

# QUARTERLY REPORT

January 2025



## A MESSAGE FROM

KENDALL W. RIEMAN, President/CEO

2024 4th quarter update includes:

- Banking and economic comments
- New and updated technology at Croghan
- Financial results and quarterly cash dividend of \$0.58 per share

During the 4th quarter, we saw the banking environment slowly improve as The Federal Reserve (Fed) started to lower managed rates, which along with a surging stock market, has supported a positive environment for the economy. Financial results for the 4th quarter show a modest improvement in our Net Interest Margin (NIM) compared to previous quarters. Our NIM is the largest contributor to our overall profitability. So, as time passed from the large increases the Fed undertook in 2023, it has allowed for our NIM to improve steadily, along with the Fed beginning to drop managed rates during the 4th quarter. While 2024 will not go down as a record year for most banks, including Croghan, it has been a transition year to improve our NIM and set us up for improved performance in the future.

We are excited to share insights into initiatives at Croghan aimed at improving the client experience, which ultimately drives long-term financial success. We have initiated a process to enhance our technology, enabling us to offer our clients an improved suite of products with new features. This initiative will take place over two years, with new features being rolled out throughout the timeline. The first change you will notice is our redesigned website, which we expect to launch in 2025. Our commitment is to ensure a seamless transition while prioritizing client security and convenience as we roll out the new features. Given the rapid pace of technological advancement, this investment is a straightforward decision for Croghan. We look forward to meeting the evolving needs of our clients with the right products and services.

Financially, our 4th quarter net income was \$2,338,000, compared to \$2,198,000 for the same period in 2023. Our 4th quarter results reflect additional repositioning of our bond portfolios, resulting in a pretax loss of \$142,000. We are also incurring some one-time costs related to our investments in technology and new product offerings. During the 4th quarter of 2024, we expensed approximately \$425,000 related to these improvements, and we do expect to have additional one-time costs during 2025. Our financial results continue to allow us to pay meaningful dividends to you. For this period, the dividend will be \$0.58 per share, that is payable on January 31, 2025, to shareholders of record on January 10, 2025.

We continue to be optimistic about our future as we head into 2025. We are pleased to be in a financial position to be able to make significant investments in technology which will help Croghan remain a leader for banking services and products in our communities. We are committed to "Helping Good People Make Good Decisions" both today and over the long term. Finally, it is likely that we will see you out in our communities and would appreciate any questions or comments you have. If we do not get a chance to meet, you can find updates from Croghan on our Facebook or LinkedIn platforms.

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

# FINANCIAL INFORMATION *(unaudited)*

## PERIOD END BALANCES

	As of 12/31/24	As of 12/31/23
Cash and cash equivalents	\$ 36,988,000	\$ 37,358,000
Securities	\$ 316,752,000	\$ 301,999,000
Loans	\$ 734,699,000	\$ 713,009,000
Less allowance for loan loss	\$ 8,696,000	\$ 8,869,000
Other assets	\$ 71,052,000	\$ 74,631,000
<b>Total assets</b>	<b>\$ 1,150,795,000</b>	<b>\$ 1,118,128,000</b>
Deposits	\$ 944,102,000	\$ 887,202,000
Other liabilities	\$ 82,402,000	\$ 111,269,000
<b>Total liabilities</b>	<b>\$ 1,026,504,000</b>	<b>\$ 998,471,000</b>
Net valuation allowance-securities	\$ (27,622,000)	\$ (28,479,000)
Retained earnings	\$ 126,963,000	\$ 121,718,000
Other equity	\$ 24,950,000	\$ 26,418,000
<b>Total capital</b>	<b>\$ 124,291,000</b>	<b>\$ 119,657,000</b>
<b>Total liabilities and capital</b>	<b>\$ 1,150,795,000</b>	<b>\$ 1,118,128,000</b>
Common shares outstanding	2,075,090	2,105,752

## CONDENSED STATEMENT OF OPERATIONS

	Year to Date		Three Months Ended	
	12/31/24	12/31/23	12/31/24	12/31/23
Interest income	\$ 53,278,000	\$ 47,529,000	\$ 13,871,000	\$ 12,452,000
Interest expense	17,850,000	11,427,000	4,498,000	3,655,000
Net interest income	35,428,000	36,102,000	9,373,000	8,797,000
Provision for loan losses	-	75,000	-	25,000
Net interest income after provision for loan losses	35,428,000	36,027,000	9,373,000	8,772,000
Other non-interest income	7,782,000	6,835,000	1,818,000	1,644,000
Loss on sale of securities	(473,000)	(1,044,000)	(142,000)	(547,000)
Non-interest expenses	30,351,000	28,801,000	8,118,000	7,207,000
Income before federal income taxes	12,386,000	13,017,000	2,931,000	2,662,000
Federal income taxes	2,328,000	2,244,000	593,000	464,000
<b>Net income</b>	<b>\$ 10,058,000</b>	<b>\$ 10,773,000</b>	<b>\$ 2,338,000</b>	<b>\$ 2,198,000</b>

## PER SHARE DATA (BASIC)

	Year to Date	
	12/31/24	12/31/23
Net income	\$ 4.80	\$ 5.05
Cash dividends declared	\$ 2.30	\$ 2.28
Book value	\$ 59.90	\$ 56.82
Tangible book value	\$ 49.09	\$ 46.18
Closing price	\$ 48.27	\$ 46.00
Average common shares outstanding	2,097,414	2,133,533

## FINANCIAL RATIOS

	Year to Date	
	12/31/24	12/31/23
Return on average assets	0.90%	0.98%
Return on average equity	8.17%	9.51%
Net interest margin	3.27%	3.37%
Loans to deposits	77.82%	80.37%