

QUARTERLY REPORT

April 2024



A MESSAGE FROM

KENDALL W. RIEMAN, *President/CEO*

2024 1st quarter update includes:

- The banking environment and economic review
- Deposits grew by \$28.6 Million, strong net Income of \$2,937,000
- Quarterly dividend amount of \$0.57
- Board of Directors update

Croghan, along with all the banks in the US, continues to experience a rather difficult banking environment. With 77% of our net income coming from our net interest margin (NIM), yield curves and deposit pricing have a large effect on our overall income. We are currently experiencing an inverted yield curve which typically drives down margins at banks, and this has been true for Croghan. Our year-over-year NIM has dropped from 3.46% to 3.16% as of March 31, 2024. Overall our net interest income dropped \$918,000 during the 1st quarter of 2024, compared to the 1st quarter of 2023. While we have seen a benefit from higher loan and bond yields, the continued increase on our costs of deposits has more than outpaced the increase in assets. This environment is great for our clients who are savers and are now receiving a much higher level of income. With the higher rates on deposits, we have seen a meaningful increase in deposits of \$28.6 million in the 1st quarter of 2024. With all of the challenges, Croghan did earn \$2,937,000 during the 1st quarter of 2024, only down \$160,000, compared to 1st quarter of 2023. Non-interest income was up \$1,030,000 year-over-year. A large part of this increase came from our bank-owned life insurance program which had a one-time increase of \$673,000 during the quarter. Other increases in this area came from our Wealth Management Department, which continues to positively impact our bottom line. We are pleased with our results, despite all the challenges such as the pandemic and the current inverted yield curve environment.

The Federal Reserve (Fed) has currently paused raising short-term rates and leaving them at elevated levels to get inflation under control. Early in the 1st quarter, the consensus expectation was for the Fed to begin to lower rates during 2024. With the latest economic news and inflation pressures higher than expected, the consensus is now that rates will be higher for a bit longer. At Croghan, we position our company to produce competitive returns regardless of what the Fed may or may not do. We believe this conservative approach to managing our balance sheet has served our shareholders, employees, and communities well.

Once again, our ability to consistently generate strong earnings has allowed us to provide another 1st quarter dividend of \$0.57 per share. The 1st quarter dividend will be paid on April 30, 2024, to shareholders of record on April 12, 2024.

Our Board of Directors has seen several changes recently. Mike Allen will be retiring from our Board at the end of April. Mike has been a valuable member of our Board for over 21 years. His leadership and input will be missed, but his value and impact will be seen at Croghan for many more years. We wish Mike all the best as he steps into new adventures. Additionally, both Sara Riesen and Dr. Andy Peterson have been appointed to our Board of Directors. Sara is a lifelong advocate in our Tiffin markets as well as a real estate expert in that area. Andy is a lifelong advocate representing our Fremont market and that is where his dentistry practice is located. Both Sara and Andy are excellent additions and we look forward to the impacts of their leadership at Croghan.

We thank you for your continued support of our company.

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

INVESTOR RELATIONS
STOCK LISTING

Amy LeJeune

419.355.2231 | bankstock@croghan.com

Ticker Symbol: CHBH

On The OTCQB Market

FINANCIAL INFORMATION *(unaudited)*

PERIOD END BALANCES

	As of 03/31/24	As of 12/31/23
Cash and cash equivalents	\$ 52,520,000	\$ 37,358,000
Securities	\$ 296,382,000	\$ 301,999,000
Loans	\$ 708,684,000	\$ 713,009,000
Less allowance for loan loss	\$ 8,866,000	\$ 8,869,000
Other assets	<u>\$ 72,587,000</u>	<u>\$ 74,631,000</u>
Total assets	<u>\$ 1,121,307,000</u>	<u>\$ 1,118,128,000</u>
Deposits	\$ 915,826,000	\$ 887,202,000
Other liabilities	\$ 84,650,000	\$ 111,269,000
Total liabilities	<u>\$ 1,000,476,000</u>	<u>\$ 998,471,000</u>
Net valuation allowance-securities	\$ (28,984,000)	\$ (28,479,000)
Retained earnings	\$ 123,456,000	\$ 121,718,000
Other equity	\$ 26,359,000	\$ 26,418,000
Total capital	<u>\$ 120,831,000</u>	<u>\$ 119,657,000</u>
Total liabilities and capital	<u>\$ 1,121,307,000</u>	<u>\$ 1,118,128,000</u>
Common shares outstanding	2,106,980	2,105,752
Average common shares outstanding	2,105,233	2,153,240

CONDENSED STATEMENT OF OPERATIONS

	Year to Date		Year Ended
	03/31/24	03/31/23	12/31/23
Interest income	\$ 12,578,000	\$ 11,260,000	\$ 47,529,000
Interest expense	<u>4,178,000</u>	<u>1,942,000</u>	<u>11,427,000</u>
Net interest income	8,400,000	9,318,000	36,102,000
Provision for loan losses	<u>-</u>	<u>50,000</u>	<u>75,000</u>
Net interest income after provision for loan losses	8,400,000	9,268,000	36,027,000
Other non-interest income	2,456,000	1,426,000	6,835,000
Loss on sale of securities	-	-	(1,044,000)
Non-interest expenses	<u>7,345,000</u>	<u>6,991,000</u>	<u>28,801,000</u>
Income before federal income taxes	3,511,000	3,703,000	13,017,000
Federal income taxes	574,000	606,000	2,244,000
Net income	<u>\$ 2,937,000</u>	<u>\$ 3,097,000</u>	<u>\$ 10,773,000</u>

PER SHARE DATA (BASIC)

	Year to Date	
	03/31/24	03/31/23
Net income	\$ 1.40	\$ 1.44
Cash dividends declared	\$ 0.57	\$ 0.57
Book value	\$ 57.35	\$ 53.64
Tangible book value	\$ 46.71	\$ 43.19
Closing price	\$ 45.30	\$ 52.00

FINANCIAL RATIOS

	Year to Date	
	03/31/24	03/31/23
Return on average assets	1.07%	1.11%
Return on average equity	9.85%	11.00%
Net interest margin	3.16%	3.46%
Loans to deposits	77.38%	78.24%