CROGHAN BANCSHARES, INC.

DIVIDEND REINVESTMENT PLAN

PLAN SUMMARY

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CROGHAN BANCSHARES, INC.
DIVIDEND REINVESTMENT PLAN

CROGHAN BANCSHARES, INC. ("Croghan" or the "Company") has arranged with its transfer agent, Registrar and Transfer Company (sometimes the "Administrator"), to offer record holders of Croghan Bancshares, Inc. common shares (the "Croghan Common Shares") an opportunity to participate in the Croghan Bancshares, Inc. Dividend Reinvestment Plan (the "Plan").

The Plan provides existing holders of record of Croghan Common Shares an economical and convenient method to increase their holdings of Croghan Common Shares without payment of any brokerage commissions.

Eligibility

All record holders of Croghan Common Shares are eligible to participate in the Plan, except as described in this section. The Company reserves the right to deny participation in the Plan to any shareholder who resides in a jurisdiction having laws or regulations that impose conditions upon the Plan that are unacceptable to the Company or who fails to provide documentation acceptable to the Company of his or her state or country of residence. Consequently, the Plan may not be available to shareholders who live in certain states or in countries other than the United States. A shareholder of record who wishes to participate in the Plan must certify as to his or her state or country of residence on the authorization form required for enrollment in the Plan attached hereto (the "Authorization Form") and agree to notify the Administrator if such state or country of residence changes. As noted below, shares held of record by a broker or nominee must be transferred to the name of the individual shareholder in order to be eligible to participate in the Plan. Upon receipt of the Authorization Form, the Administrator will notify the shareholder within a reasonable time if the Plan is not available in the state or country in which the shareholder resides.

How to Participate

If you wish to participate in the Plan, please complete and return to Registrar and Transfer Company an Authorization Form.

If your Croghan Common Shares are not held in your name but are held by a broker, bank or nominee and you wish to participate in the Plan, the ownership of the shares with respect to which you wish to reinvest dividends must be transferred into your name. Your broker or nominee will have to make such transfer on your behalf before you can complete the Authorization Form to enroll in the Plan.

Your participation in the dividend reinvestment portion of the Plan will begin with the next cash dividend payable after receipt of your completed Authorization Form, provided it is received before the record date for the dividend. If the Plan Administrator does not receive your Authorization Form on a timely basis, reinvestment of dividends

will begin on the dividend payment date following the next record date if you are still a shareholder of record.

You may join the Plan now or in the future and change your elections as to the percentage of dividends to be reinvested through the Plan at any time. Changes will be effective with respect to the next record date. You may also withdraw from the Plan and rejoin at a later time as long as you are an owner of Croghan Common Shares. The Company may reject any Authorization Form from a former participant on the grounds of excessive joining and termination, as determined in the Company's discretion.

Investment Options

The Authorization Form provides for the purchase of additional Croghan Common Shares through reinvestment of dividends under the following investment options:

A. If you elect "**Full Dividend Reinvestment**," Registrar and Transfer Company will apply all of your cash dividends on all of the shares of Croghan Common Shares then or subsequently registered in your name to the purchase of additional Croghan Common Shares.

B. If you elect "**Partial Dividend Reinvestment**," Registrar and Transfer Company will apply the cash dividends on the number of shares indicated on the Authorization Form to the purchase of additional Croghan Common Shares.

You may choose to have all or part of your Croghan Common Share dividends reinvested under the Plan. If you decide to have all of your dividends reinvested under the Plan, you will no longer receive dividend checks. Registrar and Transfer Company, as your authorized agent, will reinvest your dividends and purchase additional shares of Croghan Common Shares, which will be credited to your Plan account. In addition to any full shares your dividends will purchase, your account will be credited with fractional shares (computed to four decimal places) for any balance amounting to less than a full share. Future dividends on shares in the Plan will be paid into the Plan for your account based on both full and fractional shares.

If you choose the partial dividend reinvestment option, the cash dividends from the number of shares indicated on your Authorization Form will be reinvested in Croghan Common Shares, and you will receive a dividend check for your remaining shares. You may increase or decrease the number of Croghan Common Shares you have in the Plan by providing Registrar and Transfer Company written notice prior to the next dividend record date.

Timing of Purchases

Purchases under the Plan will be made as soon as practicable following a dividend payment date but in no event later than 30 days after a dividend payment date (except where necessary to comply with applicable securities laws). Dividends, when declared, are generally paid on or about the last business day of each January, April, July and October, although the dates may change at the discretion of the Board of Directors of Croghan. The corresponding record dates are generally 14 days preceding the respective dividend payment dates. In the event applicable law or the closing of the securities markets requires temporary curtailment or suspension of open market purchases of Croghan Common Shares, or if Croghan Common Shares are not available for purchase, Registrar and Transfer Company is not accountable for its inability to make purchases at such time. If shares of Common Shares are not available for purchase for a period longer than 30 days after the dividend payment date, Registrar and Transfer Company will promptly mail to each participant a check in the amount of any unused funds in the participant's account.

Costs of Participation

The Company pays most of the costs of administration of the Plan. Participants pay no brokerage commissions or fees in connection with the purchase of Croghan Common Shares under the Plan. Participants who request that shares credited to their accounts be sold will be required to pay all brokerage commissions and a service charge. In addition, if a participant requests to withdraw from the Plan, requests a stock certificate to be issued from the Plan, requests to make a gift or other transfer of shares from the Plan or deposits shares into the Plan for safekeeping, the participant will be required to pay any fees charged by the Administrator. You may obtain a schedule of current fees from the Administrator. Commissions and fees charged to participants will be reasonable.

Simplified Record Keeping

Croghan Common Shares purchased through the Plan will be issued to you in uncertificated "book entry" form each quarter, unless you expressly request a certificate. Registrar and Transfer Company will send to you a statement of account showing amounts invested, purchase prices and shares purchased. In fact, you can deposit shares of Croghan Common Shares into the Plan for safekeeping and further ease of record keeping. In addition, you will be entitled to receive the same communications sent to every other holder of Croghan Common Shares.

Share Withdrawals and Transfers

At any time, you may request Registrar and Transfer Company to send certificates for any full shares credited to you under the Plan. No certificates will be issued for fractional shares. In lieu of certificates for fractional shares, participants will receive an amount of cash equal to the then current market value of a Croghan Common Share multiplied by such participant's fractional share (the "Fractional Cashout Amount"). You may also request that shares be transferred to another person and held

within the Plan for the account of that person. If that person is not already a participant in the Plan, an account will be opened for that person.

Withdrawal from the Plan and Sales of Shares

You may withdraw from the Plan at any time by sending written notice to Registrar and Transfer Company at the office address shown below. No further investments of your dividends will occur commencing with the first dividend record date following the date of the Administrator's receipt of your notice of withdrawal. After receipt of such notice, Croghan will send dividends payable to you in the usual manner.

Upon termination of your participation in the Plan, you will have the option of either (1) receiving a certificate for all full shares under the Plan and your Fractional Cashout Amount or (2) specifying in your termination notice that some or all of your shares are to be sold, and you will receive a check for the net proceeds from such sale. All terminations are subject to a termination fee in addition to any applicable brokerage and commission fees.

In addition to sales in connection with your termination of participation in the Plan, you may also request in writing that any number of whole Croghan Common Shares held in your account in the Plan be sold.

The Administrator will use its best efforts to sell shares on the open market within 10 business days after receipt of the instruction to sell or as soon as otherwise practicable. If the instruction is received on or after a dividend record date and before investment of that dividend, the cash dividend will be invested first and the sale request will then be processed as soon as practicable after the completion of the dividend reinvestment. There can be no assurances with respect to the ability of the Administrator to sell shares under the Plan or as to the prices or timing of such sales or the terms under which such sales may be transacted.

Whether or not in connection with termination of participation, a Medallion Signature Guarantee is required for sale requests of $10,000 or higher.

Because the Administrator will sell the Croghan Common Shares on behalf of the Plan, neither Croghan nor any participant in the Plan has the authority or power to control the timing or pricing of shares sold or the selection of the broker making the sales. Therefore, you will not be able to precisely time your sales through the Plan, and will bear the market risk associated with fluctuation in the price of Croghan Common Shares. That is, if you send in a request to sell Croghan Common Shares, it is possible that the market price of Croghan Common Shares could go down or up before the broker sells your shares. In addition, you will not earn interest on a sales transaction.

Stock Dividend, Stock Split or Rights Offering

Any shares representing stock dividends or stock splits distributed by Croghan on shares credited to your account under the Plan will be added to your account. You may obtain a share certificate by contacting Registrar and Transfer Company.

If Croghan grants shareholders rights to subscribe for additional Croghan Common Shares, your entitlement will be based upon the total holdings in the same way as your dividend is computed each quarter. Rights certificates will be issued for the number of whole shares only, however, and rights based on a fraction of a share held in your account will be sold for your account and the net proceeds will be paid to you.

Voting of Croghan Common Stock in the Plan

Your Croghan Common Stock held in the Plan will be voted as you direct. You will receive a single proxy covering all Croghan Common Shares registered in your name as well as all Croghan Common Shares credited to your account under the Plan. If no shares of Croghan Common Shares are registered in your name, you will receive a proxy form for shares credited to your account under the Plan.

Income Tax Information

In general, a participant will have the same federal income tax consequences with respect to dividends as shareholders not participating in the Plan. A participant generally will be treated for federal income tax purposes as having received, on each dividend payment date, a distribution equal to the full amount of the cash dividends payable on both the shares registered in the participant's own name and the shares held through the Plan. In addition, the amount of brokerage commissions and fees Croghan pays on a participant's behalf will be treated as a distribution to the participant, which is subject to federal income tax in the same manner as a distribution described in the preceding sentence. The sum of these amounts will be the participant's tax basis in shares acquired under the Plan. A participant may recognize a gain or loss upon receipt of a cash payment for shares credited to a Plan account when the account is terminated by the participant, when shares credited to the account are sold or exchanged or when the Plan is terminated. The amount of any such gain or loss will be the difference between the amount received for the shares and the participant's tax basis in the shares and generally will be treated as a capital gain or loss, if the participant held such shares as a capital asset.

YOU SHOULD CONSULT YOUR PERSONAL TAX ADVISOR WITH SPECIFIC REFERENCE TO YOUR TAX SITUATION AND POTENTIAL CHANGES IN THE APPLICABLE LAW AS TO ALL FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX MATTERS IN CONNECTION WITH THE REINVESTMENT OF DIVIDENDS AND PURCHASE OF SHARES UNDER THE PLAN, YOUR TAX BASIS AND HOLDING PERIOD FOR SHARES ACQUIRED UNDER THE PLAN AND THE CHARACTER, AMOUNT AND TAX TREATMENT OF ANY GAIN OR LOSS REALIZED UPON THE DISPOSITION OF SHARES.

Risk of Market Price Fluctuations

Your investment in Croghan Common Shares acquired under the Plan is no different from direct investment in shares of Croghan. You bear the risk of loss and realize the benefits of any gain from market price changes with respect to all such shares you hold in the Plan or otherwise.

Amendment or Termination of the Plan

The Board of Directors of Croghan may amend, suspend, modify or terminate the Plan at any time without the approval of the participants. Croghan will provide notice of any such suspension or termination or material amendment or modification to all participants, who shall at all times have the right to withdraw from the Plan. Croghan also reserves the right to adopt and change administrative rules as it deems appropriate for the administration of the Plan and to interpret the Plan. Any such interpretation will be final.

Croghan or Registrar and Transfer Company may terminate a shareholder's individual participation in the Plan at any time by written notice to the shareholder. In such event, Registrar and Transfer Company will request instructions from the participant for disposition of the shares in the account. If Registrar and Transfer Company does not receive instructions from the participant, it will send the participant a certificate for the number of full shares held for the participant under the Plan and a check for any fractional share.

Responsibility of Croghan, The Croghan Colonial Bank and the Administrator

None of Croghan, The Croghan Colonial Bank or the Administrator, in administering the Plan, will be liable to participants for any act performed in good faith or for any good faith omission to act, including, without limitation, any claim of liability (a) arising out of the failure to terminate a participant's account under the Plan upon such participant's death before the Administrator's actual receipt of a notice in writing of such death from a person authorized to give such notice and (b) with respect to the prices at which Croghan Common Shares are purchased or sold for a participant's account and the time when such purchases or sales are made.

Communication with the Administrator

You should address written communications regarding the Plan to:

Registrar and Transfer Company
ATTN: Dividend Reinvestment Department
10 Commerce Drive
Cranford, NJ 07016

You may also contact Registrar and Transfer Company at the following toll-free phone number: 800.368.5948 or on the web at www.rtco.com

Be sure to include a reference to "Croghan Bancshares, Inc. Dividend Reinvestment Plan" or enclose the top portion of your account statement with all correspondence.

Please read the Plan itself for complete details. The Plan may be viewed at the Registrar and Transer Company website (www.rtco.com)