



CROGHAN
BANCSHARES, INC.



2025

**ANNUAL
REPORT**

TICKER SYMBOL: CHBH

A MESSAGE FROM KENDALL RIEMAN, *President/CEO*

As we close the books on a successful 2025, I am proud to report the results that Croghan achieved during the year. Our focus on “Helping Good People Make Good Decisions” through our dedicated staff remains our formula for meeting the needs of our communities and generating meaningful returns for our shareholders. The 2025 economic landscape saw inflation slow to 2.7% while employment levels weakened slightly, leading to the Federal Reserve loosening monetary policy throughout the year. The yield curve reaction to economic, fiscal, and global dynamics was to progress toward a more normal sloping yield curve, essentially undoing the inverted slope it had been in. Having the yield curve get out of a wide inversion is important for Croghan, as our margins increase with the return to more normal yield curves.



Croghan Bancshares delivered strong financial results in 2025. We achieved a notable year-over-year increase in net income, driven by improved net interest margins due to variable-rate loan resets, loan growth, and stabilizing funding costs. The top-line revenue increase led to an overall increase in net income of \$2,083,000 for a total year-to-date income amount of \$12,141,000. CHBH stock saw a strong yearly appreciation of 10.8%, with a year-end price of \$53.49. Our earnings per share also reflect a strong increase that totaled for the year \$5.94. Our 2025 performance also reflects a change in the balance sheet as we grew gross loans by \$95,281,000, an increase of 13.0%. This loan growth occurred mostly in the fourth quarter, so increased earnings from these loans will be much more impactful on 2026 interest income. In addition to the growth of loans, we also adopted a leverage strategy where we borrowed money and purchased securities. Our ability to increase our borrowings and leverage is a direct result of having very strong capital levels. This strategy will generate additional net income, helping us to provide meaningful returns on the capital we manage.

We are thrilled to have completed the comprehensive banking technology upgrade of our digital banking infrastructure. This year, we transitioned to a new Online and Mobile Banking platform. It is designed to deliver a seamless, intuitive user experience. Key enhancements include improved security and a better user experience. We will also continue to introduce new products and services, along with improved connectivity and financial tools. These changes empower our customers to manage their financial health more effectively. We believe these upgrades will help Croghan remain relevant as the bank of choice now and into the near future.

As the financial sector evolves, Croghan remains vigilant in monitoring emerging technologies while prioritizing the safety and security of our customers. We are keeping a close eye on the continued use and advancements of Artificial Intelligence (AI), digital assets, and Central Bank Digital Currencies (CBDCs). With these and other new technologies, we continue to focus on our clients. As the needs of our clients change and adapt to new financial tools, we too will change by utilizing the aforementioned new technology we recently transitioned to.

In summary, we enter 2026 with a strong capital position, modernized technology, and a team dedicated to “**Helping Good People Make Good Decisions**” for many years to come. We hope to continue seeing you out in our communities, but as always, you can visit our Croghan Facebook and LinkedIn accounts to stay informed about all things Croghan. Thank you for your continued trust and investment in Croghan Bancshares.

A handwritten signature in blue ink that reads "Kendall Riemann". The signature is fluid and cursive, written in a professional style.

CROGHAN BANCSHARES, INC.

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Investor Relations

Croghan Bancshares, Inc.
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Availability of More Information

To obtain a free copy of the Corporation's Annual Report for the year ended December 31, 2025, or for other information, contact us by one of the methods noted above.

Annual Meeting

The Annual Meeting of Shareholders:

WHEN: Tuesday, May 12, 2026
1:00 pm Eastern Time

A live audio presentation of the Annual Meeting will be hosted from the Corporation's headquarters at 323 Croghan Street, Fremont, OH 43420. Please refer to the Proxy Statement for the 2026 Annual Meeting for additional details.

CROGHAN BANCSHARES, INC.

DESCRIPTION OF THE CORPORATION

Croghan Bancshares, Inc. ("Croghan"), an Ohio corporation, is a financial holding company incorporated in 1983 with approximately \$1,314,000,000 in total assets as of December 31, 2025. Croghan owns all of the outstanding shares of The Croghan Colonial Bank ("Bank"), an Ohio state-chartered bank incorporated in 1888 and headquartered in Fremont, Ohio.

The Bank offers a diverse range of commercial and retail banking services through its 19 banking centers located in Bellevue, Clyde, Curtice, Fremont, Green Springs, Monroeville, Norwalk, Maumee, Milan, Oak Harbor, Oregon, Port Clinton, and Tiffin, Ohio. Products are comprised of traditional banking services such as consumer, commercial, agricultural and real estate loans, personal and business checking accounts, savings accounts, time deposit accounts, safe deposit box services, and trust department services. Investment products bearing no FDIC insurance are offered through the Bank's Trust and Investment Services Division.

MARKET PRICE AND DIVIDENDS ON COMMON SHARES (unaudited)

Croghan's common shares are quoted on the OTCQB under the symbol "CHBH." The following shows the range of high and low-price closing quotations, as reported on the OTCQB, for Croghan's common shares for each quarterly period during 2025 and 2024. OTCQB quotations reflect inter-dealer prices, without mark-up, mark-down, or commission and may not necessarily represent actual transactions.

	2025		2024	
	Low	High	Low	High
First Quarter	\$ 45.40	\$ 49.00	\$ 45.05	\$ 46.50
Second Quarter	45.02	49.69	45.30	46.75
Third Quarter	47.53	51.02	45.55	50.25
Fourth Quarter	48.75	53.49	45.60	50.49

Net income, basic net income per share data, and dividends declared by Croghan on its common shares during the past two years are as follows (dollars in thousands, except per share data):

2025	Net income	Basic net income per share	Dividend per share
First Quarter	\$ 2,613	\$ 1.27	\$ 0.58
Second Quarter	2,822	1.37	0.58
Third Quarter	3,395	1.66	0.59
Fourth Quarter	<u>3,311</u>	<u>1.64</u>	<u>0.60</u>
Total	<u>\$ 12,141</u>	<u>\$ 5.94</u>	<u>\$ 2.35</u>
2024	Net income	Basic net income per share	Dividend per share
First Quarter	\$ 2,937	\$ 1.40	\$ 0.57
Second Quarter	2,332	1.11	0.57
Third Quarter	2,451	1.17	0.58
Fourth Quarter	<u>2,338</u>	<u>1.12</u>	<u>0.58</u>
Total	<u>\$ 10,058</u>	<u>\$ 4.80</u>	<u>\$ 2.30</u>

The ability of Croghan to declare and pay dividends on its common shares is dependent, in large part, on dividends received from the Bank. The ability of the Bank to pay dividends is subject to certain legal and regulatory limitations described in Note 17 to the consolidated financial statements contained in the Annual Report.

CROGHAN BANCSHARES, INC.

THREE YEAR SUMMARY OF SELECTED FINANCIAL DATA (unaudited)

	Years ended December 31,		
	2025	2024	2023
Statements of operations:			
	(Dollars in thousands, except share data)		
Total interest income	\$ 59,887	\$ 53,278	\$ 47,529
Total interest expense	19,314	17,850	11,427
Net interest income	40,573	35,428	36,102
Provision for credit losses	550	-	75
Net interest income, after provision for credit losses	40,023	35,428	36,027
Total non-interest income	7,366	7,309	5,791
Total non-interest expenses	32,262	30,351	28,801
Income before federal income taxes	15,127	12,386	13,017
Federal income taxes	2,986	2,328	2,244
Net income	<u>\$ 12,141</u>	<u>\$ 10,058</u>	<u>\$ 10,773</u>
Per share of common stock:			
Net income - Basic	\$ 5.94	\$ 4.80	\$ 5.05
Net income - Diluted	5.94	4.80	5.05
Dividends	2.35	2.30	2.28
Book value	68.36	59.90	56.82
Tangible book value	<u>57.24</u>	<u>49.09</u>	<u>46.18</u>
Average shares of common stock outstanding	<u>2,044,193</u>	<u>2,097,414</u>	<u>2,133,533</u>
Year-end balances:			
Loans, net	\$ 820,784	\$ 726,003	\$ 704,140
Securities	394,159	316,752	301,999
Total assets	1,314,400	1,150,795	1,118,128
Deposits	973,543	944,102	887,202
Stockholders' equity	<u>137,724</u>	<u>124,291</u>	<u>119,657</u>
Selected ratios:			
Net yield on average interest-earning assets	3.51%	3.27%	3.37%
Return on average assets	1.01	0.90	0.98
Return on average stockholders' equity	9.31	8.17	9.51
Net loan charge-offs as a percent of average outstanding net loans	0.01	0.02	0.02
Allowance for credit and loan losses as a percent of year-end loans	1.11	1.18	1.24
Stockholders' equity as a percent of total year-end assets	10.48	10.80	10.70
Cash dividends declared as a percent of net income	39.46	47.85	45.00
Number of stockholders of record	882	918	936
Number of full-time equivalent employees	202	207	211

Independent Auditor's Report

To the Board of Directors
Croghan Bancshares, Inc.

Opinion

We have audited the consolidated financial statements of Croghan Bancshares, Inc and its subsidiaries (the "Corporation"), which comprise the consolidated balance sheet as of December 31, 2025 and 2024 and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2025 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Corporation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
Croghan Bancshares, Inc.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual financial report. The other information comprises the description of the Corporation and common share information and selected financial data but does not include the consolidated financial statements and our auditor's report thereon. Our opinions on the consolidated financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Plante & Moran, PLLC

February 5, 2026

Independent Auditor's Report

To the Board of Directors
Croghan Bancshares, Inc.

Report on Internal Control Over Financial Reporting

Opinion on Internal Control Over Financial Reporting

We have audited Croghan Bancshares, Inc.'s (the "Corporation") internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) relevant to internal reporting objectives for the express purpose of meeting the regulatory requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) (the "COSO criteria"). In our opinion, Croghan Bancshares, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024 based on the COSO criteria.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the consolidated balance sheet as of December 31, 2024 and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for the year then ended of Croghan Bancshares, Inc., and our report dated February 6, 2025 expressed an unmodified opinion.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting* section of our report. We are required to be independent of Croghan Bancshares, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, including the accompanying management's report on internal control over financial reporting.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance, and, therefore, is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

To the Board of Directors
Croghan Bancshares, Inc.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act, our audit of Croghan Bancshares, Inc.'s internal control over financial reporting included controls over the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and with the instructions to the Parent Company Only Financial Statements for Small Holding Companies (Form FR Y-9SP).

An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Restriction on Use

This report is intended solely for the information and use of management, the board of directors, others within the Corporation, the Federal Deposit Insurance Corporation, and the Federal Reserve Bank and is not intended to be and should not be used by anyone other than these specified parties.

Report on Other Legal and Regulatory Matters

We were not engaged to, and we have not, performed any procedures with respect to management's assertion regarding compliance with laws and regulations included in the accompanying report of management. Accordingly, we do not express any opinion or other form of assurance on management's assertion regarding compliance with laws and regulations.

Plante & Moran, PLLC

Cleveland, Ohio
February 6, 2025

CROGHAN BANCSHARES, INC.

CONSOLIDATED BALANCE SHEET

December 31,
2025 2024
(Dollars in thousands, except per share data)

ASSETS		
CASH AND CASH EQUIVALENTS	\$ 30,784	\$ 36,988
SECURITIES		
Available-for-sale, at fair value	383,876	311,861
Restricted stock	10,283	4,891
Total securities	<u>394,159</u>	<u>316,752</u>
LOANS	829,980	734,699
Less: Allowance for credit losses	9,196	8,696
Net loans	<u>820,784</u>	<u>726,003</u>
PREMISES AND EQUIPMENT, NET	9,681	10,012
CASH SURRENDER VALUE OF LIFE INSURANCE	23,291	23,495
GOODWILL	22,416	22,416
ACCRUED INTEREST RECEIVABLE	5,135	4,607
OTHER REAL ESTATE OWNED AND OTHER REPOSSESSED ASSETS	112	-
OTHER ASSETS	<u>8,038</u>	<u>10,522</u>
TOTAL ASSETS	<u>\$ 1,314,400</u>	<u>\$ 1,150,795</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand, non-interest bearing	\$ 272,378	\$ 265,303
Savings, NOW, and Money Market deposits	479,559	477,255
Time	221,606	201,544
Total deposits	<u>973,543</u>	<u>944,102</u>
Federal funds purchased and securities sold under repurchase agreements	50,141	50,013
Borrowed funds	145,000	25,000
Dividends payable	1,209	1,204
Other liabilities	6,783	6,185
Total liabilities	<u>1,176,676</u>	<u>1,026,504</u>
STOCKHOLDERS' EQUITY		
Common stock, \$12.50 par value. Authorized 6,000,000 shares; issued 2,506,208 shares at December 31, 2025 and 2024	31,328	31,328
Surplus	13,372	13,251
Retained earnings	134,313	126,963
Accumulated other comprehensive income (loss)	(18,619)	(27,622)
Treasury stock, 491,605 and 431,118 shares at December 31, 2025 and 2024, at cost	<u>(22,670)</u>	<u>(19,629)</u>
Total stockholders' equity	<u>137,724</u>	<u>124,291</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,314,400</u>	<u>\$ 1,150,795</u>

The accompanying notes are an integral part of the consolidated financial statements.

CROGHAN BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,	
	2025	2024
	(Dollars in thousands, except per share data)	
INTEREST INCOME		
Loans, including fees	\$ 45,551	\$ 40,985
Securities:		
Taxable	12,396	10,293
Non-taxable	448	550
Other Interest Income	<u>1,492</u>	<u>1,450</u>
Total Interest Income	<u>59,887</u>	<u>53,278</u>
INTEREST EXPENSE		
Deposits	16,366	15,274
Other borrowings	<u>2,948</u>	<u>2,576</u>
Total Interest expense	<u>19,314</u>	<u>17,850</u>
Net Interest Income	40,573	35,428
PROVISION FOR CREDIT LOSSES	<u>550</u>	<u>-</u>
Net Interest Income, after provision for credit losses	40,023	35,428
NON-INTEREST INCOME		
Trust Income	2,773	2,595
Service charges on deposit accounts	1,896	1,978
Gain on sale of loans	492	513
Gain (loss) on sale of securities	(153)	(473)
Other	<u>2,358</u>	<u>2,696</u>
Total non-interest income	<u>7,366</u>	<u>7,309</u>
NON-INTEREST EXPENSES		
Salaries, wages, and employee benefits	19,080	17,870
Occupancy of premises	1,539	1,412
Other	<u>11,643</u>	<u>11,069</u>
Total non-interest expenses	<u>32,262</u>	<u>30,351</u>
Income before federal income taxes	15,127	12,386
FEDERAL INCOME TAXES	<u>2,986</u>	<u>2,328</u>
NET INCOME	<u>\$ 12,141</u>	<u>\$ 10,058</u>
NET INCOME PER SHARE		
Basic	<u>\$ 5.94</u>	<u>\$ 4.80</u>
Diluted	<u>\$ 5.94</u>	<u>\$ 4.80</u>

The accompanying notes are an integral part of the consolidated financial statements.

CROGHAN BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year ended December 31,	
	2025	2024
	(Dollars in thousands)	
NET INCOME	<u>\$ 12,141</u>	<u>\$ 10,058</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gain (loss) on available-for-sale securities	11,391	612
Unrealized gains (losses) on interest rate swaps	(148)	-
Reclassification adjustments for securities (gain) loss included in income	<u>153</u>	<u>473</u>
Net unrealized gain (loss)	11,396	1,085
Income tax effect	<u>2,393</u>	<u>228</u>
Other comprehensive income (loss)	<u>9,003</u>	<u>857</u>
TOTAL COMPREHENSIVE INCOME (Loss)	<u>\$ 21,144</u>	<u>\$ 10,915</u>

The accompanying notes are an integral part of the consolidated financial statements.

CROGHAN BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Year ended December 31, 2025 and 2024

	Common Stock	Surplus	Retained Earnings	Accumulated Other comprehensive income (loss)	Treasury Stock	Total
(Dollars in thousands, except per share data)						
BALANCE AT DECEMBER 31, 2023	<u>\$ 31,328</u>	<u>\$ 13,185</u>	<u>\$ 121,718</u>	<u>\$ (28,479)</u>	<u>\$ (18,095)</u>	<u>\$ 119,657</u>
Net income	-	-	10,058	-	-	10,058
Forfeiture of restricted stock	-	-	-	-	-	-
Issuance of restricted stock - 5,694 shares	-	(215)	-	-	215	-
Other comprehensive income	-	-	-	857	-	857
Stock-based compensation expense	-	281	-	-	-	281
Purchase of treasury stock - 36,356 shares	-	-	-	-	(1,749)	(1,749)
Cash dividends declared, \$2.30 per share	-	-	(4,813)	-	-	(4,813)
BALANCE AT DECEMBER 31, 2024	<u>\$ 31,328</u>	<u>\$ 13,251</u>	<u>\$ 126,963</u>	<u>\$ (27,622)</u>	<u>\$ (19,629)</u>	<u>\$ 124,291</u>
Net income	-	-	12,141	-	-	12,141
Forfeiture of restricted stock	-	-	-	-	-	-
Issuance of restricted stock - 7,144 shares	-	(266)	-	-	266	-
Other comprehensive income	-	-	-	9,003	-	9,003
Stock-based compensation expense	-	387	-	-	-	387
Purchase of treasury stock - 67,631 shares	-	-	-	-	(3,307)	(3,307)
Cash dividends declared, \$2.35 per share	-	-	(4,791)	-	-	(4,791)
BALANCE AT DECEMBER 31, 2025	<u>\$ 31,328</u>	<u>\$ 13,372</u>	<u>\$ 134,313</u>	<u>\$ (18,619)</u>	<u>\$ (22,670)</u>	<u>\$ 137,724</u>

The accompanying notes are an integral part of the consolidated financial statements.

CROGHAN BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2025	2024
	(Dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 12,141	\$ 10,058
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation	1,115	1,091
Provision for credit losses and loan losses	550	-
Deferred federal income taxes	(17)	(29)
Net gain on sale of loans	(492)	(513)
Increase in cash value of life insurance	(445)	(425)
Net amortization of security premiums and discounts	107	1,288
Stock-based compensation expense	387	281
Loss on sale of securities	153	473
Proceeds from sale of loans, net of originations	297	297
Change in accrued interest receivable	(528)	(21)
Change in other assets	(176)	(54)
Change in other liabilities	615	1,174
	<u>13,707</u>	<u>13,620</u>
Net cash and cash equivalents provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of securities	57,255	26,783
Proceeds from sales of available-for-sale securities	30,667	10,658
Purchases of available-for-sale securities	(148,649)	(53,896)
Proceeds (purchases) of restricted stock	(5,392)	1,085
Proceeds from disposal of premises	10	-
Proceeds from bank owned life insurance	649	3,258
Net change in loans	(95,248)	(21,647)
Proceeds from disposal of fixed assets	-	-
Additions to premises and equipment	(679)	(557)
	<u>(161,387)</u>	<u>(34,316)</u>
Net cash and cash equivalents provided by (used in) investing activities		

The accompanying notes are an integral part of the consolidated financial statements.

CROGHAN BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year ended December 31,	
	2025	2024
	(Dollars in thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposits	\$ 29,441	\$ 56,900
Net change in federal funds purchased and securities sold under repurchase agreements	128	3,484
Repayments of borrowed funds	-	(33,500)
Proceeds from borrowed funds	120,000	-
Dividends paid	(4,786)	(4,809)
Purchase of treasury shares	<u>(3,307)</u>	<u>(1,749)</u>
Net cash and cash equivalents (used in) provided by financing activities	<u>141,476</u>	<u>20,326</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,204)	(370)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>36,988</u>	<u>37,358</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 30,784</u>	<u>\$ 36,988</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for:		
Interest	\$ 19,087	\$ 17,291
Federal income taxes	<u>\$ 2,985</u>	<u>\$ 2,357</u>
Non-cash transactions:		
Transfer of loans to other real estate owned and other repossessed assets	<u>\$ 112</u>	<u>\$ -</u>

The accompanying notes are an integral part of the consolidated financial statements.

CROGHAN BANCSHARES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Croghan Bancshares, Inc. (the "Corporation") was incorporated on September 27, 1983 in the State of Ohio. The Corporation is a financial holding company and has one wholly-owned subsidiary, The Croghan Colonial Bank (the "Bank"). The Corporation dissolved its other subsidiary Croghan Risk Management, Inc (the "Captive") in 2023. The Corporation, through its subsidiary, operates in one industry segment, the commercial banking industry. The Bank, an Ohio chartered bank organized in 1888, has its main office in Fremont, Ohio and has branch offices located in Bellevue, Clyde, Curtice, Fremont, Green Springs, Maumee, Milan, Monroeville, Norwalk, Oak Harbor, Oregon, Port Clinton, and Tiffin Ohio. The Bank's primary source of revenue is providing loans to clients primarily located in Cuyahoga, Erie, Huron, Lucas, Ottawa, Sandusky, Seneca, and Wood Counties. Such clients are predominantly small and middle-market businesses and individuals.

In August of 2016, the Corporation became a financial holding company within the meaning of the Bank Holding Company Act of 1956 as amended, in order to provide the flexibility to take advantage of the expanded powers available to a financial holding company under the Act. The Bank is regulated and examined by the Ohio Division of Financial Institutions and the Federal Deposit Insurance Corporation. The activities of our bank subsidiary are also subject to other federal and state laws and regulations.

Significant accounting policies followed by the Corporation are presented below.

Use of Estimates

In preparing consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during each reporting period. Actual results could differ from those estimates. The most significant estimates susceptible to significant change in the near term relate to the determination of the allowance for credit losses, the assessment of goodwill for potential impairment, and the fair value of investment securities.

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, the Bank, and activity of the Captive prior to its dissolution. All significant intercompany balances and transactions have been eliminated in consolidation.

The Bank established a trust department in 1990. The assets held by the Bank in fiduciary or agency capacities for its clients are not included in the consolidated balance sheets as such items are not assets of the Bank.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and federal funds sold which mature overnight or within 90 days from the date of purchase. Deposits with other banks routinely have balances greater than FDIC insured limits.

Restrictions on Cash

As of March 26, 2020, the Federal Reserve Bank eliminated reserve requirements for certain depository institutions, including the Bank. As such, there was no reserve requirement at December 31, 2025 and December 31, 2024.

Securities

The Bank has designated all of its debt securities as available-for-sale. Such securities are carried at fair value, with unrealized gains and losses, net of applicable income taxes, on such securities recognized as a separate component of stockholders' equity.

The cost of debt securities is adjusted for amortization of premiums and accretion of discounts to the shorter of the call or maturity date. Such amortization and accretion is included in interest income from securities, principally using the interest method over the terms of the securities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For available-for-sale debt securities in an unrealized loss position, the Corporation first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, the Corporation evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. The Corporation has made a policy election to exclude accrued interest income from the amortized cost basis of debt securities and report accrued interest separately in other assets in the Consolidated Balance Sheets. A debt security is placed on nonaccrual status at the time we no longer expect to receive all contractual amounts due, which is generally at 90 days past due. Accrued interest for a security placed on nonaccrual is reversed against interest income. Accordingly, we do not recognize an allowance for credit loss against accrued interest receivable.

Equity securities are reported at their fair value, with changes in market value flowing through net income.

Investments in equity securities without readily determinable fair value are recorded at cost and adjusted for any observable changes in price. Impairment losses due to a decline in the value of the investment are recognized when incurred. No impairment losses were recognized for 2025 and 2024.

Realized gains and losses on sales of securities are recorded on the trade date, using the specific identification method, and are included in non-interest income.

Restricted stock primarily consists of Federal Home Loan Bank of Cincinnati and Federal Reserve Bank of Cleveland stock. Such securities are carried at cost and evaluated for impairment on an annual basis. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at their outstanding principal balances, adjusted for charge-offs, the allowance for credit losses, and any deferred loan fees or costs on originated loans. Interest is accrued on the unpaid principal balance. Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment of the yield of the related loan.

The accrual of interest on real estate and commercial loans is discontinued at the time the loan is 90 days delinquent, unless the credit is well-secured and in process of collection. Personal loans are typically charged-off no later than 120 days past due and credit card loans are typically charged-off no later than 180 days past due. All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on nonaccrual loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses

The allowance for credit losses is a valuation account that is deducted from the loans amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged-off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

The allowance for credit losses is measured on a collective basis when similar risk characteristics exist. The Corporation has identified the following portfolio segments and measures the allowance for credit losses using the weighted average remaining life method "WARM." The institution has segmented the categories into 18 different pools based on similar characteristic such as similar payment history, underwriting practices and collateral types. For this report and for presentation purposes, the loans in Note 6 will be grouped into smaller sub categories as described below:

- Commercial Loans
 - Agriculture loans
 - Commercial loans
 - Overdraft LOC
 - Non-profit/Political Subdivisions
- Residential Real Estate Loans
 - Open-end home equity
 - 1-4 family (1st mortgages)
 - 1-4 family (Jr. mortgages)
- Non-Residential Real Estate Loans
 - Multifamily
 - Farm
 - Non-farm
- Construction - residential and non-residential Real Estate Loans
- Consumer Loans
 - Vehicle
 - Overdraft LOC
 - Mobile home
 - Home improvement
 - Other
- Credit Card

The WARM method takes the weighted average remaining maturity and applies past loss data of the individual pools and applies it to the balances in the portfolio. The net charge-off amounts are collected in the same above categories for application.

The CECL method also applies an economic correlation factor based on correlations of the Bank's net charge-off history to the unemployment history. This statistical correlation is then applied to the individual loan pools to give an economic factor.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines a loan is subject to individual evaluation, expected credit losses are based on the fair value of the collateral at the reporting date and adjusted for selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loans and adjusted for expected prepayments when appropriate. The contractual term, excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a modification will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Corporation.

Credit card receivables do not have stated maturities. In determining the estimated life of a credit card receivable, management first estimates the future cash flows expected to be received and then applies those expected future cash flows to the credit card balance. Expected credit losses for credit cards are determined by estimating the amount and timing of principal payments expected to be received as payment for the balance outstanding as of the reporting period and applying those principal payments against the balance outstanding as of the reporting period until the expected payments have been fully allocated. The allowance for credit loss is recorded for the excess of the balance outstanding as of the reporting period over the expected principal payments.

Accrued interest receivable of \$3,213,000 and \$2,604,000 at December 31, 2025 and 2024, respectively was excluded from the amortized cost basis of estimate of credit losses and is reported in Accrued Interest Receivable in the Consolidated Balance Sheet.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Corporation estimates expected credit losses over the contractual period in which the Corporation is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancelable by the Corporation. The allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

The following categories of off-balance sheet credit exposures have been identified:

- Home Equity Lines of Credit
- Credit Cards
- 1-4 Family Construction
- Commercial Construction
- Commercial and Industrial
- Other

Derivative and Hedging Activities

Croghan Colonial Bank is exposed to certain risks relating to its ongoing business operations. Croghan Colonial Bank utilizes interest rate derivatives as part of its asset liability management strategy to help manage its interest rate risk position. Derivative instruments represent contracts between parties that result in one party delivering cash to the other party based on a notional amount and an underlying term (such as a rate, security price or price index) as specified in the contract. The amount of cash delivered from one party to the other is determined based on the interaction of the notional amount of the contract with the underlying term. Derivatives are also implicit in certain contracts and commitments.

Croghan Colonial Bank recognizes derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Croghan Colonial Bank records derivative assets and derivative liabilities on the balance sheet within other assets and other liabilities, respectively. Changes in the fair value of derivative financial instruments are either recognized in income or in shareholders' equity as a component of accumulated other comprehensive income or loss depending on whether the derivative financial instrument qualifies for hedge accounting and, if so, whether it qualifies as a fair value hedge or cash flow hedge. Accrued settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged.

Interest rate swaps

Croghan Colonial Bank uses interest rate swaps as part of its interest rate risk management strategy to add stability to net interest expense and to manage its exposure to interest rate movements. Interest rate swaps designated as hedges involve the receipt of variable-rate amounts from a counterparty in exchange for Croghan Colonial Bank making fixed-rate payments or the receipt of fixed-rate amounts from a counterparty in exchange for Croghan Colonial Bank making variable rate payments, over the life of the agreements without the exchange of the underlying notional amount.

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost, less accumulated depreciation. Depreciation is based on the estimated useful lives of the individual assets (typically 20 to 40 years for buildings and 3 to 10 years for equipment) and is computed primarily using the straight-line method. Upon the sale or disposition of the assets, the difference between the depreciated cost and proceeds is charged or credited to income.

Cash Surrender Value of Life Insurance

The Bank has purchased life insurance policies on certain officers of the Bank. The cash surrender value of life insurance is equal to the cash surrender value of the underlying policies or the policy death proceeds, less any obligation to provide benefit to the insured beneficiaries, if that value is less than the cash surrender value. Income on the investments in the policies, net of insurance costs, is recorded as non-interest income. The Bank is the beneficiary of these policies and has recorded the estimated cash surrender value in the Consolidated Balance Sheet.

Goodwill and Other Intangible Assets

The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair value of assets acquired and liabilities assumed at the acquisition date. Goodwill is not amortized, but rather is subject to impairment tests annually, or more frequently if triggering events occur and indicate potential impairment. The Corporation's annual impairment test is performed as of November 30, 2025. As a result of performing the analysis, no impairment charge was recognized during the years ended December 31, 2025 and 2024. The Corporation determined no triggering events occurred subsequent to the date of the annual impairment test that indicate goodwill was impaired as of December 31, 2025.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Real Estate Owned

Assets acquired through or in lieu of foreclosure are initially recorded at fair value, less estimated costs to sell, and any loan balance in excess of fair value is charged to the allowance for credit losses. Subsequent valuations are periodically performed and any further write-downs are included in other operating expenses, as are gains or losses upon sale and expenses related to maintenance of the properties.

Servicing

Mortgage servicing rights ("MSRs") are recognized as an asset when acquired through sale of loans. Capitalized servicing rights are reported in other assets and amortized to expense in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. MSRs are evaluated for impairment by a third party on an annual basis and based upon the estimated fair value of the rights as compared to amortized cost. The fair value of MSRs was estimated by calculating the present value of estimated future net servicing cash flows, taking into consideration expected prepayment rates, discount rates, servicing costs, and other economic factors that are based on current market conditions. The prepayment rates and the discount rates are the most significant factors affecting valuation of the MSRs.

Increases in mortgage loan prepayments reduce estimated future net servicing cash flows because the life of the underlying loan is reduced. Impairment is recognized through a valuation allowance to the extent that fair value is less than the capitalized amount. If the Corporation later determines all or a portion of impairment no longer exists for a particular reason, the valuation allowance is reversed into income.

Servicing fee income is recorded for fees earned for servicing loans and is included in non-interest income, net of amortization of MSRs.

Lessee Accounting

Right of use assets and lease liabilities are recognized for all leases unless the lease term at inception is twelve months or less, as the Corporation has elected not to recognize a right of use asset or lease liability for leases with terms less than twelve months. Lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectation regarding the terms. Variable lease cost such as common area maintenance, property taxes, and insurance are expensed as incurred.

Federal Funds Purchased and Securities Sold under Repurchase Agreements

Securities sold under agreements to repurchase with customers and federal funds purchased have scheduled maturities of one year or less. Securities sold under repurchase agreements are collateralized financing transactions and the obligations to repurchase securities sold are reflected as a liability in the accompanying consolidated balance sheet. The dollar amount of the securities underlying the agreements remain in the Corporation's investment security portfolio.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Bank has entered into commitments to extend credit, including commitments under home equity lines of credit, credit card arrangements, residential and commercial construction, commercial and industrial letters of credit, and other such lines. Such financial instruments are recorded when they are funded.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, and (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supplemental Retirement Benefits

Annual provisions are made for the estimated liability for accumulated supplemental retirement benefits under agreements with various officers and employees. These provisions are determined based on the terms of the agreements, as well as certain assumptions, including estimated service periods and discount rates.

Advertising Costs

All advertising costs are expensed as incurred.

Federal Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, deferred income taxes are provided on temporary differences between financial statement and income tax reporting. Temporary differences are differences between the amounts of assets and liabilities reported for financial statement purposes and their tax bases. Deferred tax assets are recognized for temporary differences that will be deductible in future years' tax returns and for operating loss and tax credit carryforwards. Deferred tax assets are reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized. Deferred tax liabilities are recognized for temporary differences that will be taxable in future years' tax returns. Benefits from tax positions taken or expected to be taken in a tax return are not recognized if the likelihood that the tax position would be sustained upon examination by a taxing authority is considered to be 50% or less. Interest and penalties resulting from the filing of income tax returns is a component of income tax expenses.

The Corporation is not currently subject to local income taxes.

Comprehensive Income

Recognized revenue, expenses, and gains and losses are included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities and the unrealized gains and losses associated with derivative assets, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Treasury Stock

Common shares repurchased are recorded at cost. Cost of shares reissued is determined using the first-in, first-out method.

Per Share Data

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued. Potential common shares that may be used by the Corporation relate solely to outstanding stock options and are determined using the treasury stock method.

The weighted average number of shares outstanding for the years ended December 31, 2025 and 2024 follows:

	2025	2024
Basic	<u>2,044,193</u>	<u>2,097,414</u>
Diluted	<u>2,044,193</u>	<u>2,097,414</u>

Dividends per share are based on the number of shares outstanding at the declaration date.

Dividend Restrictions

Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the Corporation. Additional information related to dividend restrictions can be found in Note 18.

Subsequent Events

The financial statements and related disclosures include the evaluation of events up through and including February 5, 2026, which is the date the consolidated financial statements were available to be issued.

NOTE 2 - NEW ACCOUNTING PRONOUNCEMENTS

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments in this ASU require that public business entities on an annual basis (a) disclose specific categories in the rate reconciliation and (b) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5% of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). The amendments in this ASU also require that all entities disclose on an annual basis the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes, and the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5% of total income taxes paid (net of refunds received). The amendments require that all entities disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. ASU 2023-09 is effective for public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments should be applied on a prospective basis. Retrospective application is permitted. The impact of ASU 2023-09 is not expected to be material to the Corporation's Consolidated Financial Statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2025 and 2024 were as follows (dollars in thousands):

	2025	2024
Cash and due from banks	\$ 12,851	\$ 16,251
Interest-bearing deposits in other banks	<u>17,933</u>	<u>20,737</u>
Total	<u>\$ 30,784</u>	<u>\$ 36,988</u>

NOTE 4 - SECURITIES

The amortized cost and fair value of securities as of December 31, 2025 and 2024 were as follows (dollars in thousands):

	2025		2024	
	Amortized cost	Fair value	Amortized cost	Fair value
Available-for-sale:				
Collateralized mortgage obligations	\$ 209,672	\$ 203,449	\$ 133,027	\$ 124,009
Mortgage backed securities	54,190	52,391	50,864	47,795
SBA loan pools	1,788	1,792	2,540	2,545
U.S. Treasury	3,043	2,867	19,869	19,175
Obligations of states and political subdivisions	138,254	123,027	140,175	117,987
Other	<u>350</u>	<u>350</u>	<u>350</u>	<u>350</u>
Total available-for-sale	407,297	383,876	346,825	311,861
Restricted stock	<u>10,283</u>	<u>10,283</u>	<u>4,891</u>	<u>4,891</u>
Total	<u>\$ 417,580</u>	<u>\$ 394,159</u>	<u>\$ 351,716</u>	<u>\$ 316,752</u>

A summary of gross unrealized gains and losses on securities at December 31, 2025 and 2024 follows (dollars in thousands):

	2025		2024	
	Gross unrealized gains	Gross unrealized losses	Gross unrealized gains	Gross unrealized losses
Available-for-sale:				
Collateralized mortgage obligations	\$ 635	\$ 6,858	\$ 188	\$ 9,206
Mortgage backed securities	231	2,030	27	3,096
SBA loan pools	20	16	24	19
U.S. Treasury	-	176	-	694
Obligations of states and political subdivisions	<u>-</u>	<u>15,227</u>	<u>-</u>	<u>22,188</u>
Total available-for-sale	<u>\$ 886</u>	<u>\$ 24,307</u>	<u>\$ 239</u>	<u>\$ 35,203</u>

There was no allowance for credit losses recorded for the Corporation's available-for-sale-securities as of December 31, 2025 and December 31, 2024.

NOTE 4 - SECURITIES (CONTINUED)

The amortized cost and fair value of securities at December 31, 2025, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties (dollars in thousands).

	Available-for-sale	
	Amortized cost	Fair value
Due in one year or less	\$ 1,758	\$ 1,748
Due after one year through five years	117,923	114,079
Due after five years through ten years	251,533	238,126
Due after ten years	35,733	29,573
Other equity security having no stated maturity date	<u>350</u>	<u>350</u>
Total	<u>\$ 407,297</u>	<u>\$ 383,876</u>

Securities with a carrying value of \$320,215,000 at December 31, 2025, and \$255,181,000 as of December 31, 2024, were pledged to secure public deposits and for other purposes as required or permitted by law. Included in the Bank's pledged securities are securities with a carrying value of \$51,569,000 at December 31, 2025, and \$52,653,000 as of December 31, 2024, which were pledged to secure accounts with overnight sweep repurchase agreements.

Restricted stock primarily consists of investments in Federal Home Loan Bank of Cincinnati and Federal Reserve Bank of Cleveland stock. The Bank's investment in Federal Home Loan Bank of Cincinnati stock amounted to \$7,445,000 at December 31, 2025 and \$2,359,000 at December 31, 2024. The Bank's investment in Federal Reserve Bank of Cleveland stock amounted to \$2,337,000 at December 31, 2025 and as of December 31, 2024. The Bank also holds \$501,000 in restricted stock as of December 31, 2025 and \$195,000 as of December 31, 2024 in other Financial Institutions.

There was a gross gain realized from sales of securities available-for-sale securities 2025 of \$281,000 and none in 2024. Gross losses realized from sales of securities available-for-sale amounted to \$434,000 in 2025 and \$473,000 in 2024.

The following presents gross unrealized losses and fair value of securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2025 and 2024 (dollars in thousands):

	Securities in a continuous unrealized loss position					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
2025						
Collateralized mortgage obligations	\$ 488	\$ 88,024	\$ 6,370	\$ 59,227	\$ 6,858	\$ 147,251
Mortgage backed securities	210	23,092	1,820	13,157	2,030	36,249
SBA loan pools	-	-	16	1,046	16	1,046
U.S. Treasury	-	-	176	2,867	176	2,867
Obligations of states and political subdivisions	<u>65</u>	<u>1,788</u>	<u>15,162</u>	<u>119,247</u>	<u>15,227</u>	<u>121,035</u>
Total securities available-for-sale	<u>\$ 763</u>	<u>\$ 112,904</u>	<u>\$ 23,544</u>	<u>\$ 195,544</u>	<u>\$ 24,307</u>	<u>\$ 308,448</u>
2024						
Collateralized mortgage obligations	\$ 731	\$ 43,164	\$ 8,475	\$ 57,092	\$ 9,206	\$ 100,256
Mortgage backed securities	199	7,974	2,897	38,813	3,096	46,787
SBA loan pools	-	-	19	1,614	19	1,614
U.S. Treasury	-	-	694	19,175	694	19,175
Obligations of states and political subdivisions	<u>-</u>	<u>-</u>	<u>22,188</u>	<u>115,691</u>	<u>22,188</u>	<u>115,691</u>
Total securities available-for-sale	<u>\$ 930</u>	<u>\$ 51,138</u>	<u>\$ 34,273</u>	<u>\$ 232,385</u>	<u>\$ 35,203</u>	<u>\$ 283,523</u>

NOTE 4 - SECURITIES (CONTINUED)

When evaluating these securities for potential credit losses or impairment, management considers the issuer's financial condition, whether the securities are issued by federally-sponsored government agencies or political subdivisions, whether downgrades by the bond rating agencies have occurred, industry analyst reports, and volatility in the bond market. Management has concluded that the unrealized losses as of December 31, 2025 and 2024 were primarily the result of the rapid increase of managed and market rates, as well as customary and expected fluctuations in the bond market related to changes in interest rates, and not the result of changes in the credit-worthiness of the issuer. As management has the ability and intent to hold debt securities until recovery and meets the more likely than not requirement regarding the ability to hold securities for a period of time sufficient to allow for any anticipated recovery in fair value for securities classified as available-for-sale, no allowance for credit losses was recorded as of December 31, 2025.

NOTE 5 - ALLOWANCE FOR CREDIT LOSSES

The following presents the balances and activity in the allowance for credit losses by portfolio segment for the years ended December 31, 2025 and 2024 (dollars in thousands). The categories below are formed from the sub categories that are detailed in the allowance for credit loss methodology description:

	Commercial	Residential real estate	Non- residential real estate	Construction real estate	Consumer	Credit card	Total
Balance at December 31, 2024	<u>\$ 783</u>	<u>\$ 1,324</u>	<u>\$ 4,573</u>	<u>\$ 330</u>	<u>\$ 1,614</u>	<u>\$ 72</u>	<u>\$ 8,696</u>
Provision for (recovery of) for credit losses	(104)	(73)	681	362	(335)	19	550
Losses charged-off	-	-	-	-	(90)	(22)	(112)
Recoveries	-	15	-	-	47	-	62
Balance at December 31, 2025	<u>\$ 679</u>	<u>\$ 1,266</u>	<u>\$ 5,254</u>	<u>\$ 692</u>	<u>\$ 1,236</u>	<u>\$ 69</u>	<u>\$ 9,196</u>
Balance at December 31, 2023	<u>\$ 843</u>	<u>\$ 1,345</u>	<u>\$ 4,635</u>	<u>\$ 336</u>	<u>\$ 1,629</u>	<u>\$ 81</u>	<u>\$ 8,869</u>
Provision for (recovery of) for credit losses	(25)	(31)	(62)	(6)	101	23	-
Losses charged-off	(35)	-	-	-	(144)	(34)	(213)
Recoveries	-	10	-	-	28	2	40
Balance at December 31, 2024	<u>\$ 783</u>	<u>\$ 1,324</u>	<u>\$ 4,573</u>	<u>\$ 330</u>	<u>\$ 1,614</u>	<u>\$ 72</u>	<u>\$ 8,696</u>

NOTE 6 - LOANS

Most of the Bank's lending activity is with clients primarily located within Cuyahoga, Erie, Huron, Lucas, Ottawa, Sandusky, Seneca, and Wood Counties. Credit concentrations, as determined using the North American Industry Classification System, that exceeded 25% of tier one capital at December 31, 2025 and 2024, follows (dollars in thousands):

Category	2025	2024
Residential and Investment Properties	\$160,301	\$139,593
Nonresidential Investment Properties	214,734	181,308
Accommodation and Food Service	118,276	91,160

NOTE 6 - LOANS (CONTINUED)

- The residential and investment property concentration includes loans to residential and apartment buildings. These loans are generally secured by real property. Repayment is expected from personal cash flow or from providing such services.
- The non-residential investment property concentration includes loans on office buildings, strip centers, or other industrial buildings. These loans are generally secured by real property. Repayment is expected from rent or cash flow from operations in such services.
- The accommodation and food service industry concentration include loans for the construction, purchase, and operation of hotels, restaurants, lounges, and campgrounds. These loans are generally secured by real property and equipment. Repayment is expected from cash flow from providing accommodations and food service to tourists, primarily visiting the Lake Erie region.

Commercial and agricultural operating loans are underwritten based on the Bank's examination of current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. This underwriting standard includes the evaluation of cash flows of the borrower, underlying collateral, if applicable, and the borrower's ability to manage its business activities. The cash flows of borrowers and the collateral securing these loans may fluctuate in value after the initial evaluation. A first priority lien on all the assets of the business normally secures these types of loans. Loan-to-value limits vary and are dependent upon the nature and type of the underlying collateral and the financial strength of the borrower. Crop and hail insurance is recommended for most agricultural borrowers. Loans are generally guaranteed by the principal owner. The Bank's commercial and agricultural operating loan lending is primarily in its market area.

Commercial, construction, and agricultural real estate loans are subject to underwriting standards and processes similar to commercial and agricultural operating loans, in addition to those unique to real estate loans. These loans are viewed primarily, as cash flow loans and secondarily, as loans secured by real estate. Commercial and agricultural real estate lending typically involves larger dollar amounts and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Loan-to-value is generally 75% of the cost or value of the assets. Appraisals on properties securing these loans are generally performed by appraisers approved by the Board of Directors. Because payments on commercial and agricultural real estate loans are often dependent on the successful operation or management of the properties, repayment of such loans may be subject to adverse conditions in the real estate market or the economy. Management monitors and evaluates commercial and agricultural real estate loans based on collateral and risk rating criteria. The Bank generally requires guarantees on these loans. The Bank's commercial and agricultural real estate loans are secured primarily by properties located in its primary market area.

Land development loans are underwritten utilizing independent appraisals, sensitivity analysis of absorption, vacancy, lease rates, and financial analysis of the developers and property owners. Land development loans are generally based upon estimates of costs and values associated with the completed project, and are subjective by nature. Land development loans often involve the disbursement of funds with repayment substantially dependent on the success of the ultimate project. These loans are closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions, and the availability of long-term financing. The Bank generally requires guarantees on these loans. The Bank's land development loans are secured primarily by properties located in its primary market area.

The Bank originates 1 to 4 family real estate and consumer loans utilizing credit reports to supplement the underwriting process. The Bank's underwriting standards for 1 to 4 family loans are generally in accordance with FHLMC and FNMA underwriting guidelines. Properties securing 1 to 4 family real estate loans are appraised by appraisers who are independent of the loan origination function and have been approved by the Board of Directors. The loan-to-value ratios normally do not exceed 80% without credit enhancements such as mortgage insurance. The Bank will lend up to 100% of the lesser of the appraised value or purchase price for conventional 1 to 4 family real estate loans, provided private mortgage insurance is obtained. The underwriting standards for consumer loans include a determination of the applicant's payment history on other debts and an assessment of their ability to meet existing obligations and payments on the proposed loan. To monitor and manage loan risk, policies and procedures are developed, and modified as needed by management. This activity, coupled with smaller loan amounts that are spread across many individual borrowers, minimizes risk. Additionally, market conditions are reviewed by management on a regular basis. The Bank's 1 to 4 family real estate loans are secured primarily by properties located in its primary market area.

NOTE 6 - LOANS (CONTINUED)

Occasionally, the Corporation modifies loans to borrowers in financial distress by providing, interest only periods, term extension, and other-than-insignificant payment delay or interest rate reduction.

In some cases, the Corporation provides multiple types of concessions on one loan. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as interest only payment period may be granted within the current reporting period.

There were no loans in 2025 and one loan in 2024 that had interest only modifications for a set period of time before returning to principal and interest payments. The 2024 loan post-modification balance equal the pre-modification balances, resulting in no charge-offs.

The following presents the amortized cost basis of loans in past due and nonaccrual loans as of December 31, 2025 and December 31, 2024 by class of loans (dollars in thousands).

	Loans past due accruing interest			Loans not past due or non- accrual		
	30 – 89 days	90+ days	Total	Loans on non- accrual	Loans past due or non- accrual	Total
2025						
<i>Commercial loans:</i>						
Agricultural loans	\$ -	\$ -	\$ -	\$ -	\$ 2,255	\$ 2,255
Commercial loans	-	-	-	31	61,060	61,091
Overdraft LOC	-	15	15	-	792	807
Non-profit/political subdivisions	-	-	-	-	363	363
<i>Residential real estate loans:</i>						
Open-end home equity	188	2	190	57	26,885	27,132
1 – 4 family (1 st mortgages)	657	-	657	221	88,181	89,059
1 – 4 family (Jr. mortgages)	-	-	-	-	144	144
<i>Non-residential real estate loans:</i>						
Multifamily	-	-	-	-	103,085	103,085
Farm	-	-	-	-	5,066	5,066
Non-farm	-	-	-	221	361,968	362,189
<i>Construction real estate loans</i>						
<i>Consumer loans:</i>						
Vehicle	251	7	258	37	52,054	52,349
Overdraft LOC	-	-	-	-	68	68
Mobile home	-	-	-	-	818	818
Home improvement	-	-	-	-	15	15
Other	250	-	250	54	32,852	33,156
<i>Credit card</i>	17	-	17	-	2,316	2,333
Total	\$ 1,363	\$ 24	\$ 1,387	\$ 621	\$ 827,972	\$ 829,980

Loans that were on nonaccrual as of December 31, 2025 totaled \$621,000, with \$39,000 of these loans having an individual reserve amount of \$25,000, the remaining \$582,000 had no individual impairment allocated.

NOTE 6 - LOANS (CONTINUED)

	Loans past due accruing interest		Total	Loans on non- accrual	Loans not	Total
	30 – 89 days	90+ days			past due or non- accrual	
2024						
<i>Commercial loans:</i>						
Agricultural loans	\$ -	\$ -	\$ -	\$ -	\$ 2,168	\$ 2,168
Commercial loans	5	-	5	258	62,703	62,966
PPP	-	-	-	-	9	9
Overdraft LOC	-	15	15	-	233	248
Non-profit/political subdivisions	-	-	-	-	516	516
<i>Residential real estate loans:</i>						
Open-end home equity	26	-	26	53	23,972	24,051
1 – 4 family (1 st mortgages)	201	-	201	226	91,596	92,023
1 – 4 family (Jr. mortgages)	-	-	-	-	159	159
<i>Non-residential real estate loans:</i>						
Multifamily	-	-	-	-	87,925	87,925
Farm	-	-	-	-	5,228	5,228
Non-farm	6	-	6	59	310,020	310,085
<i>Construction real estate loans</i>						
	-	-	-	-	43,050	43,050
<i>Consumer loans:</i>						
Vehicle	163	42	205	66	62,903	63,174
Overdraft LOC	-	1	1	-	77	78
Mobile home	-	-	-	-	1,023	1,023
Home improvement	-	-	-	-	62	62
Other	85	27	112	53	39,296	39,461
<i>Credit card</i>	<u>50</u>	<u>16</u>	<u>66</u>	<u>-</u>	<u>2,407</u>	<u>2,473</u>
Total	<u>\$ 536</u>	<u>\$ 101</u>	<u>\$ 637</u>	<u>\$ 715</u>	<u>\$ 733,347</u>	<u>\$ 734,699</u>

Loans that were on nonaccrual as of December 31, 2024 totaled \$715,000, with \$110,000 of these loans having an individual reserve amount of \$76,000, the remaining \$605,000 had no individual impairment allocated.

NOTE 6 - LOANS (CONTINUED)

The Bank categorizes loans into risk categories based on relevant information about the ability of the borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Bank uses the following definitions for risk ratings:

- **Special Mention** – Loans classified special mention possess some credit deficiency or potential weakness that deserves close attention, but do not yet warrant substandard classification. Such loans pose unwarranted financial risk that, if not corrected, could weaken the loan and increase risk of losses in the future.
- **Substandard** – Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as substandard have well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are categorized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.
- **Doubtful** – Loans classified as doubtful have all of the weaknesses of those classified as substandard. Additionally, however, these weaknesses make collection or liquidation in full based on existing conditions improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. The following presents loans as of December 31, 2025 and 2024 based on risk category (dollars in thousands):

		As of December 31, 2025									
*Dollars in thousands		Term loans amortized cost basis by origination year					Revolving	Revolving Loans		Total	
		2025	2024	2023	2022	2021	Prior	Loans	Converted to Term		
Commercial loans											
Agricultural											
Doubtful		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard		-	-	-	-	-	-	-	-	-	-
Special mention		-	-	-	-	-	-	-	8	8	-
Pass		63	306	-	14	54	83	1,701	26	2,247	-
Not rated		-	-	-	-	-	-	-	-	-	-
Total agricultural		\$ 63	\$ 306	\$ -	\$ 14	\$ 54	\$ 83	\$ 1,701	\$ 34	\$ 2,255	\$ -
Current year-to-date gross write-offs											
Commercial											
Doubtful		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard		-	-	-	-	-	288	-	24	312	-
Special mention		-	-	-	-	1	-	170	122	293	-
Pass		11,777	10,232	7,656	6,185	2,135	6,662	15,760	79	60,486	-
Not rated		-	-	-	-	-	-	-	-	-	-
Total commercial		\$ 11,777	\$ 10,232	\$ 7,656	\$ 6,185	\$ 2,136	\$ 6,950	\$ 15,930	\$ 225	\$ 61,091	\$ -
Current year-to-date gross write-offs											
Commercial overdraft LOC											
Doubtful		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard		-	-	-	-	-	-	-	-	-	-
Special mention		-	-	-	-	-	-	-	-	-	-
Pass		-	-	-	-	-	-	-	-	-	-
Not rated		-	-	-	-	-	-	807	-	807	-
Total overdraft		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 807	\$ -	\$ 807	\$ -
Current year-to-date gross write-offs											
Nonprofit/political subdivisions											
Doubtful		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard		-	-	-	-	-	-	-	-	-	-
Special mention		-	-	-	-	-	-	-	-	-	-
Pass		-	265	68	-	-	30	-	-	363	-
Not rated		-	-	-	-	-	-	-	-	-	-
Total nonprofit/political subdivision		\$ -	\$ 265	\$ 68	\$ -	\$ -	\$ 30	\$ -	\$ -	\$ 363	\$ -
Current year-to-date gross write-offs											
Residential loans											
Open-end home equity											
Doubtful		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard		-	-	-	-	-	2	2	114	118	-
Special mention		-	-	29	5	-	2	76	105	217	-
Pass		359	125	411	1,399	129	373	23,195	806	26,797	-
Not rated		-	-	-	-	-	-	-	-	-	-
Total open-end home equity		\$ 359	\$ 125	\$ 440	\$ 1,404	\$ 129	\$ 377	\$ 23,273	\$ 1,025	\$ 27,132	\$ -
Current year-to-date gross write-offs											

NOTE 6 - LOANS (CONTINUED)

As of December 31, 2025

*Dollars in thousands	Term loans amortized cost basis by origination year						Revolving Loans	Revolving Loans Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
Residential loans (Continued)									
1 - 4 family (1st mortgages)									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	221	-	-	221
Special mention	-	-	-	292	-	857	-	-	1,149
Pass	10,181	7,856	5,521	22,655	7,882	33,594	-	-	87,689
Not rated	-	-	-	-	-	-	-	-	-
Total 1 - 4 family (1st mortgages)	\$ 10,181	\$ 7,856	\$ 5,521	\$ 22,947	\$ 7,882	\$ 34,672	\$ -	\$ -	\$ 89,059
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
1 - 4 family (Jr. mortgages)									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	-	-	-	-	-	144	-	-	144
Not rated	-	-	-	-	-	-	-	-	-
Total 1 - 4 family (Jr. mortgages)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144	\$ -	\$ -	\$ 144
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Residential Construction									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	-	-	-	-	-	-	-	-	-
Not rated	-	-	-	-	-	-	-	-	-
Total 1 - 4 family construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Non-Residential loans									
Multifamily									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	10,971	11,262	7,484	25,918	7,113	40,337	-	-	103,085
Not rated	-	-	-	-	-	-	-	-	-
Total multifamily	\$ 10,971	\$ 11,262	\$ 7,484	\$ 25,918	\$ 7,113	\$ 40,337	\$ -	\$ -	\$ 103,085
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Farm									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	2	-	-	2
Pass	526	444	210	264	-	3,620	-	-	5,064
Not rated	-	-	-	-	-	-	-	-	-
Total farm	\$ 526	\$ 444	\$ 210	\$ 264	\$ -	\$ 3,622	\$ -	\$ -	\$ 5,066
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Non-farm									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	3	420	-	-	423
Special mention	-	-	-	-	315	793	-	-	1,108
Pass	88,080	28,851	34,488	52,959	47,653	103,008	5,619	-	360,658
Not rated	-	-	-	-	-	-	-	-	-
Total non-farm	\$ 88,080	\$ 28,851	\$ 34,488	\$ 52,959	\$ 47,971	\$ 104,221	\$ 5,619	\$ -	\$ 362,189
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Construction loans non-residential									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	22,703	35,859	31,488	-	-	-	-	-	90,050
Not rated	-	-	-	-	-	-	-	-	-
Total multifamily	\$ 22,703	\$ 35,859	\$ 31,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,050
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-

NOTE 6 - LOANS (CONTINUED)

As of December 31, 2025

	Term loans amortized cost basis by origination year						Revolving Loans	Revolving Loans Converted to Term	Total
	2025	2024	2023	2022	2021	Prior			
*Dollars in thousands									
Consumer loans									
Vehicle									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	25	45	-	-	-	-	-	-	70
Special mention	-	51	65	54	-	4	-	-	174
Pass	14,505	16,302	5,409	12,544	2,576	769	-	-	52,105
Not rated	-	-	-	-	-	-	-	-	-
Total vehicle	\$ 14,530	\$ 16,398	\$ 5,474	\$ 12,598	\$ 2,576	\$ 773	\$ -	\$ -	\$ 52,349
Current year-to-date gross write-offs	4	34	2	22	-	-	-	-	62
Consumer overdraft LOC									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	-	-	-	-	-	-	-	-	-
Not rated	-	-	-	-	-	-	68	-	68
Total overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68	\$ -	\$ 68
Current year-to-date gross write-offs	-	-	-	-	-	-	1	-	1
Mobile home									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	15	-	-	15
Pass	-	-	32	20	40	711	-	-	803
Not rated	-	-	-	-	-	-	-	-	-
Total mobile home	\$ -	\$ -	\$ 32	\$ 20	\$ 40	\$ 726	\$ -	\$ -	\$ 818
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Home improvement									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	-	9	1	2	3	-	-	-	15
Not rated	-	-	-	-	-	-	-	-	-
Total home improvement	\$ -	\$ 9	\$ 1	\$ 2	\$ 3	\$ -	\$ -	\$ -	\$ 15
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Other									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	67	-	-	67
Special mention	-	-	-	-	25	117	-	-	142
Pass	1,253	2,607	3,422	7,181	4,050	14,409	25	-	32,947
Not rated	-	-	-	-	-	-	-	-	-
Total other	\$ 1,253	\$ 2,607	\$ 3,422	\$ 7,181	\$ 4,075	\$ 14,593	\$ 25	\$ -	\$ 33,156
Current year-to-date gross write-offs	-	3	-	-	22	2	-	-	27
Credit card									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	-	-	-	-	-	-	-	-	-
Not rated	-	-	-	-	-	-	2,333	-	2,333
Total credit card	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,333	\$ -	\$ 2,333
Current year-to-date gross write-offs	-	-	-	-	-	-	22	-	22
Total loans	\$ 160,443	\$ 114,214	\$ 96,284	\$ 129,492	\$ 71,979	\$ 206,528	\$ 49,756	\$ 1,284	\$ 829,980
Total year-to-date gross write-offs	4	37	2	22	22	2	23	-	112
Loan totals by grade									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	25	45	-	-	3	998	2	138	1,211
Special mention	-	51	94	351	341	1,790	246	235	3,108
Pass	160,418	114,118	96,190	129,141	71,635	203,740	46,300	911	822,453
Not rated	-	-	-	-	-	-	3,208	-	3,208
Total Loans	\$ 160,443	\$ 114,214	\$ 96,284	\$ 129,492	\$ 71,979	\$ 206,528	\$ 49,756	\$ 1,284	\$ 829,980

NOTE 6 - LOANS (CONTINUED)

As of December 31, 2024

*Dollars in thousands	Term loans amortized cost basis by origination year						Revolving Loans	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	2020	Prior			
Commercial loans									
Agricultural									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	13	13
Pass	277	-	22	69	6	172	1,558	51	2,155
Not rated	-	-	-	-	-	-	-	-	-
Total agricultural	\$ 277	\$ -	\$ 22	\$ 69	\$ 6	172	\$ 1,558	\$ 64	\$ 2,168
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Commercial									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	42	208	250
Special mention	-	-	-	5	5	450	365	65	890
Pass	12,169	9,264	8,917	4,112	5,757	5,847	15,659	101	61,826
Not rated	-	-	-	-	-	-	-	-	-
Total commercial	\$ 12,169	\$ 9,264	\$ 8,917	\$ 4,117	\$ 5,762	6,297	\$ 16,066	\$ 374	\$ 62,966
Current year-to-date gross write-offs	-	-	-	-	-	35	-	-	35
PPP									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	-	-	-	-	9	-	-	-	9
Not rated	-	-	-	-	-	-	-	-	-
Total PPP	\$ -	\$ -	\$ -	\$ -	\$ 9	-	\$ -	\$ -	\$ 9
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Commercial overdraft LOC									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	-	-	-	-	-	-	-	-	-
Not rated	-	-	-	-	-	-	248	-	248
Total overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 248	\$ -	\$ 248
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Nonprofit/political subdivisions									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	329	89	-	32	-	66	-	-	516
Not rated	-	-	-	-	-	-	-	-	-
Total nonprofit/political subdivision	\$ 329	\$ 89	\$ -	\$ 32	\$ -	66	\$ -	\$ -	\$ 516
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Residential loans									
Open-end home equity									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	11	-	122	133
Special mention	-	31	10	-	-	85	6	78	210
Pass	135	627	1,857	164	166	1,205	18,598	956	23,708
Not rated	-	-	-	-	-	-	-	-	-
Total open-end home equity	\$ 135	\$ 658	\$ 1,867	\$ 164	\$ 166	1,301	\$ 18,604	\$ 1,156	\$ 24,051
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
1 - 4 family (1st mortgages)									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	7	-	-	7
Special mention	-	-	37	-	-	530	-	-	567
Pass	7,874	7,091	23,972	8,752	13,039	30,686	-	35	91,449
Not rated	-	-	-	-	-	-	-	-	-
Total 1 - 4 family (1st mortgages)	\$ 7,874	\$ 7,091	\$ 24,009	\$ 8,752	\$ 13,039	31,223	\$ -	\$ 35	\$ 92,023
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-

NOTE 6 - LOANS (CONTINUED)

As of December 31, 2024

*Dollars in thousands	Term loans amortized cost basis by origination year					Revolving Loans	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	2020			
1 - 4 family (Jr. mortgages)								
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Pass	159	-	-	-	-	-	-	159
Not rated	-	-	-	-	-	-	-	-
Total 1 - 4 family (Jr. mortgages)	\$ 159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-
Residential Construction								
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Pass	488	-	-	-	-	-	-	488
Not rated	-	-	-	-	-	-	-	-
Total 1 - 4 family construction	\$ 488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 488
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-
Non-Residential loans								
Multifamily								
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Pass	9,548	7,652	26,692	7,492	8,628	27,913	-	87,925
Not rated	-	-	-	-	-	-	-	-
Total multifamily	\$ 9,548	\$ 7,652	\$ 26,692	\$ 7,492	\$ 8,628	\$ 27,913	\$ -	\$ 87,925
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-
Farm								
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	13	-	13
Pass	522	230	277	-	217	3,969	-	5,215
Not rated	-	-	-	-	-	-	-	-
Total farm	\$ 522	\$ 230	\$ 277	\$ -	\$ 217	\$ 3,982	\$ -	\$ 5,228
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-
Non-farm								
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	3	-	1,307	-	1,310
Special mention	-	-	-	329	-	1,231	-	1,560
Pass	28,887	35,446	58,437	57,587	25,833	95,398	5,513	307,215
Not rated	-	-	-	-	-	-	-	-
Total non-farm	\$ 28,887	\$ 35,446	\$ 58,437	\$ 57,919	\$ 25,833	\$ 97,936	\$ 5,513	\$ 310,085
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-
Construction loans non-residential								
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-
Pass	14,604	27,730	-	97	-	-	131	42,562
Not rated	-	-	-	-	-	-	-	-
Total multifamily	\$ 14,604	\$ 27,730	\$ -	\$ 97	\$ -	\$ -	\$ 131	\$ 42,562
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-

NOTE 6 - LOANS (CONTINUED)

As of December 31, 2024

*Dollars in thousands

	Term loans amortized cost basis by origination year						Revolving Loans	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	2020	Prior			
Consumer loans									
Vehicle									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	8	-	-	10	1	-	-	19
Special mention	2	15	86	13	4	5	-	-	125
Pass	24,760	8,550	18,356	8,027	2,729	608	-	-	63,030
Not rated	-	-	-	-	-	-	-	-	-
Total vehicle	\$ 24,762	\$ 8,573	\$ 18,442	\$ 8,040	\$ 2,743	\$ 614	\$ -	\$ -	\$ 63,174
Current year-to-date gross write-offs	-	10	63	-	3	-	-	-	76
Consumer overdraft LOC									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	-	-	-	-	-	-	-	-	-
Not rated	-	-	-	-	-	-	78	-	78
Total overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78	\$ -	\$ 78
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Mobile home									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	19	-	-	19
Pass	-	34	30	46	91	803	-	-	1,004
Not rated	-	-	-	-	-	-	-	-	-
Total mobile home	\$ -	\$ 34	\$ 30	\$ 46	\$ 91	\$ 822	\$ -	\$ -	\$ 1,023
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Home improvement									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	16	4	29	11	2	-	-	-	62
Not rated	-	-	-	-	-	-	-	-	-
Total home improvement	\$ 16	\$ 4	\$ 29	\$ 11	\$ 2	\$ -	\$ -	\$ -	\$ 62
Current year-to-date gross write-offs	-	-	-	-	-	-	-	-	-
Other									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	10	5	-	-	15
Special mention	-	-	-	-	27	113	-	-	140
Pass	2,906	3,875	9,088	5,352	5,415	12,641	29	-	39,306
Not rated	-	-	-	-	-	-	-	-	-
Total other	\$ 2,906	\$ 3,875	\$ 9,088	\$ 5,352	\$ 5,452	\$ 12,759	\$ 29	\$ -	\$ 39,461
Current year-to-date gross write-offs	-	-	-	21	43	3	1	-	68
Credit card									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	-	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-	-	-
Pass	-	-	-	-	-	-	-	-	-
Not rated	-	-	-	-	-	-	2,473	-	2,473
Total credit card	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,473	\$ -	\$ 2,473
Current year-to-date gross write-offs	-	-	-	-	-	-	34	-	34
Total loans	\$ 102,676	\$ 100,646	\$ 147,810	\$ 92,091	\$ 61,948	\$ 183,085	\$ 44,700	\$ 1,743	\$ 734,699
Total year-to-date gross write-offs	-	10	63	21	46	38	35	-	213
Loan totals by grade									
Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-standard	-	8	-	3	20	1,331	42	330	1,734
Special mention	2	46	133	347	36	2,446	371	156	3,537
Pass	102,674	100,592	147,677	91,741	61,892	179,308	41,488	1,257	726,629
Not rated	-	-	-	-	-	-	2,799	-	2,799
Total Loans	\$ 102,676	\$ 100,646	\$ 147,810	\$ 92,091	\$ 61,948	\$ 183,085	\$ 44,700	\$ 1,743	\$ 734,699

NOTE 6 - LOANS (CONTINUED)

Certain directors and executive officers, including their immediate families and companies in which they are principal owners, are loan clients of the Bank. Such loans are made in the ordinary course of business in accordance with the Bank's normal lending policies, including the interest rate charged and collateralization, and do not represent more than a normal collection risk. Such loans amounted to \$18,596,000 and \$16,365,000 at December 31, 2025 and 2024, respectively.

The following is a summary of activity during 2025 and 2024 with loan renewals included in additions and repayments (dollars in thousands):

	Balance at beginning	Additions	Repayments	Balance at end
2025	<u>\$ 16,365</u>	<u>\$ 4,185</u>	<u>\$ 1,954</u>	<u>\$ 18,596</u>
2024	<u>\$ 13,455</u>	<u>\$ 3,476</u>	<u>\$ 566</u>	<u>\$ 16,365</u>

NOTE 7 - PREMISES AND EQUIPMENT

The following is a summary of premises and equipment at December 31, 2025 and 2024 (dollars in thousands):

	2025	2024
Land and improvements	\$ 2,740	\$ 2,740
Buildings	17,289	17,074
Equipment	<u>14,365</u>	<u>13,914</u>
	34,394	33,728
Less accumulated depreciation	24,713	23,716
Premises and equipment, net	<u>\$ 9,681</u>	<u>\$ 10,012</u>

Depreciation of premises and equipment and amortization of right of use asset amounted to \$1,115,000 in 2025 and \$1,091,000 in 2024.

The following table presents undiscounted future lease payments for the Corporation's two operating leases through 2025:

Total undiscounted cash flows	\$ 89
Less: Imputed interest	<u>18</u>
Present value of lease liabilities	<u>\$ 71</u>

The Bank has recorded a lease obligation for the two operating leases described above in the amount of \$71,000 as of December 31, 2025, and \$186,000 as of December 31, 2024, with a corresponding right of use asset in the amount of \$71,000, and \$186,000 in other liabilities and other assets, respectively, in the consolidated financial statements. The Bank's leases have a weighted average remaining term of 0.5 as if December 31, 2025 and 1.3 years as of December 31, 2024.

NOTE 8 - SECONDARY MARKET LENDING

As part of its normal business activity, the Bank services loans for others, including substantially all qualifying fixed rate residential mortgage loans which it originates and sells in the secondary market with servicing retained. Serviced loans are not reported as assets of the Bank and amounted to \$227,553,000 and \$231,814,000 as of December 31, 2025 and 2024, respectively.

Loans sold in the secondary market amounted to \$17,243,000 and \$19,214,000 during the years ended December 31, 2025 and 2024 resulting in gain on sale of loans of \$492,000 and \$513,000, respectively.

The following is a summary of activity for capitalized mortgage servicing rights for the years ended December 31, 2025 and 2024 (dollars in thousands):

	2025	2024
Balance at beginning of year	1,112	1,252
Capitalized servicing rights	195	216
Amortization	<u>(333)</u>	<u>(356)</u>
Balance at end of year	<u>\$ 974</u>	<u>\$ 1,112</u>

Mortgage servicing rights are included in other assets in the accompanying consolidated balance sheets.

NOTE 9 - DEPOSITS

Time deposits at December 31, 2025 that included individual deposits of \$250,000 and over amounted to \$51,767,000 and \$52,254,000 at December 31, 2024.

At December 31, 2025, the scheduled maturities of time deposits were as follows (dollars in thousands):

2026	\$ 167,809
2027	34,468
2028	9,929
2029	5,721
2030	3,123
Thereafter	<u>556</u>
Total	<u>\$ 221,606</u>

Deposits from officers, directors, related interest, and employees of the Bank approximated \$6,197,000 as of December 31, 2025, and \$4,525,000 at December 31, 2024.

NOTE 10 - FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements, which are classified as secured borrowings, generally mature within one to four days from the transaction date. Securities sold under repurchase agreements at December 31, 2025 and December 31, 2024 totaled \$50,140,774 and \$50,013,000, respectively. The weighted average interest rate was 2.82% for securities sold under repurchase agreements outstanding as of December 31, 2025 and 3.12% as of December 31, 2024. Securities sold under repurchase agreements are reflected at the amount of cash received in connection with the transactions. The Bank may be required to provide additional collateral based on the fair value of the underlying securities.

As of December 31, 2025, the Bank has \$10,000,000 of short-term borrowing availability through a federal funds line of credit with a correspondent bank. As of December 31, 2025, and December 31, 2024, there were no fed funds purchased.

NOTE 11 - BORROWED FUNDS

Borrowed funds consisted of the following at December 31, 2025 and 2024 (dollars in thousands):

	2025	2024
Federal Home Loan Bank (FHLB):		
Secured note, with interest at 3.89%, due January 2026	15,000	-
Secured note, with interest at 3.82%, due January 2026	15,000	-
Secured note, with interest at 3.81%, due January 2026	10,000	-
Secured note, with interest at 4.01%, due January 2026	15,000	-
Secured note, with interest at 3.8%, due January 2026	15,000	-
Secured note, with interest at 3.79%, due January 2026	15,000	-
Secured note, with interest at 3.79%, due January 2026	10,000	-
Secured note, with interest at 3.96%, due February 2026	10,000	-
Secured note, with interest at 3.78%, due February 2026	15,000	5,000
Secured note, with interest at 4.12%, due May 2026	5,000	5,000
Secured note, with interest at 4.41%, due March 2027	5,000	5,000
Secured note, with interest at 4.29%, due March 2027	5,000	10,000
Secured note, with interest at 3.84%, due January 2028	10,000	10,000
	<u>\$ 145,000</u>	<u>\$ 35,000</u>

Future maturities of borrowed funds at December 31, 2025 were as follows (dollars in thousands):

2026	125,000
2027	10,000
2028	<u>10,000</u>
Total	<u>\$ 145,000</u>

The FHLB notes require monthly interest payments and are secured by stock in the FHLB of Cincinnati and eligible mortgage loans totaling \$446,972,000 and \$327,510,000 as of December 31, 2025 and 2024, respectively.

At December 31, 2025, the Bank had available borrowings of \$21,919,000, and as of December 31, 2024 had \$50,646,000, with the Federal Home Loan Bank based on mortgage loan collateral pledged and outstanding borrowed funds.

NOTE 12 – DERIVATIVE AND HEDGING ACTIVITIES

In 2025, Croghan Colonial Bank entered into seven pay-floating/receive-fixed interest rate swaps (the “Pay Floating Swap Agreements”) for a total notional amount of \$90,000,000 that were designated as cash flow hedges. These derivatives hedge the variable cash flows of specifically identified floating rate borrowings. The Pay Floating Swap Agreements were determined to be highly effective during the periods presented and therefore no amount of ineffectiveness has been included in net income. The Pay Floating Swap Agreements pay a coupon rate equal to SOFR while receiving a fixed coupon rate of on average 3.29%.

These cash flow hedge relationships hedge the risk of variability in cash flows attributable to forecasted payments on future deposits or floating rate borrowings indexed to the SOFR Rate.

The Pay Fixed Swap Agreements are approximately three years in maturity set to expire in 2028. Net settlements on the Pay Fixed Swap Agreement were \$144,000 for the three and twelve months ended December 31, 2025 which reduced interest expense.

In total, as of December 31, 2025, Croghan Colonial Bank held pay-fixed interest rate swaps with a total notional value of \$90,000,000, a weighted average coupon of 3.29%, a fair value of \$148 thousand and an average remaining contract length of approximately 3 years.

The table below presents the fair value of derivative financial instruments as well as the classification within the consolidated statements of financial condition

The fair value of interest rate swaps in a net liability position, which includes accrued interest, was \$148,000 as of December 31, 2025. Croghan Colonial Bank has a master netting agreement with the correspondent bank and has the right to offset. Croghan Colonial Bank is required to pledge collateral to the correspondent bank equal to or in excess of the net liability position. Croghan Colonial Bank had a net asset position with the correspondent banks as of December 31, 2025.

(Dollars in thousands)	Balance Sheet Location	December 31, 2025 Fair Value
Derivatives designated as hedging instruments		
Interest Rate Contracts	Other Liabilities	\$ 148
Location and Amount of Gain (Loss)		
Cash Flow Hedge Relationships		Interest Expense
Total amount of income and expense line items presented in the consolidated statements of income in which the effects of cash flow hedges are recorded		\$ (144)

NOTE 13 - NON-INTEREST EXPENSES

The following is a summary of non-interest expenses for the years ended December 31, 2025 and 2024 (dollars in thousands):

	2025	2024
Salaries, wages, and employee benefits	\$ 19,080	\$ 17,870
Occupancy of premises	1,539	1,412
FDIC premium assessments	648	588
Equipment and vehicle	3,543	3,143
Professional and examination	1,501	1,503
State franchise and other taxes	982	959
Postage, stationery, and supplies	673	756
Advertising and marketing	681	638
Third-party computer processing	444	406
MasterCard franchise and processing	407	373
Loan collection and repossession fees	57	88
ATM network and processing fees	656	687
Other	2,051	1,928
Total non-interest expenses	<u>\$ 32,262</u>	<u>\$ 30,351</u>

NOTE 14 - FEDERAL INCOME TAXES

The provision for federal income taxes consisted of the following for 2025 and 2024 (dollars in thousands):

	2025	2024
Current - Federal	\$ 3,003	\$ 2,357
Deferred - Federal	<u>(17)</u>	<u>(29)</u>
Total	<u>\$ 2,986</u>	<u>\$ 2,328</u>

The income tax provision attributable to income from operations differs from the amounts computed by applying the U.S. federal income tax rate to income before federal income taxes as a result of the following (dollars in thousands):

	2025		2024	
Federal Statutory income Tax	\$ 3,177	21.00%	\$ 2,601	21.00%
Effect of:				
State and local income taxes, net of federal benefit	-		-	
Foreign tax effect	-		-	
Changes in tax laws or rate enacted in current period	-		-	
Cross border tax laws	-		-	
Tax Credits	-		-	
Changes in Valuation allowance	-		-	
Nontaxable items	(218)	-1.44%	(342)	-2.76%
Nondeductible items	31	0.20%	35	0.28%
Changes in unrecognized tax benefits	-		-	
Other	<u>(4)</u>	-0.03%	<u>34</u>	0.27%
Total	<u>\$ 2,986</u>	19.74%	<u>\$ 2,328</u>	18.80%

The tax effects of temporary differences that give rise to significant portions of deferred tax liabilities and deferred tax assets at December 31, 2025 and 2024 are presented below (dollars in thousands):

	2025	2024
Deferred tax assets:		
Purchase accounting basis difference	\$ 16	\$ 34
Allowance for credit and loan losses	1,989	1,884
Unrealized loss on securities available-for-sale	4,949	7,342
Accrued expenses and other	<u>371</u>	<u>341</u>
Total deferred tax assets	<u>7,325</u>	<u>9,601</u>
Deferred tax liabilities:		
Purchase accounting basis difference	815	779
Depreciation of premises and equipment	(15)	41
Federal Home Loan Bank stock dividends	111	120
Mortgage servicing rights	205	233
Prepaid expenses	63	51
Deferred loan costs and other	<u>792</u>	<u>647</u>
Total deferred tax liabilities	<u>1,971</u>	<u>1,871</u>
Net deferred tax assets	<u>\$ 5,354</u>	<u>\$ 7,730</u>

Net deferred tax assets at December 31, 2025 and December 31, 2024 are included in other assets in the accompanying consolidated balance sheets.

Management believes it is more likely than not that the benefit of deferred tax assets will be realized. Consequently, no valuation allowance for deferred tax assets is deemed necessary as of December 31, 2025 and 2024.

In management's determination, the Corporation has no tax positions for which it deems reasonably possible that the total amounts of the unrecognized tax benefit will significantly increase or decrease within the 12 months subsequent to December 31, 2025. The tax years that remain open and subject to examination as of December 31, 2025 are years 2022 – 2025 for Federal and the State of Ohio and Michigan.

NOTE 15 - EMPLOYEE BENEFITS

The Bank sponsors The Croghan Colonial Bank 401(k) Profit Sharing Plan (The Plan), a defined contribution plan which provides for both profit sharing and employer matching contributions. The Plan permits the investing in the Corporation's stock subject to various limitations. The Bank's profit sharing and matching contributions to the 401(k)-profit sharing plan for the years ended December 31, 2025 and 2024 amounted to \$1,131,000 and \$1,076,000, respectively. As of December 31, 2025, the Plan held 6,645 shares of the Corporation's common stock.

The Bank has entered into various supplemental pre and post-retirement benefits with certain officers and employees of the Bank. These benefits and cost related to certain benefits are supplemented by income and death benefits from insurance policies owned by the Bank. All life insurance policies required the payment of single premiums. The cash value of the life insurance policies amounted to \$23,291,000 and \$23,495,000 at December 31, 2025 and 2024, respectively.

In connection with the agreements, the Bank provided an estimated liability for accumulated pre and post-retirement benefits of \$450,000 at December 31, 2025 and \$470,000 at December 31, 2024, which is included in other liabilities in the accompanying consolidated balance sheets. The Bank had a \$25,000 death benefit payout in 2025, and recognized an expense for deferred compensation of \$5,000 in 2025 and a credit of \$1,000 in 2024.

No other post-retirement or post-employment benefits are offered to retirees or employees.

NOTE 16 - STOCK-BASED COMPENSATION

At the 2022 Annual Meeting of Shareholders, the shareholders of the Corporation adopted the Croghan Bancshares, Inc. 2022 Equity Incentive Plan (the "2022 Plan"), which permits the Corporation to award stock options, stock appreciation rights, restricted stock, and other stock-based and performance-based awards to directors, employees, and other eligible participants. A total of 125,000 shares are available for issuance pursuant to the 2022 Plan. At the 2012 Annual Meeting of Shareholders, the shareholders of the Corporation adopted the Croghan Bancshares, Inc. 2012 Equity Incentive Plan (the "2012 Plan"), which permits the Corporation to award stock options, stock appreciation rights, restricted stock, and other stock-based and performance-based awards to directors, employees, and other eligible participants. A total of 162,082 shares are available for issuance pursuant to the 2012 Plan.

At December 31, 2025 and 2024, there were no options remaining from the 2012 plan. No compensation expense related to the options was recognized in 2025 or 2024 and no unamortized compensation expense remains.

Restricted stock awards in 2025 were issued under the 2012 and the 2022 Plan. A summary of restricted stock activity for 2025 and 2024 activity is as follows:

	2025		2024	
	Shares	Weighted average grant date fair value	Shares	Weighted average grant date fair value
Non-vested at beginning of year	10,148	\$ 52.08	9,608	\$ 55.02
Granted	7,144	48.51	5,694	46.18
Vested	(7,232)	53.42	(5,154)	53.80
Forfeited	-	-	-	-
Non-vested at end of year	<u>10,060</u>	<u>49.99</u>	<u>10,148</u>	<u>52.08</u>

Restricted stock awards vest over a four or five-year period. Compensation expense relating to restricted stock is recognized over the vesting period based on the market value of the shares on the issue date and amounted to \$387,000 in 2025 and \$281,000 in 2024. As of December 31, 2025, there was \$374,000 of total unrecognized compensation cost related to unvested restricted stock awards. The cost is expected to be recognized over a weighted average period of 2.08 years.

NOTE 17 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its clients. These financial instruments are primarily loan commitments to extend credit and letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. The contract amount of these instruments reflects the extent of involvement the Bank has in these financial instruments.

The Bank's exposure to credit loss in the event of the nonperformance by the other party to the financial instruments for loan commitments to extend credit and letters of credit is represented by the contractual amounts of these instruments. The Bank uses the same credit policies in making loan commitments as it does for on-balance sheet loans.

The following financial instruments whose contract amount represents credit risk were outstanding at December 31, 2025 and 2024 (dollars in thousands):

	<u>Contract amount</u>	
	<u>2025</u>	<u>2024</u>
Commitments to extend credit, including commitments to grant loans and unfunded commitments under lines of credit	<u>\$ 248,795</u>	<u>\$ 202,558</u>
Standby letters of credit	<u>\$ 46</u>	<u>\$ 22</u>

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the client. Collateral held varies but may include accounts receivable, inventory, property, plant, and equipment; and income-producing commercial properties.

Standby letters of credit are written conditional commitments issued by the Bank to guarantee the performance of a customer to a third party and are reviewed for renewal at expiration. All outstanding standby letters of credit at December 31, 2025 expire in 2026. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loans to clients. The Bank requires collateral supporting these commitments when deemed necessary.

Various legal claims also arise from time to time in the normal course of business, which in the opinion of management, will have no material effect in the Bank's consolidated financial statements.

NOTE 18 - REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth below) of Common Equity Tier 1, Total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined in the regulations), and of Tier I capital to average assets (as defined in the regulations). Management believes, as of December 31, 2025 and 2024, that the Bank met all capital adequacy requirements to which it was subject.

As of December 31, 2025, the most recent notification from federal and state banking agencies categorized the Bank as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized", an institution must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes have changed the Bank's category.

NOTE 18 - REGULATORY MATTERS (CONTINUED)

The actual capital amounts and ratios of the Bank as of December 31, 2025 and 2024 are presented as follows (dollars in thousands):

These tables do not include the 2.5% capital conservation buffer requirement. A Bank with a capital conservation buffer greater than 2.5% of risk-weighted assets would not be restricted by payout limitations. However, if the 2.5% threshold is not met, the Bank would be subject to increasing limitations on capital distributions and discretionary bonus payments to executive officers as the capital conservation buffer approaches zero.

	Actual		Minimum capital requirement		Minimum to be well capitalized under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2025						
Total Capital (to Risk-Weighted Assets)						
Bank	\$ 142,724	13.40%	\$ 84,907	≥ 8.0%	\$ 106,134	≥ 10.0%
Common Equity Tier 1 Capital (to Risk-Weighted Assets)						
Bank	133,355	12.60%	47,760	≥ 4.5%	68,987	≥ 6.5%
Tier I Capital (to Risk-Weighted Assets)						
Bank	133,355	12.60%	63,680	≥ 6.0%	84,907	≥ 8.0%
Tier I Capital (to Average Assets)						
Bank	133,355	10.50%	50,655	≥ 4.0%	63,319	≥ 5.0%
As of December 31, 2024						
Total Capital (to Risk-Weighted Assets)						
Bank	\$137,918	14.70%	\$74,965	≥ 8.0%	93,706	≥ 10.0%
Common Equity Tier 1 Capital (to Risk-Weighted Assets)						
Bank	129,152	13.80%	42,168	≥ 4.5%	60,909	≥ 6.5%
Tier I Capital (to Risk-Weighted Assets)						
Bank	129,152	13.80%	56,223	≥ 6.0%	74,965	≥ 8.0%
Tier I Capital (to Average Assets)						
Bank	129,152	11.30%	45,632	≥ 4.0%	57,041	≥ 5.0%

On a parent company only basis, the Corporation's primary source of funds are dividends paid by the Bank. The ability of the Bank to pay dividends is subject to limitations under various laws and regulations, and to prudent and sound banking principles. Generally, subject to certain minimum capital requirements, the Bank may declare a dividend without the approval of the State of Ohio Division of Financial Institutions, unless the total dividends in a calendar year exceed the total of its net profits for the year combined with its retained profits of the two preceding years.

The Board of Governors of the Federal Reserve System generally considers it to be an unsafe and unsound banking practice for a bank holding company to pay dividends except out of current operating income, although other factors such as overall capital adequacy and projected income may also be relevant in determining whether dividends should be paid.

NOTE 19 - CONDENSED PARENT COMPANY FINANCIAL INFORMATION

A summary of condensed financial information of the parent company as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2024 was as follows (dollars in thousands):

CONDENSED BALANCE SHEETS	2025	2024
Assets:		
Cash	\$ 300	\$ 173
Dividends receivable from subsidiary	1,209	1,204
Investment in subsidiaries	137,048	123,739
Available-for-sale security	350	350
Other asset	<u>26</u>	<u>29</u>
Total assets	<u>\$ 138,933</u>	<u>\$ 125,495</u>
Liabilities:		
Dividends payable	<u>1,209</u>	<u>1,204</u>
Total liabilities	<u>1,209</u>	<u>1,204</u>
Stockholders' equity:		
Common stock	31,328	31,328
Surplus	13,372	13,251
Retained earnings	134,313	126,963
Accumulated other comprehensive income (loss)	(18,619)	(27,622)
Treasury stock	<u>(22,670)</u>	<u>(19,629)</u>
Total stockholders' equity	<u>137,724</u>	<u>124,291</u>
Total liabilities and stockholders' equity	<u>\$ 138,933</u>	<u>\$ 125,495</u>

CONDENSED STATEMENTS OF INCOME	2025	2024
Income – dividends from subsidiaries	\$ 7,934	\$ 5,265
Professional fees, interest, and other expenses	<u>(125)</u>	<u>(139)</u>
Income before income taxes and equity in undistributed net income of subsidiary	7,809	5,126
Federal income tax benefit	<u>(26)</u>	<u>(29)</u>
Income before equity in undistributed net income of subsidiary	7,835	5,155
Equity in net income of subsidiary, less dividends	<u>4,306</u>	<u>4,903</u>
Net income	<u>\$ 12,141</u>	<u>\$ 10,058</u>

NOTE 19 - CONDENSED PARENT COMPANY FINANCIAL INFORMATION (CONTINUED)

CONDENSED STATEMENTS OF CASH FLOWS	2025	2024
Cash flows from operating activities:		
Net income	\$ 12,141	\$ 10,058
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net income of subsidiary, less dividends	(4,306)	(4,903)
Decrease (increase) in dividends receivable	(5)	(1,204)
Stock-based compensation expense	387	281
Increase (decrease) in other assets	<u>3</u>	<u>(9)</u>
Net cash (decrease) in other assets	<u>8,220</u>	<u>4,223</u>
Cash flows from financing activities:		
Cash dividends paid	(4,786)	(4,809)
Treasury shares purchased	(3,307)	(1,749)
Net cash used in financing activities	(8,093)	(6,558)
Net cash (decrease) in cash	127	(2,335)
Cash at the beginning of year	<u>173</u>	<u>2,508</u>
Cash at the end of year	<u>\$ 300</u>	<u>\$ 173</u>

The Board of Directors authorized a stock buyback plan commencing February 1, 2025 and ending August 1, 2025, which allows up to 103,755 outstanding common shares to be repurchased. During the period February 1, 2025 through August 1, 2025, 30,753 shares were repurchased. The Board of Directors extended the stock buyback plan commencing on August 1, 2025 and ending on January 31, 2026, which allows up to 102,441 outstanding common shares to be repurchased. During the period August 1, 2025 through December 31, 2025, 36,878 shares were repurchased.

The Board of Directors extended the stock buyback plan commencing February 1, 2026 and ending July 31, 2026, which allows up to 100,730 additional outstanding common shares to be repurchased.

The decision whether to purchase shares, the number of shares to be purchased, and the price to be paid depends upon the availability of shares, prevailing market prices, and other possible considerations which might affect the advisability of purchasing shares.

NOTE 20 - FAIR VALUE MEASUREMENTS

ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are independent, knowledgeable, and both able and willing to transact.

ASC 820-10 requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820-10 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect the Corporation's own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which might include the Corporation's own financial data such as internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

There were no financial instruments measured at fair value that moved to a lower level in the fair value hierarchy due to the lack of observable quotes in inactive markets for those instruments at December 31, 2025 and 2024.

NOTE 20 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes financial assets (there were no financial liabilities) measured at fair value as of December 31, 2025 and 2024, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (dollars in thousands):

	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total fair value
2025				
Recurring:				
Securities available-for-sale:				
Collateralized mortgage obligations	\$ -	\$ 203,449	\$ -	\$ 203,449
Mortgage backed securities	-	52,391	-	52,391
SBA loan pools	-	1,792	-	1,792
U.S. Treasury	2,867	-	-	2,867
Obligations of states and political subdivisions	-	123,027	-	123,027
Other	-	350	-	350
Total Securities	<u>2,867</u>	<u>381,009</u>	<u>-</u>	<u>383,876</u>
Interest Rate Swaps	-	(148)	-	(148)
Total	<u>\$ 2,867</u>	<u>\$ 380,861</u>	<u>\$ -</u>	<u>\$ 383,728</u>
Nonrecurring:				
Other real estate owned	-	-	112	112
Individually evaluated loans	-	-	621	621
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 733</u>	<u>\$ 733</u>
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total fair value
2024				
Recurring:				
Securities available-for-sale:				
Collateralized mortgage obligations	\$ -	\$ 124,009	\$ -	\$ 124,009
Mortgage backed securities	-	47,795	-	47,795
SBA loan pools	-	2,545	-	2,545
U.S. Treasury	19,175	-	-	19,175
Obligations of states and political subdivisions	-	117,987	-	117,987
Other	-	350	-	350
Total	<u>\$ 19,175</u>	<u>\$ 292,686</u>	<u>\$ -</u>	<u>\$ 311,861</u>
Nonrecurring:				
Other real estate owned	-	-	-	-
Individually evaluated loans	-	-	715	715
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ 715</u>

There were no transfers of financial instruments between Levels 1 and 2 during 2025 and 2024.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, follows.

NOTE 20 - FAIR VALUE MEASUREMENTS (CONTINUED)

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality, the Corporation's creditworthiness, or unobservable parameters. Any such valuation adjustments are applied consistently over time. The Corporation's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Corporation's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Securities Available-for-Sale

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would typically include government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include corporate and municipal bonds, mortgage-backed securities, and asset-backed securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. The Corporation did not have any securities classified as Level 3 at December 31, 2025 and 2024.

Interest Rate Swaps

The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). Our derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Individually Evaluated Loans

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date and adjusted for selling costs as appropriate. Collateral values are estimated using Level 2 inputs, including recent appraisals and Level 3 inputs based on customized discounting criteria including discounting of appraisals based on age or changes in property or market conditions. These discounts generally range from 10% to 55%. Collateral values are also discounted for estimated selling costs of 10%. Estimated cash flows are discounted considering the loan rate and current market rates and generally range from 5% to 11%. Due to the significance of the Level 3 inputs, individually evaluated loans fair values have been classified as Level 3.

Other Real Estate Owned

The Corporation values other real estate owned at the estimated fair value of the underlying collateral less expected selling costs, generally approximating 10%. Such values are estimated primarily using appraisals and reflect a market value approach. Due to the significance of the Level 3 inputs, other real estate owned has been classified as Level 3.

NOTE 21 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of recognized financial instruments at December 31, 2025 and 2024, as well as indication of where the instrument falls within the fair value hierarchy described in Note 20, are as follows (dollars in thousands):

	<u>2025</u>		<u>2024</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
FINANCIAL ASSETS				
Securities	\$ 394,159	\$ 394,159	\$ 316,752	\$ 316,752
Loans, net	<u>820,784</u>	<u>792,922</u>	<u>726,003</u>	<u>694,118</u>
Total	<u>\$ 1,214,943</u>	<u>\$ 1,187,081</u>	<u>\$ 1,042,755</u>	<u>\$ 1,010,870</u>
FINANCIAL LIABILITIES				
Deposits	\$ 973,543	\$ 970,994	\$ 944,102	\$ 945,440
Borrowed funds	<u>145,000</u>	<u>145,129</u>	<u>25,000</u>	<u>24,817</u>
Total	<u>\$ 1,118,543</u>	<u>\$ 1,116,123</u>	<u>\$ 969,102</u>	<u>\$ 970,257</u>

The preceding summary does not include cash and cash equivalents, accrued interest receivable, cash surrender value of life insurance, dividends payable, federal funds purchased and securities sold under repurchase agreements, and other liabilities which are also considered financial instruments. The estimated fair value of such items is considered to be their carrying amount.

The Bank also has unrecognized financial instruments which relate to commitments to extend credit and standby letters of credit. The contract amount of such financial instruments was \$248,841,000 at December 31, 2025 and \$202,580,000 at December 31, 2024. The fair value of such instruments is not considered significant since they represent commitments at current interest rates.

The following methods and assumptions were used to estimate fair value of each class of financial instruments:

Cash and Cash Equivalents

Fair value is determined to be the carrying amount for these items because they represent cash or mature in 90 days or less and do not represent unanticipated credit concerns.

Securities

The fair value of available-for-sale securities is determined based on quoted market prices of the individual securities or, if not available, estimated fair value was obtained by comparison to other known securities with similar risk and maturity characteristics. Such value does not consider possible tax ramifications or estimated transaction costs. The fair value of restricted stock is considered to be its carrying amount. Securities are classified as Level 1 or Level 2 within the fair value hierarchy.

NOTE 21 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Loans

Fair value for loans is estimated for portfolios of loans with similar financial characteristics, and an exit price income approach is used to determine the fair value. Consideration is given to the loans underlying characteristics, including account types, remaining terms, annual interest rates or coupons, interest types, past delinquencies, timing of principal and interest payments, current market rates, loss exposures, and remaining balances. The model utilizes a discounted cash flow approach to estimate the fair value of the loans using assumptions for the coupon rates, remaining maturities, prepayment speeds, and estimates of prevailing discount rates. The model estimates credit losses based on historical charge-off trends. The model applies various assumptions regarding credit, interest, and prepayment risks for the loans based on loan types, payment types and fixed or variable classifications. Loans are classified as Level 2 within the fair value hierarchy.

Deposits

The fair value of core deposits, including demand deposits, savings accounts, and certain money market deposits, is the amount payable on demand. The fair value of fixed-maturity certificates of deposit is estimated using the rates offered at year end for deposits of similar remaining maturities. The estimated fair value does not include the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the marketplace. Deposits are classified as Level 2 within the fair value hierarchy.

Other Financial Instruments and Borrowed Funds

Federal funds purchased and securities sold under repurchase agreements are considered to be short-term borrowings and are valued at carrying value. Borrowed funds are typically long-term in nature with fair value determined based on discounted cash flow analysis using current interest rates. Borrowed funds are classified as Level 2 within the fair value hierarchy.

The fair value estimates of financial instruments are made at a specific point in time based on relevant market information. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

NOTE 22 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Corporation and Bank may be involved in various legal actions, but in the opinion of management and its legal counsel, the ultimate disposition of such matters is not expected to have a material adverse effect on the consolidated financial statements.

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LOCATIONS

FREMONT MAIN

323 Croghan Street
Fremont, OH 43420
419-332-7301

FREMONT BALLVILLE

1600 River Street
Fremont, OH 43420
419-355-2361

FREMONT EAST DRIVE THRU

1312 East State Street
Fremont, OH 43420
419-355-2342

FREMONT NORTH

910 Sean Drive
Fremont, OH 43420
419-334-7188

FREMONT WEST

2001 West State Street
Fremont, OH 43420
419-355-2352

BELLEVUE

One Union Square
Bellevue, OH 44811
419-483-7395

CLYDE

100 North Main Street
Clyde, OH 43410
419-547-9525

CURTICE

7182 North Lucas Street
Curtice, OH 43412
419-836-7722

GREEN SPRINGS

200 North Broadway Street
Green Springs, OH 44836
419-639-2323

MAUMEE

3425 Briarfield Boulevard, Suite 100
Maumee, OH 43537
419-794-9399

MILAN

33 Park Street
Milan, OH 44846
567-401-0261

MONROEVILLE

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Monroeville, OH 44847
419-465-2596

NORWALK

60 Whittlesey Avenue
Norwalk, OH 44857
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Oak Harbor, OH 43449
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OREGON

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PORT CLINTON CATAWBA

2820 East Harbor Road
Port Clinton, OH 43452
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PORT CLINTON DOWNTOWN

226 East Perry Street
Port Clinton, OH 43452
419-734-5600

TIFFIN DOWNTOWN

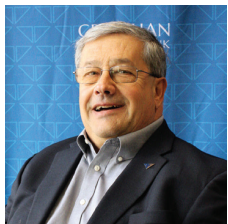
48 East Market Street
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TIFFIN WESTGATE

796 West Market Street
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BOARD OF DIRECTORS

Croghan Bancshares, Inc. & Croghan Colonial Bank



Jim Bowlus *Lead Director*



John Hoty



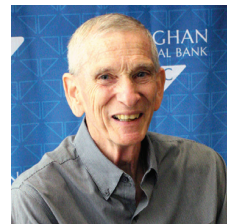
Claire Johansen



Leah Luzier



Tom McLaughlin



Al Mehlow



Dr. Andy Peterson



Kendall Rieman



Rick Robertson



Sara Riesen



Sarah Zimmerman

MANAGEMENT TEAM

Croghan Colonial Bank



Kendall Rieman
President/Chief Executive Officer



Brad Elfring
SVP, Chief Financial Officer



Carla Waggoner
SVP, Chief Operations Officer



Chip VanDette
SVP, Chief Lending Officer



Chris Kelly
SVP, Chief Credit Officer



Tracy Baughman
SVP, Chief Investment Officer



Theresa Elfring
*VP, Senior Manager -
Client Experience*



Shannon George
*VP, Toledo Market Manager
& Senior Lender*



Melissa Walker
VP, Retail Operations Manager



Laura Whipple
VP, Human Resources Manager

DIRECTORS EMERITI

Mike Allen Sr.

Steve Futrell

John Caputo

Dan Lease

Jim Dunn

Terry Wolfe

Jim Faist

OFFICERS *Croghan Bancshares, Inc.*

Kendall Rieman
President/CEO

Brad Elfring
Treasurer

Chip VanDette
Secretary

Amy LeJeune
Assistant Secretary

CROGHAN

BANCSHARES, INC.



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