

SHERWOOD BANC CORPORATION



Privately Traded...
...Community Invested

2023
ANNUAL
REPORT

PRESIDENT'S MESSAGE

Dear Shareholders and Customers:

2023 was yet another good year of growth for YOUR bank. Assets grew by 8.08% to \$96.1 million, and deposits increased by 5.65% reaching an institutional high of \$77.6 million. The largest increase was in loans, 9.28% finishing at \$67.1 million. We continue to see good loan demand. Net income was down slightly with additional training of new staff for upcoming retirements and the Archbold branch. Income was closed out at \$517,871, down from 2022 of \$576,466.



We have added many new individuals with years of banking experience to handle the retirements and planned growth. Please stop by any of our locations and meet the current and new members of our great team. Our team grew to 30 total individuals in 2023 with more to be added in early 2024.

With the opening of the Archbold branch in mid-2024 we anticipate adding many new customers and growing in the Fulton County market. You can help us to continue being a leader in our area by referring anyone you know who could benefit from our services. Thank you for your investment and support.

Respectfully,

A handwritten signature in blue ink, appearing to read "Mickey C. Schwarzbek". The signature is fluid and cursive.

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

Accountant's Compilation Report and Consolidated Financial Statements

December 31, 2023 and 2022



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Board of Directors:

Front Row Left to Right: Mickey C. Schwarzbek, President/CEO; John Wirth, Chairman of the Board.

Back Row Left to Right: Ted Penner, Director; Wesley Schultz, Director;
James Weaner, Vice-Chairman of the Board; Wesley Moats, Secretary of the Board; Jeff Hange, Director.



111 E. Wayne Street, Suite 600 / Fort Wayne, IN 46802

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forvis.com

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, 2023 and 2022, and the related consolidated statements of income, comprehensive income (loss) 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,LLP

Fort Wayne, Indiana
February 16, 2024

Sherwood Banc Corporation
Consolidated Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and due from banks	\$ 2,022,574	\$ 2,169,136
Federal funds sold	303,000	-
Interest-bearing demand deposits	227,246	155,504
Cash and cash equivalents	2,552,820	2,324,640
Investment securities, available for sale	19,168,533	18,937,406
Loans, net of allowance for credit losses of \$836,274 and and \$650,979	67,159,429	61,454,150
Premises and equipment	2,323,115	1,831,822
Bank stock investments	491,256	437,556
Interest receivable	349,582	310,569
Life insurance contracts	2,006,949	1,953,145
Other assets	1,068,807	762,175
 Total assets	 \$ 95,120,491	 \$ 88,011,463
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Noninterest-bearing	\$ 21,027,529	\$ 20,342,520
Interest-bearing	56,645,868	53,180,049
Total deposits	77,673,397	73,522,569
Short-term borrowings	-	353,000
Long-term borrowings	5,405,844	3,060,852
Interest payable	232,382	34,729
Other liabilities	119,786	33,949
Total liabilities	83,431,409	77,005,099
Stockholders' Equity		
Common stock, without par value, \$2.50 stated value		
Authorized, 1,000,000 shares		
Issued and outstanding – 349,702 and 349,243 shares in and 2022, respectively	874,255	873,108
Additional paid-in capital	5,427,160	5,405,954
Retained earnings	6,310,375	6,068,608
Accumulated other comprehensive loss	(922,708)	(1,341,306)
Total stockholders' equity	11,689,082	11,006,364
 Total liabilities and stockholders' equity	 \$ 95,120,491	 \$ 88,011,463

Sherwood Banc Corporation
Consolidated Statements of Income
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Interest Income		
Loans receivable		
Taxable	\$ 3,869,552	\$ 2,913,487
Tax-exempt	6,251	6,532
Investment securities		
Taxable	158,045	148,083
Tax-exempt	273,983	180,422
Federal funds sold and other	26,568	50,171
Total interest income	<u>4,334,399</u>	<u>3,298,695</u>
Interest Expense		
Deposits	683,882	134,222
Short-term borrowings	33,716	2,444
Long-term borrowings	141,443	44,613
Total interest expense	<u>859,041</u>	<u>181,279</u>
Net Interest Income	3,475,358	3,117,416
Provision for Credit Losses	<u>71,847</u>	<u>55,244</u>
Net Interest Income After Provision for Credit Losses	<u>3,403,511</u>	<u>3,062,172</u>
Noninterest Income		
Service charges on deposit accounts	150,312	129,730
Gain on sale of loans	6,280	26,311
Interchange and card income	147,500	142,810
Other income	256,117	289,570
Total noninterest income	<u>560,209</u>	<u>588,421</u>
Noninterest Expense		
Salaries and employee benefits	1,833,242	1,580,363
Net occupancy expenses	370,161	339,693
Data and item processing fees	439,831	404,394
Printing and office supplies	63,322	75,748
Director and committee fees	80,400	80,400
ATM expenses	88,225	74,353
Deposit insurance and examination expense	59,933	41,882
State franchise tax expense	88,051	75,387
Other expenses	372,223	308,926
Total noninterest expense	<u>3,395,388</u>	<u>2,981,146</u>
Income Before Income Taxes	568,332	669,447
Provision for Income Taxes	<u>50,461</u>	<u>92,981</u>
Net Income	<u>\$ 517,871</u>	<u>\$ 576,466</u>

Sherwood Banc Corporation
Consolidated Statements of Comprehensive Income (Loss)
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net Income	\$ 517,871	\$ 576,466
Other Comprehensive Income (Loss)		
Unrealized appreciation (depreciation) on available-for-sale securities, net of tax expense (benefit) of \$111,273 and \$(377,380) for 2023 and 2022, respectively	<u>418,599</u>	<u>(1,419,666)</u>
Total comprehensive income (loss)	<u>\$ 936,470</u>	<u>\$ (843,200)</u>

Sherwood Banc Corporation
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2023 and 2022

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares Outstanding	Amount				
Balance, January 1, 2022	279,706	\$ 699,265	\$ 2,945,711	\$ 5,699,994	\$ 78,360	\$ 9,423,330
Net income	-	-	-	576,466	-	576,466
Other comprehensive loss	-	-	-	-	(1,419,666)	(1,419,666)
Cash dividends	-	-	-	(207,852)	-	(207,852)
(\$0.67 per share)	-	-	-	(207,852)	-	(207,852)
Issuance of stock	69,537	173,843	2,460,243	-	-	2,634,086
Balance, December 31, 2022	349,243	873,108	5,405,954	6,068,608	(1,341,306)	11,006,364
Cumulative change for adoption of ASC 326	-	-	-	(101,167)	-	(101,167)
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)	-	-	-	(174,937)	-	(174,937)
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

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Supplementary Information

Sherwood Banc Corporation
FDIC §350.4 Disclosures
Years Ended December 31, 2023 and 2022
(Table Dollar Amounts in Thousands)

Past Due and Nonaccrual Loans

	<u>2023</u>	<u>2022</u>
Past due 90 days or more and still accruing interest	\$ -	\$ -
Past due 90 days or more and not accruing interest	515	330
Total	<u>\$ 515</u>	<u>\$ 330</u>

Allowance for Credit Losses

	<u>2023</u>	<u>2022</u>
Allowance for credit losses		
Beginning balance prior to adoption of ASC 326	\$ 651	\$ 598
Impact of adoption of ASC 326	128	-
Balance, January 1, 2023	<u>779</u>	<u>598</u>
Provision for losses	72	55
Recoveries on loans	7	8
Loans charged off	<u>(22)</u>	<u>(10)</u>
Balance, December 31	<u>\$ 836</u>	<u>\$ 651</u>

Federal Deposit Insurance Corporation Disclaimer

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



Officers:

Bottom Row Left to Right: Ryan Frederick, Vice-President, Business Development Officer; Lynette J. Beardsley, Assistant Vice-President, Deposit Operations; Mickey C. Schwarzbek, President/CEO; Sharon L. Colley, Vice-President, Chief Operating Officer.

Back Row Left to Right: Joe Rodriguez, Vice-President, Chief Lending Officer; Matthew Mello, Vice-President, Business Development Officer; Spencer Short, Vice-President, Business Development Officer; Benjamin Schrock, Vice-President, Chief Risk Officer; Aaron Schwarzbek, Business Development Officer.

Retired Officers (Not Pictured):

Wanda J. Edwards, Vice-President, Loan Operations (Retired 7/26/23 - 24 Years of Service); Julie A. Boehm, Vice-President, Compliance Officer (Retired 1/31/24 - 25 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



Ridgeville Corners Branch
20478 US Hwy 6
P.O. Box 87
Ridgeville Corners, OH 43555
419-267-5555

ATM's AT ALL BRANCH OFFICES; MOBILE, INTERNET, AND TELEPHONE BANKING 24/7;
ONLINE BILL PAY; REMOTE DEPOSIT CAPTURE

SHERWOOD STATE BANK

S S B A COMMUNITY BANK

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



SHERWOOD FINANCIAL SERVICES, LLC

S F S

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.



MEMBER
FDIC

SHERWOOD STATE BANK



CORPORATE OFFICE

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P.O. Box 4546
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400 W Third Street
Defiance, OH 43512
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Ridgeville Corners Branch

20478 US Hwy 6
P.O. Box 87
Ridgeville Corners, OH 43555
419-267-5555

Fayette Branch

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

ATM's AT ALL BRANCH OFFICES; MOBILE, INTERNET, AND TELEPHONE BANKING 24/7;
ONLINE BILL PAY; REMOTE DEPOSIT CAPTURE



CORPORATE INFORMATION

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