

November 15, 2012

Letter to our Shareholders:

As I briefly mentioned in the 3rd Quarter Newsletter, the Jumpstart Our Business Startup Act (the "JOBS Act") was signed into law earlier in 2012 and provides companies such as Croghan Bancshares, Inc. ("Croghan") an opportunity to "deregister" and thereby suspend their reporting obligations with the Securities and Exchange Commission ("SEC"). Deregistration offers an opportunity for Croghan to reduce costs and expenses associated with complying with the periodic SEC reporting requirements.

Croghan has been an SEC-reporting company since 1992, when it was required to register with the SEC when the number of our registered shareholders exceeded 500 which, at that time, was the requirement for SEC registration. The JOBS Act, among other things, has increased the threshold for SEC registration from 500 to 2,000 shareholders, and, more importantly, now permits companies to deregister if the number of their shareholders falls below 1,200 shareholders. Croghan currently has approximately 700 shareholders (based on the JOBS Act definition), which qualifies Croghan for the opportunity to deregister.

The Board of Directors of Croghan Bancshares, Inc. has voted to approve the deregistration of the company with the SEC. The Board of Directors has considered and weighed all of the advantages and disadvantages to deregistration and consulted with legal, regulatory, accounting and industry advisors and stock market makers. Based on its analysis, the Board of Directors determined that the advantages, in particular the significant cost savings, outweigh any disadvantages associated with deregistration. As a result of deregistration, Croghan will no longer be required to file periodic reports, such as Forms10-K, 10-Q or 8-K, with the SEC. This will result in an immediate reduction in direct costs associated with outside accounting, legal and compliance fees, as well as additional personnel savings from reduced time needed to prepare and file reports required by the SEC.

What does this mean to you as a shareholder?

We believe that you will notice very little change in both trading of our stock and the financial information available to you as a result of Croghan's deregistration with the SEC.

- We will continue to trade on the Over the Counter Bulletin Board (OTCBB) under the ticker symbol **CHBH.OB.**
- You can continue to use our market maker Boenning & Scattergood, or any broker you currently use.
- Our Dividend Reinvestment Plan, or DRIP, will continue without change.
- Our transfer agent will continue to be Registrar and Transfer Company.
- We will continue to make annual and quarterly financial information available through Call Reports and Shareholder Newsletters.
- We will continue to provide Annual Reports to our shareholders with Audited Financial Statements.
- Will continue to receive proxy materials in connection with our Annual Meeting of Shareholders.

We are confident that taking advantage of this opportunity to reduce costs will benefit all shareholders. Thank you for your continued support, and as always, you are welcomed and encouraged to contact me or our CFO, Kendall Rieman, with any questions you may have.

Rick Robertson President & CEO

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Information Page:

Croghan Web Site: Newsletters and Call Reports www.croghan.com

FDIC Web site: Call Reports and other Bank information https://cdr.ffiec.gov/Public/

> Rick Robertson, President/CEO Phone: 419.355.2232 Email: rrobertson@croghan.com

Kendall Rieman, EVP/CFO Phone: 419.355.2222 Email: krieman@croghan.com

Amy LeJeune, Investor Relations Phone: 419.355.2231 Email: alejeune@croghan.com

> Our mailing address: Croghan Bancshares, Inc. 323 Croghan Street Fremont, OH 43420

> > Toll Free phone: 1.888.276.4426

Our stock market makers: Boenning & Scattergood 9916 Brewster Lane Powell, OH 43065 1.866.326.8113

Transfer Agent Information:
Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016
Web site: www.rtco.com

2013 Annual Meeting Info: Tuesday, May 7, 2013 at 1pm Terra State Community College 2830 Napoleon Road Fremont, OH 43420