

Sherwood Banc Corporation

Accountant's Compilation Report and
Consolidated Financial Statements

December 31, 2021 and 2020

Sherwood Banc Corporation

December 31, 2021 and 2020

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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, 2021 and 2020, 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 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 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 21, 2022

Sherwood Banc Corporation
Consolidated Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and due from banks	\$ 2,028,160	\$ 2,678,063
Federal funds sold	2,272,083	2,357,083
Interest-bearing demand deposits	7,163,091	5,233,170
Cash and cash equivalents	11,463,334	10,268,316
Investment securities, available for sale	17,314,354	12,277,759
Loans, net of allowance for loan losses of \$597,747 and \$563,544	50,717,687	53,402,151
Premises and equipment	1,770,197	1,805,511
Bank stock investments	523,556	523,556
Interest receivable	241,116	291,690
Life insurance contracts	1,903,483	1,361,085
Other assets	378,517	300,261
Total assets	\$ 84,312,244	\$ 80,230,329
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing	\$ 19,423,415	\$ 16,944,888
Interest-bearing	52,344,097	49,832,645
Total deposits	71,767,512	66,777,533
Long-term borrowings	2,578,598	3,972,690
Interest payable	27,561	58,529
Other liabilities	515,243	551,168
Total liabilities	74,888,914	71,359,920
Stockholders' Equity		
Common stock, without par value, \$2.50 stated value		
Authorized, 1,000,000 shares		
Issued and outstanding – 279,706 and 274,471 shares in 2021 and 2020, respectively	699,265	686,178
Additional paid-in capital	2,945,711	2,770,002
Retained earnings	5,699,994	5,153,562
Accumulated other comprehensive income	78,360	260,667
Total stockholders' equity	9,423,330	8,870,409
Total liabilities and stockholders' equity	\$ 84,312,244	\$ 80,230,329

Sherwood Banc Corporation
Consolidated Statements of Income
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Interest Income		
Loans receivable		
Taxable	\$ 2,833,622	\$ 2,904,454
Tax-exempt	6,579	103
Investment securities		
Taxable	112,586	144,089
Tax-exempt	116,004	95,343
Federal funds sold and other	8,797	10,116
Total interest income	<u>3,077,588</u>	<u>3,154,105</u>
Interest Expense		
Deposits	180,392	366,003
Short-term borrowings	3,112	6,451
Long-term borrowings	84,042	113,794
Total interest expense	<u>267,546</u>	<u>486,248</u>
Net Interest Income	2,810,042	2,667,857
Provision for Loan Losses	<u>68,154</u>	<u>82,138</u>
Net Interest Income After Provision for Loan Losses	<u>2,741,888</u>	<u>2,585,719</u>
Noninterest Income		
Service charges on deposit accounts	120,620	123,448
Gain on sale of loans	48,372	34,765
Net realized gain on sales of available-for-sale securities	7,375	-
Interchange and card income	153,095	137,079
Other income	518,848	359,702
Total noninterest income	<u>848,310</u>	<u>654,994</u>
Noninterest Expense		
Salaries and employee benefits	1,405,449	1,373,210
Net occupancy expenses	317,906	313,044
Data and item processing fees	380,316	384,352
Printing and office supplies	66,026	69,894
Director and committee fees	80,400	70,500
ATM expenses	60,052	62,651
Deposit insurance and examination expense	40,810	30,864
State franchise tax expense	70,963	66,164
Other expenses	292,241	275,350
Total noninterest expense	<u>2,714,163</u>	<u>2,646,029</u>
Income Before Income Taxes	876,035	594,684
Provision for Income Taxes	<u>151,415</u>	<u>98,477</u>
Net Income	<u>\$ 724,620</u>	<u>\$ 496,207</u>

Sherwood Banc Corporation
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2021 and 2020

	2021	2020
Net Income	\$ 724,620	\$ 496,207
Other Comprehensive Income (Loss)		
Unrealized appreciation (depreciation) on available-for-sale securities, net of tax (benefit) expense of \$(46,913) and \$64,055 for 2021 and 2020, respectively	(176,481)	240,967
Less: reclassification adjustment for realized gains included in net income, net of taxes of \$1,549 and \$0 for 2021 and 2020, respectively	5,826	-
	(182,307)	240,967
Total comprehensive income	\$ 542,313	\$ 737,174

Sherwood Banc Corporation
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2021 and 2020

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares Outstanding	Amount				
Balance, January 1, 2020	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)
Balance, December 31, 2020	274,471	686,178	2,770,002	5,153,562	260,667	8,870,409
Net income	-	-	-	724,620	-	724,620
Other comprehensive loss	-	-	-	-	(182,307)	(182,307)
Cash dividends (\$0.65 per share)	-	-	-	(178,188)	-	(178,188)
Purchase of stock	(622)	(1,555)	(20,463)	-	-	(22,018)
Issuance of stock	5,857	14,642	196,172	-	-	210,814
Balance, December 31, 2021	<u>279,706</u>	<u>\$ 699,265</u>	<u>\$ 2,945,711</u>	<u>\$ 5,699,994</u>	<u>\$ 78,360</u>	<u>\$ 9,423,330</u>

Supplementary Information

Sherwood Banc Corporation
FDIC §350.4 Disclosures
Years Ended December 31, 2021 and 2020
(Table Dollar Amounts in Thousands)

Past Due and Nonaccrual Loans

	<u>2021</u>	<u>2020</u>
Past due 90 days or more and still accruing interest	\$ —	\$ —
Past due 90 days or more and not accruing interest	<u>42</u>	<u>250</u>
Total	<u>\$ 42</u>	<u>\$ 250</u>

Allowance for Loan Losses

	<u>2021</u>	<u>2020</u>
Allowance for loan losses		
Balance, January 1	\$ 564	532
Provision for losses	68	82
Recoveries on loans	5	4
Loans charged off	<u>(39)</u>	<u>(54)</u>
Balance, December 31	<u>\$ 598</u>	<u>\$ 564</u>

Federal Deposit Insurance Corporation Disclaimer

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