

SHERWOOD BANC CORPORATION



Privately Traded...
...Community Invested



2024
ANNUAL
REPORT

PRESIDENT'S MESSAGE

Dear Shareholders and Customers:

I am very excited to inform you that we have exceeded \$100 million in assets, finishing the year up 12.08% to \$106.6 million. When I started at the bank 27 years ago, we were around \$20 million dollars in assets. Over the years it has been a nice steady conservative growth going from one branch location to four. We are excited about our newest branch in Archbold. The community has supported and welcomed us very well in the first six months.

Deposits increased by 14.80%, reaching \$89.1 million. We did have a business customer make a large deposit in December that skewed these year-end numbers. Adjusting for the deposit, the bank still would have grown deposits by 7.1%. Loans finished strong again at \$73.1 million, which represents an 8.90% growth.

Net income of \$316,095 was down with the opening of the new branch and the increase in interest expense. We anticipate income will recover nicely in 2025 with additional business from the new branch along with the cost of funds lowering as interest rates continue to lower.

Periodically, we have additional treasury shares available for purchase. If you have an interest in new shares, contact me or consider joining our Dividend Reinvestment Program (DRIP) to turn your cash dividend into new shares.

Thank you for your support of the communities we operate in with the investment in YOUR Community Bank.

Respectfully,



Mickey C. Schwarzbek
President / CEO



MISSION STATEMENT as of November 24, 2008


The Sherwood State Bank will continue to be a strong independent community bank providing mutually profitable financial products and services to meet the needs of all our customers. Our organizational team recognizes that the Customer, the Shareholder, the Employee, and the Community are the keys to our success.



Sherwood Banc Corporation

Independent Auditor's Report, Consolidated Financial Statements, and Consolidating Supplementary Information

December 31, 2024 and 2023



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Board of Directors:

Left to Right: Jeff Hange, Director; Wesley Moats, Secretary of the Board; James Weaner, Chairman of the Board; Mickey C. Schwarzbek, President/CEO; Ted Penner, Vice-Chairman of the Board; Wesley Schultz, Director

Stockholders and Board of Directors
Sherwood Banc Corporation
Sherwood, Ohio

Management is responsible for the accompanying consolidated financial statements of Sherwood Banc Corporation (Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income and stockholders' equity for the years then ended in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these consolidated financial statements.

Management has elected to omit substantially all of the disclosures and the statements of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statements of cash flows were included in the consolidated financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenue, and expenses. Accordingly, these consolidated financial statements are not designed for those who are not informed about such matters.

The accompanying FDIC §350.4 Disclosures supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Forvis Mazars, LLP

**Fort Wayne, Indiana
January 31, 2025**

Sherwood Banc Corporation
Consolidated Balance Sheets
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and due from banks	\$ 1,800,999	\$ 2,022,574
Federal funds sold	7,034,000	303,000
Interest-bearing demand deposits	321,866	227,246
Cash and cash equivalents	9,156,865	2,552,820
Investment securities, available for sale	16,235,892	19,168,533
Loans, net of allowance for credit losses of \$904,276 and \$836,274	73,134,748	67,159,429
Premises and equipment	3,941,156	2,323,115
Other real estate owned	59,300	-
Bank stock investments	561,156	491,256
Interest receivable	379,099	349,582
Life insurance contracts	2,822,654	2,006,949
Other assets	318,145	1,068,807
	<u>\$ 106,609,015</u>	<u>\$ 95,120,491</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Noninterest-bearing	\$ 21,431,919	\$ 21,027,529
Interest-bearing	67,737,156	56,645,868
Total deposits	89,169,075	77,673,397
Long-term borrowings	5,193,083	5,405,844
Interest payable	259,685	232,382
Other liabilities	209,286	119,786
Total liabilities	94,831,129	83,431,409
Stockholders' Equity		
Common stock, without par value, \$2.50 stated value		
Authorized, 1,000,000 shares		
Issued and outstanding – 346,496 and 349,702 shares in 2024 and 2023, respectively	866,240	874,255
Additional paid-in capital	5,309,601	5,427,160
Retained earnings	6,514,446	6,310,375
Accumulated other comprehensive loss	(912,401)	(922,708)
Total stockholders' equity	11,777,886	11,689,082
	<u>\$ 106,609,015</u>	<u>\$ 95,120,491</u>

Sherwood Banc Corporation
Consolidated Statements of Income
Years Ended December 31, 2024 and 2023

	2024	2023
Interest Income		
Loans receivable		
Taxable	\$ 4,408,589	\$ 3,869,552
Tax-exempt	28,801	6,251
Investment securities		
Taxable	168,490	158,045
Tax-exempt	253,501	273,983
Federal funds sold and other	60,244	26,568
Total interest income	<u>4,919,625</u>	<u>4,334,399</u>
Interest Expense		
Deposits	1,242,952	683,882
Short-term borrowings	51,461	33,716
Long-term borrowings	229,081	141,443
Total interest expense	<u>1,523,494</u>	<u>859,041</u>
Net Interest Income	3,396,131	3,475,358
Provision for Credit Losses	<u>47,769</u>	<u>71,847</u>
Net Interest Income After Provision for Credit Losses	<u>3,348,362</u>	<u>3,403,511</u>
Noninterest Income		
Service charges on deposit accounts	167,673	150,312
Net realized gain on sales of available-for-sale securities	3,559	-
Gain on sale of loans	5,142	6,280
Interchange and card income	144,223	147,500
Other income	362,905	256,117
Total noninterest income	<u>683,502</u>	<u>560,209</u>
Noninterest Expense		
Salaries and employee benefits	1,957,791	1,833,242
Net occupancy expenses	444,104	370,161
Data and item processing fees	524,474	439,831
Printing and office supplies	79,907	63,322
Director and committee fees	73,200	80,400
ATM expenses	98,387	88,225
Deposit insurance and examination expense	62,959	59,933
State franchise tax expense	93,513	88,051
Other expenses	378,567	372,223
Total noninterest expense	<u>3,712,902</u>	<u>3,395,388</u>
Income Before Income Taxes	318,962	568,332
Provision for Income Taxes	<u>2,867</u>	<u>50,461</u>
Net Income	<u>\$ 316,095</u>	<u>\$ 517,871</u>

Sherwood Banc Corporation
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Net Income	<u>\$ 316,095</u>	<u>\$ 517,871</u>
Other Comprehensive Income		
Unrealized appreciation on available-for-sale securities, net of tax expense of \$3,487 and \$111,273 for 2024 and 2023, respectively	13,119	418,599
Less: Reclassification adjustment for realized gains included in net income, net of taxes of \$747 and \$0 for 2024 and 2023, respectively	<u>2,812</u> <u>10,307</u>	<u>-</u> <u>418,599</u>
 Total comprehensive income	 <u><u>\$ 326,402</u></u>	 <u><u>\$ 936,470</u></u>

Sherwood Banc Corporation
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2024 and 2023

	Common Stock		Additional	Retained	Accumulated	
	Shares	Amount	Paid-in	Earnings	Other	Total
	Outstanding		Capital		Comprehensive	
					Income (Loss)	
Balance, January 1, 2023	349,243	\$ 873,108	\$ 5,405,954	\$ 5,967,441	\$ (1,341,306)	\$ 10,905,197
Net income	-	-	-	517,871	-	517,871
Other comprehensive income	-	-	-	-	418,598	418,598
Cash dividends	-	-	-	(174,937)	-	(174,937)
(\$0.50 per share)	-	-	-	-	-	-
Issuance of stock	459	1,147	21,206	-	-	22,353
Balance, December 31, 2023	349,702	874,255	5,427,160	6,310,375	(922,708)	11,689,082
Net income	-	-	-	316,095	-	316,095
Other comprehensive income	-	-	-	-	10,307	10,307
Cash dividends	-	-	-	(112,024)	-	(112,024)
(\$0.32 per share)	-	-	-	-	-	-
Purchase of stock	(7,738)	(19,345)	(285,775)	-	-	(305,120)
Issuance of stock	4,532	11,330	168,216	-	-	179,546
Balance, December 31, 2024	346,496	\$ 866,240	\$ 5,309,601	\$ 6,514,446	\$ (912,401)	\$ 11,777,886

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Supplementary Information

Sherwood Banc Corporation
FDIC §350.4 Disclosures
Years Ended December 31, 2024 and 2023
(Table Dollar Amounts in Thousands)

Past Due and Nonaccrual Loans

	<u>2024</u>	<u>2023</u>
Past due 90 days or more and still accruing interest	\$ -	\$ -
Past due 90 days or more and not accruing interest	522	515
Total	<u>\$ 522</u>	<u>\$ 515</u>

Allowance for Credit Losses

	<u>2024</u>	<u>2023</u>
Allowance for credit losses		
Beginning balance prior to adoption of ASC 326	N/A	\$ 651
Impact of adoption of ASC 326	N/A	128
Balance, January 1	836	779
Provision for losses	48	72
Recoveries on loans	56	7
Loans charged off	(36)	(22)
Balance, December 31	<u>\$ 904</u>	<u>\$ 836</u>

Federal Deposit Insurance Corporation Disclaimer

These statements have not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.

Board of Directors

Mickey C. Schwarzbek, Director-President/CEO Sherwood State Bank

James K. Weaner, Chairman

Ted W. Penner, Vice-Chairman

Wesley C. Moats, Secretary

Jeffrey T. Hange, Director

Wesley J. Schultz, Director

Officers

Mickey C. Schwarzbek
President/CEO

Sharon L. Colley
Vice-President
Chief Operating Officer

Joe Rodriguez
Vice-President
Chief Lending Officer

Benjamin Schrock
Vice-President
Chief Risk Officer

Jennifer Wagner
Assistant Vice-President
Deposit Operations Officer

Ryan Frederick
Vice-President
Business Development Officer

Matthew Mello
Vice-President
Business Development Officer

Aaron Schwarzbek
Assistant Vice-President
Business Development Officer

Daja Stocklin
Assistant Vice-President
Business Development Officer

Retired Officer

Lynette Beardsley
Assistant Vice-President/Deposit Operations
Retired 5/31/24 – 20 Years of Service



THE SHERWOOD STATE BANK MISSION STATEMENT

The Sherwood State Bank will continue to be a strong independent community bank providing mutually profitable financial products and services to meet the needs of all our customers. Our organizational team recognizes that the customer, the shareholder, the employee, and the community are the keys to our success.

Cybersecurity is incorporated into the bank's overall strategy and activities. The Board of Directors has accepted a moderate risk tolerance and controls are in place for the continual monitoring of cybersecurity activities and developments.

LOCATIONS



Sherwood Main Office
105 N Harrison Street
P.O. Box 4546
Sherwood, OH 43556
419-899-2111



Operations Center
212 N Harrison Street
Sherwood, OH 43556
419-899-2111



Defiance Branch
400 W Third Street
Defiance, OH 43512
419-782-0088



Fayette Branch
121 W Main Street
P.O. Box 305
Fayette, OH 43521
419-237-2575



Archbold Branch
202 Stryker St.
Archbold, OH 43502
419-267-5555

ATM's AT ALL BRANCH OFFICES; OFFSITE ATM AT 20478 US HWY 6, RIDGEVILLE CORNERS, OH;
MOBILE, INTERNET, AND TELEPHONE BANKING 24/7; ONLINE BILL PAY; REMOTE DEPOSIT CAPTURE



PRODUCTS & SERVICES

- Personal & Business Checking Accounts
- Personal & Business Savings Accounts
- Certificates of Deposit
- IRA Accounts
- HSA Accounts
- Christmas Club Accounts
- Club Accounts
- Real Estate Loans
- Farm Loans
- Home Equity Lines of Credit
- Car Loans
- Agricultural Lines of Credit
- Personal & Business Lines of Credit
- Safety Deposit Boxes
- ATM Cards
- Mastercard® Debit Cards
- Business Mastercard® Debit Cards
- Wallet Pay
- Money Orders
- Cashier's Checks
- Fax Machine
- Domestic & Foreign Wire Transfers
- Coin Counting
- Photocopies
- Mobile Banking
- Mobile Remote Deposit
- Internet Banking
- Bill Pay & Business Bill Pay
- Telephone Banking



PRODUCTS & SERVICES

- Individual & Group Benefits
- Accidental Death & Disability Insurance
- Ohio Bureau of Workers' Compensation Discount Program

For more information on any of these products or services, visit www.sherwood.bank or call 800-899-9531.





CORPORATE OFFICE

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P.O. Box 4546
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Defiance Branch

400 W Third Street
Defiance, OH 43512
419-782-0088

Fayette Branch

121 W Main Street
P.O. Box 305
Fayette, OH 43521
419-237-2575

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MOBILE, INTERNET, AND TELEPHONE BANKING 24/7; ONLINE BILL PAY; REMOTE DEPOSIT CAPTURE



CORPORATE INFORMATION

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