

QUARTERLY REPORT

January 2024



A MESSAGE FROM

KENDALL W. RIEMAN, President/CEO

2023 4th quarter update includes:

- Banking and economic comments
- Financial results and a quarterly cash dividend of \$0.57 per share
- Capital levels

As I reflect upon the banking and economic conditions we had during the 4th quarter of 2023, it showed modestly lower interest rates in the market, as well as lower levels of economic growth and inflation. These factors contributed to the market starting to anticipate the Federal Reserve to begin cutting managed rates in 2024. The impact of lower market rates to banks helped slow the rise in the cost of deposits for the banking industry and helped increase demand from borrowers as loan rates moderated. Overall, the banking industry continues to work through lower net interest margins, reduced overall banking deposits, increased regulatory challenges, and higher operating costs. Offsetting the negatives in our industry are excellent credit quality, high capital levels, and quality levels of net income. We also experienced other challenges during 2023. Challenges such as high-profile bank failures and fallout from a historical cycle of Federal Reserve rate hikes undoubtedly were reflected in the banking sector, including Croghan's stock performance during 2023. Banking has been and continues to be a cyclical business, oftentimes reflecting consumer sentiment of the economy that often reflects the markets' feelings of the overall health of the economy.

For Croghan, our 4th quarter net income was \$2,198,000, compared to \$3,565,000 for the same period in 2022. Results for the 4th quarter of 2023 were negatively affected by our decision to realize a loss from sales of securities of \$547,000 pre-tax. This loss was a result of our decision to reposition our securities in order to increase earnings over the next one to three years above the incurred losses we took in 2023. Similarly, the year-to-date results were negatively affected by losses from sales of securities that totaled \$1,044,000 for the same reasons. For the year 2023, net income was \$10,773,000, resulting in a .98% return on assets and a 9.51% return on equity. Backing out the security losses, ROA would have been 1.05% and ROE would have been 10.24%.

Capital levels at Croghan continue to be very strong and growing. We continue to believe that capital strength helps provide insurance against challenging times and allows us to take advantage of opportunities when they arise. Our capital supports consistent dividend payouts and stock buy-backs, both of which provide valuable liquidity for our shareholders. For the fourth quarter, I am pleased to announce that our dividend amount is \$0.57 per share or an increase year to date of 2.24% compared to 2022 declared dividends. The dividend is payable on January 31, 2024, to shareholders of record on January 12, 2024.

We are optimistic heading into 2024 and believe we are well positioned to once again provide both outstanding services to our clients and meaningful returns to our shareholders. We continue to look forward to *"Helping Good People Make Good Decisions"* and producing the results that benefit our communities, employees, and shareholders. We hope to see you out in our communities, but if we miss you, please find us on our Facebook or LinkedIn platforms.

A handwritten signature in blue ink, reading 'Kendall W. Rieman'.

INVESTOR RELATIONS
STOCK LISTING

Amy LeJeune

Ticker Symbol: CHBH

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On The OTCQB Market

FINANCIAL INFORMATION *(unaudited)*

PERIOD END BALANCES

	As of 12/31/23	As of 12/31/22
Cash and cash equivalents	\$ 37,358,000	\$ 21,020,000
Securities	\$ 301,999,000	\$ 336,291,000
Loans	\$ 713,009,000	\$ 699,459,000
Less allowance for loan loss	\$ 8,869,000	\$ 8,686,000
Other assets	\$ 74,631,000	\$ 77,679,000
Total assets	\$ 1,118,128,000	\$ 1,125,763,000
Deposits	\$ 887,202,000	\$ 908,898,000
Other liabilities	\$ 111,269,000	\$ 107,795,000
Total liabilities	\$ 998,471,000	\$ 1,016,693,000
Net valuation allowance-securities	\$ (28,479,000)	\$ (36,209,000)
Retained earnings	\$ 121,718,000	\$ 116,205,000
Other equity	\$ 26,418,000	\$ 29,074,000
Total capital	\$ 119,657,000	\$ 109,070,000
Total liabilities and capital	\$ 1,118,128,000	\$ 1,125,763,000
Common shares outstanding	2,105,752	2,158,613

CONDENSED STATEMENT OF OPERATIONS

	Year to Date		Three Months Ended	
	12/31/23	12/31/22	12/31/23	12/31/22
Interest income	\$ 47,529,000	\$ 39,797,000	\$ 12,452,000	\$ 10,848,000
Interest expense	11,427,000	2,129,000	3,655,000	1,016,000
Net interest income	36,102,000	37,668,000	8,797,000	9,832,000
Provision for loan losses	75,000	-	25,000	-
Net interest income after provision for loan losses	36,027,000	37,668,000	8,772,000	9,832,000
Other non-interest income	6,835,000	7,038,000	1,644,000	1,624,000
Loss on sale of securities	(1,044,000)	(32,000)	(547,000)	-
Non-interest expenses	28,801,000	27,681,000	7,207,000	7,126,000
Income before federal income taxes	13,017,000	16,993,000	2,662,000	4,330,000
Federal income taxes	2,244,000	2,979,000	464,000	765,000
Net income	\$ 10,773,000	\$ 14,014,000	\$ 2,198,000	\$ 3,565,000

PER SHARE DATA (BASIC)

	Year to Date	
	12/31/23	12/31/22
Net income	\$ 5.05	\$ 6.41
Cash dividends declared	\$ 2.28	\$ 2.23
Book value	\$ 56.82	\$ 50.53
Tangible book value	\$ 46.18	\$ 40.11
Closing price	\$ 46.00	\$ 56.00
Average common shares outstanding	2,133,533	2,184,959

FINANCIAL RATIOS

	Year to Date	
	12/31/23	12/31/22
Return on average assets	0.98%	1.26%
Return on average equity	9.51%	11.53%
Net interest margin	3.37%	3.55%
Loans to deposits	80.37%	76.96%