

# **Sherwood Banc Corporation**

Accountant's Compilation Report and  
Consolidated Financial Statements

December 31, 2017 and 2016



**Sherwood Banc Corporation**  
**December 31, 2017 and 2016**

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## Accountant's Compilation Report

Stockholders and Board of Directors  
Sherwood Banc Corporation  
Sherwood, Ohio

Management is responsible for the accompanying consolidated financial statements of Sherwood Banc Corporation which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of income, other comprehensive income (loss), and stockholders' equity for the years then ended in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statements of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statements of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenue and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

*BKD, LLP*

Fort Wayne, Indiana  
January 15, 2018

**Sherwood Banc Corporation**  
**Consolidated Balance Sheet**  
**December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and due from banks	\$ 2,391,058	\$ 2,199,899
Federal funds sold	1,333,080	735,080
Interest-bearing demand deposits	<u>41,067</u>	<u>2,177,914</u>
Cash and cash equivalents	3,765,205	5,112,893
Investment securities, available-for-sale	16,835,024	15,644,093
Loans, net of allowance for loan losses of \$398,292 and \$369,320	38,925,346	37,915,040
Premises and equipment	1,952,639	1,879,947
Cost basis stock investments	523,556	523,556
Interest receivable	268,032	277,310
Life insurance contracts	1,238,264	1,196,506
Other assets	<u>112,827</u>	<u>287,784</u>
Total assets	<u>\$ 63,620,893</u>	<u>\$ 62,837,129</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Deposits		
Noninterest bearing	\$ 10,370,255	\$ 8,803,133
Interest bearing	<u>43,805,215</u>	<u>45,045,850</u>
Total deposits	54,175,470	53,848,983
Long-term borrowings	1,894,820	1,403,376
Interest payable	37,854	39,394
Other liabilities	<u>155,835</u>	<u>46,100</u>
Total liabilities	<u>56,263,979</u>	<u>55,337,853</u>
<b>Stockholders' Equity</b>		
Common stock, without par value		
Authorized, 1,000,000 shares		
Issued and outstanding – 272,506 and 279,706 shares in 2017 and 2016, respectively	681,265	699,265
Additional paid-in capital	2,718,608	2,919,486
Retained earnings	4,192,628	4,023,995
Accumulated other comprehensive loss	<u>(235,587)</u>	<u>(143,470)</u>
Total stockholders' equity	<u>7,356,914</u>	<u>7,499,276</u>
Total liabilities and stockholders' equity	<u>\$ 63,620,893</u>	<u>\$ 62,837,129</u>

**Sherwood Banc Corporation**  
**Consolidated Statements of Income**  
**December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Interest Income</b>		
Loans receivable		
Taxable	\$ 1,952,232	\$ 2,059,078
Tax-exempt	5,248	4,075
Investment securities		
Taxable	226,864	182,941
Tax-exempt	182,145	168,486
Federal funds sold	18,692	14,731
Total interest income	<u>2,385,181</u>	<u>2,429,311</u>
<b>Interest Expense</b>		
Deposits	210,089	201,417
Short-term borrowings	4,615	2,205
Long-term borrowings	47,576	54,129
Total interest expense	<u>262,280</u>	<u>257,751</u>
<b>Net Interest Income</b>	2,122,901	2,171,560
<b>Provision for Loan Losses</b>	<u>113,522</u>	<u>152,343</u>
<b>Net Interest Income After Provision for Loan Losses</b>	<u>2,009,379</u>	<u>2,019,217</u>
<b>Noninterest Income</b>		
Service charges on deposit accounts	169,371	132,343
Gain on sale of loans	63,608	54,892
Net realized gain on sales of available-for-sale securities	29,458	6,120
Other income	445,490	467,595
Total noninterest income	<u>707,927</u>	<u>660,950</u>
<b>Noninterest Expense</b>		
Salaries and employee benefits	1,166,397	1,245,635
Net occupancy expenses	353,986	338,957
Data and item processing fees	331,231	295,719
Printing and office supplies	61,061	62,479
Director and committee fees	63,200	64,618
ATM expenses	75,859	90,046
Deposit insurance and examination expense	25,826	28,095
State franchise tax expense	59,994	48,450
Other expenses	309,224	338,449
Total noninterest expense	<u>2,446,778</u>	<u>2,512,448</u>
<b>Income Before Income Taxes</b>	270,528	167,719
<b>Provision (Credit) for Income Taxes</b>	<u>45,954</u>	<u>(23,397)</u>
<b>Net Income</b>	<u>\$ 224,574</u>	<u>\$ 191,116</u>

**Sherwood Banc Corporation**  
**Consolidated Statements of Comprehensive Income (Loss)**  
**December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Net Income</b>	\$ 224,574	\$ 191,116
<b>Other Comprehensive Income (Loss)</b>		
Unrealized depreciation on available-for-sale securities, net of taxes of \$(37,088) and \$(117,323) for 2017 and 2016, respectively	(72,674)	(227,746)
Less: reclassification adjustment for realized gains included in net income, net of taxes of \$10,015 and \$2,081 for 2017 and 2016, respectively	(19,443)	(4,039)
	(92,117)	(231,785)
Total comprehensive income (loss)	\$ 132,457	\$ (40,669)

**Sherwood Banc Corporation**  
**Consolidated Statements of Stockholders' Equity**  
**December 31, 2017 and 2016**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares Outstanding	Amount				
<b>Balance, January 1, 2016</b>	267,578	\$ 668,945	\$ 2,598,382	\$ 3,928,044	\$ 88,315	\$ 7,283,686
Net income				191,116		191,116
Other comprehensive loss					(231,785)	(231,785)
Cash dividends (\$0.35 per share)				(95,165)		(95,165)
Issuance of stock, net of offering costs of \$19,692	12,128	30,320	321,104			351,424
<b>Balance, December 31, 2016</b>	279,706	699,265	2,919,486	4,023,995	(143,470)	7,499,276
Net income				224,574		224,574
Other comprehensive loss					(92,117)	(92,117)
Cash dividends (\$0.20 per share)				(55,941)		(55,941)
Purchase of stock	(7,200)	(18,000)	(200,878)			(218,878)
<b>Balance, December 31, 2017</b>	272,506	\$ 681,265	\$ 2,718,608	\$ 4,192,628	\$ (235,587)	\$ 7,356,914

## **Supplementary Information**



**Sherwood Banc Corporation**  
**FDIC §350.4 Disclosures**  
**Years Ended December 31, 2017 and 2016**  
(Table Dollar Amounts in Thousands)

***Past Due and Nonaccrual Loans***

	<b>2017</b>	<b>2016</b>
Past due 90 days or more and still accruing interest	\$ —	\$ —
Past due 90 days or more and not accruing interest	<u>814</u>	<u>351</u>
Total	<u>\$ 814</u>	<u>\$ 351</u>

***Allowance for Loan Losses***

	<b>2017</b>	<b>2016</b>
Allowance for loan losses		
Balance, January 1	\$ 369	\$ 322
Provision for losses	114	152
Recoveries on loans	91	43
Loans charged off	<u>(176)</u>	<u>(148)</u>
Balance, December 31	<u>\$ 398</u>	<u>\$ 369</u>

***Federal Deposit Insurance Corporation Disclaimer***

These statements have not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.