

QUARTERLY REPORT

July 2023



A MESSAGE FROM

KENDALL W. RIEMAN, President/CEO

2023 2nd quarter update includes:

- Net Income year-to-date totaling \$5,978,000 or \$2.78 per share
- The quarterly cash dividend of \$0.57 per share, up 4% year-to-date
- Annual Meeting Vote Results
- 135 years strong and ongoing expectations

As we have made it halfway through 2023, and the dramatic changes that occurred during the first half of the year, we are pleased with where Croghan stands. Croghan remains a pillar in the banking landscape and continues to demonstrate the strength through bank earnings and other financial metrics. Net income year-to-date totaled \$5,978,000 which is down 10.5% comparing year over year. This net income while down, continues to be strong, when factoring in the rapid increases from the Fed and the inverted yield curve, both of which contributed to the margin pressures. While we are seeing tightening of monetary policy and recession predictions, our credit quality remains in good shape and will continued to be monitored heavily for any signs of performance issues in the loan portfolio. Overall results returned a ROA of 1.08%, a ROAE of 10.46% all very strong for the current industry

The balance sheet has seen strong growth in our loan portfolio as we have seen an increase of 2.8% which helps support our interest income increase of \$4,132,000 compared to last year. Conversely, deposit balance decreased slightly, but the cost on those deposits increased \$3,822,000. The increases in both categories helped maintain our margin at 3.42%, another strong number in this environment.

Our steady performance has allowed for dividends paid to shareholders to increase 4% year-to-date, with a declared quarterly dividend of \$0.57 per share and was payable on July 31, 2023, to shareholders of record on July 14, 2023.

As a re-cap of matters that were voted on at The Annual Shareholder Meeting held on May 9, 2023, shareholders approved all proposed directors for election, as well as the ratification of the proposed public accounting firm.

Croghan is celebrating 135 years of being in business. We look forward to sharing our vast experience and banking knowledge to provide value to our shareholders and clients, while maintaining the everyday client positive experience that makes people proud to bank with us.

Thank you for your continued support and if you would like more information on the bank you can use bankstock@croghan.com to get your questions answered and help with any investing needs.

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

FINANCIAL INFORMATION *(unaudited)*

PERIOD END BALANCES

	As of 06/30/23	As of 12/31/22
Cash and cash equivalents	\$ 22,198,000	\$ 21,020,000
Securities	\$ 311,108,000	\$ 336,291,000
Loans	\$ 718,749,000	\$ 699,459,000
Less allowance for loan loss	\$ 8,945,000	\$ 8,686,000
Other assets	<u>\$ 76,759,000</u>	<u>\$ 77,679,000</u>
Total assets	<u>\$ 1,119,869,000</u>	<u>\$ 1,125,763,000</u>
Deposits	\$ 904,387,000	\$ 908,898,000
Other liabilities	\$ 100,369,000	\$ 107,795,000
Total liabilities	<u>\$ 1,004,756,000</u>	<u>\$ 1,016,693,000</u>
Net valuation allowance-securities	\$ (32,142,000)	\$ (36,209,000)
Retained earnings	\$ 119,510,000	\$ 116,205,000
Other equity	\$ 27,745,000	\$ 29,074,000
Total capital	<u>\$ 115,113,000</u>	<u>\$ 109,070,000</u>
Total liabilities and capital	<u>\$ 1,119,869,000</u>	<u>\$ 1,125,763,000</u>
Common shares outstanding	2,135,297	2,158,613
Average common shares outstanding	2,149,344	2,194,151

CONDENSED STATEMENT OF OPERATIONS

	Year to Date		Three Months Ended	
	06/30/23	06/30/22	06/30/23	06/30/22
Interest income	\$ 22,839,000	\$ 18,707,000	\$ 11,579,000	\$ 9,491,000
Interest expense	4,549,000	727,000	2,607,000	370,000
Net interest income	<u>18,290,000</u>	<u>17,980,000</u>	<u>8,972,000</u>	<u>9,121,000</u>
Provision for loan losses	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net interest income after provision for loan losses	18,240,000	17,980,000	8,972,000	9,121,000
Other non-interest income	3,135,000	3,640,000	1,709,000	1,745,000
Non-interest expenses	<u>14,193,000</u>	<u>13,541,000</u>	<u>7,202,000</u>	<u>6,881,000</u>
Income before federal income taxes	7,182,000	8,079,000	3,479,000	3,985,000
Federal income taxes	<u>1,204,000</u>	<u>1,399,000</u>	<u>598,000</u>	<u>689,000</u>
Net income	<u>\$ 5,978,000</u>	<u>\$ 6,680,000</u>	<u>\$ 2,881,000</u>	<u>\$ 3,296,000</u>

PER SHARE DATA (BASIC)

	Year to Date	
	06/30/23	06/30/22
Net income	\$ 2.78	\$ 3.04
Cash dividends declared	\$ 1.14	\$ 1.10
Book value	\$ 53.91	\$ 51.74
Tangible book value	\$ 43.39	\$ 41.41
Closing price	\$ 48.00	\$ 61.25

FINANCIAL RATIOS

	Year to Date	
	06/30/23	06/30/22
Return on average assets	1.08%	1.20%
Return on average equity	10.46%	10.40%
Net interest margin	3.42%	3.41%
Loans to deposits	79.47%	72.11%