

## Croghan Colonial Bank Banking Centers

**Fremont Main**  
419.332.7301

**Fremont Ballville**  
419.355.2361

**Fremont East**  
419.355.2342

**Fremont North**  
419.334.7188

**Fremont West**  
419.355.2352

**Bellevue**  
419.483.2541

**Clyde**  
419.547.9525

**Curdice**  
419.836.7722

**Green Springs**  
419.639.2323

**Maumee**  
419.794.9399

**Milan**  
567.401.0260

**Monroeville**  
419.465.2596

**Norwalk**  
419.668.2507

**Oak Harbor**  
419.898.5741

**Oregon**  
419.691.6264

**Port Clinton Catawba**  
419.732.6150

**Port Clinton Downtown**  
419.734.5600

**Tiffin Downtown**  
419.447.8777

**Tiffin Westgate**  
419.447.2250

# CROGHAN

BANCSHARES, INC.



## QUARTERLY REPORT

June 30, 2022

July 2022

Letter to our Shareholders:

2022 2<sup>nd</sup> quarter update includes:

- Economic environment
- Net Income year-to-date totaling \$6,680,000 or \$3.04 per share
- The quarterly cash dividend of \$0.55 per share, up 3% year-to-date
- Annual Meeting Vote Results



## A MESSAGE FROM

KENDALL W. RIEMAN, President/CEO

Volatility and uncertainty in our financial markets have returned. Equity markets are down considerably and interest rates are on the rise. Generally, higher interest rates for Croghan does help our net interest income (NII) and increase our net income. While trends in NII are moving up, when compared to last year's NII results, we are down. Please note that last year's numbers were elevated due to the effects of the government's PPP program which have now been mostly accounted for.

Besides the positive impacts on NII, higher interest rates have had some negative impacts on our financial numbers. One negative effect has been the impact on our reported capital. Higher market rates negatively impact the market value of bonds that we hold on our books. While we do not anticipate any real losses on the bonds we hold, accounting rules require us to "mark to market" the bonds on our books. The adjustments can be seen on our balance sheet in the capital section. Net changes to our capital numbers year-to-date (YTD) from the marking to market in our bond portfolio have been (\$30,357,000). Again, we do not anticipate any of these losses occurring, and expect all of the losses to be at zero when the bonds mature; at which time we will receive all of our principal back.

Our actual net income year-to-date continues to be strong, despite a net decrease in PPP fee income compared to last year of \$1,170,000. We have experienced a material decrease in mortgage loan sales income in both YTD and for the 2<sup>nd</sup> quarter. The decrease is directly related to the higher interest rates that have occurred. Higher rates have slowed down the re-financing volume which was very popular when rates were much lower over the last two years. Our credit quality has remained excellent, leading to not having any allocation to our provision for loan losses year-to-date. Other non-interest expenses are up modestly at 2%, despite wage and benefit expenses pressures that most businesses are experiencing. Overall, we are pleased with our results for the quarter and YTD.

Turning to our dividends paid to shareholders, I am pleased to announce that our most recent declared quarterly dividend is \$0.55 per share and was payable on July 29, 2022, to shareholders of record on July 8, 2022. This is the same as last quarter, and an increase of \$0.03, or 3% from one year ago.

As a re-cap of matters that were voted on at The Annual Shareholder Meeting held on May 10, 2022, shareholders approved all proposed directors for election, as well as the ratification of the proposed public accounting firm.

Thank you for your continued support and we look forward to seeing you out in our communities.

Financial Information (unaudited)	Year to Date		Three Months Ended	
	6/30/22	6/30/21	6/30/22	6/30/21
<b>CONDENSED STATEMENT OF OPERATIONS</b>				
Interest income	\$ 18,707,000	\$ 19,707,000	\$ 9,491,000	\$ 9,828,000
Interest expense	727,000	951,000	370,000	456,000
Net interest income	17,980,000	18,756,000	9,121,000	9,372,000
Provision for loan losses	-	500,000	-	175,000
Net interest income after provision for loan losses	17,980,000	18,256,000	9,121,000	9,197,000
Other non-interest income	3,640,000	4,293,000	1,745,000	2,247,000
Non-interest expenses	13,541,000	13,284,000	6,881,000	6,733,000
Income before federal income taxes	8,079,000	9,265,000	3,985,000	4,711,000
Federal income taxes	1,399,000	1,633,000	689,000	825,000
Net income	\$ 6,680,000	\$ 7,632,000	\$ 3,296,000	\$ 3,886,000

**PERIOD END BALANCES**

	As of	
	6/30/22	12/31/21
Cash and cash equivalents	\$ 17,140,000	\$ 45,801,000
Securities	\$ 357,540,000	\$ 364,604,000
Loans	\$ 667,541,000	\$ 642,889,000
Less allowance for loan loss	\$ 8,739,000	\$ 8,769,000
Other assets	\$ 75,873,000	\$ 67,877,000
Total assets	\$1,109,355,000	\$1,112,402,000
Deposits	\$ 925,686,000	\$ 908,687,000
Other liabilities	\$ 70,528,000	\$ 63,659,000
Total liabilities	\$ 996,214,000	\$ 972,346,000
Net valuation allowance-securities	\$ (28,899,000)	\$ 1,458,000
Retained earnings	\$ 111,321,000	\$ 107,051,000
Other equity	\$ 30,719,000	\$ 31,547,000
Total capital	\$ 113,141,000	\$ 140,056,000
Total liabilities and capital	\$1,109,355,000	\$1,112,402,000
Common shares outstanding	2,186,858	2,198,013

**PER SHARE DATA (BASIC)**

	Year to Date	
	6/30/22	6/30/21
Net income	\$ 3.04	\$ 3.43
Cash dividends declared	\$ 1.10	\$ 1.07
Book value	\$ 51.74	\$ 62.27
Tangible book value	\$ 41.41	\$ 52.02
Closing price	\$ 61.25	\$ 59.75

**FINANCIAL RATIOS**

	Year to Date	
	6/30/22	6/30/21
Return on average assets	1.20%	1.42%
Return on average equity	10.40%	11.20%
Net interest margin	3.41%	3.75%
Loans to deposits	72.11%	75.89%
Average common shares outstanding	2,194,151	2,226,121

**SHAREHOLDER INFORMATION**

**Croghan Colonial Bank**  
**Corporate Office**  
 323 Croghan Street  
 Fremont, OH 43420  
 419-332-7301

**Stock Listing:**  
 Ticker symbol: CHBH  
 Find us on the OTCQB Market

**Investor Relations:**  
 Amy LeJeune [alejeune@croghan.com](mailto:alejeune@croghan.com)  
 419-355-2231 or toll free 888-276-4426

**BOARD OF DIRECTORS**

**Jim Bowlus**  
*Lead Director*

**Mike Allen**  
**John Hoty**  
**Claire Johansen**  
**Dan Lease**  
**Tom McLaughlin**  
**Al Mehlow**  
**Kendall Rieman**  
**Rick Robertson**  
**Gary Zimmerman**  
**Sarah Zimmerman**

**MANAGEMENT TEAM**

**Kendall Rieman**  
*President/CEO*

**Brad Elfring**  
*SVP, CFO*

**Carla Waggoner**  
*SVP, COO*

**Chip VanDette**  
*SVP, CLO*

**Chris Kelly**  
*SVP, CCO*

**Tracy Baughman**  
*SVP, CIO*

**Jodi Albright**  
*VP, Regional Mgr.*

**Theresa Elfring**  
*VP, Regional Mgr.*

**Shannon George**  
*VP, Sr. Commercial Lender*

**Wayne Nault**  
*VP, Sr. Business Development Officer*

**Missy Walker**  
*VP, Retail Operations Mgr.*

**Laura Whipple**  
*VP, HR Mgr.*