Croghan Colonial Bank

Corporate Office

323 Croghan Street Fremont, OH 43420 419.332.7301

Banking Centers

| Fremont | Bellevue | Tiffin |
|----------------|---------------------|----------|
| Main Office | Clyde | Downtown |
| Ballville | Custar | Westgate |
| East | Green Springs | |
| North | Monroeville | |
| West | Norwalk | |
| | Port Clinton | |

Shareholder Information

Stock Listing:

OTC BB - Ticker symbol: CHBH

Registrar and Transfer Agent:

Registrar and Transfer Company 10 Commerce Drive Cranford, NJ 07016-3572 Toll free 1.800.368.5948 Website: www.rtco.com

Market Maker:

Boenning & Scattergood 9916 Brewster Lane Powell, OH 43065 1.866.326.8113

Investor Relations:

Amy LeJeune <u>alejeune@croghan.com</u> 419.355.2231 or toll free 1.888.276.4426

Our Website:

www.croghan.com



Quarterly Report December 31, 2012 January 2013

Letter to our Shareholders:

Highlights of the fourth quarter and 2012 year end results include:

- Fourth Quarter dividend was paid in December 2012
- 2012 Net Income of \$4,843,000 up from 2011
- Loan balances up 6.4% year over year
- Improving quality in the loan portfolio

A year ago, Croghan had just completed our four branch acquisition which expanded our bank into Tiffin and Seneca County, plus strengthened our market share in Clyde and Fremont. Now, a year later, we remain very pleased with that acquisition and remain confident in the long term value the branch acquisition made for our bank.

Net Income for 2012 totaled \$4,843,000 compared to \$4,754,000 in 2011. Stockholders' equity has increased to \$67,164,000 and our loan portfolio has grown to \$321,277,000, both as of December 31, 2012.

Our net interest margin continues to be negatively impacted by both the low interest rate environment and the substantial inflow of deposits resulting from the branches acquisition. Due to continued soft loan demand in our primary lending area, these funds have primarily been invested in lower-yielding available-for-sale securities. We remain optimistic that our net interest margin will improve as we have an opportunity to deploy these funds into our loan portfolio over time.

As a reminder, you should have previously received a letter notifying you of payment of the fourth quarter 2012 dividend in December 2012. On December 4, 2012, the Board declared a dividend of 32 cents per share to shareholders of record on December 14, 2012 that was paid on December 28, 2012. This payment was made early due to the concerns of the uncertainty at that time with the "fiscal cliff" resolution and the potential for taxing dividend income at a higher rate. Please keep this in mind as you receive your IRS 1099-DIV notices. You may have received five quarterly dividend payments in 2012, and potentially may receive only three in 2013, which is attributed to the early dividend payment received in December.

Thank you for your continued support.

Ruez M Robertson

Rick Robertson President & CEO



FINANCIAL INFORMATION (unaudited)

Deposits

Stockholders' equity

Common shares outstanding

| | | ad Ended 2/31/12 | | ad Ended 12/31/11 | |
|---|--------|---------------------|--------|----------------------|--|
| CONDENSED STATEMENT OF OPERA | ATIONS | | | | |
| Interest income | \$ 2 | 1,059,000 | \$ 2 | 21,622,000 | |
| Interest expense | | 3,086,000 | | 3,355,000 | |
| Net interest income | 1 | 7,973,000 | 1 | 8,267,000 | |
| Provision for loan losses | | 525,000 | | 775,000 | |
| Net interest income after provision for loan losses | 1 | 7,448,000 | 1 | 7,492,000 | |
| Non-interest income | | 4,553,000 | | 3,468,000 | |
| Non-interest expenses | _1 | 6,417,000 | 1 | 5,008,000 | |
| Income before federal income taxes | | 5,584,000 | | 5,952,000 | |
| Federal income taxes | | 741,000 | | 1,198,000 | |
| Net income | \$ | 4,843,000 | \$ | 4,754,000 | |
| Average common shares outstanding | | 1,673,667 | | 1,673,775 | |
| PER SHARE DATA | | | | | |
| Net income | \$ | 2.89 | \$ | 2.84 | |
| Cash dividends | \$ | 1.28 | \$ | 1.28 | |
| Book value | \$ | 40.01 | \$ | 37.58 | |
| Closing price | \$ | 30.27 | \$ | 29.00 | |
| FINANCIAL RATIOS | | | | | |
| Return on average assets | | 0.77% | D | 0.94% | |
| Return on average equity | | 7.40% | ,) | 7.97% | |
| Net interest margin | | 3.18% | ,) | 3.99% | |
| Loans to deposits | | 62.76% | ,) | 60.17% | |
| Allowance for loan losses to total loans | | 1.35% | , | 1.58% | |
| PERIOD END BALANCES | | | | | |
| | | As of 12/31/12 | | As of 12/31/11 | |
| Total assets | | 0,952,000 | | 29,651,000 | |
| Loans | | 1,277,000 | | 1,965,000 | |
| | 25 | 1,277,000 | ΨΟ | ,1,705,000 | |

\$511,940,000 \$501,837,000

\$ 62,883,000

1,673,380

\$ 67,164,000

1.678.630