

BOARD OF DIRECTORS

Jim Bowlus <i>Lead Director</i>	Al Mehlow
Mike Allen	Kendall Rieman
John Hoty	Rick Robertson
Claire Johansen	Gary Zimmerman
Dan Lease	Sarah Zimmerman
Tom McLaughlin	

MANAGEMENT TEAM

Kendall Rieman <i>President/CEO</i>	Brad Elfring <i>SVP, CFO</i>
Carla Waggoner <i>SVP, COO</i>	Chip VanDette <i>SVP, CLO</i>
Chris Kelly <i>SVP, CCO</i>	Tracy Baughman <i>SVP, CIO</i>
Jodi Albright <i>VP, Regional Mgr.</i>	Theresa Elfring <i>VP, Regional Mgr.</i>
Shannon George <i>VP, Sr. Commercial Lender</i>	Wayne Nault <i>VP, Sr. Business Development Officer</i>
Missy Walker <i>VP, Retail Operations Mgr.</i>	Laura Whipple <i>VP, HR Mgr.</i>

CROGHAN
BANCSHARES, INC.



QUARTERLY REPORT
September 30, 2022



A MESSAGE FROM
KENDALL W. RIEMAN, President/CEO

October 2022

Letter to our Shareholders:

2022 3rd quarter update includes:

- Net Income year-to-date totaling \$10,449,000 or \$4.77 per share
- The quarterly cash dividend of \$0.56 per share, up 3% year-to-date
- Interest rate update
- Community involvement

The year-to-date net income through the 3rd quarter came in at \$10,449,000. While this is a decline compared to the same time period of one year ago, it is attributed to the decline of \$2,447,000 in pre-tax PPP fees recognized in 2022 compared to 2021. During 2022, we experienced a large increase to managed rates and market interest rates. This rate increase has brought the 1-4 family mortgage income back down to pre-pandemic levels and much lower than in 2021. However, the higher rate environment has been beneficial to our net interest income. Asset yields have grown more than the cost of liabilities. This, together with the increase in loans of \$58 million through three quarters when adjusting for PPP loan payoffs and year-end one-time events, has had a positive effect to our margin from our running rate at the beginning of the year. The overall credit quality of the portfolio has been excellent and required no allocation to our loan loss provision through the 3rd quarter 2022. We are pleased with our performance and continue to perform well despite the uncertainties in the economy and our nation.

As mentioned, the economy and interest rate increases have presented Croghan with some challenges. With inflation running very high, the Federal Reserve continues to push managed rates higher. The Fed is trying to slow demand for products by raising interest rates. Historically, when the Fed raises rates, demand erodes and in turn slows down the economy. We are continuously monitoring the effects of the rate environment and how it will affect our balance sheet and income statement. Our net interest margin will benefit from higher rates, but we face challenges from slower economic growth and higher expenses, such as employee wages. The rapid increase in rates continues to have a negative impact on book capital. As noted last quarter, the adjustment is a “mark to market” on the security portfolio that is only realized if the securities are sold. We are confident in our ability to manage through these scenarios to be stronger and in a position to benefit when the clouds clear and the economy recovers.

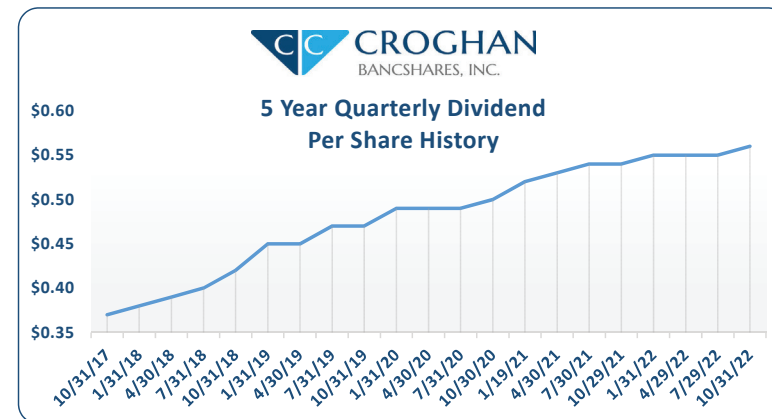
We do continue to maintain high levels of capital which allows us to continue paying dividends to our shareholders. For the third quarter, I am pleased to announce that our dividend amount is \$0.56 per share or an increase year to date of 3%. The dividend is payable on October 31, 2022, to shareholders of record on October 14, 2022.

As a community bank, we take pride in our active involvement within the communities we serve. If you are on social media you’ve likely seen some of what we have been up to. We are proud to have many of our employees actively participate in these community events.

Thank you for your continued support. We look forward to seeing you out in our communities, or please follow us thru Facebook or LinkedIn platforms.

Financial Information (unaudited)	Year to Date		Three Months Ended	
	9/30/22	9/30/21	9/30/22	9/30/21
CONDENSED STATEMENT OF OPERATIONS				
Interest income	\$ 28,949,000	\$ 30,146,000	\$ 10,242,000	\$ 10,439,000
Interest expense	1,113,000	1,385,000	386,000	434,000
Net interest income	27,836,000	28,761,000	9,856,000	10,005,000
Provision for loan losses	-	650,000	-	150,000
Net interest income after provision for loan losses	27,836,000	28,111,000	9,856,000	9,855,000
Other non-interest income	5,382,000	6,266,000	1,742,000	1,973,000
Non-interest expenses	20,555,000	20,023,000	7,014,000	6,739,000
Income before federal income taxes	12,663,000	14,354,000	4,584,000	5,089,000
Federal income taxes	2,214,000	2,559,000	815,000	926,000
Net income	\$ 10,449,000	\$ 11,795,000	\$ 3,769,000	\$ 4,163,000

PERIOD END BALANCES	As of	
	9/30/22	12/31/21
Cash and cash equivalents	\$ 14,368,000	\$ 45,801,000
Securities	\$ 338,610,000	\$ 364,604,000
Loans	\$ 684,229,000	\$ 642,889,000
Less allowance for loan loss	\$ 8,734,000	\$ 8,769,000
Other assets	\$ 79,306,000	\$ 67,877,000
Total assets	\$1,107,779,000	\$1,112,402,000
Deposits	\$ 934,124,000	\$ 908,687,000
Other liabilities	\$ 67,906,000	\$ 63,659,000
Total liabilities	\$1,002,030,000	\$ 972,346,000
Net valuation allowance-securities	\$ (38,484,000)	\$ 1,458,000
Retained earnings	\$ 113,868,000	\$ 107,051,000
Other equity	\$ 30,365,000	\$ 31,547,000
Total capital	\$ 105,749,000	\$ 140,056,000
Total liabilities and capital	\$1,107,779,000	\$1,112,402,000
Common shares outstanding	2,180,871	2,198,013



PER SHARE DATA (BASIC)

	Year to Date	
	9/30/22	9/30/21
Net income	\$ 4.77	\$ 5.31
Cash dividends declared	\$ 1.66	\$ 1.61
Book value	\$ 48.49	\$ 63.39
Tangible book value	\$ 38.16	\$ 53.13
Closing price	\$ 54.20	\$ 61.50

FINANCIAL RATIOS

	Year to Date	
	9/30/22	9/30/21
Return on average assets	1.25%	1.45%
Return on average equity	11.23%	11.44%
Net interest margin	3.50%	3.81%
Loans to deposits	73.25%	73.78%
Average common shares outstanding	2,190,683	2,222,613

SHAREHOLDER INFORMATION

Croghan Colonial Bank	Stock Listing	Investor Relations
323 Croghan Street Fremont, OH 43420	Ticker Symbol: CHBH	Amy LeJeune
419-332-7301 888-276-4426	On The OTCQB Market	419-355-2231 alejeune@croghan.com