

PUBLIC DISCLOSURE

March 19, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Croghan Colonial Bank
RSSD# 362717

323 Croghan Street
Fremont, OH 43420

Federal Reserve Bank of Cleveland

P.O. Box 6387
Cleveland, OH 44101-1387

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

Institution's CRA Rating	1
Scope of Examination	2
Description of Institution	4
Description of Assessment Area	5
Conclusions with Respect to Performance Tests	9
Appendix A: Loan Distribution Tables	22
Appendix B: Assessment Area Map	23

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated Satisfactory.

The Community Development Test is rated Outstanding.

The major factors and criteria contributing to this rating include:

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs;
- A substantial majority of the loans and other lending-related activities are in the assessment area;
- There is a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses and farms of different sizes;
- There were no CRA-related complaints files against the bank since the previous CRA examination;
- The bank's community development performance demonstrates excellent responsiveness to community development needs of its assessment area through community development loans, qualified investments and community development services, as appropriate considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

Due to the similar nature of the income tracts within the assessment area geographic distribution is not weighted for this performance evaluation.

The previous CRA examination (March 7, 2005) resulted in a rating of "Outstanding."

SCOPE OF EXAMINATION

The CRA public evaluation is based on the bank's lending, investment, and service activities from March 31, 2005 to December 31, 2006. However the evaluation of the level of Croghan's lending within its assessment area, including the distribution to borrowers of different income levels and to small businesses and small farms of different revenue sizes, is based on loans originated from January 1, 2006 to December 31 2006. The evaluation was performed using the interagency intermediate small bank procedures. Under this examination method, the bank was evaluated by considering lending activity throughout its assessment area.

The lending test includes the analysis of:

- The loan-to-deposit ratio;
- The volume of loans extended inside and outside of the bank's assessment areas;
- The extent of lending to borrowers of different income levels, including low- and moderate-income borrowers and businesses of different sizes, including small businesses and small farms;
- The bank's record of taking action in response to written complaints about its performance in helping to meet credit needs in its assessment areas; and,
- The bank's responsiveness to community development needs of its assessment area through community development loans, qualified investments and community development.

As mentioned in the "Institution's CRA Rating" of this report, due to the similar nature of the income tracts within the assessment area, geographic distribution is not weighted for this performance evaluation.

The primary loan products evaluated were small business loans, which include small business loans secured by real estate. In addition, Home Mortgage Disclosure Act ("HMDA") loans, which include home purchase, home improvement and refinance loans, were evaluated. Finally, small farm loans were evaluated. Bank management elected to exclude consumer loans for consideration for this evaluation.

Small business loans, including small business loans secured by real estate, accounted for 60.1% of the total loan volume originated within the assessment area. HMDA loans represented 31.6% of the total loan volume originated within the assessment area during the review period. Finally, small farm loans represented 8.3% of the total loan volume originated within the assessment area during this review period. As a result, small business loans, including small business loans secured by real estate received the greatest weight by dollar and volume. HMDA loans received the next greatest weight by dollar and volume, while small farm loans received the least weight by volume and dollar.

The bank's borrower distribution with respect to small business loans, including small business loans secured by real estate, was assessed by comparing the percentage of loans made to businesses made in each revenue category (less than or equal to \$1 million or greater than \$1 million) to the percentage of total businesses in each revenue category.

The bank's borrower income distribution with respect to HMDA loans was assessed by

comparing the percentage of loans made to borrowers in each income category to the percentage of families in each income category. In addition, although poverty level is determined by income and family size, a larger portion of families who are at the poverty level are found in the low-income category, and to some extent, in the moderate- income category and is based on a national average. Further, poverty levels can impact middle- and upper- income families as well, but not as significantly as low- and moderate- income families. It is difficult for borrowers who are at the poverty level to qualify for loans due to their limited income resources. Poverty level is considered in the performance context and income categories and percentage of families in the analysis. Within the bank's assessment area, 4.9% the families are reported as being below the poverty level.

DESCRIPTION OF INSTITUTION

The Croghan Colonial Bank (“Croghan”) is the sole subsidiary of Croghan Bancshares, Inc., both of which are located in the northwestern Ohio city of Fremont. The bank had assets of \$458.5 million according to the December 31, 2006 Uniform Bank Performance Reporting (“UBPR”).

Croghan is a full-service retail bank offering deposit accounts, consumer, real estate, commercial, and agricultural loans. Trust and investment services are offered as well.

According to the December 31, 2006 UBPR, loans comprised 77.9% of the bank’s total assets. Real estate loans accounted for 81.3% of the portfolio. The following chart represents the bank’s loan portfolio as of December 31, 2006:

<i>PRODUCT</i>	<i>DOLLAR AMOUNT (000s)</i>	<i>PERCENTAGE OF TOTAL LOANS</i>
Construction and Land Development	13,467	3.8
Secured by Farmland	10,414	2.9
1-4 Family Residential	151,330	42.4
Multi-Family (5 or more) Residential	9,213	2.6
Commercial Real Estate	106,128	29.7
Total Real Estate Loans	290,552	81.3
Commercial and Industrial	37,480	10.4
Agricultural	3,082	0.9
Consumer	23,880	6.7
All Other Loans	2,284	0.6
Total (gross)	357,278	100.0

Croghan competes with several financial institutions within Erie, Huron, Sandusky, Seneca, Henry, Ottawa and Wood counties. Major competitors include, but are not limited to, Fifth Third Bank, The Huntington National Bank, Sky Bank, The Citizens Banking Company, and other regional and local financial institutions.

Croghan has 12 offices in Sandusky, Huron, Ottawa, and Wood Counties. Nine offices have ATMs and there are three stand-alone cash dispensing machines. An ATM was closed in Clyde because it could not be upgraded to the new system; however, an ATM is still available for customer use at the Clyde office. On January 1, 2005, the former The Custar State Bank (“Custar”) merged into Croghan and became an office. A branch also opened in Norwalk since the previous evaluation.

Croghan’s CRA statement incorporates that its vision is “to become the financial institution every client trusts with all of their financial business and stays with for life.” The mission envisions that it will “support the financial education and well-being of every client, employee, shareholder and community” that it serves.

There are no legal or other impediments that would hinder the bank’s ability to meet its community’s credit needs. At the previous examination on March 7, 2005, Croghan received an “Outstanding” rating.

DESCRIPTION OF ENTIRE ASSESSMENT AREA

Croghan's assessment area is in northwestern Ohio and for purposes of CRA, Croghan has designated all of Sandusky, Ottawa, and Wood Counties and portions of Erie, Huron, Seneca, and Henry Counties as its assessment area.

More specifically, the assessment area consists of an Ohio non-metropolitan area and the Toledo Metropolitan Statistical Area 45780 ("MSA"). The non-metropolitan area consists of Huron, Sandusky, and Seneca Counties. The tract in Erie County is part of this assessment area. Although Erie County is designated as the Sandusky MSA, there are no branches in this tract and it is contiguous to Sandusky and Huron Counties. The MSA portion consists of Ottawa and Wood Counties and three tracts in Henry County, which is not in a MSA. One branch is in Wood County. The MSA part of the assessment area has expanded since the previous examination. At that time, Ottawa County was the only county included in this assessment area. With the acquisition of Custar, the assessment area was expanded into Wood and Henry Counties.

The overall assessment area is comprised of 66 tracts. The assessment area consists of 1 low-income, 1 moderate-income, 51 middle-income, and 13 upper-income tracts. Both low-income and moderate-income tracts are located in Wood County, which were added with the Custar acquisition. In Huron County, there are six distressed middle-income tracts. The high level of unemployment in this county was the reason for the designation. All but one of the offices and all the stand-alone ATMs are in middle-income tracts. There is one office in an upper-income tract.

Eight of Croghan's offices are located in Sandusky County, including the main office in Fremont. There are two branches in Huron County, one branch in Ottawa County and one branch in Wood County.

Population

According to the 2000 U.S. Census, the population within the assessment area totals 286,572, of which 93.0% are white, 1.6% are black, and 4.1% are Hispanic. The median household income was \$43,285, according to the 2000 Census. Of the total households, 17.7% are low-income, 15.9% are moderate-income, 20.1% middle-income, and 46.3% are upper-income. The age distribution is as follows: 17 and younger 25.1%, 18-24 11.8%, 25-64 50.3%, 65 and over 12.3%.

Income Characteristics

The median household income for the entire assessment area is \$43,285, which is higher than the median income for the State of Ohio at \$40,210.

Additionally, families comprise 69.9% of the households within the assessment area. The 2000 census bureau indicates that approximately 4.9% of the families within the assessment area live below the poverty level. Of the total households, 17.7% are low-income, 15.9% are moderate-income, 20.1% middle-income, and 46.3% are upper-income.

Housing

According to the 2000 census data, there were 122,819 housing units in the assessment area of which 80.2% were 1-4 family units, 9.54% were five or more family units, 10.2% were mobile homes, and the remaining (0.1%) were other types of units. A majority (65.9%) of the units in the assessment area were owner occupied. The median age of the housing stock was 37, which was almost equal to the State of Ohio's median of 38 years.

Economics

The Ohio Department of Development (www.odod.state.oh.us) statistics and data indicated that manufacturing, government, retail trade, accommodation, food care services, and social assistance were the largest industries within the assessment area based on annual average employment for 2003. According to Ohio's Jobs and Family Services (www.lmi.state.oh.us), the unemployment rates for the counties in the assessment area were as follows as of October 2006:

Erie	5.0%
Henry	4.7%
Huron	5.8%
Ottawa	5.4%
Sandusky	4.8%
Seneca	4.5%
Wood	4.6%

The unemployment rate for the state of Ohio was 4.7% and the nationwide figure was 4.1%.

Employment patterns in the northern part of the assessment area fluctuate; employment is generally higher in the summer and lower in the winter because the northern portion of the assessment area sits next to Lake Erie and is in close proximity to summer tourist attractions, such as numerous Lake Erie Islands (including Put-in-Bay and Kelley's Island), Cedar Point Amusement Park, African Safari Wildlife Park and Norway Race Parkway. Employment is at its peak during the warmer parts of the season and reaches its lowest point during the winter months.

There is much competition throughout the bank's assessment area. As of June 30, 2006, Croghan ranked 4th out of 22 banks in deposit share in the Ohio non-metropolitan area, which includes Erie, Huron, Sandusky, and Seneca Counties, with 10.0% of deposits. In the Toledo MSA portion of the assessment area, which includes Henry, Ottawa, and Wood Counties, the bank ranked 16th out of 24 banks in deposit share with 1.50% of deposits (www.fdic.gov).

The demographic table on the following page illustrates demographic information for the bank's entire assessment area. A further breakdown of the demographics for each assessment area is in the respective sections of this evaluation.

Community Contacts

As a part of this performance evaluation three community contacts were completed. The information provided by these contacts which is detailed in the separate assessment area descriptions in this report was used to help develop the performance context of this institution.

Combined Demographics Report

Croghan Colonial Bank

Analysis Year: 2006

Assessment Group(s): Overall

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	1.5	7	0.0	7	100.0	10,400	13.7
Moderate-income	1	1.5	670	0.9	104	15.5	13,083	17.2
Middle-income	51	77.3	58,121	76.5	3,077	5.3	18,671	24.6
Upper-income	13	19.7	17,169	22.6	511	3.0	33,813	44.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	66	100.0	75,967	100.0	3,699	4.9	75,967	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	151	7	0.0	4.6	142	94.0	2	1.3
Moderate-income	2,723	513	0.6	18.8	2,111	77.5	99	3.6
Middle-income	95,564	62,095	76.7	65.0	20,728	21.7	12,741	13.3
Upper-income	24,381	18,340	22.7	75.2	4,712	19.3	1,329	5.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	122,819	80,955	100.0	65.9	27,693	22.5	14,171	11.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	11	0.1	8	0.1	2	0.2	1	0.4
Moderate-income	153	1.7	135	1.7	16	2.0	2	0.7
Middle-income	7,009	75.9	6,162	75.6	630	77.8	217	81.0
Upper-income	2,061	22.3	1,851	22.7	162	20.0	48	17.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	9,234	100.0	8,156	100.0	810	100.0	268	100.0
	Percentage of Total Businesses:			88.3		8.8		2.9
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	891	79.7	879	79.5	10	90.9	2	100.0
Upper-income	227	20.3	226	20.5	1	9.1	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,118	100.0	1,105	100.0	11	100.0	2	100.0
	Percentage of Total Farms:			98.8		1.0		0.2

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

A financial institution's loan-to-deposit ratio compares the institutions aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of the institution's lending volume relative to its capacity to lend and is derived by adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters.

Croghan's loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and area credit needs. The bank has averaged 92.5% over the past eight quarters of operation. The bank has had a gradual increase in deposit volume through eight quarters with some fluctuation in loan volume, causing slight variations in the ratios throughout this time.

The following table shows Croghan's quarterly loan-to-deposit ratio since the previous evaluation, along with the average loan-to-deposit for the same period.

Loan-to Deposit Ratios			
As of Date	Net Loans (000s)	Total Deposits (000s)	Ratio
March 31, 2005	343,144	372,797	92.1
June 30, 2005	339,330	372,638	91.1
September 30, 2005	337,306	370,619	91.0
December 31, 2005	337,286	368,659	91.5
March 31, 2006	334,761	361,172	92.7
June 30, 2006	339,743	363,676	93.4
September 30, 2006	339,729	366,484	92.7
December 31, 2006	353,678	371,216	95.3
Quarterly Loan-to-Deposit Ratio Average since the previous examination			92.5

Lending in the Assessment Area

The bank’s small business HMDA loans and small farm loans were analyzed to determine the volume of lending inside and outside the bank’s assessment area. A substantial majority of the bank’s loans were made inside its assessment area. The following table depicts Croghan’s volume of loans extended inside and outside of the assessment area between January 1, 2006 and December 31 2006.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	\$ (000s)	%	# of Loans	%	\$ (000s)	%
Home Purchase - Conventional	77	96.3	6,535	97.3	3	3.8	181	2.7
Home Improvement	69	97.2	3,241	98.9	2	2.8	36	1.1
Refinancing	44	93.6	4,046	86.5	3	6.4	629	13.5
Total HMDA related	190	96.0	13,822	94.2	8	4.0	846	5.8
Small Business	145	94.2	14,057	85.8	9	5.8	2,327	14.2
Small Bus. - Secured by Real Estate	211	95.0	10,670	97.2	11	5.0	306	2.8
Total Small Bus. Related	356	94.7	24,727	90.4	20	5.3	2,633	9.6
Small Farm	48	92.3	2,274	91.4	4	7.7	213	8.6
Total Small Farm Related	48	92.3	2,274	91.4	4	7.7	213	8.6
Total Loans	594	94.9	40,823	91.7	32	5.1	3,692	8.3

Geographic Distribution of Lending

The distribution of borrowers reflects reasonable dispersion throughout the assessment area. This is based on the bank’s performance in all assessment areas in comparison to demographic data and lending data for small business, HMDA and small farm lending. The analysis of these loans can be found within the assessment area discussions later in this report.

The bank did not make any loans in low or moderate tracts; however, there are limited lending opportunities in these tracts due to the fact that the low- and moderate- income tracts are located in the portion of Wood County that consists entirely of the Bowling Green University campus and a high level of students resides in these areas. Therefore, no further geographic distribution analysis was conducted for the bank’s assessment areas.

Borrower Distribution of Lending

The distribution of borrowers reflects reasonable dispersion throughout the assessment area. This is based on the bank’s performance in all assessment areas in comparison to demographic data and lending data for small business, HMDA and small farm lending. The analysis of these loans can be found within the assessment area discussions later in this report.

Response to Consumer Complaints

No CRA-related complaints were filed against The Croghan Colonial Bank during this evaluation period.

Community Development Test

Community Development Lending

Croghan had an excellent level of community development lending and exhibited excellent responsiveness to credit and community development needs. The bank originated eight loans totaling \$1.423 million that met the criteria of a community development purpose. This is noteworthy due to the fact that Croghan did not originate any loans that could be classified as community development loans under the regulation during the 2005 Public Evaluation period.

Qualified Investments

Croghan had a reasonable level of qualified community development investments and exhibited good responsiveness to credit and community development needs. The bank continues its investment of \$1.2 million to a bond that provides affordable housing to low- and moderate-income individuals. Additionally, there are eight commitments totaling \$1.2 million that help to provide affordable housing to low- and moderate-income individuals. Three commitments totaling \$9,500 were made to qualified economic development associations. The level of investments at \$2.8 million is about the same as the previous evaluation period when investments totaled \$2.9 million.

Community Development Services

The bank provides an adequate level of community development services. Bank employees provide financial expertise at local community development organizations. More specific information regarding these services is found the assessment area sections of this report.

Fair Lending Or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified during this evaluation period.

**NON-METROPOLITAN ASSESSEMENT AREA
(Full scope review)**

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE
NON-METROPOLITAN AREA IN OHIO**

The non-metropolitan assessment area consists of the entirety of Sandusky County, portions of Huron and Seneca Counties, and one tract in Erie County. As previously mentioned, Erie County is located in the Sandusky MSA; however, since there are no offices in the tract and because the geography is contiguous to Huron and Sandusky counties, it is included in the non-metropolitan area. In this assessment area, 21 of the tracts are middle-income geographies, while 5 are upper-income geographies. Huron County has 6 distressed middle-income tracts. The high level of unemployment in this county was the reason for the designation.

Ten of Croghan's offices are located in the non-MSA. Eight of Croghan's offices are located in Sandusky County, including the main office in Fremont and two branches in Huron County.

As of June 30, 2006, Croghan ranked 4th out of 22 banks in deposit share in Erie, Huron, Sandusky, and Seneca Counties, with 9.98% of deposits (www.fdic.gov). Major competitors in these counties include KeyBank National Association, National City Bank, The Citizens Banking Company and other super-regional, regional, and local financial institutions.

Income Characteristics

The population of the assessment area was 112,600 as of the 2000 census.

The median family income in 2006 was \$48,900, which was lower than the State of Ohio's median family income of \$50,037. Families comprised 72.6% of the households in the assessment area. Approximately 7.1% of the families lived below the poverty level. Of the families living in the assessment area, 13.4% were low-income families, 17.8% were moderate-income families, 24.1% were middle-income families, and 44.7% were upper-income families.

Housing Characteristics

The 2000 census data indicated that there were 45,240 housing units in the assessment area. 87.4% of these units were 1-4 families, 5.8% were households of 5 families or more, 6.7% were mobile homes and the remaining 0.1% were other types of units. A majority (70.9%) of the housing units within the assessment area was owner-occupied, and the median of the housing stock was 44 years, which was higher than the State of Ohio's median of 40 years.

Economic Characteristics

The unemployment rates for the counties within the assessment area are listed in the “Description of the Institution” section.

The table on the following page illustrates demographic information for the non-metropolitan statistical area.

Community Contacts

Two separate community contacts were made for this assessment area. One contact was to a government agency that promotes economic development and another was a county metropolitan housing authority agency.

Combined Demographics Report

Croghan Colonial Bank

Analysis Year: 2006

Assessment Area(s): Non-MSA OH

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	4,161	13.4
Moderate-income	0	0.0	0	0.0	0	0.0	5,500	17.8
Middle-income	21	80.8	25,272	81.6	1,492	5.9	7,455	24.1
Upper-income	5	19.2	5,699	18.4	184	3.2	13,855	44.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	26	100.0	30,971	100.0	1,676	5.4	30,971	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	37,547	25,834	80.6	68.8	9,674	25.8	2,039	5.4
Upper-income	7,693	6,236	19.4	81.1	958	12.5	499	6.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	45,240	32,070	100.0	70.9	10,632	23.5	2,538	5.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	2,976	84.0	2,626	83.7	277	88.5	73	81.1
Upper-income	565	16.0	512	16.3	36	11.5	17	18.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3,541	100.0	3,138	100.0	313	100.0	90	100.0
Percentage of Total Businesses:			88.6		8.8		2.5	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	354	65.8	349	65.6	5	83.3	0	0.0
Upper-income	184	34.2	183	34.4	1	16.7	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	538	100.0	532	100.0	6	100.0	0	0.0
Percentage of Total Farms:			98.9		1.1		0.0	

CONCLUSIONS WITH RESPECT TO LENDING TEST IN OHIO NON-METROPOLITAN AREA

Lending Test

Geographic Distribution of Lending

There are no low- or moderate-income tracts in this assessment area. Therefore, the geographic distribution was not conducted in this assessment area.

Borrower Distribution of Lending

Croghan has a reasonable penetration of loans to borrowers of different income levels and businesses including businesses secured by real estate of different revenue sizes.

Lending to Businesses of Different Sizes

Small Business Loans Secured by Real Estate

The borrower distribution of small business loans secured by real estate is adequate. Croghan originated a total of 202 small business loans secured by real estate inside the assessment area during this evaluation period.

There were 119 (58.9%) loans by volume and \$3,642,000 (35.6%) by dollar amount to businesses with gross revenues of \$1 million or less. As a comparison, 88.6% of the total businesses in the assessment area had revenue of \$1 million or less.

Small Business Loans

The borrower distribution of small business loans is adequate. Croghan originated a total of 126 small business loans inside the assessment area during this evaluation period.

There were 66 (52.4%) loans originated by volume and \$7,838,000 (77.5%) by dollar amount to businesses with revenues of \$1 million or less. As a comparison, 88.6% of the total businesses in the assessment area had revenue of \$1 million or less.

Lending to Borrowers of Different Income Levels

HMDA Loans

Croghan's distribution of consumer real estate lending by income levels of borrowers reflects a reasonable penetration among individuals of different incomes.

Home Improvement Loans

The borrower distribution of home improvement loans is good. There were 5 (8.5%) loans originated by volume and \$52,000 (2.0%) by dollar amount to low-income borrowers, which is less than the 13.4% of low-income families in the assessment area. There were 18 (30.5%) loans by volume and \$318,000 (12.4%) by dollar amount to moderate-income borrowers, which is more than the 17.8% of moderate-income families within the assessment area. In addition, there were 16 loans originated (27.1%) by volume and \$299,000 (11.7%) by dollar amount to middle-income borrowers loans originated by volume, which is slightly more than 24.1% of middle-income families within the assessment area. Finally, there were 19 (32.2 %) loans originated by volume and \$1,820,000 (2.9%) by dollar amount to upper-income borrowers. 44.7% of families in the assessment area are upper-income.

There was one (1.7%) loan originated by volume and \$75,000 (2.9%) originated by dollar amount to borrowers with an unknown income.

Home Purchase Loans

The borrower distribution of home purchase loans is good. There were 5 (7.9%) loans originated by volume and \$274,000 (5.4%) originated by dollar amount to low-income borrowers, which is less than the 13.4% of low-income families within the assessment area. There were 20 (31.7%) loans originated by volume and \$1,077,000 (21.2%) originated by dollar amount to moderate-income borrowers, which is more than the 17.8% of moderate-income families within the assessment area. There were 12 loans originated (19.0%) by volume and \$822,000 (16.2%) by dollar amount to middle-income borrowers, which was less than the 24.1% of middle-income families within the assessment area. Finally, there were 22 (34.9%) loans originated by volume and \$2,444,000 (48.2%) originated by dollar amount to upper-income borrowers, which is less than the 44.7% of upper-income families within the assessment area.

There were 4 (6.3%) loans originated by volume and \$458,000 (9.0%) originated by dollar amount to borrowers with an unknown income.

Refinance Loans

The borrower distribution of refinance loans is good. There were 6 (15.4%) loans originated by volume and \$329,000 (9.6%) originated by dollar amount to low-income borrowers, which was higher than the 13.4% of low-income families within in the assessment area. There were 5 (12.8%) loans originated by volume and \$325,000 (9.5%) originated by dollar amount to moderate-income borrowers, which was lower than the 17.8% of moderate-income families within the assessment area. There were 7 (17.9%) loans originated by volume and \$573,000 (16.7%) originated by dollar amount to middle-income borrowers, which was lower than the 24.1% of middle-income families within the assessment area. Finally, there were 17 (43.6%) loans originated by volume and \$1,886,000 (55.1%) originated by dollar amount to upper-income borrowers, which were about the same as the 44.7% of upper-income families within the assessment area.

There were 4 (10.3%) loans originated by volume and \$308,000 (9.0%) originated by dollar

amount to borrowers with an unknown income.

Lending to Small Farms of Different Revenue Sizes

Small Farm Loans

The borrower distribution of small farm loans is good. Croghan originated a total 33 small farm loans inside the assessment area during this evaluation period.

There were 31 (93.9%) loans originated by volume and \$1,247,000 (92.6%) by dollar amount to small farms with gross revenues of \$1 million or less. As a comparison, 98.9% of farms in the assessment area are small farms.

Community Development Test

Croghan had an excellent level of community development lending and exhibited excellent responsiveness to credit and community development needs. Moreover, the bank provides an adequate level of community development services, as bank employees provide financial expertise at local community development organizations.

Community Development Lending

Croghan made 7 loans that met the criteria of a community development purpose. All of these loans, totaling \$390,462.00, were made to the Sandusky Metropolitan Housing Authority. The Sandusky Metropolitan Housing Authority is a federally-sponsored program whose purpose is to assist low-moderate income individuals obtain affordable and safe housing. No community development loans were made during the 2005 public evaluation period.

Community Development Investment Commitments

The bank continues its 6 commitments of \$200,000 each from the 2005 public evaluation period in this assessment area to the Ohio Department of Development's Community Housing Improvement Program ("CHIP"). CHIP provides grants to eligible communities to improve housing for low and moderate-income individuals. In addition, the bank continues two commitments from the 2005 public evaluation period totaling \$8,750 to both the Sandusky and Bellevue Economic Development Corporations. Croghan made one new commitment to the Norwalk Economic Development Corporation totaling \$750. These commitments are noteworthy because they are fulfilling a need. (i.e. revitalizing/stabalizing distressed or underserved areas) that was indentified during a community contact made in conjunction with this exam.

During the 2005 Evaluation Period, the bank made nine commitments totaling \$1,209,500. Each commitment benefited low- and moderate-income individuals.

Community Development Services

Croghan provides an adequate level of community development services. Bank directors, officers, and staff participate in the following community development organizations:

- Firelands Positive People – This organization scholarships for young people with low- or moderate-incomes. An employee serves as a board member.
- Fremont City Revolving Loan Funds – This organization provides small businesses with start-up funding. An employee is a voting board member and votes on whether to approve or decline loan requests.
- Habitat for Humanity – In Huron County, an employee is on the site selection committee. This committee reviews potential sites and determines if they are viable purchase. In Sandusky County, an employee serves on the family selection committee. This committee reviews applications, interviews families, and then chooses families for homes.
- Ohio State University – Master Money Managers – Three bank employees provide financial counseling services for low- and moderate-income families
- Sandusky County Food Pantry – The food pantry provides services to low- and moderate-income people. A bank employee serves as president.
- WSOS Community Action Commission Revolving Loan Fund – Two bank employees serve on the revolving loan fund committee. This committee underwrites micro-loan programs.

METROPOLITAN AREA

(Reviewed using limited examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN TOLEDO, OH MSA 45780

The MSA portion consists of Ottawa and Wood Counties and three tracts in Henry County, which is not in a MSA, are also included this assessment area. There are no branches in Henry County and the tracts neighbor Wood County. There is one office in Wood County and one in Ottawa County. The MSA part of the assessment area has expanded since the previous examination. At that time, Ottawa County was the only county included in this assessment area. With the acquisition of Custar, the assessment area was expanded into Wood and Henry Counties.

As of June 30, 2006, Croghan ranked 16th out of 22 banks in deposit share in Henry, Ottawa, and Wood Counties with 1.50% of deposits (www.fdic.gov). Croghan's rank in deposit share is reasonable as two branch exists within the entire assessment area. Major competitors in these counties include KeyBank National Association, National City Bank, The Citizens Banking Company and other super-regional, regional, and local financial institutions.

Income Characteristics

The 2000 census bureau data indicated that the population of the assessment area was 173,972. The median household income for the assessment area was \$44,384, which was lower than the State of Ohio's median family income of \$40,956 and slightly higher than the State of Ohio's median family income of \$ 51,100.00. Families comprised 68.2% of the households in the assessment area. Approximately 4.50% of the families live below the poverty level. Of the families living in the assessment area 13.9% were low-income families, 16.8 % were moderate income families, 24.9% were middle-income families, and 44.4% were upper-income families.

Housing Characteristics

The 2000 census bureau data indicated that there were 77,579 housing units in the assessment area, of which 76.0% were 1-4 family units, 11.7% house five or more families, 12.2% were mobile homes, and the remaining 0.10% were other types of units. 63.0% of the units within the assessment area were owner-occupied. The median age of the housing stock was 33, which was lower than the State of Ohio's median of 38 yrs.

Economic Characteristics

The unemployment rates for the counties in the assessment area are listed in "Description of Institution" section.

Community Contacts

One separate community contact was made for this assessment area. The contact was made to a countywide economic development commission.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TOLEDO, OH MSA 45780

There was insufficient loan volume to perform full examination procedures for the Toledo MSA. The bank's lending performance in the assessment area is consistent with the institution's lending performance overall. Croghan made one loan that had a community development purpose within the assessment area. A loan of \$1.03 million was made to the Erie Industrial Park for the purpose of stabilizing and securing 500 current factory jobs, as well as allowing further employment opportunities of the same job type within the assessment area. The retention and creation of such jobs assist in stabilizing low- to moderate-income individuals.

Croghan currently continues its commitment for the qualified investment made in 2003 within the assessment area. The "Ottawa County Multi-Family Housing Mortgage Bond" finances affordable housing for low- and moderate-income individuals. As of February 28, 2007, the unamortized balance was approximately \$1.22 million. In addition, Croghan continues two commitments of \$200,000 each in this assessment area to the Ohio Department of Development's Community Housing Improvement Program ("CHIP"). CHIP provides grants to eligible communities to improve housing for low- and moderate-income individuals. Further, a bank employee provides financial counseling to low- and moderate-income individuals through the Bowling Green office of Firelands Positive People. Overall, lending and community development activities in this assessment area were consistent with the bank's overall performance.

Combined Demographics Report

Croghan Colonial Bank

Analysis Year: 2006

Assessment Area(s): Toledo MSA 45780

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	2.5	7	0.0	7	100.0	6,239	13.9
Moderate-income	1	2.5	670	1.5	104	15.5	7,583	16.9
Middle-income	30	75.0	32,849	73.0	1,585	4.8	11,216	24.9
Upper-income	8	20.0	11,470	25.5	327	2.9	19,958	44.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	40	100.0	44,996	100.0	2,023	4.5	44,996	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	151	7	0.0	4.6	142	94.0	2	1.3
Moderate-income	2,723	513	1.0	18.8	2,111	77.5	99	3.6
Middle-income	58,017	36,261	74.2	62.5	11,054	19.1	10,702	18.4
Upper-income	16,688	12,104	24.8	72.5	3,754	22.5	830	5.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	77,579	48,885	100.0	63.0	17,061	22.0	11,633	15.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	11	0.2	8	0.2	2	0.4	1	0.6
Moderate-income	153	2.7	135	2.7	16	3.2	2	1.1
Middle-income	4,033	70.8	3,536	70.5	353	71.0	144	80.9
Upper-income	1,496	26.3	1,339	26.7	126	25.4	31	17.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	5,693	100.0	5,018	100.0	497	100.0	178	100.0
	Percentage of Total Businesses:			88.1		8.7		3.1
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	537	92.6	530	92.5	5	100.0	2	100.0
Upper-income	43	7.4	43	7.5	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	580	100.0	573	100.0	5	100.0	2	100.0
	Percentage of Total Farms:			98.8		0.9		0.3

APPENDIX A

LOAN DISTRIBUTION TABLES

Borrower Distribution of Small Loans to Businesses & Farms							
Assessment Area/Group: Non-MSA OH							
	Total Loans		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size		
	#	% of Total	% of Businesses/ Farms	% Bank Loans	\$100,000 or Less	>\$100,001 to \$250,000	>\$250,001 to \$1,000,000 (Bus) - \$500k (farm)
Small Business	126	34.9	88.6	52.4	81.0	11.9	7.1
Small Bus secured by RE	202	56.0	88.6	58.9	92.6	4.0	3.5
Small Farm	33	9.1	98.9	93.9	97.0	0.0	3.0

Borrower Distribution of HMDA Loans										
Assessment Area/Group: Non-MSA OH										
	Total HMDA Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total	% of Families	% Bank Loans	% of Families	% Bank Loans	% of Families	% Bank Loans	% of Families	% Bank Loans
Home Purchase	63	39.1	13.4	7.9	17.8	31.7	24.1	19.0	44.7	34.9
Refinance	39	24.2	13.4	15.4	17.8	12.8	24.1	17.9	44.7	10.3
Home Improvement	59	36.6	13.4	8.5	17.8	30.5	24.1	27.1	44.7	32.2

APPENDIX B

ASSESSMENT AREA MAP

Croghan Colonial Bank Assessment Area: Overall

