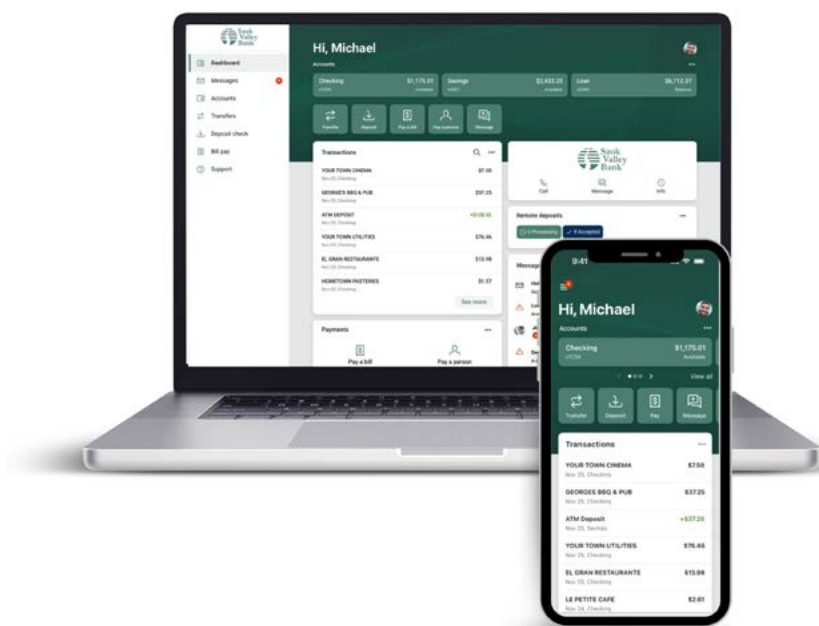
July 10, 2024

Investing in Technology

Market expansion would not be possible without the ongoing investment in technology. Over the past year, we have enhanced our product offerings and strengthened security with a few key implementations.

In May, we introduced an upgraded digital solution for our online and mobile users, providing new features and enhanced security. Additionally, we implemented real-time payment capabilities in a receive status, enabling faster and more efficient transaction processing. We also focused on investments in cybersecurity and fraud prevention. By proactively addressing the evolving threat landscape, we remain committed to investing in the integrity of our systems and safeguarding our customer's financial transactions.

In the coming year, we remain committed to our investment in technology and cybersecurity with multiple projects slated for launch. These initiatives will enhance the customer experience, enable faster payments, and bring a differentiated online experience for our business customers.



Our upgraded online banking platform provides customers with a seamless, intuitive digital banking experience.

This upgrade also improves convenience, security, and accessibility, allowing customers to manage their finances anytime, anywhere.

Community Impact

At the heart of our mission is a deep commitment to community involvement. We firmly believe that a community bank should serve as a partner in the growth and prosperity of the areas we serve. One of our key community initiatives is our employee volunteer program, Be Great, Donate 8. I am pleased to announce that in 2024, our team achieved a new milestone by contributing a total of 1,049 volunteer hours in a single year. Since the program's inception in 2016, our team has dedicated over 5,600 hours to supporting the non-profits within the communities we serve. These efforts not only strengthen the fabric of our communities but create a lasting positive impact within the community.

Our dedication to community engagement extended beyond financial services, as we actively sought out opportunities to contribute meaningfully to the communities we proudly serve.

We look forward to our team donating more hours in 2025 and our volunteer program growing as our organization grows and expands geographically.

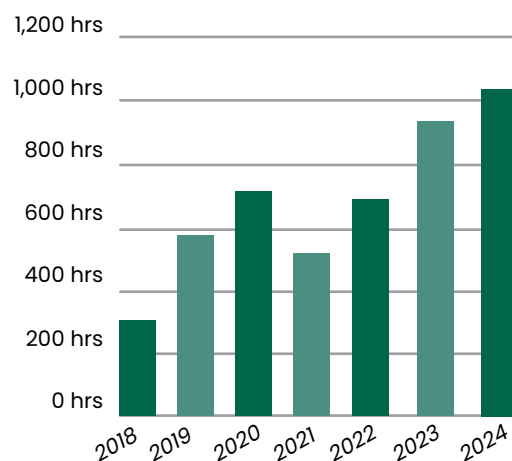


Donate 8

1,049hrs

In 2024, our employees donated a total of 1,049 hours to support nonprofits in our communities.

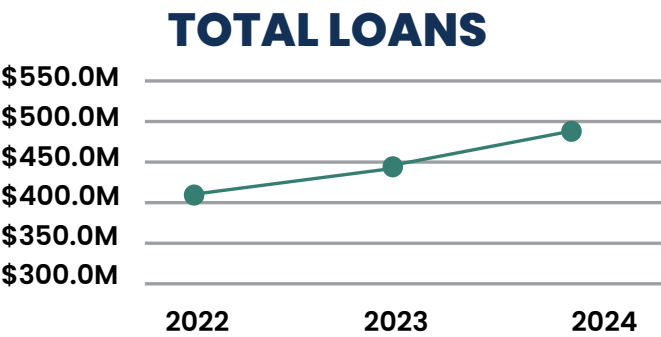
Hours Donated



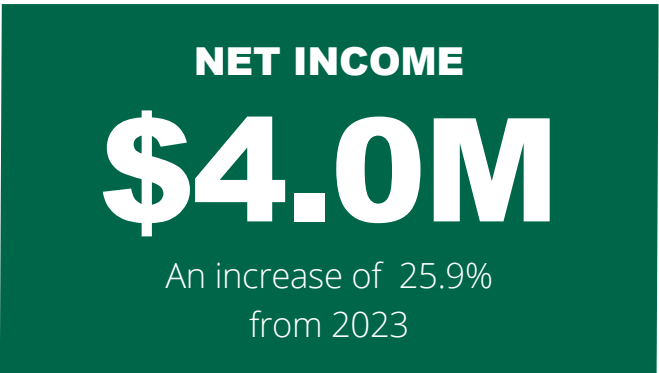
Financial Performance

This year, the bank had healthy growth and strong financial performance, with total assets ending the year at \$685.2 million, an increase of \$29.4 million, or 4.5%. Net income also demonstrated strong improvement, rising from \$3.2 million to \$4.0 million, or an increase of 25.9%.

Our loan portfolio ended the year at \$493.5 million, which was an increase of \$49.6 million, or 11.2% from the same time last year. The commercial portfolio grew by \$45.8 million, representing an 18.1% year-over-year increase. The agricultural portfolio ended the year at \$140.8 million, which was a slight decrease from the previous year of \$144.9 million, or 2.9%. We anticipate growth in the coming year for the Ag portfolio, primarily driven by the increased need for additional operating funds.

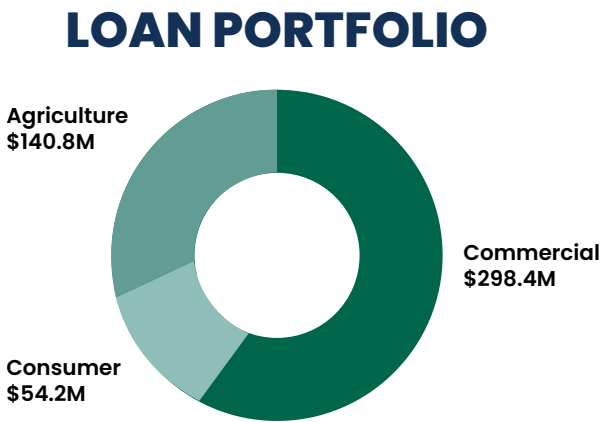


The bank recorded a provision of \$350,000 to the loan loss reserve during the fourth quarter, bringing the annual provision expense to \$700,000. This was not driven by portfolio deterioration but rather to align the reserve with the growth in loan volume, ensuring adequate coverage and prudent risk management.



Non-Performing Loans decreased year-over-year by 0.23% mainly due to payments received for the largest non-performing relationship.

We will continue to exercise prudent portfolio management while fostering sustainable loan growth within the markets we serve.



Financial Performance

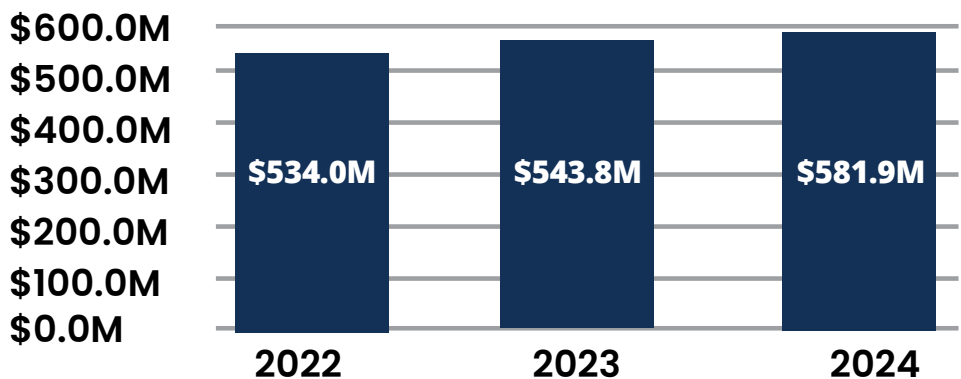
Deposits demonstrated solid growth during the year, with total balances ending at \$581.9 million, reflecting an increase of \$38.1 million or 7% over the prior year. This growth was largely driven by strong performance in our NOW, Money Market and Certificate of Deposit accounts, which collectively grew by \$41.8 million or 7%. Within our deposit portfolio, customers sought to take advantage of elevated interest rates and transitioned funds from checking and savings accounts into higher-yielding accounts.

Our priority is to maintain a safe environment while delivering innovative products and services designed to provide an exceptional banking experience.

Total Deposits



Total Deposits



Financial Performance

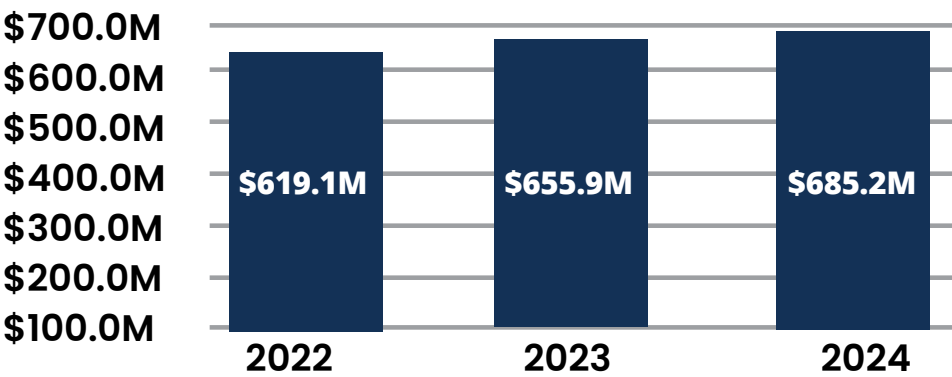
As we look ahead to 2025, we are mindful of the broader economic conditions that will influence our operations. The economic environment remains dynamic, with challenges and opportunities continuing to shape our industry. Our local economies are resilient and our strong community relationships provide opportunity for continued growth.

The financial health of our organization remains strong reflecting our commitment to stability and growth. We will maintain a strategic focus on our culture, advancing technology and enhancing cybersecurity measures to safeguard our customers’ information. Our priority is to maintain a safe environment while delivering innovative products and services designed to provide an exceptional banking experience.

Total Assets



Total Assets



Looking Ahead

As we reflect on our past, we remain focused on the future. Our 25th anniversary is not just a celebration of our achievements—it is a reminder of our responsibility to continue driving innovation, excellence, and community impact.

Financial Highlights

SV FINANCIAL INC.

Selected Consolidated Financial Data

YEAR ENDED DECEMBER 31,

	2024	2023	2022
Income Statement Data			
Interest Income	\$36,016,934	\$29,493,236	\$21,701,370
Interest Expense	15,659,083	12,270,914	4,142,912
Net Interest Income	20,357,851	17,222,322	17,558,458
Provision for Loan Losses	700,000	16,000	-
Non-Interest Income	2,832,590	2,635,262	2,965,233
Non-Interest Expense	17,311,273	15,865,131	14,616,900
Pre-Tax Earnings	5,174,168	3,976,453	5,906,791
Income Tax Expense	1,177,786	803,313	1,370,593
Net Income	3,996,382	3,173,140	4,536,198
Per Common Share Data			
Earnings	4.38	3.62	5.15
Tangible Book Value per Share	56.62	52.82	50.04
Book Value per Share	44.79	41.01	35.22
Shares Outstanding	913,206	876,628	881,128
Balance Sheet Data at Period End			
Total Assets	685,249,062	655,858,611	619,077,621
Total Loans	493,468,082	443,837,755	401,324,018
Allowance for Loan Losses	6,337,914	5,992,623	5,413,709
Total Investment Securities	156,469,441	173,833,244	178,884,691
Total Deposits	581,869,141	543,772,653	534,030,096
Total Stockholders' Equity	40,907,021	35,946,439	31,037,789
Loan to Deposit Ratio	84.81%	80.52%	74.14%
Average Ratios			
Return on Average Assets	0.58%	0.48%	0.73%
Return on Average Stockholders' Equity	7.71%	6.85%	10.29%
Net Interest Margin	3.30%	2.93%	2.98%
Asset Quality Ratios			
Net Charge-Offs as a Percentage of Average Total Loans	0.02%	-0.02%	-0.05%
Non-Performing Loans to Total Loans	0.96%	1.19%	0.50%
Allowance for Loan Losses as a Percentage of Total Loans	1.28%	1.35%	1.35%



CEO's Closing Statement

In closing, I want to express my appreciation to our entire team for their dedication and exceptional work this past year. Our success is a testament to their collective efforts, whose dedication, collaboration and commitment drive our mission forward and strengthen the communities we serve.

The year ahead holds tremendous promise, and I am confident that together, we will continue to achieve success. It is a privilege to serve our communities and make a meaningful impact in the lives of the customers and communities we proudly support.

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We appreciate the trust and confidence you have placed in Sauk Valley Bank. Thank you for being an integral part of our journey.

We look forward to our next chapter and sharing our success in the coming years.

Dirk Meminger
President & CEO
Sauk Valley Bank



Chairman's Statement

As we celebrate the 25th anniversary of Sauk Valley Bank, I am filled with immense pride and gratitude for our remarkable journey. This milestone is a testament to the dedication of our exceptional team, whose unwavering commitment to exceptional service has driven our success.

To our shareholders, we thank you for your ongoing trust and support. Your belief in our mission has enabled us to grow from humble beginnings to where we are today, all while staying true to our values of personalized service and community focus.

As we look to the future, we are excited to build on this legacy, embracing innovation and new opportunities while staying true to our mission. Together, we will continue shaping the next chapter of our success.

Sincerely,



Robert Hill
Chairman of the Board
Sauk Valley Bank



Board of Directors

Board of Directors

Sauk Valley Bank's Board of Directors is comprised of individuals from the business, financial, medical, agricultural, and legal communities. The Board includes a diverse range of skills, experience and perspective necessary to continually guide strong and reliable performance, ultimately driving growth for shareholders.



Robert Hill

Chairman of the Board



Ronald Gerken

Chairman Emeritus



Kelly Keaschall

Vice Chair



Dirk Meminger

President and CEO



John Berge

Director



Steve Munson

Director



Dr. David Yeager

Director



Mary Whelan

Director



Tim Zollinger

Director



Todd Dail

Director

