

# SHERWOOD BANC CORPORATION



*Privately Traded...*  
*...Community Invested*

## 2020 Annual Report

# PRESIDENT'S MESSAGE

Dear Shareholders and Customers:

The celebration of your banks 's 75<sup>th</sup> year of operation was, unfortunately, overshadowed with the outbreak of the COVID-19 pandemic. The bank has worked hard at maintaining financial stability in the communities in which we operate. We participated in the Small Business Administration's Paycheck Protection Program providing necessary forgivable loans to many small businesses and farmers. We also offered loan payment deferments and other modifications to help individuals and small businesses survive during these unprecedented times.



Your bank recorded the second highest profitable year in its 75 years of operation while learning new ways to serve customers and to maintain contact since there has been limited in-person access to our lobbies. We finished the year just over \$80 million in Assets at \$80.2 million. Loan balances increased to \$53.4 million and deposits increased 10.6% to a new peak of \$66.8 million.

We have a great team that will take the time to review what products and services that best fit your needs. Please contact me directly if you or anyone you know could benefit from the services of a strong local Community bank like yours. Thank you for your investment and support.

Respectfully,

A handwritten signature in blue ink, appearing to read "Mickey C. Schwarzbek". The signature is fluid and cursive.

Mickey C. Schwarzbek  
President / CEO

## MISSION STATEMENT as of November 24, 2008

*The Sherwood State Bank will continue to be a strong independent community bank providing mutually profitable financial products and services to meet the needs of all our customers. Our organizational team recognizes that the Customer, the Shareholder, the Employee and the Community are the keys to our success.*

# **Sherwood Banc Corporation**

Accountant's Compilation Report and  
Consolidated Financial Statements

December 31, 2020 and 2019

# Sherwood Banc Corporation

December 31, 2020 and 2019

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Stockholders and Board of Directors  
Sherwood Banc Corporation  
Sherwood, Ohio

Management is responsible for the accompanying consolidated financial statements of Sherwood Banc Corporation (Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income 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 consolidated 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 consolidated 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 consolidated 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 FDIC §350.4 Disclosures supplementary information 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 12, 2021

**Sherwood Banc Corporation**  
**Consolidated Balance Sheets**  
**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and due from banks	\$ 2,678,063	\$ 1,773,912
Federal funds sold	2,357,083	244,083
Interest-bearing demand deposits	5,233,170	2,874,784
Cash and cash equivalents	10,268,316	4,892,779
Investment securities, available for sale	12,277,759	11,915,523
Loans, net of allowance for loan losses of \$563,544 and \$531,686	53,402,151	52,369,551
Premises and equipment	1,805,511	1,887,657
Other real estate owned	-	60,000
Cost basis stock investments	523,556	523,556
Interest receivable	291,690	290,046
Life insurance contracts	1,361,085	1,320,964
Other assets	300,261	183,095
Total assets	\$ 80,230,329	\$ 73,443,171
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Deposits		
Noninterest-bearing	\$ 16,944,888	\$ 12,899,978
Interest-bearing	49,832,645	47,503,433
Total deposits	66,777,533	60,403,411
Long-term borrowings	3,972,690	4,270,174
Interest payable	58,529	100,802
Other liabilities	551,168	398,314
Total liabilities	71,359,920	65,172,701
<b>Stockholders' Equity</b>		
Common stock, without par value		
Authorized, 1,000,000 shares		
Issued and outstanding – 274,471 shares in 2020 and 2019	686,178	686,178
Additional paid-in capital	2,770,002	2,770,002
Retained earnings	5,153,562	4,794,590
Accumulated other comprehensive income	260,667	19,700
Total stockholders' equity	8,870,409	8,270,470
Total liabilities and stockholders' equity	\$ 80,230,329	\$ 73,443,171

**Sherwood Banc Corporation**  
**Consolidated Statements of Income**  
**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Interest Income</b>		
Loans receivable		
Taxable	\$ 2,904,454	\$ 2,826,696
Tax-exempt	103	1,330
Investment securities		
Taxable	144,089	199,577
Tax-exempt	95,343	119,524
Federal funds sold and other	10,116	22,059
Total interest income	<u>3,154,105</u>	<u>3,169,186</u>
<b>Interest Expense</b>		
Deposits	366,003	374,924
Short-term borrowings	6,451	14,380
Long-term borrowings	113,794	135,434
Total interest expense	<u>486,248</u>	<u>524,738</u>
<b>Net Interest Income</b>	2,667,857	2,644,448
<b>Provision for Loan Losses</b>	<u>82,138</u>	<u>163,664</u>
<b>Net Interest Income After Provision for Loan Losses</b>	<u>2,585,719</u>	<u>2,480,784</u>
<b>Noninterest Income</b>		
Service charges on deposit accounts	123,448	172,503
Gain on sale of loans	34,765	3,586
Net realized gain on sales of available-for-sale securities	-	10,833
Interchange and card income	137,079	144,234
Other income	359,702	325,831
Total noninterest income	<u>654,994</u>	<u>656,987</u>
<b>Noninterest Expense</b>		
Salaries and employee benefits	1,373,210	1,407,445
Net occupancy expenses	313,044	323,689
Data and item processing fees	384,352	378,347
Printing and office supplies	69,894	61,451
Director and committee fees	70,500	67,200
ATM expenses	62,651	85,424
Deposit insurance and examination expense	30,864	23,631
State franchise tax expense	66,164	61,646
Other expenses	275,350	227,285
Total noninterest expense	<u>2,646,029</u>	<u>2,636,118</u>
<b>Income Before Income Taxes</b>	594,684	501,653
<b>Provision for Income Taxes</b>	<u>98,477</u>	<u>74,274</u>
<b>Net Income</b>	<u>\$ 496,207</u>	<u>\$ 427,379</u>

**Sherwood Banc Corporation**  
**Consolidated Statements of Comprehensive Income**  
**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Net Income</b>	\$ 496,207	\$ 427,379
<b>Other Comprehensive Income</b>		
Unrealized appreciation (depreciation) on available-for-sale securities, net of taxes of \$64,055 and \$114,993 for 2020 and 2019, respectively	240,967	432,593
Less: reclassification adjustment for realized gains included in net income, net of taxes of \$0 and \$2,274 for 2020 and 2019, respectively	-	(8,559)
	240,967	424,034
Total comprehensive income	\$ 737,174	\$ 851,413

**Sherwood Banc Corporation**  
**Consolidated Statements of Stockholders' Equity**  
**December 31, 2020 and 2019**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares Outstanding	Amount				
<b>Balance, January 1, 2019</b>	279,706	\$ 699,265	\$ 2,918,769	\$ 4,492,032	\$ (404,334)	\$ 7,705,732
Net income				427,379		427,379
Other comprehensive income	-	-	-	-	424,034	424,034
Cash dividends (\$0.45 per share)	-	-	-	(124,821)	-	(124,821)
Purchase of stock	(5,850)	(14,625)	(167,288)			(181,913)
Issuance of stock	615	1,538	18,521	-	-	20,059
<b>Balance, December 31, 2019</b>	274,471	686,178	2,770,002	4,794,590	19,700	8,270,470
Net income	-	-	-	496,207	-	496,207
Other comprehensive income	-	-	-	-	240,967	240,967
Cash dividends (\$0.50 per share)	-	-	-	(137,235)	-	(137,235)
<b>Balance, December 31, 2020</b>	274,471	\$ 686,178	\$ 2,770,002	\$ 5,153,562	\$ 260,667	\$ 8,870,409

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## **Supplementary Information**

**Sherwood Banc Corporation**  
**FDIC §350.4 Disclosures**  
**Years Ended December 31, 2020 and 2019**  
(Table Dollar Amounts in Thousands)

***Past Due and Nonaccrual Loans***

	<b>2020</b>	<b>2019</b>
Past due 90 days or more and still accruing interest	\$ —	\$ —
Past due 90 days or more and not accruing interest	<u>250</u>	<u>91</u>
Total	<u>\$ 250</u>	<u>\$ 91</u>

***Allowance for Loan Losses***

	<b>2020</b>	<b>2019</b>
Allowance for loan losses		
Balance, January 1	\$ 532	472
Provision for losses	82	164
Recoveries on loans	4	26
Loans charged off	<u>(54)</u>	<u>(130)</u>
Balance, December 31	<u>\$ 564</u>	<u>\$ 532</u>

***Federal Deposit Insurance Corporation Disclaimer***

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

## Board Members:

Mickey C. Schwarzbek, Director- President/CEO, Sherwood State Bank  
John B. Wirth, Chairman- President (Retired), Wirth's Supermarket Inc.  
James K. Weaner, Vice Chairman- Attorney, Weaner, Yoder, Hill, & Weber LTD  
Wesley C. Moats, Secretary- President, Mark Moats Ford  
Ted W. Penner, Director- Penner Tax & Consulting LTD.  
Jeffrey T. Hange, Director- Farmer  
Wesley J. Schultz, Director - Corporate EHS Manager, GT Technologies

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## Officers

Mickey C. Schwarzbek  
President/CEO

Wanda J. Edwards  
Vice-President/  
Loan Operations

Julie A. Boehm  
Vice-President/  
Compliance Officer

Sharon L. Colley  
Vice-President/  
Controller

Ty Otto  
Vice-President/  
Business Development Officer

Ryan D. Frederick  
Vice-President/  
Business Development Officer

Lynette J. Beardsley  
Assistant Vice President/  
Deposit Operations



## THE SHERWOOD STATE BANK MISSION STATEMENT

The Sherwood State Bank will continue to be a strong independent community bank providing mutually profitable financial products and services to meet the needs of all our customers. Our organizational team recognizes that the customer, the shareholder, the employee, and the community are the keys to our success.

# SHERWOOD STATE BANK

**S S B** A COMMUNITY BANK



## THE SHERWOOD STATE BANK PRODUCTS/SERVICES

PERSONAL & BUSINESS CHECKING ACCOUNTS  
PERSONAL & BUSINESS SAVINGS ACCOUNTS  
CERTIFICATES OF DEPOSIT  
IRA ACCOUNTS  
HSA ACCOUNTS  
CHRISTMAS CLUB ACCOUNTS  
CLUB ACCOUNTS  
REAL ESTATE LOANS  
FARM LOANS  
HOME EQUITY LINES OF CREDIT  
CAR LOANS  
AGRICULTURAL LINES OF CREDIT  
PERSONAL & BUSINESS LINES OF CREDIT  
SAFETY DEPOSIT BOXES  
ATM CARDS  
MASTERCARD® DEBIT CARDS  
BUSINESS MASTERCARD® DEBIT CARDS  
WALLET PAY  
MONEY ORDERS  
CASHIER'S CHECKS  
FAX MACHINE  
DOMESTIC & FOREIGN WIRE TRANSFERS  
COIN COUNTING  
PHOTOCOPIES  
MOBILE BANKING  
MOBILE REMOTE DEPOSIT  
INTERNET BANKING  
BILL PAY & BUSINESS BILL PAY  
TELEPHONE BANKING



## SHERWOOD FINANCIAL SERVICES, LLC

**S F S**

## SHERWOOD FINANCIAL SERVICES PRODUCTS/SERVICES

INDIVIDUAL & GROUP BENEFITS  
ACCIDENTAL DEATH & DISABILITY INSURANCE  
OHIO BUREAU OF WORKERS' COMPENSATION DISCOUNT PROGRAM

# SHERWOOD STATE BANK

**S S B** A COMMUNITY BANK



Sherwood Main Office  
105 N Harrison Street  
P.O. Box 4546  
Sherwood, OH 43556  
419-899-2111

## LOCATIONS



Operations Center  
212 N Harrison Street  
Sherwood, OH 43556  
419-899-2111



Defiance Branch  
400 W Third Street  
Defiance, OH 43512  
419-782-0088



Ridgeville Corners Branch  
20478 US Hwy 6  
P.O. Box 87  
Ridgeville Corners, OH 43555  
419-267-5555



Fayette Branch  
121 W Main Street  
P.O. Box 305  
Fayette, OH 43521  
419-237-2575

ATM's AT ALL BRANCH OFFICES; MOBILE, INTERNET, AND TELEPHONE BANKING 24/7;  
ONLINE BILL PAY; REMOTE DEPOSIT CAPTURE

## CORPORATE OFFICE

105 N Harrison Street  
P.O. Box 4546  
Sherwood, OH 43556  
419-899-2111  
800-899-9531

**SHERWOOD  
BANC CORPORATION**  
**S B C**

**SHERWOOD  
FINANCIAL SERVICES, LLC**  
**S F S**

**SHERWOOD  
STATE BANK**  
**S S B** A COMMUNITY BANK

### CORPORATE INFORMATION:

MARKET MAKER FOR SHERWOOD BANC CORPORATION:  
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