

# QUARTERLY REPORT

April 2023



## A MESSAGE FROM

KENDALL W. RIEMAN, President/CEO

Letter to our Shareholders:

2023 1st quarter update includes:

- Croghan remains stable despite the disruption in the banking sector
- Deposits grew and strong Net income of \$3,097,000
- Quarterly dividend amount of \$.57
- Your action is needed to receive our digital newsletter

Croghan, along with all the banks in the United States, experienced a very volatile end of the 1st quarter. Failures from banks on both coastlines caused widespread uncertainty and fears for all banks. Despite the constant negative news being heard in the media about deposit runoff, Croghan actually had an increase in deposits for the quarter. The increase in deposits, I believe, is a testimony to our business model and our markets. We have found that during times of uncertainty and fear, people move to places of safety and security. It is reassuring that during the most recent pandemic and this quarter's disruptions, existing and new clients sought refuge at Croghan. We work very hard to earn the trust of those who seek safety. Croghan is a well-diversified, well-established place of trust, which has been built over many decades and arguably over a century. I am happy to report that currently, banking has returned to being less volatile while we continue to position Croghan for safety and success for our clients, employees, communities, and shareholders.

From a financial standpoint, I continue to be pleased with our earnings in this changing environment. Net income was \$3,097,000, and net income per share was \$1.44. These earnings generated a ROA of 1.11%, ROE of 11.00% and Net interest margin came in at 3.46%. The decrease in net income from the 1st quarter 2022 can be attributed to a decrease of PPP fees of \$330,000 as well as a loss on sales of securities of \$241,000. The securities that were sold at losses did help us manage our liquidity and the losses realized will be earned back during 2023. As for our margin, deposit costs continue to rise at a rapid pace. Maintaining our deposit base has required us to pay at a much higher rate. Accordingly, year-over-year interest expense has increased \$1,585,000. To date, we have been able to offset the higher deposit costs by increasing loan balances \$14 million at higher rates as well, which ultimately, generated an increase in our interest income of \$2,044,000.

Our ability to consistently generate strong earnings has allowed us to provide consistent and growing dividends to our shareholders. I am happy to announce that the dividend for the first quarter is \$.57 per share, an increase of 3.6% from 1st quarter 2022 payout of \$.55 per share. The first quarter dividend will be paid on April 28, 2023, to shareholders of record on April 14, 2023.

As we mentioned in January, we are converting to a digital format for our newsletter starting in July. If you wish to continue to receive this newsletter and haven't already, please take a minute to enroll at [croghan.com/subscribe.aspx](https://croghan.com/subscribe.aspx). This free enrollment site is for our shareholders only, so you don't have to worry about us flooding your inbox with unwelcomed or unsolicited e-mails. You can also view our newsletters, and any other company public releases, on our website ([www.croghan.com](https://www.croghan.com)) under the Investor Relations tab. As always, feel free to contact Investor Relations Officer Amy LeJeune at [alejeune@croghan.com](mailto:alejeune@croghan.com) or 419.355.2231 with any questions you may have.

We thank you for your continued support of our company.

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

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STOCK LISTING Ticker Symbol: CHBH On The OTCQB Market

# FINANCIAL INFORMATION *(unaudited)*

## PERIOD END BALANCES

	As of 3/31/23	As of 12/31/22
Cash and cash equivalents	\$ 20,669,000	\$ 21,020,000
Securities	\$ 316,570,000	\$ 336,291,000
Loans	\$ 713,537,000	\$ 699,459,000
Less allowance for loan loss	\$ 8,986,000	\$ 8,686,000
Other assets	\$ 77,014,000	\$ 77,679,000
<b>Total assets</b>	<b>\$ 1,118,804,000</b>	<b>\$ 1,125,763,000</b>
Deposits	\$ 912,019,000	\$ 908,898,000
Other liabilities	\$ 91,384,000	\$ 107,795,000
<b>Total liabilities</b>	<b>\$ 1,003,403,000</b>	<b>\$ 1,016,693,000</b>
Net valuation allowance-securities	\$ (31,137,000)	\$ (36,209,000)
Retained earnings	\$ 117,845,000	\$ 116,205,000
Other equity	\$ 28,693,000	\$ 29,074,000
<b>Total capital</b>	<b>\$ 115,401,000</b>	<b>\$ 109,070,000</b>
<b>Total liabilities and capital</b>	<b>\$ 1,118,804,000</b>	<b>\$ 1,125,763,000</b>
Common shares outstanding	2,151,429	2,158,613
Average common shares outstanding	2,153,240	2,196,561

## CONDENSED STATEMENT OF OPERATIONS

	Year to Date		Year Ended
	3/31/23	3/31/22	12/31/22
Interest income	\$ 11,260,000	\$ 9,216,000	\$ 39,797,000
Interest expense	1,942,000	357,000	2,129,000
<b>Net interest income</b>	<b>9,318,000</b>	<b>8,859,000</b>	<b>37,668,000</b>
Provision for loan losses	50,000	-	-
<b>Net interest income after provision for loan losses</b>	<b>9,268,000</b>	<b>8,859,000</b>	<b>37,668,000</b>
Other non-interest income	1,426,000	1,895,000	7,006,000
Non-interest expenses	6,991,000	6,660,000	27,681,000
<b>Income before federal income taxes</b>	<b>3,703,000</b>	<b>4,094,000</b>	<b>16,993,000</b>
Federal income taxes	606,000	710,000	2,979,000
<b>Net income</b>	<b>\$ 3,097,000</b>	<b>\$ 3,384,000</b>	<b>\$ 14,014,000</b>

## PER SHARE DATA (BASIC)

	Year to Date	
	3/31/23	3/31/22
Net income	\$ 1.44	\$ 1.54
Cash dividends declared	\$ 0.57	\$ 0.55
Book value	\$ 53.64	\$ 56.63
Tangible book value	\$ 43.19	\$ 46.34
Closing price	\$ 52.00	\$ 64.51

## FINANCIAL RATIOS

	Year to Date	
	3/31/23	3/31/22
Return on average assets	1.11%	1.21%
Return on average equity	11.00%	9.93%
Net interest margin	3.46%	3.37%
Loans to deposits	78.24%	68.90%