CROGHAN
BANCSHARES, INC.

2022
ANNUAL REPORT

TICKER SYMBOL: CHBH

A MESSAGE FROM

KENDALL W. RIEMAN, *President/CEO*

During 2022, Croghan and the world worked towards moving to something that would be considered more normal as it relates to Covid and the residual fallouts that we endured from the pandemic.

For Croghan specifically and the banking industry, we returned to a more normal level of branch and office activity, with client meetings and staff gatherings. We were also able to go out into the community and connect and discuss with many clients and organizations, and continue to focus on being a partner by education, and focusing on the financial services Croghan can provide. For Croghan and our employees, we continue to be an anchor for our communities and are actively working to help our communities grow and prosper, regardless of what is happening in the world.

While we try to move on fully, we are reminded that many business owners continue to battle with shortages of available workers and increases in operating costs from the inflationary pressures that we all feel in our lives. As a result of these pressures, The Federal Reserve Bank (Fed) raised managed rates aggressively to counter inflation, which was partially caused by the stimulus that was injected into the economy to counter the economic fallout from the pandemic. Higher rates from the Fed are intended to slow economic growth by making borrowing costs more expensive, however, the upside for the consumer is the increased deposit rates. For our depositors, this is a welcomed change that has not happened in many years. The Fed has stated they will continue to raise rates to drive down inflation, so we anticipate future Fed movements. We believe that Croghan continues to be positioned in such a way to thrive in any rate environment we encounter in 2023.

Our financial results for 2022 were very good. I am pleased to report a net income of $14,014,000 which resulted in a 1.26% ROAA. While net income dropped from the record earnings we achieved in 2021, we were able to achieve returns that were above peer measurements. The net income decline was mostly due to a reduction in PPP fee income, as the 2021 results had non-recurring PPP fee income that totaled $3,538,000, compared to $389,000 in 2022. Also factoring into the decline was the decrease in mortgage fee income as the rates for mortgages rapidly increased from the all-time lows we had experienced. However, the higher rate environment experienced in 2022 did allow for our core net interest margin to increase, which helped offset the declines in the other areas as the new asset yields were priced at much higher levels. Another positive dynamic that occurred in 2022, was that loan losses that were feared during 2020 and 2021 did not materialize allowing for the Bank to take no provision for loan losses in 2022. Credit quality metrics all remain at very good levels historically, and the current reserve as a percent of loans remains very strong to allow for any future issues. Further positive results of our strong performance, are that Croghan continues to provide a meaningful return to our shareholders by declaring $2.23 in dividends in 2022, up 3.2% from 2021, and we also were able to repurchase 42,967 shares of Croghan stock.

In other non-financial news, during the 4th quarter of 2022, we added Josh Frederick to our Board. Josh brings knowledge and leadership to us from his experience being the CEO and President of NOMS Healthcare. Current Director Gary Zimmerman has announced that he will not seek re-election upon the expiration of his term in 2023. Gary has been an integral part of our Board for over 34 years and will be missed. We wish Gary the best and thank him for his leadership in making Croghan what it is today.

We remain committed to "Helping Good People Make Good Decisions". We are convinced if we do that well it will continue to produce positive results for all of our shareholders, communities, and employees. Thank you for your continued support and investment in Croghan.

Kendall W. Rieman

CROGHAN BANCSHARES, INC.

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Investor Relations

Croghan Bancshares, Inc.
Amy LeJeune
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Availability of More Information

To obtain a free copy of the Corporation's Annual Report for the year ended December 31, 2022, or for other information, contact us by one of the methods noted above.

Annual Meeting

The Annual Meeting of Shareholders:

WHEN: Tuesday, May 9, 2023
1:00 pm Eastern Time

A live audio presentation of the Annual Meeting will be hosted from the Corporation's headquarters at 323 Croghan Street, Fremont, OH 43420. Please refer to the Proxy Statement for the 2023 Annual Meeting for additional details.

CROGHAN BANCSHARES, INC.

DESCRIPTION OF THE CORPORATION

Croghan Bancshares, Inc. ("Croghan"), an Ohio corporation, is a financial holding company incorporated in 1983 with approximately $1,126,000,000 in total assets as of December 31, 2022. Croghan owns all of the outstanding shares of The Croghan Colonial Bank ("Bank"), an Ohio state-chartered bank incorporated in 1888 and headquartered in Fremont, Ohio, and Croghan Risk Management Inc., a captive insurance company, incorporated in 2016.

The Bank offers a diverse range of commercial and retail banking services through its 19 banking centers located in Bellevue, Clyde, Curtice, Fremont, Green Springs, Monroeville, Norwalk, Maumee, Milan, Oak Harbor, Oregon, Port Clinton, and Tiffin, Ohio. Products are comprised of traditional banking services such as consumer, commercial, agricultural and real estate loans, personal and business checking accounts, savings accounts, time deposit accounts, safe deposit box services, and trust department services. Investment products bearing no FDIC insurance are offered through the Bank's Trust and Investment Services Division.

MARKET PRICE AND DIVIDENDS ON COMMON SHARES (unaudited)

Croghan's common shares are quoted on the OTCQB under the symbol "CHBH." The following shows the range of high and low price quotations, as reported on the OTCQB, for Croghan's common shares for each quarterly period during 2022 and 2021. OTCQB quotations reflect inter-dealer prices, without mark-up, mark-down, or commission and may not necessarily represent actual transactions.

	2022		2021	
	Low	**High**	**Low**	**High**
First Quarter	$62.47	$72.75	$50.25	$57.00
Second Quarter	59.80	68.00	52.00	67.50
Third Quarter	54.20	62.98	59.76	65.50
Fourth Quarter	53.67	61.97	60.07	69.00

Net income, basic net income per share data, and dividends declared by Croghan on its common shares during the past two years are as follows (dollars in thousands, except per share data):

2022	**Net income**	**Basic net income per share**	**Dividend per share**
First quarter	$ 3,384	$ 1.54	$ .55
Second quarter	3,296	1.50	.55
Third quarter	3,769	1.73	.56
Fourth quarter	3,565	1.64	.57
Total	$14,014	$6.41	$2.23

2021	**Net income**	**Basic net income per share**	**Dividend per share**
First quarter	$ 3,746	$ 1.68	$ .53
Second quarter	3,886	1.75	.54
Third quarter	4,163	1.88	.54
Fourth quarter	3,437	1.56	.55
Total	$15,232	$6.87	$2.16

The ability of Croghan to declare and pay dividends on its common shares is dependent, in large part, on dividends received from the Bank. The ability of the Bank to pay dividends is subject to certain legal and regulatory limitations described in Note 17 to the consolidated financial statements contained in the Annual Report.

CROGHAN BANCSHARES, INC.

THREE YEAR SUMMARY OF SELECTED FINANCIAL DATA (unaudited)

	Years ended December 31,		
	2022	2021	2020
	(Dollars in thousands, except share data)		
Statements of operations:			
Total interest income	$39,797	$39,818	$38,583
Total interest expense	2,129	1,784	2,692
Net interest income	37,668	38,034	35,891
Provision for loan losses	-	825	2,475
Net interest income, after provision for loan losses	37,668	37,209	33,416
Total non-interest income	7.006	8,309	8,290
Total non-interest expenses	27,681	26,988	25,122
Income before federal income taxes	16,993	18,530	16,584
Federal income taxes	2,979	3,298	2,865
Net income	$14,014	$15,232	$13,719
Per share of common stock:			
Net income - Basic	$ 6.41	$ 6.87	$ 6.12
Net income - Diluted	6.41	6.87	6.12
Dividends	2.23	2.16	2.00
Book value	50.53	63.72	60.90
Tangible book value	40.11	53.41	50.64
Average shares of common stock outstanding	2,184,959	2,218,188	2,242,404
Year-end balances:			
Loans, net	$ 690,773	$ 634,120	$ 702,270
Securities	336,291	364,604	234,371
Total assets	1,125,763	1,112,402	1,028,452
Deposits	908,898	908,687	814,898
Stockholders' equity	109,070	140,056	135,849
Selected ratios:			
Net yield on average interest-earning assets	3.55%	3.77%	3.99%
Return on average assets	1.26	1.40	1.41
Return on average stockholders' equity	11.53	10.89	10.45
Net loan charge-offs as a percent of average outstanding net loans	.01	.05	.03
Allowance for loan losses as a percent of year-end loans	1.24	1.36	1.16
Stockholders' equity as a percent of total year-end assets	9.69	12.59	13.21
Cash dividends declared as a percent of net income	34.68	31.41	32.65
Number of stockholders of record	972	979	1,001
Number of full-time equivalent employees	205	203	199

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Independent Auditor's Report

To the Board of Directors
Croghan Bancshares, Inc.

Opinion

We have audited the consolidated financial statements of Croghan Bancshares, Inc. and its subsidiaries (the "Corporation"), which comprise the consolidated balance sheet as of December 31, 2022 and 2021 and the related consolidated statements of income, comprehensive income (loss), stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Corporation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
Croghan Bancshares, Inc.

In performing an audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual financial report. The other information comprises the description of the Corporation and common share information and selected financial data but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Plante & Moran, PLLC

February 10, 2023

CROGHAN BANCSHARES, INC.
CONSOLIDATED BALANCE SHEET

ASSETS	December 31, 2022	December 31, 2021
	(Dollars in thousands, except per share data)	
CASH AND CASH EQUIVALENTS	$ 21,020	$ 45,801
SECURITIES		
Available-for-sale, at fair value	330,236	358,730
Restricted stock	6,055	5,874
Total securities	336,291	364,604
LOANS	699,459	642,889
Less: Allowance for loan losses	8,686	8,769
Net loans	690,773	634,120
PREMISES AND EQUIPMENT, NET	10,123	10,408
CASH SURRENDER VALUE OF LIFE INSURANCE	26,561	26,138
GOODWILL	22,416	22,416
CORE DEPOSIT INTANGIBLE ASSETS, NET	80	240
ACCRUED INTEREST RECEIVABLE	4,312	3,605
OTHER REAL ESTATE OWNED AND OTHER REPOSSESSED ASSETS	61	52
OTHER ASSETS	14,126	5,018
TOTAL ASSETS	$1,125,763	$1,112,402
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand, non-interest bearing	$333,077	$331,642
Savings, NOW, and Money Market deposits	479,365	482,834
Time	96,456	94,211
Total deposits	908,898	908,687
Federal funds purchased and securities sold under repurchase agreements	40,246	39,502
Borrowed funds	60,500	17,500
Dividends payable	1,230	1,209
Other liabilities	5,819	5,448
Total liabilities	1,016,693	972,346
STOCKHOLDERS' EQUITY		
Common stock, $12.50 par value. Authorized 6,000,000 shares; issued 2,506,208 shares at December 31, 2022 and 2021	31,328	31,328
Surplus	13,126	13,074
Retained earnings	116,205	107,051
Accumulated other comprehensive income (loss)	(36,209)	1,458
Treasury stock, 347,595 and 308,195 shares at December 31, 2022 and 2021, at cost	(15,380)	(12,855)
Total stockholders' equity	109,070	140,056
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,125,763	$1,112,402

The accompanying notes are an integral part of the consolidated financial statements.

CROGHAN BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF INCOME

	Year ended December 31, 2022	2021
	(Dollars in thousands, except per share data)	
INTEREST INCOME		
Loans, including fees	$ 31,687	$ 34,579
Securities:		
Taxable	6,498	3,665
Non-taxable	1,544	1,547
Other interest income	68	27
Total interest income	39,797	39,818
INTEREST EXPENSE		
Deposits	1,258	1,345
Other borrowings	871	439
Total interest expense	2,129	1,784
Net interest income	37,668	38,034
PROVISION FOR LOAN LOSSES	-	825
Net interest income, after provision for loan losses	37,668	37,209
NON-INTEREST INCOME		
Trust income	2,266	2,364
Service charges on deposit accounts	2,054	1,975
Gain on sale of loans	799	2,224
Gain (loss) on sale of securities	(32)	(6)
Other	1,919	1,752
Total non-interest income	7,006	8,309
NON-INTEREST EXPENSES		
Salaries, wages, and employee benefits	16,513	16,463
Occupancy of premises	1,353	1,322
Amortization of core deposit intangible assets	160	244
Other	9,655	8,959
Total non-interest expenses	27,681	26,988
Income before federal income taxes	16,993	18,530
FEDERAL INCOME TAXES	2,979	3,298
NET INCOME	$14,014	$15,232
NET INCOME PER SHARE		
Basic	$ 6.41	$ 6.87
Diluted	$ 6.41	$ 6.87

The accompanying notes are an integral part of the consolidated financial statements.

CROGHAN BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year ended December 31, 2022	2021
	(Dollars in thousands)	
NET INCOME	$14,014	$15,232
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gain (loss) on available-for-sale securities	(47,712)	(5,105)
Reclassification adjustments for securities (gain) loss included in income	32	6
Net unrealized gain (loss)	(47,680)	(5,099)
Income tax effect	(10,013)	(1,071)
Other comprehensive income (loss)	(37,667)	(4,028)
TOTAL COMPREHENSIVE INCOME (LOSS)	$(23,653)	$11,204

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common stock	Surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total
	Year ended December 31, 2022 and 2021					
	(Dollars in thousands, except per share data)					
BALANCE AT DECEMBER 31, 2020	$ 31,328	$13,138	$96,603	$5,486	$(10,706)	$135,849
Net income	-	-	15,232	-	-	15,232
Stock options exercised	-	(26)	-	-	78	52
Issuance of restricted stock	-	(242)	-	-	242	-
Forfeit of restricted stock	-	39	-	-	(39)	-
Other comprehensive income (loss)	-	-	-	(4,028)	-	(4,028)
Stock-based compensation expense	-	165	-	-	-	165
Purchase of treasury stock	-	-	-	-	(2,430)	(2,430)
Cash dividends declared, $2.16 per share	-	-	(4,784)	-	-	(4,784)
BALANCE AT DECEMBER 31, 2021	$31,328	$13,074	$107,051	$1,458	$(12,855)	$140,056
Net income	-	-	14,014	-	-	14,014
Issuance of restricted stock	-	(136)	-	-	136	-
Other comprehensive income (loss)	-	-	-	(37,667)	-	(37,667)
Stock-based compensation expense	-	188	-	-	-	188
Purchase of treasury stock	-	-	-	-	(2,661)	(2,661)
Cash dividends declared, $2.23 per share	-	-	(4,860)	-	-	(4,860)
BALANCE AT DECEMBER 31, 2022	$31,328	$13,126	$116,205	$(36,209)	$(15,380)	$ 109,070

The accompanying notes are an integral part of the consolidated financial statements.

CROGHAN BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2022	2021
	(Dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 14,014	$15,232
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation	1,067	1,020
Loan discount accretion	(211)	(317)
Core deposit intangible amortization	160	244
Provision for loan losses	-	825
Deferred federal income taxes	261	250
Net gain on sale of loans	(799)	(2,224)
Net loss on sale or write-down of other real estate owned	1	-
Increase in cash value of life insurance	(423)	(461)
Net amortization of security premiums and discounts	2,978	2,427
Stock-based compensation expense	188	165
(Gain) loss on sale of securities	32	6
Proceeds from sale of loans, net of originations	502	1,434
Change in accrued interest receivable	(707)	155
Change in other assets	673	611
Change in other liabilities	110	(925)
Net cash and cash equivalents provided by operating activities	17,846	18,442
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of securities	30,914	44,120
Proceeds from sales of available-for-sale securities	9,740	9,051
Purchases of available-for-sale securities	(62,737)	(191,021)
Purchases of restricted stock	(181)	-
Proceeds from sale of other real estate owned	51	32
Purchases of bank owned life insurance	-	(7,000)
Net change in loans	(56,206)	68,348
Proceeds from disposal of fixed assets	3	-
Additions to premises and equipment	(666)	(1,318)
Net cash and cash equivalents used in investing activities	(79,082)	(77,788)

The accompanying notes are an integral part of the consolidated financial statements.

CROGHAN BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year ended December 31, 2022	2021
	(Dollars in thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposits	$ 211	$ 93,789
Net change in federal funds purchased and securities sold under repurchase agreements	744	(13,976)
Repayments of borrowed funds	-	(14)
Proceeds from borrowed funds	43,000	-
Dividends paid	(4,839)	(4,735)
Purchase of treasury shares	(2,661)	(2,430)
Cash received from exercising stock options	-	52
Net cash and cash equivalents provided by financing activities	36,455	72,686
NET CHANGE IN CASH AND CASH EQUIVALENTS	(24,781)	13,340
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	45,801	32,461
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 21,020	$ 45,801
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for:		
Interest	$ 2,005	$ 1,868
Federal income taxes	$ 2,420	$ 3,135
Non-cash transactions:		
Transfer of loans to other real estate owned	$ 61	$ 85

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Croghan Bancshares, Inc. (the “Corporation”) was incorporated on September 27, 1983 in the State of Ohio. The Corporation is a financial holding company and has two wholly-owned subsidiaries, The Croghan Colonial Bank (the “Bank”) and Croghan Risk Management, Inc (the “Captive”). The Corporation, through its subsidiaries, operates in one industry segment, the commercial banking industry. The Bank, an Ohio chartered bank organized in 1888, has its main office in Fremont, Ohio and has branch offices located in Bellevue, Clyde, Curtice, Fremont, Green Springs, Maumee, Milan, Monroeville, Norwalk, Oak Harbor, Oregon, Port Clinton, and Tiffin Ohio. The Bank’s primary source of revenue is providing loans to clients primarily located in Erie, Huron, Lucas, Ottawa, Sandusky, Seneca, and Wood Counties. Such clients are predominantly small and middle-market businesses and individuals.

In August of 2016, the Corporation became a financial holding company within the meaning of the Bank Holding Company Act of 1956 as amended, in order to provide the flexibility to take advantage of the expanded powers available to a financial holding company under the Act. The Bank is regulated and examined by the Ohio Division of Financial Institutions and the Federal Deposit Insurance Corporation. The activities of our bank subsidiary are also subject to other federal and state laws and regulations. The Corporation formed a Captive insurance company in August 2016. The Captive is located in Nevada and regulated by the State of Nevada Division of Insurance.

Significant accounting policies followed by the Corporation are presented below.

Use of Estimates

In preparing consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during each reporting period. Actual results could differ from those estimates. The most significant estimates susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the assessment of goodwill for potential impairment, and the fair value of investment securities.

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its two wholly-owned subsidiaries, the Bank and the Captive. All significant intercompany balances and transactions have been eliminated in consolidation.

The Bank established a trust department in 1990. The assets held by the Bank in fiduciary or agency capacities for its clients are not included in the consolidated balance sheets as such items are not assets of the Bank.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and federal funds sold which mature overnight or within 90 days.

Restrictions on Cash

As of March 26, 2020, the Federal Reserve Bank eliminated reserve requirements for certain depository institutions, including the Bank. As such, there was no reserve requirement at December 31, 2022 and December 31, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities

The Bank has designated all of its debt securities as available-for-sale. Such securities are carried at fair value, with unrealized gains and losses, net of applicable income taxes, on such securities recognized as a separate component of stockholders' equity.

The cost of debt securities is adjusted for amortization of premiums and accretion of discounts to the shorter of the call or maturity date. Such amortization and accretion is included in interest income from securities, principally using the interest method over the terms of the securities. Declines in the fair value of securities below their cost that are deemed to be other than temporary ("OTTI") are reflected in earnings as realized losses. Management evaluates securities for OTTI at least on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. Consideration is given to (1) the intent to sell the investment securities and whether it's more likely than not that the Corporation will be required to sell the investment securities prior to recovery, (2) the length of time and extent to which the fair value has been less than cost, and (3) the financial condition and near-term prospects of the issuer. Due to potential changes in conditions, it is at least reasonably possible that changes in management's assessment of OTTI will occur in the near term and that such changes could be material to the amounts reported in the Corporation's consolidated financial statements.

Equity securities are reported at their fair value, with changes in market value flowing through net income.

Investments in equity securities without readily determinable fair value are recorded at cost and adjusted for any observable changes in price. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized for 2022 and 2021.

Realized gains and losses on sales of securities are recorded on the trade date, using the specific identification method, and are included in non-interest income.

Restricted stock primarily consists of Federal Home Loan Bank of Cincinnati and Federal Reserve Bank of Cleveland stock. Such securities are carried at cost and evaluated for impairment on an annual basis. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at their outstanding principal balances, adjusted for charge-offs, the allowance for loan losses, and any deferred loan fees or costs on originated loans. Interest is accrued on the unpaid principal balance. Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment of the yield of the related loan.

The accrual of interest on real estate and commercial loans is discontinued at the time the loan is 90 days delinquent, unless the credit is well-secured and in process of collection. Personal loans are typically charged-off no later than 120 days past due and credit card loans are typically charged-off no later than 180 days past due. All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on nonaccrual loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Acquired Loans

Purchased loans acquired in a business combination are segregated into three types: pass rated loans with no discount attributable to credit quality, non-impaired loans with a discount attributable at least in part to credit quality, and impaired loans with evidence of significant credit deterioration.

• Pass rated loans (typically performing loans) are accounted for in accordance with Accounting Standards Codification (ASC) 310-20 "Nonrefundable Fees and Other Costs" as these loans do not have evidence of credit deterioration since origination.

• Non-impaired loans (typically past-due loans, special mention loans, and performing substandard loans) are accounted for in accordance with ASC 310-30 "Receivables - Loans and Debt Securities Acquired with Deteriorated Credit Quality" as they display at least some level of credit deterioration since origination.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

• Impaired loans (typically substandard loans on non-accrual status) are accounted for in accordance with ASC 310-30 as they display significant credit deterioration since origination. In accordance with ASC 310-30, for both purchased non-impaired loans and purchased impaired loans, the difference between contractually required payments at acquisition and the cash flows expected to be collected is referred to as the non-accretable difference. This amount is not recognized as a yield adjustment or as a loss accrual or a valuation allowance. Furthermore, any excess of cash flows expected at acquisition over the estimated fair value is referred to as the accretable yield and is recognized into interest income over the remaining life of the loan when there is a reasonable expectation about the amount and timing of such cash flows. Increases in expected cash flows subsequent to the initial investment are recognized prospectively through adjustment of the yield on the loan over its remaining estimated life. Decreases in expected cash flows are recognized immediately as impairment. If the Bank does not have the information necessary to reasonably estimate cash flows to be expected, it may use the cost recovery method or cash basis method of income recognition. Valuation allowances on these impaired loans reflect only losses incurred after the acquisition.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the un-collectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific, general, and unallocated components. For loans that are classified as impaired, a specific reserve is established when the discounted cash flow (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers classified (i.e., substandard or special mention) loans which are not impaired, as well as non-classified loans and is generally based on historical loss experience adjusted for qualitative factors. The unallocated component is maintained to cover economic and other external factors that could affect management's estimate of probable losses and considers the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a loan by loan basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and construction loans, by either the present value of expected future cash flows, discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Under certain circumstances, the Bank may provide borrowers relief through loan restructurings. A restructuring of debt constitutes a troubled debt restructuring (TDR) if the Bank, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. Concessions may include reduction of interest rates, extension of maturity dates, forgiveness of principal or interest due, or acceptance of other assets in full or partial satisfaction of the debt. TDR loans typically present an elevated level of credit risk as the borrowers are not able to perform according to the original contractual terms. Loans that are reported as TDRs are considered impaired and measured for impairment, as previously described.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost, less accumulated depreciation. Depreciation is based on the estimated useful lives of the individual assets (typically 20 to 40 years for buildings and 3 to 10 years for equipment) and is computed primarily using the straight-line method. Upon the sale or disposition of the assets, the difference between the depreciated cost and proceeds is charged or credited to income.

Cash Surrender Value of Life Insurance

Cash surrender value of life insurance is equal to the cash surrender value of the underlying policies or the policy death proceeds, less any obligation to provide benefit to the insured beneficiaries, if that value is less than the cash surrender value. Income on the investments in the policies, net of insurance costs, is recorded as non-interest income.

Goodwill and Other Intangible Assets

The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair value of assets acquired and liabilities assumed at the acquisition date. Goodwill is not amortized, but rather is subject to impairment tests annually, or more frequently if triggering events occur and indicate potential impairment. The Corporation's annual impairment test is performed as of November 30, 2022. As a result of performing the analysis, no impairment charge was recognized during the years ended December 31, 2022 and 2021. The Corporation determined no triggering events occurred subsequent to the date of the annual impairment test that indicate goodwill was impaired as of December 31, 2022.

Core deposit intangible assets arising from previous branch acquisitions are being amortized over ten years using the sum of the year's digits amortization method.

Estimated future amortization of core deposit intangible assets is as follows: 2023, $80,000.

Other Real Estate Owned

Assets acquired through or in lieu of foreclosure are initially recorded at fair value, less estimated costs to sell, and any loan balance in excess of fair value is charged to the allowance for loan losses. Subsequent valuations are periodically performed and any further write-downs are included in other operating expenses, as are gains or losses upon sale and expenses related to maintenance of the properties.

Servicing

Mortgage servicing rights ("MSRs") are recognized as an asset when acquired through sale of loans. Capitalized servicing rights are reported in other assets and amortized to expense in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. MSRs are evaluated for impairment by a third party on an annual basis and based upon the estimated fair value of the rights as compared to amortized cost. The fair value of MSRs was estimated by calculating the present value of estimated future net servicing cash flows, taking into consideration expected prepayment rates, discount rates, servicing costs, and other economic factors that are based on current market conditions. The prepayment rates and the discount rates are the most significant factors affecting valuation of the MSRs. Increases in mortgage loan prepayments reduce estimated future net servicing cash flows because the life of the underlying loan is reduced. Impairment is recognized through a valuation allowance to the extent that fair value is less than the capitalized amount. If the Corporation later determines all or a portion of impairment no longer exists for a particular reason, the valuation allowance is reversed into income.

Servicing fee income is recorded for fees earned for servicing loans and is included in non-interest income, net of amortization of MSRs.

Lessee Accounting

Right of use assets and lease liabilities are recognized for all leases unless the lease term at inception is twelve months or less, as the Corporation has elected not to recognize a right of use asset or lease liability for leases with terms less than twelve months. Lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectation regarding the terms. Variable lease cost such as common area maintenance, property taxes, and insurance are expensed as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Funds Purchased and Securities Sold under Repurchase Agreements

Securities sold under agreements to repurchase with customers and federal funds purchased have scheduled maturities of one year or less. Securities sold under repurchase agreements are collateralized financing transactions and the obligations to repurchase securities sold are reflected as a liability in the accompanying consolidated balance sheet. The dollar amount of the securities underlying the agreements remain in the Corporation's investment security portfolio.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Bank has entered into commitments to extend credit, including commitments under credit card arrangements, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded when they are funded.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, and (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Supplemental Retirement Benefits

Annual provisions are made for the estimated liability for accumulated supplemental retirement benefits under agreements with various officers and employees. These provisions are determined based on the terms of the agreements, as well as certain assumptions, including estimated service periods and discount rates.

Advertising Costs

All advertising costs are expensed as incurred.

Federal Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, deferred income taxes are provided on temporary differences between financial statement and income tax reporting. Temporary differences are differences between the amounts of assets and liabilities reported for financial statement purposes and their tax bases. Deferred tax assets are recognized for temporary differences that will be deductible in future years' tax returns and for operating loss and tax credit carryforwards. Deferred tax assets are reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized. Deferred tax liabilities are recognized for temporary differences that will be taxable in future years' tax returns. Benefits from tax positions taken or expected to be taken in a tax return are not recognized if the likelihood that the tax position would be sustained upon examination by a taxing authority is considered to be 50% or less. Interest and penalties resulting from the filing of income tax returns is a component of income tax expenses.

The Bank is not currently subject to state and local income taxes.

Comprehensive Income

Recognized revenue, expenses, and gains and losses are included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Treasury Stock

Common shares repurchased are recorded at cost. Cost of shares reissued is determined using the first-in, first-out method.

Per Share Data

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued. Potential common shares that may be used by the Corporation relate solely to outstanding stock options and are determined using the treasury stock method.

The weighted average number of shares outstanding for the years ended December 31, 2022 and 2021 follows:

	2022	**2021**
Basic	2,184,959	2,218,188
Diluted	2,184,959	2,218,188

Dividends per share are based on the number of shares outstanding at the declaration date.

Subsequent Events

The financial statements and related disclosures include the evaluation of events up through and including February 10, 2023, which is the date the consolidated financial statements were available to be issued.

NOTE 2 - NEW ACCOUNTING PRONOUNCEMENTS

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes increased disclosures and various changes to the accounting and measurement of financial assets including the Corporation's loans and available-for-sale and held-to-maturity debt securities. Each financial asset presented on the balance sheet would have a unique allowance for credit losses valuation account that is deducted from the amortized cost basis to present the net carrying value at the amount expected to be collected on the financial asset. The amendments in this ASU also eliminate the probable initial recognition threshold in current GAAP and instead, reflect an entity's current estimate of all expected credit losses using reasonable and supportable forecasts. The new credit loss guidance will be effective for the Corporation's year ending December 31, 2023. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the first reporting period in which the guidance is effective. A prospective transition approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date. Early adoption for all institutions is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We expect the standard to have a significant effect on the Corporation's consolidated financial statements as credit losses will be accelerated with the elimination of the probable threshold for initial recognition.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2022 and 2021 were as follows (dollars in thousands):

	2022	2021
Cash and due from banks	$ 18,574	$19,627
Interest-bearing deposits in other banks	2,446	26,174
Total	$ 21,020	$ 45,801

NOTE 4 - SECURITIES

The amortized cost and fair value of securities as of December 31, 2022 and 2021 were as follows (dollars in thousands):

	2022		2021	
	Amortized cost	Fair value	Amortized cost	Fair value
Available-for-sale:				
Obligations of U.S. Government agencies and corporations	$ -	$ -	$ 1,000	$ 1,001
Collateralized mortgage obligations	105,535	94,990	130,857	130,340
Mortgage backed securities	46,061	42,180	34,672	34,258
SBA loan pools	5,145	5,169	5,052	5,019
U.S. Treasury	35,519	33,271	6,644	6,644
Obligations of states and political subdivisions	183,461	154,276	178,310	181,118
Other	350	350	350	350
Total available-for-sale	376,071	330,236	356,885	358,730
Restricted stock	6,055	6,055	5,874	5,874
Total	$382,126	$336,291	$362,759	$364,604

NOTE 4 - SECURITIES (CONTINUED)

A summary of gross unrealized gains and losses on securities at December 31, 2022 and 2021 follows (dollars in thousands):

	2022		2021	
	Gross unrealized gains	**Gross unrealized losses**	**Gross unrealized gains**	**Gross unrealized losses**
Available-for-sale:				
Obligations of U.S. Government agencies and corporations	$ -	$ -	$ 1	$ -
Collateralized mortgage obligations	37	10,582	738	1,255
Mortgage backed securities	2	3,883	130	544
SBA loan pools	54	30	6	39
U.S. Treasury	-	2,248	4	4
Obligations of states and political subdivisions	60	29,245	4,294	1,486
Total available-for-sale	$ 153	$45,988	$ 5,173	$ 3,328

The amortized cost and fair value of securities at December 31, 2022, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties (dollars in thousands).

	Available-for-sale	
	Amortized cost	**Fair value**
Due in one year or less	$ 5,468	$ 5,437
Due after one year through five years	123,244	117,287
Due after five years through ten years	167,384	145,485
Due after ten years	79,625	61,677
Other equity security having no stated maturity date	350	350
Total	$ 376,071	$ 330,236

Securities with a carrying value of $214,259,000 at December 31, 2022 were pledged to secure public deposits and for other purposes as required or permitted by law. Included in the Bank's pledged securities are securities with a carrying value of $41,542,000 at December 31, 2022 which were pledged to secure accounts with overnight sweep repurchase agreements.

Restricted stock primarily consists of investments in Federal Home Loan Bank of Cincinnati and Federal Reserve Bank of Cleveland stock. The Bank's investment in Federal Home Loan Bank of Cincinnati stock amounted to $3,523,000 at December 31, 2022 and $3,342,000 at December 31, 2021. The Bank's investment in Federal Reserve Bank of Cleveland stock amounted to $2,337,000 at December 31, 2022 and December 31, 2021.

There were no gross gains realized from sales of securities available-for-sale in 2022 compared to $151,000 in 2021. Gross losses realized from sales of securities available-for-sale amounted to $32,000 in 2022 and $157,000 in 2021.

NOTE 4 - SECURITIES (CONTINUED)

The following presents gross unrealized losses and fair value of securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2022 and 2021 (dollars in thousands):

	Securities in a continuous unrealized loss position					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
2022						
Obligations of U.S. Government agencies and corporations	$ -	$ -	$ -	$ -	$ -	$ -
Collateralized mortgage obligations	950	21,715	9,632	70,941	10,582	92,656
Mortgage backed securities	809	14,256	3,074	27,868	3,883	42,124
SBA loan pools	4	1,839	26	1,766	30	3,605
U.S. Treasury	1,022	21,879	1,226	11,392	2,248	33,271
Obligations of states and political subdivisions	6,587	55,277	22,658	85,580	29,245	140,857
Total temporarily impaired securities	$ 9,372	$114,966	$36,616	$197,547	$45,988	$312,513
2021						
Obligations of U.S. Government agencies and corporations	$ -	$ -	$ -	$ -	$ -	$ -
Collateralized mortgage obligations	918	69,871	337	10,866	1,255	80,737
Mortgage backed securities	528	29,838	16	959	544	30,797
SBA loan pools	29	2,470	10	1,241	39	3,711
U.S. Treasury	4	4,455	-	-	4	4,455
Obligations of states and political subdivisions	1,341	71,621	145	2,910	1,486	74,531
Total temporarily impaired securities	$ 2,820	$178,255	$ 508	$ 15,976	$ 3,328	$194,231

When evaluating these securities for impairment, management considers the issuer's financial condition, whether the securities are issued by federally-sponsored government agencies or political subdivisions, whether downgrades by the bond rating agencies have occurred, industry analyst reports, and volatility in the bond market. Management has concluded that the unrealized losses as of December 31, 2022 were primarily the result of the rapid increase of managed and market rates, as well as customary and expected fluctuations in the bond market related to changes in interest rates. As management has the ability and intent to hold debt securities until recovery and meets the more likely than not requirement regarding the ability to hold securities for a period of time sufficient to allow for any anticipated recovery in fair value for securities classified as available-for-sale, all security impairments as of December 31, 2022 are considered temporary.

NOTE 5 - LOANS

Most of the Bank's lending activity is with clients primarily located within Erie, Huron, Lucas, Ottawa, Sandusky, Seneca, and Wood Counties. Credit concentrations, as determined using the North American Industry Classification System, that exceeded 25% of tier one capital at December 31, 2022 and 2021, follows (dollars in thousands):

	Year ended December 31	
Category	**2022**	**2021**
Residential and Investment Properties	$126,021	$109,375
Nonresidential Investment Properties	140,752	134,672
Accommodation and Food Service	68,736	61,015
Manufacturing	36,548	41,695
Other Services	41,087	32,026

- The residential and investment property concentration includes loans to residential and apartment buildings. These loans are generally secured by real property. Repayment is expected from personal cash flow or from providing such services.

- The non-residential investment property concentration includes loans on office buildings, strip centers, or other industrial buildings. These loans are generally secured by real property. Repayment is expected from rent or cash flow from operations in such services.

- The accommodation and food service industry concentration include loans for the construction, purchase, and operation of hotels, restaurants, lounges, and campgrounds. These loans are generally secured by real property and equipment. Repayment is expected from cash flow from providing accommodations and food service to tourists, primarily visiting the Lake Erie region.

- The manufacturing industry concentration includes loans to local manufacturers who produce goods for a wide variety of industries, including chemical, automotive, and food processing. These loans are generally secured by real property, equipment, and receivables. Repayment is expected from cash flows generated from these operations.

- The other services concentration includes loans to car washes, funeral homes, churches, clubs, laundry and dry-cleaning services, and general automotive repair. These loans are generally secured by real property and equipment. Repayment is expected from cash flows generated from these operations

Commercial and agricultural operating loans are underwritten based on the Bank's examination of current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. This underwriting standard includes the evaluation of cash flows of the borrower, underlying collateral, if applicable, and the borrower's ability to manage its business activities. The cash flows of borrowers and the collateral securing these loans may fluctuate in value after the initial evaluation. A first priority lien on the general assets of the business normally secures these types of loans. Loan-to-value limits vary and are dependent upon the nature and type of the underlying collateral and the financial strength of the borrower. Crop and hail insurance is recommended for most agricultural borrowers. Loans are generally guaranteed by the principal owner. The Bank's commercial and agricultural operating loan lending is primarily in its market area.

Commercial, construction, and agricultural real estate loans are subject to underwriting standards and processes similar to commercial and agricultural operating loans, in addition to those unique to real estate loans. These loans are viewed primarily, as cash flow loans and secondarily, as loans secured by real estate. Commercial and agricultural real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Loan-to-value is generally 75% of the cost or value of the assets. Appraisals on properties securing these loans are generally performed by appraisers approved by the Board of Directors. Because payments on commercial and agricultural real estate loans are often dependent on the successful operation or management of the properties, repayment of such loans may be subject to adverse conditions in the real estate market or the economy. Management monitors and evaluates commercial and agricultural real estate loans based on collateral and risk rating criteria. The Bank generally requires guarantees on these loans. The Bank's commercial and agricultural real estate loans are secured primarily by properties located in its primary market area.

NOTE 5 - LOANS (CONTINUED)

Land development loans are underwritten utilizing independent appraisals, sensitivity analysis of absorption, vacancy, lease rates, and financial analysis of the developers and property owners. Land development loans are generally based upon estimates of costs and values associated with the completed project, and are subjective by nature. Land development loans often involve the disbursement of funds with repayment substantially dependent on the success of the ultimate project. These loans are closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions, and the availability of long-term financing. The Bank generally requires guarantees on these loans. The Bank's land development loans are secured primarily by properties located in its primary market area.

The Bank originates 1 to 4 family real estate and consumer loans utilizing credit reports to supplement the underwriting process. The Bank's underwriting standards for 1 to 4 family loans are generally in accordance with FHLMC and FNMA underwriting guidelines. Properties securing 1 to 4 four family real estate loans are appraised by appraisers who are independent of the loan origination function and have been approved by the Board of Directors. The loan-to-value ratios normally do not exceed 80% without credit enhancements such as mortgage insurance. The Bank will lend up to 100% of the lesser of the appraised value or purchase price for conventional 1 to 4 family real estate loans, provided private mortgage insurance is obtained. The underwriting standards for consumer loans include a determination of the applicant's payment history on other debts and an assessment of their ability to meet existing obligations and payments on the proposed loan. To monitor and manage loan risk, policies and procedures are developed, and modified as needed by management. This activity, coupled with smaller loan amounts that are spread across many individual borrowers, minimizes risk. Additionally, market conditions are reviewed by management on a regular basis. The Bank's 1 to 4 family real estate loans are secured primarily by properties located in its primary market area.

During 2021 and 2020, the Small Business Administration (SBA) funded loans under the Paycheck Protection Program (PPP) designed to provide liquidity to small businesses during the COVID-19 pandemic. The loans are guaranteed by the SBA and loan proceeds to borrowers are forgivable by the SBA if certain criteria are met. The Corporation originated PPP loans totaling $42,412,000 during 2021. As of December 31, 2022, and 2021, there were approximately $28,000 and $11,684,000 of PPP loans included on the balance sheet, respectively. PPP processing fees received from the SBA totaling $2,559,000 in 2021 were deferred along with loan origination costs and recognized as interest income using the effective yield method. Upon forgiveness of a loan and resulting repayment by the SBA, any unrecognized net fee for a given loan is recognized as interest income. Net fee income recognized during 2022 and 2021 was $389,000 and $3,538,000 respectively, and the remaining unrecognized net income totaled $6,000 at December 31, 2022.

NOTE 5 - LOANS (CONTINUED)

The following presents the balances in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2022 and 2021 (dollars in thousands):

		Real Estate					
	Commercial	Residential	Non-residential	Construction	Consumer	Credit card	Total
2022							
Allowance for loan losses:							
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	$ -	$ 16	$ 14	$ -	$ -	$ -	$ 30
Collectively evaluated for impairment	1,134	1,078	4,160	426	1,772	86	8,656
Total	$ 1,134	$ 1,094	$ 4,174	$ 426	$ 1,772	$ 86	$ 8,686
Loans:							
Loans individually evaluated for impairment	$ 179	$ 1,300	$ 207	$ -	$ 3	$ -	$ 1,689
Loans acquired with deteriorated credit quality	-	252	170	-	-	-	422
Loans collectively evaluated for impairment	78,078	101,723	350,896	43,475	120,314	2,862	697,348
Total	$ 78,257	$103,275	$351,273	$43,475	$120,317	$2,862	$699,459
2021							
Allowance for loan losses:							
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	$ -	$ 22	$ 2	$ -	$ 8	$ -	$ 32
Collectively evaluated for impairment	1,095	1,025	4,567	521	1,450	79	8,737
Total	$ 1,095	$ 1,047	$ 4,569	$ 521	$ 1,458	$ 79	$ 8,769
Loans:							
Loans individually evaluated for impairment	$ 179	$ 1,626	$ 347	$ -	$ 18	$ -	$ 2,170
Loans acquired with deteriorated credit quality	-	267	174	-	-	-	441
Loans collectively evaluated for impairment	84,367	91,001	319,501	43,507	99,059	2,843	640,278
Total	$ 84,546	$ 92,894	$320,022	$43,507	$99,077	$2,843	$642,889

NOTE 5 - LOANS (CONTINUED)

The following represents loans individually evaluated for impairment and loans acquired with deteriorated credit quality by class of loans as of December 31, 2022 and 2021 (dollars in thousands):

	2022			2021		
	Unpaid principal balance	Recorded investment	Allowance for loan losses allocated	Unpaid principal balance	Recorded investment	Allowance for loan losses allocated
With no related allowance recorded:						
Commercial loans	$ 493	$ 179	$ -	$ 493	$ 179	$ -
Residential real estate loans						
Open-end home equity	63	50	-	64	53	-
1 – 4 family (1st mortgages)	268	58	-	277	22	-
Non-residential real estate loans						
Non-farm	923	98	-	1,098	252	-
Consumer - other	9	3	-	-	-	-
With an allowance recorded:						
Residential real estate loans						
Open-end home equity	429	429	6	529	529	8
1 – 4 family (1st mortgages)	1,030	1,015	10	1,303	1,289	14
Non-residential real estate loans						
Non-farm	342	279	14	269	269	2
Consumer - Other	-	-	-	18	18	8
Total	$ 3,557	$ 2,111	$ 30	$ 4,051	$ 2,611	$ 32

The following is additional information with respect to impaired loans for the years ended December 31, 2022 and 2021 (dollars in thousands):

	2022	2021
Average investment in impaired loans	$ 2,347	$ 3,342
Interest income recognized on impaired loans	$ 109	$ 164
Interest income recognized on a cash basis on impaired loans	$ -	$ -

No additional funds are committed to be advanced in connection with impaired loans.

NOTE 5 - LOANS (CONTINUED)

The following represents a summary of the number and recorded investments of troubled debt restructurings ("TDR') occurring during the years ended December 31, 2022 and 2021 (dollars in thousands):

	2022		2021	
	Number	**Amount**	**Number**	**Amount**
Non-farm non-residential	-	-	2	$ 160
Total recorded investments	-	$ -	2	$ 160

There were no specific reserves relating to loans that were modified in TDR in 2022 and 2021 respectively.

The post-modification balances approximate the pre-modification balances. The aggregate amount of charge-offs resulting from restructuring are not significant.

There were no TDR that subsequently defaulted within twelve months of the date of modification during the years ended December 31, 2022 and 2021.

The Bank does not have material commitments to lend additional funds to borrowers with loans whose terms have been modified in TDR or whose loans are on nonaccrual.

In March of 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed into law. Among other things, the CARES Act suspends the requirements related to accounting for TDRs for certain loan modifications related to the COVID-19 pandemic. As a result of the pandemic, the Bank provided a modification program to borrowers that included certain concessions such as interest only or payment deferrals. As a result, for the 2020 CARES Act, the Bank granted pandemic-related modifications of loans totaling $140,235,000. As of December 31, 2022, there were no loans remaining in the deferral program and as of December 31, 2021 there was $9,944,000 of loans that remained under a modification agreement but are not disclosed as TDRs. Regardless of whether a modification is classified as a TDR, the Bank continues to apply policies for risk rating, accruing interest, and classifying loans as impaired.

NOTE 5 - LOANS (CONTINUED)

The following presents the recorded investment in past due and non-accrual loans as of December 31, 2022 and 2021 by class of loans (dollars in thousands).

	Loans past due accruing interest 30 – 89 days	90+ days	Total	Loans on non-accrual	Loans not past due or non-accrual	Total
2022						
Commercial loans:						
Agricultural loans	$ -	$ -	$ -	$ -	$ 1,921	$ 1,921
Commercial loans	137	-	137	179	75,377	75,693
PPP	-	-	-	-	28	28
Overdraft LOC	-	-	-	-	209	209
Non-profit/political subdivisions	-	-	-	-	406	406
Residential real estate loans:						
Open-end home equity	247	-	247	44	22,076	22,367
1 – 4 family (1st mortgages)	261	17	278	175	80,260	80,713
1 – 4 family (Jr. mortgages)	-	-	-	-	195	195
Non-residential real estate loans:						
Multifamily	-	-	-	-	69,591	69,591
Farm	-	-	-	-	5,943	5,943
Non-farm	27	-	27	121	275,591	275,739
Construction real estate loans	-	-	-	-	43,475	43,475
Consumer loans:						
Vehicle	207	-	207	-	70,429	70,636
Overdraft LOC	1	-	1	-	82	83
Mobile home	10	-	10	-	1,516	1,526
Home improvement	-	-	-	-	125	125
Other	155	-	155	3	47,789	47,947
Credit card	26	-	26	-	2,836	2,862
Total	$ 1,071	$ 17	$ 1,088	$ 522	$ 697,849	$ 699,459
2021						
Commercial loans:						
Agricultural loans	$ -	$ -	$ -	$ -	$ 2,324	$ 2,324
Commercial loans	25	-	25	179	69,275	69,479
PPP	-	-	-	-	11,684	11,684
Overdraft LOC	-	-	-	-	327	327
Non-profit/political subdivisions	-	-	-	-	732	732
Residential real estate loans:						
Open-end home equity	106	-	106	53	19,783	19,942
1 – 4 family (1st mortgages)	528	-	528	140	71,927	72,595
1 – 4 family (Jr. mortgages)	-	-	-	-	357	357
Non-residential real estate loans:						
Multifamily	169	-	169	-	51,819	51,988
Farm	5	-	5	-	6,432	6,437
Non-farm	-	-	-	58	261,539	261,597
Construction real estate loans	-	-	-	-	43,507	43,507
Consumer loans:						
Vehicle	111	-	111	-	50,319	50,430
Overdraft LOC	1	-	1	-	81	82
Mobile home	2	-	2	-	1,875	1,877
Home improvement	-	-	-	-	109	109
Other	46	-	46	17	46,516	46,579
Credit card	23	-	23	-	2,820	2,843
Total	$ 1,016	$ -	$ 1,016	$ 447	$ 641,426	$ 642,889

NOTE 5 - LOANS (CONTINUED)

The Bank categorizes loans into risk categories based on relevant information about the ability of the borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Bank uses the following definitions for risk ratings:

- **Special Mention –** Loans classified special mention possess some credit deficiency or potential weakness that deserves close attention, but do not yet warrant substandard classification. Such loans pose unwarranted financial risk that, if not corrected, could weaken the loan and increase risk of losses in the future.
- **Substandard –** Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as substandard have well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are categorized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.
- **Doubtful –** Loans classified as doubtful have all of the weaknesses of those classified as substandard. Additionally, however, these weaknesses make collection or liquidation in full based on existing conditions improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. The following presents loans as of December 31, 2022 and 2021 based on risk category (dollars in thousands):

2022	**Pass**	**Special mention**	**Sub-standard**	**Doubtful**	**Not rated**	**Total**
Commercial loans:						
Agricultural loans	$ 1,875	$ 46	$ -	$ -	$ -	$ 1,921
Commercial loans	67,023	797	7,873	-	-	75,693
PPP	28	-	-	-	-	28
Overdraft LOC	-	-	-	-	209	209
Non-profit/political subdivisions	406	-	-	-	-	406
Residential real estate loans:						
Open-end home equity	21,904	398	65	-	-	22,367
1 – 4 family (1st mortgages)	80,048	406	259	-	-	80,713
1 – 4 family (Jr. mortgages)	195	-	-	-	-	195
Non-residential real estate loans:						
Multifamily	69,591	-	-	-	-	69,591
Farm	5,691	252	-	-	-	5,943
Non-farm	272,050	1,848	1,841	-	-	275,739
Construction real estate	43,475	-	-	-	-	43,475
Consumer loans:						
Vehicle	70,550	86	-	-	-	70,636
Overdraft LOC	-	-	-	-	83	83
Mobile home	1,519	4	-	-	-	1,526
Home improvement	125	-	-	-	-	125
Other	47,808	139	3	-	-	47,947
Credit card	-	-	-	-	2,862	2,862
Total	$ 682,288	$ 3,976	$10,041	$ -	$ 3,154	$ 699,459

NOTE 5 - LOANS (CONTINUED)

2021	**Pass**	**Special mention**	**Sub-standard**	**Doubtful**	**Not rated**	**Total**
Commercial loans:						
Agricultural loans	$ 2,272	$ 52	$ -	$ -	$ -	$ 2,324
Commercial loans	59,092	9,514	873	-	-	69,479
PPP	11,684	-	-	-	-	11,684
Overdraft LOC	-	-	-	-	327	327
Non-profit/political subdivisions	732	-	-	-	-	732
Residential real estate loans:						
Open-end home equity	19,473	202	267	-	-	19,942
1 – 4 family (1st mortgages)	71,898	594	103	-	-	72,595
1 – 4 family (Jr. mortgages)	357	-	-	-	-	357
Non-residential real estate loans:						
Multifamily	51,819	169	-	-	-	51,988
Farm	5,859	286	292	-	-	6,437
Non-farm	251,391	2,400	7,806	-	-	261,597
Construction real estate	43,507	-	-	-	-	43,507
Consumer loans:						
Vehicle	50,406	24	-	-	-	50,430
Overdraft LOC	-	-	-	-	82	82
Mobile home	1,867	7	3	-	-	1,877
Home improvement	109	-	-	-	-	109
Other	46,416	146	17	-	-	46,579
Credit card	-	-	-	-	2,843	2,843
Total	$ 616,882	$ 13,394	$ 9,361	$ -	$ 3,252	$ 642,889

Certain directors and executive officers, including their immediate families and companies in which they are principal owners, are loan clients of the Bank. Such loans are made in the ordinary course of business in accordance with the Bank's normal lending policies, including the interest rate charged and collateralization, and do not represent more than a normal collection risk. Such loans amounted to $10,208,000 and $13,636,000 at December 31, 2022 and 2021, respectively.

The following is a summary of activity during 2022 and 2021 with loan renewals included in additions and repayments (dollars in thousands):

	Balance at beginning	**Additions**	**Repayments**	**Balance at end**
2022	$13,636	$ 821	$ 4,249	$ 10,208
2021	$10,974	$3,361	$ 699	$ 13,636

NOTE 6 - ALLOWANCE FOR LOAN LOSSES

The following presents the balances and activity in the allowance for loan losses by portfolio segment for the years ended December 31, 2022 and 2021 (dollars in thousands):

	Commercial	Residential real estate	Non-residential real estate	Construction real estate	Consumer	Credit card	Total
Balance at December 31, 2021	$1,095	$ 1,047	$ 4,569	$ 521	$1,458	$ 79	8,769
Provision (credit) for loan losses	100	39	(395)	(95)	303	48	-
Losses charged off	(61)	(20)	-	-	(19)	(62)	(162)
Recoveries	-	28	-	-	30	21	79
Balance at December 31, 2022	$1,134	$ 1,094	$ 4,174	$ 426	$1,772	$ 86	$8,686
Balance at December 31, 2020	$ 919	$ 1,203	$ 4,224	$ 346	$1,479	$ 85	$ 8,256
Provision (credit) for loan losses	363	(138)	428	175	1	(4)	825
Losses charged off	(207)	(54)	(90)	-	(38)	(18)	(407)
Recoveries	20	36	7	-	16	16	95
Balance at December 31, 2021	$1,095	$ 1,047	$ 4,569	$ 521	$1,458	$ 79	$8,769

NOTE 7 - PREMISES AND EQUIPMENT

The following is a summary of premises and equipment at December 31, 2022 and 2021 (dollars in thousands):

	2022	2021
Land and improvements	$ 2,740	$ 2,742
Buildings	16,191	15,899
Equipment	12,964	12,591
	31,895	31,232
Less accumulated depreciation	21,772	20,824
Premises and equipment, net	$ 10,123	$10,408

Depreciation of premises and equipment and amortization of right of use asset amounted to $1,067,000 in 2022 and $1,020,000 in 2021.

The following table presents undiscounted future lease payments for the Corporation's two operating leases for 2023 through 2026:

2023	$ 140
2024	142
2025	142
2026	89
Total undiscounted cash flows	$ 513
Less: Imputed interest	99
Present value of lease liabilities	$ 414

The Bank has recorded a lease obligation for the two operating leases described above in the amount of $414,000 as of December 31, 2022 with a corresponding right of use asset in the amount of $414,000 in other liabilities and other assets, respectively, in the consolidated financial statements. The Bank's leases have a weighted average remaining term of 1.2 years.

NOTE 8 - SECONDARY MARKET LENDING

As part of its normal business activity, the Bank services loans for others, including substantially all qualifying fixed rate residential mortgage loans which it originates and sells in the secondary market with servicing retained. Serviced loans are not reported as assets of the Bank and amounted to $214,595,000 and $240,736,000 as of December 31, 2022 and 2021, respectively.

Loans sold in the secondary market amounted to $25,925,000 and $69,037,000 during the years ended December 31, 2022 and 2021, respectively, resulting in gain on sale of loans of $799,000 in 2022 and $2,224,000 in 2021.

The following is a summary of activity for capitalized mortgage servicing rights for the years ended December 31, 2022 and 2021 (dollars in thousands):

	2022	**2021**
Balance at beginning of year	$1,532	$1,212
Capitalized servicing rights	297	790
Amortization	(412)	(470)
Balance at end of year	$1,417	$1,532

Mortgage servicing rights are included in other assets in the accompanying consolidated balance sheets.

NOTE 9 - DEPOSITS

Time deposits at December 31, 2022 that included individual deposits of $250,000 and over amounted to $15,916,000 and $12,327,000 at December 31, 2021.

At December 31, 2022, the scheduled maturities of time deposits were as follows (dollars in thousands):

2023	$ 44,266
2024	32,631
2025	6,747
2026	6,183
2027	3,037
Thereafter	3,592
Total	$ 96,456

Deposits from officers, directors, and employees of the Bank approximated $6,899,000 as of December 31, 2022, and $7,631,000 at December 31, 2021.

NOTE 10 - FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements, which are classified as secured borrowings, generally mature within one to four days from the transaction date. Securities sold under repurchase agreements at December 31, 2022 and December 31, 2021 totaled $38,157,000 and $39,502,000, respectively. The weighted average interest rate was 1.98% for securities sold under repurchase agreements outstanding as of December 31, 2022 and .06% as of December 31, 2021. Securities sold under repurchase agreements are reflected at the amount of cash received in connection with the transactions. The Bank may be required to provide additional collateral based on the fair value of the underlying securities.

As of December 31, 2022, the Bank has $10,000,000 of short-term borrowing availability through a federal funds line of credit with a correspondent bank. As of December 31, 2022, there was $2,089,000 in federal funds purchased with a rate of 5.35%, as of December 31, 2021 there were no federal funds purchased.

NOTE 11 - BORROWED FUNDS

Borrowed funds consisted of the following at December 31, 2022 and 2021 (dollars in thousands):

	2022	2021
Federal Home Loan Bank (FHLB):		
Secured note, with interest at 4.39%, due January 2023	$10,000	$ -
Secured note, with interest at 4.38%, due January 2023	9,000	-
Secured note, with interest at 4.40%, due January 2023	24,000	-
Secured note, with interest at 2.49%, due May 2024	5,000	5,000
Secured note, with interest at 2.42%, due May 2024	7,500	7,500
Secured note, with interest at 2.19%, due June 2024	5,000	5,000
	$60,500	$17,500

Future maturities of borrowed funds at December 31, 2022 were as follows (dollars in thousands):

2023	$ 43,000
2024	17,500
2025	-
2026	-
Total	$ 60,500

The debt with the stated maturity date of January 2023 were cash management advances with one-or-two-week maturities that have been replaced with additional short-term advances, or replaced with a five-year advance totaling $10,000,000, and an interest rate of 3.84%. This advance is due in January 2028.

The FHLB notes require monthly interest payments and are secured by stock in the FHLB of Cincinnati and eligible mortgage loans totaling $267,976,000 at December 31, 2022.

At December 31, 2022, the Bank has available borrowings of $11,257,000 with the Federal Home Loan Bank based on mortgage loan collateral pledged and outstanding borrowed funds.

NOTE 12 - NON-INTEREST EXPENSES

The following is a summary of non-interest expenses for the years ended December 31, 2022 and 2021 (dollars in thousands):

	2022	2021
Salaries, wages, and employee benefits	$ 16,513	$ 16,463
Occupancy of premises	1,353	1,322
Amortization of core deposit intangible assets	160	244
FDIC premium assessments	376	355
Equipment and vehicle	2,733	2,423
Professional and examination	864	840
State franchise and other taxes	1,127	1,095
Postage, stationery, and supplies	644	584
Advertising and marketing	655	573
Third-party computer processing	339	250
MasterCard franchise and processing	298	259
Loan collection and repossession fees	123	107
ATM network and processing fees	540	527
Other	1,956	1,946
Total non-interest expenses	$ 27,681	$ 26,988

NOTE 13 - FEDERAL INCOME TAXES

The provision for federal income taxes consisted of the following for 2022 and 2021 (dollars in thousands):

	2022	2021
Current	$ 2,718	$ 3,048
Deferred	261	250
Total	$ 2,979	$ 3,298

The income tax provision attributable to income from operations differs from the amounts computed by applying the U.S. federal income tax rate to income before federal income taxes as a result of the following (dollars in thousands):

	2022	2021
Expected tax using statutory tax rate of 21% for 2022 and 2021	$ 3,569	$ 3,892
Increase (decrease) in tax resulting from:		
Tax-exempt income on state and municipal securities and political subdivision loans	(328)	(330)
Interest expense associated with carrying certain state and municipal securities and political subdivision loans	5	4
Increase in cash value of life insurance policies	(89)	(97)
Tax-exempt income earned by Croghan Risk Management	(184)	(166)
Other, net	6	(5)
Total	$ 2,979	$ 3,298

NOTE 13 - FEDERAL INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to significant portions of deferred tax liabilities and deferred tax assets at December 31, 2022 and 2021 are presented below (dollars in thousands):

	2022	2021
Deferred tax assets:		
Purchase accounting basis difference	$ 92	$ 172
Allowance for loan losses	1,824	1,842
Unrealized loss on securities available-for-sale	9,629	-
Accrued expenses and other	336	341
Total deferred tax assets	11,881	2,355
Deferred tax liabilities:		
Unrealized gain on securities available-for-sale	-	387
Purchase accounting basis difference	721	717
Depreciation of premises and equipment	120	201
Federal Home Loan Bank stock dividends	354	354
Mortgage servicing rights	298	322
Prepaid expenses	171	162
Deferred loan costs and other	615	365
Total deferred tax liabilities	2,279	2,508
Net deferred tax assets (liabilities)	$ 9,602	$ (153)

Net deferred tax assets at December 31, 2022 and net deferred tax liabilities at December 31, 2021 are included in other assets and other liabilities, respectively in the accompanying consolidated balance sheets.

Management believes it is more likely than not that the benefit of deferred tax assets will be realized. Consequently, no valuation allowance for deferred tax assets is deemed necessary as of December 31, 2022 and 2021.

In management’s determination, the Corporation has no tax positions for which it deems reasonably possible that the total amounts of the unrecognized tax benefit will significantly increase or decrease within the 12 months subsequent to December 31, 2022. The tax years that remain open and subject to examination as of December 31, 2022 are years 2019 – 2022 for Federal and the State of Ohio.

NOTE 14 - EMPLOYEE BENEFITS

The Bank sponsors The Croghan Colonial Bank 401(k) Profit Sharing Plan (The Plan), a defined contribution plan which provides for both profit sharing and employer matching contributions. The Plan permits the investing in the Corporation’s stock subject to various limitations. The Bank’s profit sharing and matching contributions to the 401(k)-profit sharing plan for the years ended December 31, 2022 and 2021 amounted to $984,000 and $964,000, respectively. As of December 31, 2022, the Plan held 9,469 shares of the Corporation’s common stock.

The Bank has entered into various supplemental pre and post-retirement benefits with certain officers and employees of the Bank. These benefits and cost related to certain benefits are supplemented by income and death benefits from insurance policies owned by the Bank. All life insurance policies required the payment of single premiums. The cash value of the life insurance policies amounted to $26,561,000 and $26,138,000 at December 31, 2022 and 2021, respectively.

In connection with the agreements, the Bank provided an estimated liability for accumulated pre and post-retirement benefits of $492,000 at December 31, 2022 and $501,000 at December 31, 2021, which is included in other liabilities in the accompanying consolidated balance sheets. The Bank recognized a credit for deferred compensation of $9,000 in 2022 and an expense of $5,000 in 2021.

No other post-retirement or post-employment benefits are offered to retirees or employees.

NOTE 15 - STOCK-BASED COMPENSATION

At the 2022 Annual Meeting of Shareholders, the shareholders of the Corporation adopted the Croghan Bancshares, Inc. 2022 Equity Incentive Plan (the “2022 Plan”), which permits the Corporation to award stock options, stock appreciation rights, restricted stock, and other stock-based and performance-based awards to directors, employees, and other eligible participants. A total of 125,000 shares are available for issuance pursuant to the 2022 Plan. At the 2012 Annual Meeting of Shareholders, the shareholders of the Corporation adopted the Croghan Bancshares, Inc. 2012 Equity Incentive Plan (the “2012 Plan”), which permits the Corporation to award stock options, stock appreciation rights, restricted stock, and other stock-based and performance-based awards to directors, employees, and other eligible participants. A total of 162,082 shares are available for issuance pursuant to the 2012 Plan.

Following is a summary of activity for stock options for the years ended December 31, 2022 and 2021:

	2022	**2021**
Outstanding, beginning of year	-	2,061
Granted	-	-
Exercised	-	(2,061)
Forfeited	-	-
Outstanding, end of year	-	-

At December 31, 2022 and 2021, there were no options remaining. No compensation expense related to the options was recognized in 2022 or 2021 and no unamortized compensation expense remains.

Restricted stock awards in 2022 were issued under the 2012 and the 2022 Plan. The Corporation granted 3,567 shares of restricted stock in 2022. A summary of restricted stock activity for 2022 and 2021 activity is as follows:

	2022		**2021**	
	Shares	**Weighted average grant date fair value**	**Shares**	**Weighted average grant date fair value**
Non-vested at beginning of year	9,134	$51.37	6,532	$45.14
Granted	3,567	65.66	6,350	53.94
Vested	(3,585)	57.31	(2,722)	48.88
Forfeited	-	-	(1,026)	47.43
Non-vested at end of year	9,116	$55.60	9,134	$51.37

Restricted stock awards vest over a four or five-year period. Compensation expense relating to restricted stock is recognized over the vesting period based on the market value of the shares on the issue date and amounted to $188,000 in 2022 and $165,000 in 2021. As of December 31, 2022, there was $420,000 of total unrecognized compensation cost related to unvested restricted stock awards. The cost is expected to be recognized over a weighted average period of 2.27 years.

NOTE 16 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its clients. These financial instruments are primarily loan commitments to extend credit and letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. The contract amount of these instruments reflects the extent of involvement the Bank has in these financial instruments.

The Bank's exposure to credit loss in the event of the nonperformance by the other party to the financial instruments for loan commitments to extend credit and letters of credit is represented by the contractual amounts of these instruments. The Bank uses the same credit policies in making loan commitments as it does for on-balance sheet loans.

The following financial instruments whose contract amount represents credit risk were outstanding at December 31, 2022 and 2021 (dollars in thousands):

	Contract amount	
	2022	**2021**
Commitments to extend credit, including commitments to grant loans and unfunded commitments under lines of credit	$ 143,028	$ 136,650
Standby letters of credit	$ 22	$ 22

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the client. Collateral held varies but may include accounts receivable, inventory, property, plant, and equipment; and income-producing commercial properties.

Standby letters of credit are written conditional commitments issued by the Bank to guarantee the performance of a customer to a third party and are reviewed for renewal at expiration. All outstanding standby letters of credit at December 31, 2022 expire in 2023. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loans to clients. The Bank requires collateral supporting these commitments when deemed necessary.

Various legal claims also arise from time to time in the normal course of business, which in the opinion of management, will have no material effect in the Bank's consolidated financial statements.

NOTE 17 - REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth below) of Common Equity Tier 1, Total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined in the regulations), and of Tier I capital to average assets (as defined in the regulations). Management believes, as of December 31, 2022 and 2021, that the Bank met all capital adequacy requirements to which it was subject.

As of December 31, 2022, the most recent notification from federal and state banking agencies categorized the Bank as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized", an institution must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes have changed the Bank's category.

NOTE 17 - REGULATORY MATTERS (CONTINUED)

The actual capital amounts and ratios of the Bank as of December 31, 2022 and 2021 are presented as follows (dollars in thousands):

These tables do not include the 2.5% capital conservation buffer requirement. A Bank with a capital conservation buffer greater than 2.5% of risk-weighted assets would not be restricted by payout limitations. However, if the 2.5% threshold is not met, the Bank would be subject to increasing limitations on capital distributions and discretionary bonus payments to executive officers as the capital conservation buffer approaches zero.

	Actual		Minimum capital requirement		Minimum to be well capitalized under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2022						
Total Capital (to Risk-Weighted Assets)						
Bank	$128,553	14.5%	$71,044	≥ 8.0%	$ 88,805	≥ 10.0%
Common Equity Tier 1 Capital (to Risk-Weighted Assets)						
Bank	119,867	13.5%	39,962	≥ 4.5%	57,723	≥ 6.5%
Tier I Capital (to Risk-Weighted Assets)						
Bank	119,867	13.5%	53,283	≥ 6.0%	71,044	≥ 8.0%
Tier I Capital (to Average Assets)						
Bank	119,867	10.7%	44,773	≥ 4.0%	55,966	≥ 5.0%

	Actual		Minimum capital requirement		Minimum to be well capitalized under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2021						
Total Capital (to Risk-Weighted Assets)						
Bank	$122,578	14.9%	$65,986	≥ 8.0%	$ 82,483	≥ 10.0%
Common Equity Tier 1 Capital (to Risk-Weighted Assets)						
Bank	113,809	13.8%	37,117	≥ 4.5%	53,614	≥ 6.5%
Tier I Capital (to Risk-Weighted Assets)						
Bank	113,809	13.8%	49,490	≥ 6.0%	65,986	≥ 8.0%
Tier I Capital (to Average Assets)						
Bank	113,809	10.6%	42,802	≥ 4.0%	53,502	≥ 5.0%

On a parent company only basis, the Corporation's primary source of funds are dividends paid by the Bank. The ability of the Bank to pay dividends is subject to limitations under various laws and regulations, and to prudent and sound banking principles. Generally, subject to certain minimum capital requirements, the Bank may declare a dividend without the approval of the State of Ohio Division of Financial Institutions, unless the total dividends in a calendar year exceed the total of its net profits for the year combined with its retained profits of the two preceding years.

The Board of Governors of the Federal Reserve System generally considers it to be an unsafe and unsound banking practice for a bank holding company to pay dividends except out of current operating income, although other factors such as overall capital adequacy and projected income may also be relevant in determining whether dividends should be paid.

NOTE 18 - CONDENSED PARENT COMPANY FINANCIAL INFORMATION

A summary of condensed financial information of the parent company as of December 31, 2022 and 2021 and for each of the two years in the period ended December 31, 2022 was as follows (dollars in thousands):

CONDENSED BALANCE SHEETS	**2022**	**2021**
Assets:		
Cash	$ 682	$ 69
Dividends receivable from subsidiary	1,230	1,209
Investment in subsidiaries	107,984	139,585
Available-for-sale security	350	350
Other asset	54	52
Total assets	$110,300	$141,265
Liabilities:		
Dividends payable	1,230	1,209
Total liabilities	1,230	1,209
Stockholders' equity:		
Common stock	31,328	31,328
Surplus	13,126	13,074
Retained earnings	116,205	107,051
Accumulated other comprehensive income (loss)	(36,209)	1,458
Treasury stock	(15,380)	(12,855)
Total stockholders' equity	109,070	140,056
Total liabilities and stockholders' equity	$110,300	$141,265

CONDENSED STATEMENTS OF INCOME	**2022**	**2021**
Income – dividends from subsidiaries	$ 8,082	$ 6,680
Professional fees, interest, and other expenses	(164)	(171)
Income before income taxes and equity in undistributed net income of subsidiary	7,918	6,509
Federal income tax benefit	(30)	(32)
Income before equity in undistributed net income of subsidiary	7,948	6,541
Equity in net income of subsidiary, less dividends	6,066	8,691
Net income	$14,014	$15,232

NOTE 18 - CONDENSED PARENT COMPANY FINANCIAL INFORMATION (CONTINUED)

CONDENSED STATEMENTS OF CASH FLOWS	**2022**	**2021**
Cash flows from operating activities:		
Net income	$14,014	$15,232
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net income of subsidiary, less dividends	(6,066)	(8,691)
Increase in dividends receivable	(21)	(49)
Stock-based compensation expense	188	165
(Increase) decrease in other assets	(2)	(1)
Net cash provided by operating activities	8,113	6,656
Cash flows from financing activities:		
Cash dividends paid	(4,839)	(4,735)
Exercising of stock options	-	52
Treasury shares purchased	(2,661)	(2,430)
Net cash used in financing activities	(7,500)	(7,113)
Net (decrease) increase in cash	613	(457)
Cash at beginning of year	69	526
Cash at end of year	$ 682	$ 69

The Board of Directors authorized a stock buyback plan commencing February 1, 2022 and ending August 1, 2022, which allows up to 65,940 outstanding common shares to be repurchased. During the period February 1, 2022 through August 1, 2022, 13,655 shares were repurchased. The Board of Directors extended the stock buyback plan commencing on August 1, 2022 and ending on February 1, 2023, which allows up to 65,605 outstanding common shares to be repurchased. During the period August 1, 2022 through December 31, 2022, 29,312 shares were repurchased. In January of 2023, 6,500 shares were repurchased.

The Board of Directors extended the stock buyback plan commencing February 1, 2023 and ending August 1, 2023, which allows up to 64,563 additional outstanding common shares to be repurchased.

The decision whether to purchase shares, the number of shares to be purchased, and the price to be paid depends upon the availability of shares, prevailing market prices, and other possible considerations which might affect the advisability of purchasing shares.

NOTE 19 - FAIR VALUE MEASUREMENTS

ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are independent, knowledgeable, and both able and willing to transact.

Nonfinancial assets and liabilities measured at fair value on a recurring basis include reporting units measured at fair value in the first step of a goodwill impairment test. Nonfinancial assets measured at fair value on a nonrecurring basis include nonfinancial assets and liabilities measured at fair value in the second step of a goodwill impairment test, as well as intangible assets and other nonfinancial long-lived assets measured at fair value for impairment assessment, such as other real estate owned.

ASC 820-10 requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820-10 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect the Corporation's own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which might include the Corporation's own financial data such as internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

There were no financial instruments measured at fair value that moved to a lower level in the fair value hierarchy due to the lack of observable quotes in inactive markets for those instruments at December 31, 2022 and 2021.

NOTE 19 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes financial assets (there were no financial liabilities) measured at fair value as of December 31, 2022 and 2021, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (dollars in thousands):

	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total fair value
2022				
Recurring:				
Securities available-for-sale:				
Obligations of U.S. Government agencies and corporations	$ -	$ -	$ -	$ -
Collateralized mortgage obligations	-	94,990	-	94,990
Mortgage backed securities	-	42,180	-	42,180
SBA loan pools	-	5,169	-	5,169
U.S. Treasury	33,271	-	-	33,271
Obligations of states and political subdivisions	-	154,276	-	154,276
Other	-	350	-	350
Total	$33,271	$ 296,965	$ -	$ 330,236
Nonrecurring:				
Other real estate owned	$ -	$ -	$ 61	$ 61
Impaired loans	-	-	2,081	2,081
Total	$ -	$ -	$ 2,142	$ 2,142

	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total fair value
2021				
Recurring:				
Securities available-for-sale:				
Obligations of U.S. Government agencies and corporations	$ -	$ 1,001	$ -	$ 1,001
Collateralized mortgage obligations	-	130,340	-	130,340
Mortgage backed securities	-	34,258	-	34,258
SBA loan pools	-	5,019	-	5,019
U.S. Treasury	6,644	-	-	6,644
Obligations of states and political subdivisions	-	181,118	-	181,118
Other	-	350	-	350
Total	$6,644	$ 352,086	$ -	$ 358,730
Nonrecurring:				
Other real estate owned	$ -	$ -	$ 52	$ 52
Impaired loans	-	-	2,579	2,579
Total	$ -	$ -	$ 2,631	$ 2,631

There were no transfers of financial instruments between Levels 1 and 2 during 2022 and 2021.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, follows.

NOTE 19 - FAIR VALUE MEASUREMENTS (CONTINUED)

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality, the Corporation's creditworthiness, or unobservable parameters. Any such valuation adjustments are applied consistently over time. The Corporation's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Corporation's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Securities Available-for-Sale

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would typically include government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include corporate and municipal bonds, mortgage-backed securities, and asset-backed securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. The Corporation did not have any securities classified as Level 3 at December 31, 2022 and 2021.

Impaired Loans

The Corporation does not record impaired loans at fair value on a recurring basis. However, periodically, a loan is considered impaired and is reported at the fair value of the underlying collateral, less estimated costs to sell, if repayment is expected solely from the collateral. Collateral values are estimated using Level 2 inputs, including recent appraisals and Level 3 inputs based on customized discounting criteria including discounting of appraisals based on age or changes in property or market conditions. These discounts generally range from 10% to 55%. Collateral values are also discounted for estimated selling costs of 10%. Estimated cash flows are discounted considering the loan rate and current market rates and generally range from 5% to 11%. Due to the significance of the Level 3 inputs, impaired loans fair values have been classified as Level 3.

Other Real Estate Owned

The Corporation values other real estate owned at the estimated fair value of the underlying collateral less expected selling costs, generally approximating 10%. Such values are estimated primarily using appraisals and reflect a market value approach. Due to the significance of the Level 3 inputs, other real estate owned has been classified as Level 3.

NOTE 20 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of recognized financial instruments at December 31, 2022 and 2021, as well as indication of where the instrument falls within the fair value hierarchy described in Note 19, are as follows (dollars in thousands):

	2022		2021	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
FINANCIAL ASSETS				
Securities	$ 336,291	$ 336,291	$ 364,604	$ 364,604
Loans, net	690,773	664,105	634,120	640,546
Total	$1,027,064	$1,000,396	$ 998,724	$1,005,150
FINANCIAL LIABILITIES				
Deposits	$ 908,898	$ 904,399	$ 908,687	$ 908,268
Borrowed funds	60,500	59,888	17,500	18,013
Total	$ 969,398	$ 964,287	$ 926,187	$ 926,281

The preceding summary does not include cash and cash equivalents, accrued interest receivable, cash surrender value of life insurance, dividends payable, federal funds purchased and securities sold under repurchase agreements, and other liabilities which are also considered financial instruments. The estimated fair value of such items is considered to be their carrying amount.

The Bank also has unrecognized financial instruments which relate to commitments to extend credit and standby letters of credit. The contract amount of such financial instruments was $143,050,000 at December 31, 2022 and $136,672,000 at December 31, 2021. The fair value of such instruments is not considered significant since they represent commitments at current interest rates.

The following methods and assumptions were used to estimate fair value of each class of financial instruments:

Cash and Cash Equivalents

Fair value is determined to be the carrying amount for these items because they represent cash or mature in 90 days or less and do not represent unanticipated credit concerns.

NOTE 20 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Securities

The fair value of available-for-sale securities is determined based on quoted market prices of the individual securities or, if not available, estimated fair value was obtained by comparison to other known securities with similar risk and maturity characteristics. Such value does not consider possible tax ramifications or estimated transaction costs. The fair value of restricted stock is considered to be its carrying amount. Securities are classified as Level 1 or Level 2 within the fair value hierarchy.

Loans

Fair value for loans is estimated for portfolios of loans with similar financial characteristics, and an exit price income approach is used to determine the fair value. Consideration is given to the loans underlying characteristics, including account types, remaining terms, annual interest rates or coupons, interest types, past delinquencies, timing of principal and interest payments, current market rates, loss exposures, and remaining balances. The model utilizes a discounted cash flow approach to estimate the fair value of the loans using assumptions for the coupon rates, remaining maturities, prepayment speeds, and estimates of prevailing discount rates. The model estimates credit losses based on historical charge-off trends. The model applies various assumptions regarding credit, interest, and prepayment risks for the loans based on loan types, payment types and fixed or variable classifications. Loans are classified as Level 2 within the fair value hierarchy.

Deposits

The fair value of core deposits, including demand deposits, savings accounts, and certain money market deposits, is the amount payable on demand. The fair value of fixed-maturity certificates of deposit is estimated using the rates offered at year end for deposits of similar remaining maturities. The estimated fair value does not include the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the marketplace. Deposits are classified as Level 2 within the fair value hierarchy.

Other Financial Instruments and Borrowed Funds

Federal funds purchased and securities sold under repurchase agreements are considered to be short-term borrowings and are valued at carrying value. Borrowed funds are typically long-term in nature with fair value determined based on discounted cash flow analysis using current interest rates. Borrowed funds are classified as Level 2 within the fair value hierarchy.

The fair value estimates of financial instruments are made at a specific point in time based on relevant market information. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

NOTE 21 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Corporation and Bank may be involved in various legal actions, but in the opinion of management and its legal counsel, the ultimate disposition of such matters is not expected to have a material adverse effect on the consolidated financial statements.

Locations

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419-332-7301

FREMONT BALLVILLE
1600 River Street
Fremont, OH 43420
419-355-2361

FREMONT EAST DRIVE THRU
1312 East State Street
Fremont, OH 43420
419-355-2342

FREMONT NORTH
910 Sean Drive
Fremont, OH 43420
419-334-7188

FREMONT WEST
2001 West State Street
Fremont, OH 43420
419-355-2352

BELLEVUE
One Union Square
Bellevue, OH 44811
419-483-7395

CLYDE
100 North Main Street
Clyde, OH 43410
419-547-9525

CURTICE
7182 North Lucas Street
Curtice, OH 43412
419-836-7722

GREEN SPRINGS
200 North Broadway Street
Green Springs, OH 44836
419-639-2323

MAUMEE
3425 Briarfield Boulevard, Suite 100
Maumee, OH 43537
419-794-9399

MILAN
33 Park Street
Milan, OH 44846
567-401-0261

MONROEVILLE
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Monroeville, OH 44847
419-465-2596

NORWALK
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Oak Harbor, OH 43449
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OREGON
4157 Navarre Avenue
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PORT CLINTON DOWNTOWN
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TIFFIN DOWNTOWN
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TIFFIN WESTGATE
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BOARD OF DIRECTORS
Croghan Bancshares, Inc. & Croghan Colonial Bank

Jim Bowlus *Lead Director*	Mike Allen Sr.	Josh Frederick
John Hoty	Claire Johansen	Dan Lease
Tom McLaughlin	Al Mehlow	Kendall Rieman
Rick Robertson	Gary Zimmerman	Sarah Zimmerman

MANAGEMENT TEAM
Croghan Colonial Bank

Kendall Rieman President/CEO	Brad Elfring SVP/Chief Financial Officer	Carla Waggoner SVP/Chief Operations Officer
Chip VanDette SVP/Chief Lending Officer	Chris Kelly SVP/Chief Credit Officer	Tracy Baughman SVP/Chief Investment Officer
Theresa Elfring VP/Senior Manager - Client Exprerience	Shannon George VP/Senior Commercial Lender	Missy Walker VP/Retail Operations Manager
	Laura Whipple VP/Human Resource Manager	

OFFICERS
Croghan Bancshares, Inc.

Kendall Rieman President/CEO	Brad Elfring Treasurer
Chip VanDette Secretary	Amy LeJeune Assistant Secretary

CROGHAN
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