

# QUARTERLY REPORT

January 2023



## A MESSAGE FROM

KENDALL W. RIEMAN, *President/CEO*

2022 4th quarter update includes:

- Net Income for 2022 totaling \$14,014,000
- Quarterly dividend amount of \$.57 per share and Year to date of \$2.23
- Josh Frederick added as new Director
- Please enroll to receive our digital newsletter

During 2022, the banking industry had to navigate aggressive interest rate increases that the Federal Reserve (Fed) implemented in response to very high inflation numbers. While the increases to managed rates that the Fed imposed were aggressive, Croghan was able to navigate the ever-changing rate environment very well. As we wrap up 2022, I am pleased to report Croghan's results.

For the year ended 2022, net income came in at \$14,014,000 which generated a ROAA of 1.26%. We ended the year at \$1,125,763,000 in total assets and our bank equity was \$109,070,000. The higher rate environment through the year allowed us the opportunity to expand our net interest margin (NIM), despite being below 2021 yearly totals. Despite the negative variance from PPP income during 2022 compared to 2021, our core NIM did improve as the Fed increased managed rates throughout the year. An additional ongoing reminder is that as a result of the rapid increase in market rates, a corresponding negative net valuation has occurred in our investment portfolio. The negative net valuation does reduce our total capital at year-end compared to 2021. We anticipate holding these securities to maturity, which would mean that none of these negative valuations would be realized. We are comfortable with our investment portfolio and are realizing an increase in income from our investments despite their decreased valuations.

Dividends for the fourth quarter are \$.57 per share, resulting in year to date of \$2.23, a 3.2% increase year over year. The fourth quarter dividend will be paid on January 31, 2023, to shareholders of record on January 13, 2023. At year-end, our stock price closed at \$56.00 per share.

During the last quarter of 2022, Josh Frederick joined our Board of Directors. Josh is the President/CEO of NOMS Healthcare and brings a vast amount of knowledge and experience to our board. We are excited to welcome him to our team.

As technology continues to be utilized more and more, we too are adapting to these trends. Starting in July 2023, this newsletter will be available electronically on our website or can be emailed to you upon request. If you wish to continue to receive updates on the company, please take a minute to enroll at [croghan.com/subscribe.aspx](https://croghan.com/subscribe.aspx). If you have any questions please contact Amy LeJeune, Investor Relations Officer, at [ajeune@croghan.com](mailto:ajeune@croghan.com) or by calling 419.355.2231.

We thank you for your continued support of our company.

A handwritten signature in blue ink that reads 'Kendall W. Rieman'.

# FINANCIAL INFORMATION *(unaudited)*

## PERIOD END BALANCES

	As of 12/31/22	As of 12/31/21
Cash and cash equivalents	\$ 21,020,000	\$ 45,801,000
Securities	\$ 336,291,000	\$ 364,604,000
Loans	\$ 699,459,000	\$ 642,889,000
Less allowance for loan loss	\$ 8,686,000	\$ 8,769,000
Other assets	<u>\$ 77,679,000</u>	<u>\$ 67,877,000</u>
Total assets	<u>\$ 1,125,763,000</u>	<u>\$ 1,112,402,000</u>
Deposits	\$ 908,898,000	\$ 908,687,000
Other liabilities	\$ 107,795,000	\$ 63,659,000
Total liabilities	\$ 1,016,693,000	\$ 972,346,000
Net valuation allowance-securities	\$ (36,209,000)	\$ 1,458,000
Retained earnings	\$ 116,205,000	\$ 107,051,000
Other equity	\$ 29,074,000	\$ 31,547,000
Total capital	<u>\$ 109,070,000</u>	<u>\$ 140,056,000</u>
Total liabilities and capital	<u>\$ 1,125,763,000</u>	<u>\$ 1,112,402,000</u>
Common shares outstanding	2,158,613	2,198,013
Average common shares outstanding	2,184,959	2,218,188

## CONDENSED STATEMENT OF OPERATIONS

	Year to Date		Three Months Ended	
	12/31/22	12/31/21	12/31/22	12/31/21
Interest income	\$ 39,797,000	\$ 39,818,000	\$ 10,848,000	\$ 9,672,000
Interest expense	2,129,000	1,784,000	1,016,000	399,000
Net interest income	<u>37,668,000</u>	<u>38,034,000</u>	<u>9,832,000</u>	<u>9,273,000</u>
Provision for loan losses	<u>-</u>	<u>825,000</u>	<u>-</u>	<u>175,000</u>
Net interest income after provision for loan losses	37,668,000	37,209,000	9,832,000	9,098,000
Other non-interest income	7,006,000	8,309,000	1,624,000	2,043,000
Non-interest expenses	<u>27,681,000</u>	<u>26,988,000</u>	<u>7,126,000</u>	<u>6,965,000</u>
Income before federal income taxes	16,993,000	18,530,000	4,330,000	4,176,000
Federal income taxes	2,979,000	3,298,000	765,000	739,000
Net income	<u>\$ 14,014,000</u>	<u>\$ 15,232,000</u>	<u>\$ 3,565,000</u>	<u>\$ 3,437,000</u>

## PER SHARE DATA (BASIC)

	Year to Date	
	12/31/22	12/31/21
Net income	\$ 6.41	\$ 6.87
Cash dividends declared	\$ 2.23	\$ 2.16
Book value	\$ 50.53	\$ 63.72
Tangible book value	\$ 40.11	\$ 53.41
Closing price	\$ 56.00	\$ 64.00

## FINANCIAL RATIOS

	Year to Date	
	12/31/22	12/31/21
Return on average assets	1.26%	1.40%
Return on average equity	11.53%	10.89%
Net interest margin	3.55%	3.77%
Loans to deposits	76.96%	70.75%