

December 17, 2012

To our Shareholders:

**For the benefit of our shareholders, we will pay our 4th quarter dividend earlier than normal this year.
Payment will be made on December 28, 2012 instead of January 2013.**

On December 4, 2012, the Board of Directors of Croghan Bancshares, Inc. approved a shareholder dividend for the 4th quarter of 2012. The 4th quarter dividend of \$.32 per share will be paid to shareholders of record on December 14, 2012 and payable on December 28, 2012, which is a change of when the Company would normally pay its dividend.

Historically, Croghan declares its 4th quarter dividend in December, with payment to be made at the end of January. The Board made the decision to pay this dividend in December 2012 in order for our shareholders to avoid any negative taxation impacts from our country's "fiscal cliff" resolutions. Currently there are a number of uncertainties regarding the nation's fiscal issues. Our elected officials are considering cuts to spending, but are also looking at increasing tax revenue, including taxing dividend income at a higher rate. Therefore, by paying our dividend in 2012, we will avoid potential negative taxation impacts for our shareholders.

As a result of paying the 4th quarter dividend in December, please keep in mind there will be no dividend paid in January. We expect to return to the normal payment dates at the end of April, July and October in 2013.

We are confident that taking advantage of this opportunity to increase after tax income will benefit the majority of our shareholders. Our Board and employee group wish you a wonderful holiday season. Thank you for your continued support, and as always, you are welcomed and encouraged to call me, or our CFO Kendall Rieman with any questions you may have.



Rick Robertson
President & CEO