

OHIO VALLEY BANC CORP
Form DEF 14A
April 01, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant ☒
Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to Section 240.14a-12

OHIO VALLEY BANC CORP.
(Exact Name of Small Business Issuer as Specified in its Charter)

(Name of person(s) filing proxy statement, if other than registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
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(3) Filing Party:

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[OVBC LOGO]

ANNUAL MEETING OF SHAREHOLDERS

Wednesday, May 11, 2016

Dear Shareholder:

We take pleasure in inviting you to our Annual Meeting of Shareholders, which will be held on Wednesday, May 11, 2016, at 5:00 p.m., Eastern Daylight Saving Time, at the Morris and Dorothy Haskins Ariel Theatre, 426 Second Avenue, Gallipolis, Ohio.

The Annual Meeting will be held for several purposes:

- election of directors;
- ratification of the selection of the Company's independent registered public accounting firm; and
- transaction of such other business as may properly come before the meeting.

At the meeting, we will also report to you on our operations during the past year and plans for the future.

The close of business on March 18, 2016 has been fixed as the record date for determination of shareholders entitled to notice of the Annual Meeting and to vote at the Annual Meeting or any adjournment thereof.

The formal Notice of Annual Meeting, the Proxy Statement and a proxy are enclosed or available at <http://www.ovbc.com/about/annual-reports--documents>, depending on your preference. After reading the Proxy Statement, please promptly fill in, sign and return to us the enclosed proxy in the envelope provided. Alternatively, you may submit your proxy electronically by going to the Company's website at <http://www.ovbc.com> and following the instructions on that website. We urge you to submit your proxy to ensure that your shares are represented.

Last year, 83% of the Company's shares were represented in person or by proxy at the Annual Meeting. Please help us exceed last year's participation by signing and returning your proxy or submitting your proxy electronically today.

We hope to see many of you in person at the Annual Meeting. There will be a social hour beginning at 4:00 p.m. Hors d'oeuvres and beverages will be served, and we hope you will take this opportunity to become acquainted with the officers and directors of your Company.

Sincerely,

/s/Jeffrey E. Smith	/s/Thomas E. Wiseman
Jeffrey E. Smith	Thomas E. Wiseman
Chairman of the Board	President and Chief Executive Officer

Dated: April 1, 2016

OHIO VALLEY BANC CORP.

P.O. Box 240
Gallipolis, Ohio 45631
1-800-468-6682

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Wednesday, May 11, 2016
5:00 p.m.

Gallipolis, Ohio
April 1, 2016

To the Shareholders of
Ohio Valley Banc Corp.

Notice is hereby given that the Annual Meeting of Shareholders (the “Annual Meeting”) of Ohio Valley Banc Corp. (the “Company”) will be held at the Morris and Dorothy Haskins Ariel Theatre, 426 Second Avenue, Gallipolis, Ohio, on Wednesday, the 11th day of May, 2016, at 5:00 p.m., Eastern Daylight Saving Time, for the following purposes:

1. To elect three directors of the Company, each to serve for a three-year term;
2. To consider and vote upon ratification of the selection of Crowe Horwath LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2016; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment(s) thereof.

Only holders of common shares of the Company of record at the close of business on March 18, 2016 will be entitled to vote at the Annual Meeting and any adjournment.

You are cordially invited to attend the Annual Meeting. The vote of each shareholder is important, whatever the number of common shares held. Whether or not you plan to attend the Annual Meeting, please submit a proxy promptly. You may submit a proxy to vote your shares electronically by going to the Company’s website at <http://www.ovbc.com> and following the instructions on that website. Alternatively, you can request a printed copy of the proxy materials and use the enclosed proxy. If you attend the Annual Meeting, you may revoke your proxy and vote in person if you are a registered shareholder. Attendance at the Annual Meeting will not, by itself, constitute revocation of your proxy.

BY ORDER OF THE
BOARD OF DIRECTORS

/s/Jeffrey E. Smith
Jeffrey E. Smith
Chairman of the Board

/s/Thomas E. Wiseman
Thomas E. Wiseman
President and Chief
Executive Officer

OHIO VALLEY BANC CORP.

P.O. Box 240
Gallipolis, Ohio 45631
1-800-468-6682

April 1, 2016

PROXY STATEMENT

This proxy statement and the accompanying proxy are first being provided on or about April 1, 2016 to shareholders of Ohio Valley Banc Corp. (the “Company”) regarding the Annual Meeting of Shareholders to be held at the Morris and Dorothy Haskins Ariel Theatre, 426 Second Avenue, Gallipolis, Ohio, on Wednesday, May 11, 2016, at 5:00 p.m., Eastern Daylight Saving Time (the “Annual Meeting”).

Voting by Proxy

A proxy for use at the Annual Meeting is solicited by the Board of Directors of the Company. You may ensure your representation by completing, signing, dating and promptly submitting a proxy which will be mailed to you on or about April 13, 2016. You may also submit your proxy electronically by going to the Company’s website at <http://www.ovbc.com> and following the instructions on that website. The deadline for transmitting voting instructions electronically via the Internet is 9:00 a.m. Eastern Daylight Saving Time, on May 11, 2016. Shareholders who submit a proxy via the Internet will incur only their usual Internet access charges, if any. Without affecting any vote previously taken, you may revoke your proxy at any time before it is voted at the Annual Meeting (1) by giving written notice of revocation to the Secretary of the Company, at the address of the Company set forth on the cover page of this proxy statement; (2) by executing a later-dated proxy that is received by the Company prior to the Annual Meeting or submitting a later-dated proxy via the Internet prior to the deadline for doing so; or (3) if you are the registered owner of your common shares, by attending the Annual Meeting and giving notice of revocation in person. If your common shares are held in the name of your broker/dealer, financial institution or other holder of record and you wish to revoke your proxy in person, you must bring a letter from the broker/dealer, financial institution or other holder of record indicating how many common shares you held beneficially on March 18, 2016, the record date for voting, and authorizing you to revoke your proxy. Attendance at the Annual Meeting will not, by itself, constitute revocation of a proxy.

Shares Held in “Street Name”

If you hold your common shares in “street name” with a broker, financial institution or other holder of record, you may be eligible to instruct the voting of your shares via the Internet or by telephone and you may incur costs associated with that process. If you hold your common shares in “street name,” you should review the information provided to you by the holder of record. This information will describe the procedures to be followed in instructing the holder of record how to vote the street name common shares and how to revoke previously given instructions.

If you hold your common shares in “street name” and wish to vote your shares in person at the Annual Meeting, you must bring a letter or proxy from your broker/dealer, financial institution or other nominee indicating how many common shares you held beneficially on March 18, 2016, and authorizing you to vote your shares on behalf of such record holder.

Who is Entitled to Vote

Only shareholders of record at the close of business on March 18, 2016, are entitled to receive notice of and to vote at the Annual Meeting and any adjournment. As of March 18, 2016, 4,142,247 common shares were outstanding and entitled to be voted at the Annual Meeting. Each common share entitles the holder thereof to one vote on each matter submitted to the shareholders at the Annual Meeting. A quorum for the Annual Meeting is a majority of the outstanding common shares.

Costs of Proxy Solicitation

The Company will bear the costs of preparing, printing and mailing this proxy statement, the proxy and any other related materials, as well as all other costs incurred in connection with the solicitation of proxies on behalf of the Company's Board of Directors, other than the Internet access charges a shareholder may incur if proxy materials are accessed on the internet or if a proxy is appointed electronically. Proxies will be solicited by mail and may be further solicited, for no additional compensation, by officers, directors or employees of the Company and its subsidiaries by further mailing, telephone, facsimile, electronic mail or personal contact. The Company will also pay the standard charges and expenses of brokers, voting trustees, financial institutions and other custodians, nominees and fiduciaries, who are record holders of common shares not beneficially owned by them, for forwarding materials to the beneficial owners of common shares entitled to vote at the Annual Meeting.

Employee Stock Ownership Plan Participants

If you are a participant in the Ohio Valley Banc Corp. Employees' Stock Ownership Plan (the "ESOP") and common shares have been allocated to your account in the ESOP, you will be entitled to instruct the trustee of the ESOP how to vote those common shares and you will receive your voting instructions separately. If you give no instructions to the trustee of the ESOP, the trustee will vote the common shares allocated to your ESOP account in its sole discretion.

Vote Required

Quorum. Common shares represented by properly executed proxies returned to the Company prior to the Annual Meeting will be counted toward the establishment of a quorum for the Annual Meeting. A majority of the outstanding common shares of the Company must be represented in person or by proxy at the Annual Meeting to establish a quorum.

Director elections. The three nominees receiving the greatest number of votes for the class of directors whose terms expire in 2019 will be elected as directors for that term.

Ratification of selection of independent registered public accounting firm. The affirmative vote of a majority of the shares participating in the voting is required to ratify the selection of Crowe Horwath LLP as the independent registered public accounting firm.

Effect of broker non-votes and abstentions. Brokers who hold common shares in street name may, under the applicable regulations of the Securities and Exchange Commission (the "SEC") and the rules of exchanges and other self-regulatory organizations of which the brokers are members, sign and submit proxies for common shares of the Company and may vote such common shares on certain matters. However, brokers who hold common shares in street name may not vote common shares on other matters without specific instruction from the customer who owns the common shares. Proxies that are signed and submitted by brokers that have not been voted on certain matters are referred to as representing "broker non-votes."

Broker non-votes and abstentions count toward the establishment of a quorum for the Annual Meeting. Pursuant to rules of the New York Stock Exchange, member brokers are not permitted to vote without customer instruction with respect to the election of directors. Neither broker non-votes nor abstentions will be considered to be participating in the voting and therefore will have no effect on the election of directors or ratification of the selection of independent registered public accounting firm.

Directions to Annual Meeting Location

To obtain directions to attend the Annual Meeting and vote in person, please call Melissa P. Mason, Assistant Vice President, Shareholder Relations Manager and Trust Officer, at 1-800-468-6682 or 1-740-578-3287.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 11, 2016

This proxy statement, a sample of the form of proxy provided to shareholders by the Company, and the Company's 2015 Annual Report to Shareholders are available on the Company's website at <http://www.ovbc.com/about/annual-reports--documents>.

The Annual Report of the Company for the fiscal year ended December 31, 2015, including financial statements, is being made available with this proxy statement.

OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table indicates, as of March 18, 2016, certain information concerning the only shareholders known by the Company to be the beneficial owners of more than five percent (5%) of the outstanding common shares of the Company.

Name and Address	No. of Common Shares and Nature of Beneficial Ownership	Percent of Class (1)
Morris and Dorothy Haskins Foundation, Inc. 1767 Chestnut Street Bowling Green, KY 42101	265,972 (2)	6.42%
The Ohio Valley Bank Company, Trustee for Ohio Valley Banc Corp. Employees' Stock Ownership Plan ("ESOP") 420 Third Avenue P.O. Box 240 Gallipolis, OH 45631	350,925 (3)	8.47%

(1) The percent of class is based upon 4,142,247 common shares outstanding as of March 18, 2016.

- (2) Based on information contained in a Schedule 13G filed with the SEC on February 16, 2010, Carol H. Wedge and Paul D. Wedge, Jr. share voting and dispositive power with respect to the 265,972 common shares as the trustees of the Foundation.
- (3) As of March 18, 2016, all 350,925 shares in the ESOP were allocated to the accounts of ESOP participants. The Ohio Valley Bank Company (the "Bank") is the trustee of the ESOP and votes all shares allocated to the accounts of participants as directed by the participants to whose accounts such shares have been allocated. With respect to unallocated shares and allocated shares with respect to which no instructions have been received, the trustee shall vote such shares in the Trustee's discretion. The trustee has limited power to dispose of ESOP shares. The Bank also has sole voting and investment power with respect to 7,623 shares held as trustee for various other trusts.

The following table furnishes information regarding the beneficial ownership of common shares of the Company, as of March 18, 2016, for each current director, each nominee for election to the Board of Directors, each executive officer named in the Summary Compensation Table and all current directors and executive officers as a group.

Name	No. of Common Shares and Nature of Beneficial Ownership (1)	Percent of Class (2)
Anna P. Barnitz	4,949 (3)	.12%
Steven B. Chapman	5,204 (4)	.13%
Brent R. Eastman	66,088	1.60%
Katrinka V. Hart-Harris (5)	18,622 (6)	.45%
Harold A. Howe	18,751 (7)	.45%
Larry E. Miller, II (5)	14,553 (8)	.35%
Brent A. Saunders	8,146 (9)	.20%

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Scott W. Shockey (5)	6,692 (10)	.16%
Jeffrey E. Smith (5)	27,191 (11)	.66%
David W. Thomas	5,070 (12)	.12%
Thomas E. Wiseman (5)	24,653 (13)	.60%

All directors and executive officers as a Group (12 persons)	202,424	4.90%
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(footnotes on next page)

(1) Unless otherwise indicated, the beneficial owner has sole voting and investment power with respect to all of the common shares reflected in the table. All fractional common shares have been rounded down to the nearest whole common share. The Company has never granted options to purchase its common shares. Shares held in the ESOP are held with voting and shared investment power. The mailing address for each of the current directors and executive officers of the Company is P.O. Box 240, Gallipolis, Ohio 45631.

(2) The percent of class is based on 4,142,247 common shares outstanding on March 18, 2016.

(3) Represents 4,864 common shares held jointly by Mrs. Barnitz and her spouse, as to which she shares voting and investment power, and 84 common shares held by Mrs. Barnitz as custodian for her children.

(4) Includes 3,594 common shares held jointly by Mr. Chapman and his spouse, as to which he shares voting and investment power, and 610 common shares held by Mr. Chapman's spouse.

(5) Executive officer of the Company.

(6) Includes 13,374 common shares held for the account of Ms. Hart-Harris in the ESOP.

(7) Includes 11,255 common shares held jointly by Mr. Howe and his spouse, as to which he shares voting and investment power; 6,902 common shares held in a self-directed individual retirement account at the Bank, as to which the Bank has voting power and Mr. Howe has investment power; and 396 common shares held jointly by Mr. Howe and his children as to which he shares voting and investment power.

(8) Represents 3,754 common shares held jointly by Mr. Miller and his spouse, as to which he shares voting and investment power; 298 common shares held by Mr. Miller's daughter, as to which she has sole voting and investment power; and 9,902 common shares held for the account of Mr. Miller in the ESOP.

(9) Includes 3,957 common shares held jointly by Mr. Saunders and his spouse, as to which he shares voting and investment power, and 243 common shares held in a self-directed individual retirement account, as to which the broker has voting power and Mr. Saunders has investment power.

(10) Includes 6,102 common shares held for the account of Mr. Shockey in the ESOP.

(11) Includes 2,638 common shares held by Mr. Smith's spouse, as to which she has sole voting and investment power; 371 common shares held by Mr. Smith's daughter, as to which she has sole voting and investment power; and 19,067 common shares held for the account of Mr. Smith in the ESOP.

(12) Includes 3,239 common shares held jointly by Mr. Thomas and his spouse, as to which he shares voting and investment power.

(13) Includes 20,223 common shares held jointly by Mr. Wiseman and his spouse, as to which he shares voting and investment power, and 3,314 common shares held for the account of Mr. Wiseman in the ESOP.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company's directors and executive officers, as well as any persons holding more than 10% of the Company's outstanding common shares, are required to report their initial ownership of common shares and any subsequent changes in their ownership to the SEC. Specific due dates have been established by the SEC for such filings, and the Company is required to disclose in this proxy statement any failure to file by those dates. Based on its review of (1) Section 16(a) reports filed on behalf of these individuals for their transactions during the Company's 2015 fiscal year and (2) documentation received from one or more of these individuals that no annual Form 5 reports were required to be filed by them for the Company's 2015 fiscal year, the Company believes that all Section 16(a) reports were filed timely.

PROXY ITEM 1: ELECTION OF DIRECTORS

The Company's Board of Directors, divided into three classes, currently has eight directors. Section 2.02(C) of the Company's Regulations provides that the directors may change the number of directors and fill any vacancy created by an increase in the number of directors (provided that the directors may not increase the number of directors to more than twelve or reduce the number of directors to less than five).

In 1980, the Board of Directors of the Bank adopted a policy that each person becoming a director of the Bank after that date would be expected to retire at the next annual meeting of shareholders of the Bank following the director's 70th birthday. Since the Company was formed as the holding company of the Bank in 1992, the directors of the Company have followed that same practice, although neither the Company nor the Bank has ever provided such a requirement in its articles of incorporation or regulations or included any such provision in the charter of the Nominating and Corporate Governance Committee.

On March 15, 2016, the Boards of Directors of the Company and the Bank elected Brent R. Eastman as a director, effective April 1, 2016, based on the recommendation of the Nominating and Corporate Governance Committee. Mr. Eastman was added to the class of directors whose terms will expire in 2018.

The Board of Directors proposes that Steven B. Chapman, Harold A. Howe and Jeffrey E. Smith be re-elected for a three-year term. Each nominee was recommended to the Board of Directors by the Nominating and Corporate Governance Committee. Each person elected as a director at the Annual Meeting will hold office for a term of three years and until his successor is duly elected and qualified or until his earlier resignation, removal from office or death. The three nominees for election as directors receiving the greatest number of votes will be elected. Common shares represented by properly executed and returned proxies will be voted FOR the election of the Board of Directors' nominees unless authority to vote for one or more nominees is withheld. Common shares as to which the authority to vote is withheld will be counted for quorum purposes, but will not be counted toward the election of directors or toward the election of the individual nominees specified on the proxy.

The following discussion provides certain information, as of March 18, 2016, concerning each nominee for election as a director of the Company.

Nominees for Election for Terms Expiring In 2019

Steven B. Chapman, Age 69

Director of the Bank since 1999; Director of the Company since 2001

Mr. Chapman is a retired certified public accountant. He was in public practice for over 40 years, performing business advisory services, and preparing taxes in all areas. Mr. Chapman is a past partner with Chapman & Burris CPA's LLC. Additionally, he has assisted in organizing various nonprofit and profit motivated entities. He has developed and currently participates in the management of various real estate, residential and commercial projects. Prior to establishing his own firm, Mr. Chapman had over 5 years of "Big 8" experience, including industrial, commercial and bank audit expertise. He served as Chairman of the Board for the University of Rio Grande for two years and has been a member of that board in excess of 10 years. Mr. Chapman is the Chairman of the Boards of Holzer Hospital and Holzer Hospital of Jackson, Ohio with over 1,500 employees. He is a member of the Company's Executive Committee and Board Enterprise Risk Committee. In addition, Mr. Chapman Chairs the Audit Committee and is a member of the Investment and Advisory Committee for the Ohio Valley Banc Corp. Profit Sharing Retirement Plan. He is also a member of the Executive Committee and the Asset Quality Oversight Committee of the Bank. Mr. Chapman's substantial financial experience qualifies him as an "audit committee financial expert" for purposes of Item 401(h) of SEC Regulation S-K based on his training and experience as a Certified Public Accountant.

Harold A. Howe, Age 65

Director of the Bank since 1998; Director of the Company since 2005

Mr. Howe is a self-employed businessman with an emphasis in real estate investment and rental property. He also owns several small businesses in the Jackson, Ohio area. As such he understands the demands and needs of small businesses, which are a key constituent of the Company. Mr. Howe has 30 years of banking experience with the former Jackson Savings Bank, serving as president for 8 of those years. During his tenure at Jackson Savings Bank, Mr. Howe presided over the Jackson Savings Bank's conversion to a stock company as well as the sale of Jackson Savings Bank to the Company in December 1998 and its subsequent merger into the Company in November 2000. Because of Mr. Howe's background and experience, he is very familiar with the various challenges that must be overcome to be successful in the financial services industry. He is very active in the community of Jackson, Ohio, serving as President of the Jackson Community Improvement Corporation as well as being a member of the Metropolitan Housing Board. Mr. Howe is a member of a number of community organizations, such as Rotary, Elks, Moose and Jaycees. Mr. Howe is a member of the following committees of the Company: Executive, Compensation and Management Succession, Nominating and Corporate Governance, and the Investment and Advisory Committee for the ESOP. Mr. Howe is also a member of the Executive Committee and Trust Committee of the Bank.

Jeffrey E. Smith, Age 66

Director of the Bank since 1987; Director of the Company since 1992

Mr. Smith has been Chairman of the Board of the Company since May 2012. He served as Chairman and Chief Executive Officer (CEO) of the Company from January 2010 until May 2012. Between April 2000 and December 2009 he served as the Company's President and CEO. He has been employed in numerous capacities with the Company since 1973. Mr. Smith is a member of the Executive and Management Enterprise Risk Committees, and an Ex Officio member of the Company's Board Enterprise Risk Committee. In addition, he is a member of the Executive, Trust and Asset Liability Committees of the Bank. He is currently serving on the American Bankers Association's Community Bankers Council as a member of the Administrative Committee, following a three-year term on the American Bankers Association's Community Bankers Council, and in 2014 was elected Chairman of the Council. Mr. Smith is a past Chairman of the University of Rio Grande Board of Trustees and has served as a member of the University of Rio Grande Board of Trustees for 32 years. Presently, he is also a member of the Finance and Investment Committee for the University of Rio Grande. Throughout his career, Mr. Smith has served on the boards of a number of community and nonprofit organizations.

The Board of Directors recommends that shareholders vote FOR the election of the above nominees.

While it is contemplated that all nominees will stand for election, if one or more nominees at the time of the Annual Meeting should be unavailable or unable to serve as a candidate for election as a director, the individuals designated as proxy holders reserve full discretion to vote the common shares represented by the proxies they hold for the election of the remaining nominees and for the election of any substitute nominee or nominees designated by the Board of Directors. The Board of Directors knows of no reason why any of the nominees named above will be unavailable or unable to serve if elected to the Board.

The following discussion provides certain information concerning the current directors who will continue to serve after the Annual Meeting. Unless otherwise indicated, each individual has had the same principal occupation for more than five years.

Directors With Terms Expiring in 2017

Brent A. Saunders, Age 58

Director of the Bank since 2001; Director of the Company since 2003

Mr. Saunders began practicing law in Gallia County, Ohio in 1983. In 1985, he became a partner in the law firm of Halliday, Sheets and Saunders. In addition, he has held several public positions, including Gallipolis City Solicitor and Gallia County Prosecuting Attorney. Mr. Saunders' fields of expertise include the following areas of the law: contracts, deeds, mortgages, title searches, corporations and foreclosures. In July 2009, he was named President and CEO of Holzer Consolidated Health Systems. He was elected full-time Chairman of the Board of Directors of Holzer Health System in March 2012. Holzer is a significant employer in the Company's market. Mr. Saunders currently serves as a member of the University of Rio Grande Board of Trustees. He is a member of the following committees of the Company: Executive, Compensation and Management Succession, and Nominating and Corporate Governance (Chair). Additionally, Mr. Saunders is a member of the Executive Committee and the Trust Committee (Chair) of the Bank. Mr. Saunders' legal expertise, strong work ethic, ability to analyze all sides of an issue and effective communication skills permit him to make significant contributions to the Company.

David W. Thomas, Age 60

Director of the Bank and the Company since 2007

Mr. Thomas is retired Chief Examiner for the Ohio Division of Financial Institutions (the “ODFI”). In his 30 years with the ODFI, Mr. Thomas gained extensive knowledge in the areas of bank supervision and regulation. He is very adept at interpreting banking laws, regulations and rules. Banking regulation seems to be expanding exponentially, making Mr. Thomas’s expertise in this area very valuable to the Company. Mr. Thomas has an excellent grasp of the most challenging issues facing the financial services industry as well as the risk management principles essential to profitably manage those challenges. He is also skilled in analyzing corporate and bank financial statements, which is key to effective cash flow analysis. In January 2010, Mr. Thomas became the Company’s Lead Independent Director. Mr. Thomas is a member of the following committees of the Company: Audit, Executive, Nominating and Corporate Governance, and Board Enterprise Risk (Chair). As Independent Lead Director, he is also an Ex Officio member of all other standing Board committees of the Company. Additionally, Mr. Thomas is a member of the following committees of the Bank: Executive, Trust (Ex Officio), Asset Quality Oversight (Chair), and Information Technology Steering Committee.

Directors With Terms Expiring in 2018

Anna P. Barnitz, Age 53

Director of the Bank since 2001; Director of the Company since 2003

Mrs. Barnitz has served since 1988 as the Treasurer and Chief Financial Officer at Bob’s Market and Greenhouses, Inc., a multimillion dollar wholesale distributor of horticultural products with retail landscaping stores. From 1985 until 1988, she served as a Senior Auditor for Charleston National Bank and Key Centurion Bancshares. In the early 1990’s, she served on the BankOne N.A. Point Pleasant, West Virginia Board. She also served on the Bank’s West Virginia Advisory Board for over 17 years. She is a member of the Company’s Executive and Audit Committees serving as Secretary on the Audit Committee. In addition, she serves as Chair of the Compensation and Management Succession Committee and is a member of the Board Enterprise Risk Committee and is also a member of the Bank’s Executive Committee, Information Technology Steering Committee, and Asset Quality Oversight Committee. Mrs. Barnitz’s financial expertise coupled with her audit and banking background makes her an ideal board member.

Brent R. Eastman, Age 53

Director of the Bank and the Company since April 1, 2016

Mr. Eastman has been the President and a co-owner of Ohio Valley Supermarkets since 2005. He also is a partner and co-owner of Eastman Enterprises, a land and development company which began in 1996. Ohio Valley Supermarkets operates 11 retail store locations with 300 employees in southeastern Ohio and western West Virginia. Mr. Eastman has served as a director of the Gallia County Agricultural Society for 15 years and has been a member of the Gallia County Board of Health for 7 years. The Board of Directors of the Company believes Mr. Eastman is a valuable addition to the Board due to his retail experience and knowledge of the Company’s market area. Mr. Eastman is a member of the Board Enterprise Risk Committee of the Company and the Trust Committee of the Bank.

Thomas E. Wiseman, Age 57

Director of the Bank and the Company since 1992

Mr. Wiseman has been the President and Chief Executive Officer (CEO) of the Company since May 2012. He served as the President and Chief Operating Officer (COO) of the Company from January 2010 until May 2012. Mr. Wiseman has also been the President of the Company’s subsidiary, Ohio Valley Financial Services Agency, LLC,

since March 2010. From 1980 until becoming the President and COO of the Company, Mr. Wiseman served as the President of The Wiseman Agency, Inc., a successful insurance and financial services company and one of the largest independent insurance agencies by premium volume in southern Ohio and northwestern West Virginia. The agency operates primarily in the same footprint as does the Company, which gives Mr. Wiseman a unique perspective of the Company's market. Mr. Wiseman has over 30 years of risk management experience, working with a variety of businesses from small retail stores to nationally recognized companies. He has extensive experience in analyzing risk both on the balance sheet as well as the income statement. Mr. Wiseman has served as the past president of the Independent Insurance Agents of Ohio, Gallia County Area Chamber of Commerce, Gallipolis Rotary Club, and Gallia County Community Improvement Corporation, of which he is currently a member. He has been a past director of the Independent Insurance Agents and Brokers of America, Southeastern Ohio Regional Council, University of Rio Grande (Emerson E. Evans School of Business), Century Surety Insurance Company, French Art Colony and Holzer Vanguard. Mr. Wiseman has been the past chairman of the United Way of Gallia County and the Care Committee for new schools. Presently, he serves on the Ohio Bankers League Bank Services Board and the Holzer Health System Board. Mr. Wiseman served as the Company's Lead Independent Director from 2005 until 2010. He is the Chairman of the Company's Executive Committee, a member of the Management Enterprise Risk Committee and Ex Officio member of the Board Enterprise Risk Committee. Mr. Wiseman is also a member of the following Bank committees: Executive (Chair), Asset Liability and Officers' Loan.

None of the corporations or organizations by which a director has been employed in the last five years, except with respect to the employment by the Bank of Messrs. Smith and Wiseman, is a parent, subsidiary or other affiliate of the Company. The Board of Directors of the Company has determined that all of the directors except Messrs. Smith and Wiseman are “independent” under Rule 5605(a)(2) of the listing standards of The NASDAQ Stock Market, LLC (“Nasdaq”). In determining independence, the Board of Directors considered loan and deposit relationships with each director, fees paid to Mr. Saunders for legal services, lease payments to the Olive Street Group LLC (discussed in this proxy statement under the heading “Certain Relationships and Related Transactions”), and the positions held by each director with customers of the Bank. The rules of Nasdaq do not deem such relationships to disqualify a director from being deemed independent. The Board of Directors does not believe such relationships interfere with the directors’ exercise of independent judgment in carrying out their responsibilities as directors.

There are no family relationships among any of the directors, nominees for election as directors and executive officers of the Company.

Meetings of and Communications with the Board of Directors

The Board of Directors held a total of 15 meetings during 2015. Each incumbent director attended 75% or more of the aggregate of the total number of meetings held by the Board of Directors and the total number of meetings held by all committees of the Board of Directors on which the director served, in each case during the director’s period of service in 2015. In accordance with applicable Nasdaq rules, the independent directors meet in executive session as appropriate matters for their consideration arise.

The Company encourages all incumbent directors and director nominees to attend each annual meeting of shareholders. All of the incumbent directors and director nominees attended the Company’s last annual meeting of shareholders held on May 13, 2015.

The Company has an informal process by which shareholders may communicate directly with directors. Any communication to the Board may be mailed to David W. Thomas, Lead Director, in care of Investor Relations at the Company’s headquarters, P.O. Box 240, Gallipolis, Ohio 45631. The mailing envelope should contain a clear notation indicating that the enclosed letter is a “Shareholder-Board Communication” or “Shareholder-Director Communication.” There is no screening process, and all shareholder communications that are received for the Board’s attention will be forwarded to all directors.

Board Leadership Structure

Leadership succession is vital to the future health of the Company. In November 2009, the independent directors of the Company, upon recommendation of the Compensation and Management Succession Committee, named Jeffrey E. Smith the Chairman of the Board and Chief Executive Officer (CEO) of the Company and the Bank, and named Thomas E. Wiseman the President and Chief Operating Officer of the Company and the Bank, effective January 1, 2010. In May 2012, the independent directors, upon recommendation of the Nominating and Corporate Governance Committee and consistent with the succession plan began in January 2010, named President Thomas E. Wiseman with the additional responsibility of Chief Executive Officer of the Company and the Bank. Jeffrey E. Smith retained the title of Chairman of the Board.

Desiring to maintain and foster a strong independent presence on the Board of Directors, in January 2010, the independent directors of the Company named David W. Thomas as the Lead Independent Director of the Company. The Lead Independent Director presides at all meetings of the independent directors and is an Ex Officio member of all standing committees of the Company, including the Board Enterprise Risk Committee. His duties include making recommendations regarding the structure of the Board of Directors as well as committee meetings; assisting in

establishing agendas of the Board of Directors; overseeing evaluations and performance of members of the Board of Directors; chairing executive sessions of the independent directors; and overseeing the Company's shareholder communication policies and procedures. Additionally, he has the authority to call meetings of the independent directors of the Company.

It is anticipated that Mr. Smith would retain the position of Chairman of the Board at the discretion of the Board of Directors, after which Mr. Wiseman would become Chairman of the Board and Chief Executive Officer and David W. Thomas would continue as Lead Independent Director. The Nominating and Corporate Governance Committee believes this arrangement will take advantage of the unique experience of Messrs. Smith and Wiseman with the independence of Mr. Thomas to ensure both management and Board succession for the long term success of the Company and its subsidiaries.

Committees of the Board

The Board of Directors has five standing committees: the Audit Committee, the Compensation and Management Succession Committee, the Executive Committee, the Nominating and Corporate Governance Committee, and the Board Enterprise Risk Committee.

Audit Committee

The Audit Committee is comprised of Anna P. Barnitz, Steven B. Chapman (Chairman) and David W. Thomas. The Board of Directors has determined that each member of the Audit Committee qualifies as independent under Rules 5605(a)(2) and 5605(c)(2) of the Nasdaq Listing Rules as well as under Rule 10A-3 promulgated under the Exchange Act.

The Board of Directors believes that each member of the Audit Committee has substantial financial experience and is highly qualified to discharge such member's duties. Additionally, the Board of Directors has determined that Steven B. Chapman qualifies as an "audit committee financial expert" for purposes of Item 401(h) of SEC Regulation S-K based on his training and experience as a Certified Public Accountant. The Board of Directors has determined that Mr. Chapman is capable of (i) understanding accounting principles generally accepted in the United States ("US GAAP") and financial statements, (ii) assessing the general application of US GAAP in connection with the accounting for estimates, accruals and reserves, (iii) analyzing and evaluating the Company's consolidated financial statements, (iv) understanding internal control over financial reporting, and (v) understanding audit committee functions.

The Audit Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors. A current copy of the charter of the Audit Committee is posted on the Company's website at <http://www.ovbc.com> under "About" in the Ohio Valley Banc Corp. section. At least annually, the Audit Committee reviews and reassesses the adequacy of its charter and recommends changes to the full Board as necessary. The Audit Committee is responsible for:

- overseeing the accounting and financial reporting process of the Company and audits of the Company's financial statements;
- monitoring the Company's financial reporting process and internal control system;
- overseeing the certification process and other laws and regulations impacting the Company's quarterly and annual financial statements and related disclosure controls;
- reviewing and evaluating the audit efforts of the Company's independent registered public accounting firm and the Company's internal auditing department;
- providing an open avenue of communication among the Company's independent registered public accounting firm, financial and senior management, internal auditing department and the Board of Directors;
- appointing, compensating and overseeing the independent registered public accounting firm employed by the Company for the purpose of preparing or issuing an audit report or performing related work; and
- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.

In addition, the Audit Committee reviews and pre-approves all audit and permitted non-audit services provided by the Company's independent registered public accounting firm and ensures that the registered public accounting firm is not engaged to perform the specific non-audit services prohibited by law, rule or regulation. The Audit Committee will also carry out such other responsibilities as may be delegated to the Audit Committee by the full Board.

The Audit Committee held 22 meetings during the 2015 fiscal year. The Report of the Audit Committee for the 2015 fiscal year begins on page 30.

Compensation and Management Succession Committee

The Compensation and Management Succession Committee is comprised of Anna P. Barnitz (Chairman), Harold A. Howe and Brent A. Saunders. The Board of Directors has determined that each member of the Compensation and Management Succession Committee qualifies as independent under current Nasdaq Listing Rule 5605(d)(2).

The Compensation and Management Succession Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors. A current copy of the charter of the Compensation and Management Succession Committee is posted on the Company's website at <http://www.ovbc.com> under "About" in the Ohio Valley Banc Corp. section. The Compensation and Management Succession Committee periodically reviews and reassesses the adequacy of its charter and recommends changes to the full Board as necessary. The charter was last revised by the Board of Directors on February 26, 2013, upon recommendation of the Compensation and Management Succession Committee.

The purpose of the Compensation and Management Succession Committee is to discharge the responsibilities of the Board of Directors relating to compensation of the Company's directors and executive officers and to prepare an annual report on executive compensation for inclusion in the proxy statement for the Company's annual meeting of shareholders. The Compensation and Management Succession Committee will also carry out such other responsibilities as may be delegated to it by the full Board.

The Compensation and Management Succession Committee is responsible for reviewing and approving goals and objectives relevant to the compensation of the Company's executive officers (including the Chief Executive Officer), evaluating such executive officers' performance in light of those goals and objectives and determining compensation based on that evaluation. The Compensation and Management Succession Committee is also responsible for reviewing the Company's incentive compensation programs and retirement plans, and recommending changes to such programs and plans to the Board of Directors as necessary. The Compensation and Management Succession Committee also reviews any severance or other termination arrangements to be entered into with the Company's executive officers. In addition to compensation responsibilities, this committee is charged with addressing plans for senior management succession and making recommendations to the Board of Directors with respect to selection and retention of executive officers.

The Compensation and Management Succession Committee periodically retains a consultant to assist with the establishment of executive compensation. During 2011, the Compensation and Management Succession Committee retained Blanchard Consulting Group to provide the benchmarking information that has served as the basis for executive compensation since then. In addition, in 2011 the Compensation Committee retained Meyer-Chatfield Compensation Advisors to assist in the design of a supplemental executive retirement plan for Mr. Wiseman, which was executed in March 2012.

The Compensation and Management Succession Committee held 11 meetings during the 2015 fiscal year. The Report of the Compensation and Management Succession Committee on executive compensation relating to the 2015 fiscal year begins on page 15.

Executive Committee

The Executive Committee is comprised of Anna P. Barnitz, Steven B. Chapman, Harold A. Howe, Brent A. Saunders, Jeffrey E. Smith, David W. Thomas and Thomas E. Wiseman (Chairman). The Executive Committee is authorized to act in the intervals between meetings of the directors on matters delegated by the full Board. There were no meetings held by the Executive Committee of the Company during the 2015 fiscal year; however, the Executive Committee of the Bank held 31 meetings.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee consists of Harold A. Howe, Brent A. Saunders (Chairman) and David W. Thomas. The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee qualifies as independent under Nasdaq Listing Rule 5605(a)(2). The purposes of the

Nominating and Corporate Governance Committee are to:

- identify qualified candidates for election, nomination or appointment to the Board and recommend to the full Board a slate of director nominees for each annual meeting of the shareholders of the Company;
- make recommendations to the full Board regarding the directors who shall serve on committees of the Board; and
- undertake such other responsibilities as may be referred to the Nominating and Corporate Governance Committee by the full Board.

The Nominating and Corporate Governance Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors. A current copy of the charter of the Nominating and Corporate Governance Committee is posted on the Company's website at <http://www.ovbc.com> under "About" in the Ohio Valley Banc Corp. section. The Nominating and Corporate Governance Committee periodically reviews and reassesses the adequacy of its charter and recommends changes to the full Board as necessary. The Nominating and Corporate Governance Committee held 4 meetings during the 2015 fiscal year.

Board Enterprise Risk Committee

The Board Enterprise Risk Committee consists of Anna P. Barnitz, Steven B. Chapman, Brent R. Eastman and David W. Thomas (Chairman).

The Board Enterprise Risk Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors. At least annually, the Board Enterprise Risk Committee reviews and reassesses the adequacy of its charter and recommends changes to the full Board as necessary. The Board Enterprise Risk Committee's primary duties and responsibilities are to:

- oversee the Company's policies, procedures and practices relating to the Company's enterprise-wide risks;
- assess current and emerging material risks and provide review and approval of established risk tolerances;
 - oversee the Company's compliance with applicable laws and regulations; and
 - oversee material pending litigation in which the Company has been named a defendant.

The business of banking has been and will continue to be centered on the management of risk. The Board of Directors proactively oversees management's implementation and enforcement of the Company's risk management policies and procedures. The Board's risk oversight responsibility is primarily administered through the Board Enterprise Risk Committee. The Board Enterprise Risk Committee meets quarterly to ensure that the Company is taking appropriate steps to identify, measure, monitor, and control risks as identified in the Company's Enterprise Risk Management Policy. This policy addresses the composition and control of the Company's overall risk management program and establishes standards for liquidity, market, credit, operational, legal, reputational, and strategic risks and for others that may emerge in the future. The Enterprise Risk Management Policy is supplemented by various other Company policies which further address the specific risk categories to which they pertain. Additionally, the Enterprise Risk Management Policy provides for proper reporting through senior management to the Board Enterprise Risk Committee and/or the full Board of Directors. The committee routinely receives reports from the Chief Risk Officer as well as other Bank personnel within the Risk Management Department. The Chairman of the Board and the Chief Executive Officer also serve as Ex Officio members of the committee.

The Board of Directors has established a Management Enterprise Risk Committee whose members are the senior management team of the Company. It is the responsibility of the Management Risk Committee, in conjunction with the Risk Management Department, to implement and enforce the risk management policies of the Company on a day-to-day basis. Actions of the Management Risk Committee are routinely monitored and reported to the Board Enterprise Risk Committee.

The Board of Directors recognizes that no policy can anticipate all the conditions, situations and opportunities that may arise during the normal course of operations. Therefore, the Board of Directors expects management to exercise prudent judgment in the day-to-day implementation of the Company's risk management policies.

Nominating Procedures

As described above, the Company has a standing Nominating and Corporate Governance Committee that has the responsibility to identify and recommend individuals qualified to become directors. The Nominating and Corporate Governance Committee evaluates the qualifications and performance of incumbent directors before deciding to recommend them for re-election to the Board. The Nominating and Corporate Governance Committee recommended the nominees for election as directors at the Annual Meeting. When considering potential candidates for the Board, the Nominating and Corporate Governance Committee strives to assure that the composition of the Board, as well as its practices and operation, contribute to value creation and to the effective representation of the Company's shareholders. Although the Company does not have a formal diversity policy, the Nominating and Corporate

Governance Committee is guided by the Nominating and Corporate Governance Charter in fulfilling its responsibility to identify and recommend individuals qualified to become directors. The Nominating and Corporate Governance Committee considers it essential that the Board, as a whole, should be diverse with respect to skills, experience, perspective, age, background and geography as these criteria relate to the Company's market area and the financial services industry. The Nominating and Corporate Governance Committee may consider the above factors as it deems appropriate in evaluating director candidates. Depending upon the current needs of the Board, certain factors may be weighed more or less heavily by the Nominating and Corporate Governance Committee. From time to time, the Nominating and Corporate Governance Committee may deem it prudent to recruit individuals with education and expertise in a specific discipline, such as accounting, finance or law.

In considering candidates for the Board, the Nominating and Corporate Governance Committee evaluates the entirety of each candidate's credentials and does not have any specific minimum qualifications that must be met by a Nominating and Corporate Governance Committee-recommended nominee. However, the Nominating and Corporate Governance Committee does believe that all members of the Board should have the highest character and integrity; a reputation for working constructively with others; sufficient time to devote to Board matters; and no conflict of interest that would interfere with performance as a director. Additionally, the Company is a highly-regulated institution and all director candidates are subject to the requirements of applicable federal and state banking laws and regulations.

The Nominating and Corporate Governance Committee considers candidates for the Board from any reasonable source, including recommendations from shareholders and existing directors. The Nominating and Corporate Governance Committee does not evaluate candidates differently based on who has made the recommendation. The Nominating and Corporate Governance Committee has the authority to hire and pay a fee to consultants or search firms to assist in the process of identifying and evaluating candidates. No such consultants or search firms have been used to date and, accordingly, no fees have been paid to consultants or search firms.

Shareholders may recommend director candidates for consideration by the Nominating and Corporate Governance Committee by writing to the Chairman of the Nominating and Corporate Governance Committee, currently Mr. Saunders, at the Company's executive offices, P.O. Box 240, Gallipolis, Ohio 45631. The recommendation should give the candidate's name, age, business address, residence address, principal occupation or employment and number of common shares beneficially owned. The recommendation should also describe the qualifications, attributes, skills or other qualities of the recommended director candidate. A written statement from the candidate consenting to be named as a director candidate and, if nominated and elected, to serve as a director should accompany any such recommendation.

Shareholders who wish to nominate an individual for election as a director at an annual meeting of the shareholders of the Company must comply with the Company's Code of Regulations regarding shareholder nominations. Shareholder nominations must be made in writing and delivered or mailed to the President of the Company, currently Mr. Wiseman, at the Company's executive offices, P.O. Box 240, Gallipolis, Ohio 45631, not less than 14 days nor more than 50 days prior to any meeting of shareholders called for the election of directors. However, if less than 21 days' notice of the meeting is given to the shareholders, the nomination must be mailed or delivered to the President not later than the close of business on the seventh day following the day on which the notice of the meeting was mailed to the shareholders. Each nomination must contain the following information to the extent known by the nominating shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the total number of common shares of the Company that will be voted for each proposed nominee; (d) the name and residence address of the nominating shareholder; (e) the number of common shares of the Company beneficially owned by the nominating shareholder; and (f) any other information required to be disclosed with respect to a nominee for election as a director under the proxy rules promulgated under the Exchange Act. Nominations not made in accordance with the Company's Code of Regulations will not be considered.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Executive Officers

The following are the executive officers of the Company:

Name	Age	Position(s) Held with the Company and its Principal Subsidiaries
Jeffrey E. Smith	66	Chairman of the Board of the Company and the Bank since May 2012; Chairman and Chief Executive Officer of the Company and the Bank from January 2010 to May 2012; President and Chief Executive Officer of the Company and the Bank from April 2000 until January 2010; employed by the Bank since 1973.
Thomas E. Wiseman	57	President and Chief Executive Officer of the Company and the Bank since May 2012; President and Chief Operating Officer of the Company and the

Bank from January 2010 to May 2012; Chairman of the Executive Committee of the Company and the Bank since January 2010; Director of the Company's subsidiary, Loan Central, Inc. since May 2011; and Vice President of the Company's subsidiary, OVBC Captive, Inc., since July 2014. President of The Wiseman Agency, Inc., from 1980 until January 2010.

Scott W. Shockey	46	Senior Vice President and Chief Financial Officer of the Company and Executive Vice President and Chief Financial Officer of the Bank since May 2014; Vice President and Chief Financial Officer of the Company and Senior Vice President and Chief Financial Officer of the Bank from December 2004 to May 2014; Assistant Treasurer of the Company from April 2001 to December 2004; Vice President and Chief Financial Officer of the Bank from April 2001 to December 2004; and Vice President of the Company's subsidiary, OVBC Captive, Inc., since July 2014.
Larry E. Miller, II	51	Chief Operating Officer and Secretary of the Company and the Bank since May 2015; Senior Vice President and Secretary of the Company from December 2007 to May 2015; Executive Vice President-Operations and Secretary of the Bank from December 2014 to May 2015; Executive Vice President and Secretary of the Bank from December 2007 to December 2014; Senior Vice President and Treasurer of the Company from April 2000 to December 2007; Executive Vice President and Treasurer of the Bank from April 2000 to December 2007; and Chairman of the Board of the Company's subsidiary, Loan Central, Inc. since May 2012, serving as a Director since April 2000.
Katrinka V. Hart-Harris	57	Senior Vice President of the Company since December 2014; Executive Vice President, Director of WV Operations & Special Projects of the Bank since August 2015; Executive Vice President-Lending/Credit of the Bank from December 2014 to August 2015; Senior Vice President and Chief Lending Officer of the Company and Executive Vice President and Chief Lending Officer of the Bank from April 2011 to December 2014; Senior Vice President and Risk Management Officer of the Company from April 2004 to April 2011; Executive Vice President and Risk Management Officer of the Bank from December 2003 to April 2011; and Director of the Company's subsidiary, Loan Central, Inc. since May 2007.
Bryan F. Stepp	53	Vice President of the Company since December 2008; Senior Vice President and Chief Lending Officer of the Bank since December 2014; Senior Vice President, Chief Credit Officer of the Bank from December 2012 to December 2014; Senior Vice President, Corporate Banking West Virginia of the Bank from July 2010 to December 2012; Senior Vice President, Commercial Lending of the Bank from December 2008 to July 2010; and Vice President, Business Development Officer of the Bank from June 2008 to December 2008.

Compensation Discussion and Analysis

Overview of Compensation Program

The executive officers of the Company receive no compensation from the Company. Instead, they are paid by subsidiaries for services rendered in their capacities as executive officers of subsidiaries of the Company.

The Compensation and Management Succession Committee (the “Compensation Committee”) is responsible for reviewing and approving goals and objectives relevant to the compensation of the Company's executive officers (including the named executive officers), evaluating such executive officers' performance in light of those goals and objectives and determining compensation based on that evaluation. As part of that responsibility, the Compensation Committee reviews the Company's bonus program as well as retirement plans and recommends changes to such programs and plans to the Board of Directors as necessary. The Compensation Committee believes the goals and objectives relevant to the compensation of the Company's employees, including executive officers, do not incent excessive risk taking and are not reasonably likely to create a material adverse effect on the Company. The Company continues to face numerous risks, as do all institutions, which could threaten its value. The most prominent of these risks are credit, interest rate, liquidity, strategic and reputational risk. The Compensation Committee believes the risk management controls currently in place in conjunction with performance goals that properly balance earnings growth and asset quality effectively address the risks inherent in the current economic environment. Although the Compensation Committee also has responsibility for reviewing any severance or other termination arrangements to be entered into with the Company's executive officers, there are no such arrangements currently.

Management's Role in Compensation Decisions

While the Compensation Committee makes all compensation decisions regarding the named executive officers, the Compensation Committee utilizes data and reports as required by the wage and salary administration plan described elsewhere in this Compensation Discussion and Analysis. Some of this data is prepared or assembled by management in conjunction with the assistance of an independent compensation consulting firm and includes, but is not limited to, peer analysis of comparable financial industry job grades, merit adjustments, and a base salary and/or total compensation benchmarking primarily for Ohio and the Midwest Region of the United States. Our Chief Executive Officer works with the Compensation Committee Chair in establishing the agenda for Compensation Committee meetings. The Chief Executive Officer regularly attends meetings briefing the Compensation Committee on the Company's overall performance. With respect to developing compensation packages, annually the Chief Executive Officer reviews the performance of each executive officer (excluding his own and that of the Chairman of the Board) by comparing results achieved to established goals as well as the overall performance of the Company as compared to Board approved corporate performance goals. This data, along with salary data derived from the Company's wage and salary administration plan, are the bases for his recommendations to the Compensation Committee with respect to the compensation of the other executive officers, including base salary adjustments and annual bonus payments. The Compensation Committee considers the Chief Executive Officer's recommendations and uses its own discretion in making the final compensation decisions. The Compensation Committee regularly conducts executive sessions, without the presence of management, in fulfilling its responsibilities pursuant to its charter.

Compensation Philosophy and Objectives

The objectives of the compensation programs of the Company and its subsidiaries are that:

- compensation of the Company's executive officers and non-executive officers should be directly linked to corporate operating performance;
- executive officers and non-executive officers should receive fair and equitable compensation for their respective levels of responsibility and supervisory authority compared to their peers within the Company as well as their peers within the financial services industry; and
- compensation of the Company's executive officers and non-executive officers should not incent excessive risk taking nor be reasonably likely to have a material adverse effect on the Company.

The Company utilizes a comprehensive wage and salary administration plan for the Company and its subsidiaries to be used for all employees, including executive officers. That plan consists of a job grading process for all jobs in the Company, a performance appraisal process, and a periodic base salary and/or total compensation benchmarking process to determine compensation market ranges for all job grades. The components of this plan apply to both executive officers and non-executive officers. The Company believes that it is essential to attracting and retaining qualified officers in its industry that compensation be competitive with that of other companies within the industry. Further, in order to motivate such individuals to perform to the best of their abilities in furthering the Company's goals, the Company also believes there must be an opportunity for such officers to benefit personally from increased efforts and the Company's achievement of its goals.

The Compensation Committee considered the say-on-pay vote held in May 2015, where over 98% of the votes cast on the matter were voted to approve the executive compensation disclosed in the proxy statement. The Compensation Committee recognized that the shareholder vote indicated shareholder support for the Board's compensation philosophy and practice. The Compensation Committee encouraged a continued focus on pay for performance and particular emphasis on ensuring that the Company's compensation policies and practices do not incent excessive risk

taking nor are likely to have a material adverse effect on the Company's performance. In 2014 the Compensation Committee engaged the Blanchard Consulting Group to conduct a Base Salary Review (benchmarking project) for approximately 50 officer and staff level positions as chosen by the Company in an effort to update salary grade midpoints with changes occurring in the market. The Compensation Committee determined that the work of the Blanchard Consulting Group raised no conflict of interest. The report, provided by the consultant, benchmarked each position's salary grade midpoint to the market median (50th percentile) using base salary data from industry surveys. The benchmarking project included position comparisons which compared job duties of officers and staff at the Company to the job functions of the most appropriate industry survey positions. For each position, the consultant provided salary market data at the 25th, 50th, and 75th percentiles. This allowed for salary comparisons between the Company and the market for similar positions. A summary of the data sources for the benchmarking project is listed below:

1. American Bankers Association (ABA): The 2014 Compensation & Benefits Survey provides data on 214 jobs from 295 national financial institutions.

2. Blanchard Consulting Group (Blanchard): The 2013 Blanchard Consulting Group Bank Compensation Survey provides data on over 80 positions from 77 national financial institutions.
3. Crowe Horwath 2014 Financial Institution Compensation and Benefits Survey (Crowe): This survey provided data on positions as reported by 196 organizations.
4. Crowe Horwath 2014 Financial Institutions Compensation and Benefits Survey – Midwest Survey Report (CroweMW): This survey provides data on positions as reported by 126 organizations.
5. Delves Group/Bank Administration Institute (Delves): The 2012 Bank Compensation & Benefits Survey published by the Delves Group provides data from 114 financial services organizations.
6. Independent Community Bankers of America (ICBA): The 2012 Key Management and Bank Employee Surveys provides data on 113 positions from 72 community banks.
7. Mercer 2013 Commercial Lending and Business Banking Compensation Survey (MercerCL): This survey provides information on 116 positions reported by 74 organizations in the commercial lending, business banking, and commercial real estate areas.
8. Mercer 2013 Consumer Finance Compensation Survey (MercerCon): This survey provides information on 131 positions reported by 85 organizations.
9. Mercer Finance, Accounting, and Legal (MercerFAL): This 2014 survey provides information on 153 positions reported by over 2,495 organizations.
10. Mercer 2013 Retail Banking Compensation Survey (MercerRetail): This survey provides information on 83 positions reported by 93 organizations.

Upon recommendation of the Blanchard Consulting Group, in the latter half of 2011 the Company adopted a new salary structure which included fifteen grade levels and one broadband level for the top executive officers. The salary design structure established a minimum, midpoint and maximum pay range for each job grade. Using the market values from the 2014 benchmarking project, the Company updated the salary structure, originally adopted in 2011, to ensure that base salaries are consistent with market practices and designed to maintain internal equity and external competitiveness while reflecting individual and company performance. Results from the 2014 benchmarking project were used to update salary grade midpoints effective January 31, 2016.

The Compensation Committee, in conjunction with the Lead Director, annually conducts a performance appraisal to evaluate the performance of Mr. Smith and Mr. Wiseman in achieving the expected requirements of their jobs. The Compensation Committee reviews the performance appraisals of the other named executive officers conducted by their supervisors. The Compensation Committee evaluates Messrs. Smith and Wiseman based on the following 8 specific criteria (the “Performance Criteria”): 1) leadership, 2) strategic planning, 3) financial results, 4) succession planning, 5) human resources, 6) internal communications, 7) external relations, and 8) board relations. The evaluation conducted by the Compensation Committee assesses the executive officers’ performance in each of the 8 criteria on a range from 1, the lowest, to 5, the highest, in increments of .25. The higher an officers’ performance on the 8 criteria, the higher the officer will be paid within the pay range established through the benchmarking process. For the other named executive officers, the Compensation Committee utilizes a slightly different performance appraisal form typically containing three to five position specific accountabilities as well as the four following critical competencies: 1) teamwork, 2) initiative, 3) communications, and 4) service excellence. Each of the accountabilities as well as the competencies is assigned a weighting according to the following scale: 1 – important, 2 – significant, 3 – very significant and 4 – critical. At the end of the performance period, the executive officers’ performance in each of the accountabilities and competencies is assessed, by their supervisors, on a range from 1, the lowest, to 5, the highest. The higher an officers’ performance on the given accountabilities and competencies, the higher the officer will be paid within the pay range established through the benchmarking process.

Under the salary grade design structure, the Compensation Committee sought to ensure that an employee whose performance “meets” expectations will, over time, receive cash compensation at or near the midpoint of the market range for similar jobs in the financial services industry. An employee whose performance “exceeds” or “far exceeds”

expectations will move faster within the pay range than an employee whose performance “meets” expectations. An employee whose performance “does not meet expectations” is not eligible for a merit increase. An employee whose base compensation is more than 20% above the market midpoint for the employee’s job is not eligible for a merit increase to the employee’s base salary, but may, in the discretion of the Compensation Committee, be awarded a lump sum award if the employee’s performance meets or exceeds expectations.

The Company has no policy for allocating between long-term and short-term compensation or allocating between cash and non-cash components, although the bonus program does take into account both long-term and short-term goals and performance of the Company.

Summary of 2015 Compensation Decisions

The Company has a long-standing commitment to pay for performance, both individual and Company. Salaries are determined in accordance with the benchmarking analysis described above, which recognizes performance of employees in connection with compensation paid within the industry. Individual performance and company performance were also taken into consideration in determining bonus compensation.

The decision-making process and compensation philosophy of the Company and the subsidiaries were considered by the Compensation Committee when determining 2015 compensation for the named executive officers of the Company and the subsidiaries. The Compensation Committee believes that the compensation earned by the named executive officers in 2015 was fair and reasonable when compared with executive compensation levels in the financial services industry as reported in the marketplace range developed.

For 2015, the Compensation Committee utilized the salary grade structure, as designed by the Blanchard Consulting Group, as the basis for 2015 salaries for executive officers. The Compensation Committee used the Crowe Horwath 2014 Financial Institutions Midwest Survey Report and the Ohio Survey Report in combination with individual performance appraisals to determine the base salaries to be paid to each named executive officer within the established range.

Based on these considerations, the following ranges of salary for the named executive officers were established:

Name	Salary Range
Jeffrey E. Smith	\$187,454 – 348,128
Thomas E. Wiseman	187,454 – 348,128
Scott W. Shockey	111,579 – 207,219
Katrinka V. Hart-Harris	111,579 – 207,219
Larry E. Miller, II	111,579 – 207,219

Our compensation programs are adjusted over time to support the Company's business goals. At the beginning of 2015, the Board of Directors established Company goals for net income, asset quality and efficiency ratio. These goals are depicted in the chart below. When the Compensation Committee considered the overall performance of the Company in 2015, it evaluated the following:

	Budget	Threshold	Target	Stretch	Actual
Net Income	\$8,276,000	\$8,384,000	\$8,748,000	\$9,477,000	\$8,573,800
Efficiency Ratio	68.25%	68.00%	67.00%	65.25%	69.26%
Adversely Classified Assets/Tier 1 Capital +ALLL	N/A	26.50%	24.75%	23.00%	21.94%

For the year ended December 31, 2015, net income totaled \$8,573,800, a \$500,700 increase from net income for the year ended December 31, 2014. The Company's 2015 net income exceeded the budget and threshold goals, and set a new record high, eclipsing the previous record of \$8,381,000 earned in 2004. The increase in net income for the year and excess over budget was primarily attributable to a significant decrease in provision for loan losses, which resulted

from management's continued efforts to improve asset quality. During 2015, the Company experienced improvements (declines) in its average loan loss history, as well as declines in its classified asset portfolio. The decrease in the provision was partially offset by substantially lower non-interest income and an increase in non-interest expense.

The efficiency ratio is defined as non-interest expense as a percentage of fully tax equivalent (FTE) net interest income plus non-interest income. The calculation reveals the cost to generate a dollar of revenue. The Company's efficiency ratio ended 2015 at 69.26%, regressing from the 66.7% in 2014. During 2015, non-interest income decreased 12.2%, while overhead expenses were up 1.1% over the prior year. The decline in the efficiency ratio from 2014 to 2015 was the result of an anticipated decrease in non-interest income, primarily due to the gain on sale of ProAlliance recorded in 2014 and lower tax processing fees recorded in 2015. Contributing most to the increase in non-interest expense for 2015 were foreclosure costs, data processing, FDIC insurance and various expenses related to professional service and customer incentives. The Company's 2015 efficiency ratio fell short of the budget goal of 68.25%, primarily due to a shortfall in net interest income driven by lower than expected commercial loan growth, resulting from a heightened competitive environment, unanticipated payments and payoffs, as well as management's focus on improving asset quality. Increases in equipment expense, foreclosure cost, FDIC assessment and legal and accounting expenses were the main contributors to non-interest expense exceeding budget, which further contributed to the efficiency ratio falling short of the budget goal for 2015.

The Company's asset quality is measured by the ratio of adversely classified assets/tier 1 capital plus the ALLL. During 2015, the balance of classified loans, which are loans demonstrating financial weakness, decreased from the prior year. As a result, the Company's ratio of classified assets/tier 1 capital + ALLL ended 2015 at 21.94%, exceeding the stretch goal set by the Board of Directors. In part, the decline of classified loans is a function of management's efforts, with existing commercial customers, to coach them for either improved financial performance or to seek alternative financing. In the aftermath of the financial crisis of 2008 - 2009, management also intensified the thoroughness of the Company's credit underwriting process, especially on new commercial credits. These efforts, along with a slowly improving economy, contributed to management's success in exceeding the Company's stretch asset quality goal.

In December 2015 the Compensation Committee evaluated the performance of the Company relative to the aforementioned goals. As part of their analysis, the committee also considered the performance of subsidiaries relative to their respective goals. Except for the named executive officers, the Compensation Committee recommended to the full Board of Directors to award a 5% increase in bonuses paid to employees of the bank subsidiary. The committee voted to award a 15% increase in bonuses to the named executive officers in recognition of the Company's record year and the named executive officers' forbearance of an increase in their 2014 bonus. Under the same action, the committee recommended paying eligible employees of Loan Central the same bonus for 2015 as was paid for 2014. In January 2016 the Board of Directors approved the Compensation Committee's recommendation.

Executive Compensation Components and Analysis

The components of the compensation program currently are: a base salary, a bonus, retirement plans and insurance benefits. Other than the employee stock ownership plan, the Company has no equity-based compensation plans.

Base Salary

The objective of the base salary component of the cash compensation plan is to provide predictable and reliable cash compensation sufficient to attract and retain motivated officers and to recognize and reward individual performance. In fulfilling that objective, the Compensation Committee desires that each employee, including the named executive officers, who achieves an overall performance evaluation of "meets expectations" should, over time, receive a base salary at or near the midpoint of the marketplace range.

Using the survey information described above, and based on their annual performance appraisal and the position of their base compensation within the marketplace range, the base salaries for the named executive officers were increased an average of 3.70% compared to 2014. Each of the named executive officers was, prior to such adjustments, receiving a base salary within +/- 10% of the marketplace midpoint established from the surveys.

Bonuses

The objectives of the bonus component of the Company's compensation program are to: (a) motivate executive officers and other employees and reward such persons for the accomplishment of both annual and long range goals of the Company and its subsidiaries, (b) reinforce a strong performance orientation with differentiation and variability in individual awards based on contribution to long-range business results and (c) provide a fully competitive compensation package that will attract, reward, and retain individuals of the highest quality. All employees of the Company's subsidiaries holding positions with a pay grade of 9 or above, as well as some employees who were graded 9 or above before the redesign of the salary structure, are eligible to participate in the bonus program, including all of the named executive officers.

Bonuses payable to participants in the bonus program are based on (a) the performance of the Company and its subsidiaries as measured against specific performance targets; and (b) each employee's individual performance. At the beginning of each fiscal year, the Compensation Committee sets specific performance targets for the Company and its subsidiaries based on a combination of some or all of a number of performance criteria. The targets are based on one or more of the following performance criteria: net income, net income per share, return on assets, return on equity, asset quality (as measured by the ratio of adversely classified assets to tier 1 capital plus the ALLL), tier 1 leverage ratio and efficiency ratio. It is the objective of the Compensation Committee to establish goals that are “reaching” but “reachable.” The Compensation Committee may not consider the goals to be of equal weight, but, in the aggregate, it considers them to be fundamental metrics which are important to the long-term performance of the Company and which, at the same time, do not expose the Company to, nor incent the employees to undertake, excessive risks which would threaten the Company’s long-term value. At the end of the fiscal year, the aggregate amount available for the payment of a bonus, if any at all, is determined by the Company’s Board of Directors upon recommendation of its Compensation Committee based on an evaluation of the accomplishment of the performance targets. A bonus may be paid without targets having been established or achieved. No officer or employee has any right to the payment of a bonus until the Board of Directors has exercised its discretion to award one and the amount to be paid to each person has been determined and announced.

Once the aggregate amount of the bonus pool is determined, individual bonus awards, for eligible employees in grades 11 and below, are determined through a formula that applies each employee's performance evaluation score to a "bonus grid," reflecting the individual employee's job grade and individual job performance using the Performance Criteria referenced above. For employees in grades 12 and above, individual bonus awards are determined by the level of achievement by the Company and its subsidiaries of some or all of a number of previously mentioned performance metrics. Upon the recommendation of the Compensation Committee and if approved by the Board, individual bonus awards for grades 12 and above are typically awarded as a percent of base compensation. Employees are evaluated by their supervisors, except for Mr. Smith and Mr. Wiseman, who are evaluated by the Compensation Committee. The Company's Board of Directors approves the bonuses payable to the executive officers under the bonus program based upon the recommendation of the Compensation Committee.

In general, the economy continued to improve in 2015, as measured by statistics, with the unemployment rate dropping from 5.7% in January to 5.0% in December. For the year ended December 31, 2015, average earning assets increased 3.6%, as compared to 2014, with growth coming primarily from interest bearing balances with banks and loans. Growth in the Federal Reserve Bank balances contributed most to the overall average earning asset increase in 2015. During 2015, average loans increased 1.4% as compared to 4.8% growth in 2014 with growth in 2015 coming primarily from the residential real estate and consumer loan portfolios. Along with the modest improvement in the economy, your company saw increased competition for loan opportunities that limited new commercial loan production within our market areas. Additionally, the Company experienced large payoffs of various commercial loans in 2015. Net interest income in 2015 on a FTE increased .1% over 2014. The nominal change in net interest income was impacted by a decrease in the FTE net interest margin, with positive contributions coming from higher average earning assets.

The benefits of higher net interest income and lower provision expense in 2015 were partially offset by a 12.2% decrease in noninterest income in 2015 as compared to 2014. The decrease came largely from the sale of the Company's minority ownership interest in ProAlliance Corp. during the third quarter of 2014, which generated a gain of \$810,000 the previous year. Further impacting lower non-interest income was a reduction of \$762,000 in tax processing fees in 2015, as compared to 2014, despite increased volume. The decrease in total fees was due to the reduced per item fees received by the Company under a new contract entered into in October 2014 that impacted 2015's tax season. Partially offsetting the effects of decreasing tax product fees and the sale of Pro Alliance were positive contributions from debit/credit interchange fees and gains on sale of securities. Management continued to work diligently to minimize the growth in noninterest expense. For 2015, total noninterest expense increased 1.1% as compared to the previous year. Growth in overhead came primarily from foreclosure costs, data processing and FDIC insurance assessments, which collectively increased \$394,000 from 2014. Increases of \$254,000 in other noninterest expense activities included legal, accounting, customer incentive and software costs. These increases were partially offset by lower salaries and employee benefits, which decreased \$380,000 during 2015, as compared to the previous year. This decrease was primarily related to a lump sum expense adjustment recorded in the fourth quarter of 2014 that incorporated the effects of recently issued data on various nonqualified defined benefit plans. The one-time adjustment at the end of 2014 was not repeated in 2015, contributing to the decline in benefit costs. Furthermore, in relation to a decrease in long-term interest rates, management reduced the discount rate assumption for the nonqualified benefit plans as well. The combination of these two adjustments recorded in 2014 and not repeated in 2015 contributed to a \$730,000 decrease in nonqualified employee benefit expense from the prior year. Partially offsetting the decreases in employee plan benefit expense was a \$259,000, or 2.0%, increase in salary and health insurance expense, due to annual merit increases and higher health insurance premiums. During 2015, the Company experienced a lower full-time equivalent employee base, as the number of full-time equivalent employees declined from 264 at year end 2014 to 248 employees at year end 2015.

Executive Retirement Plans

The Board of Directors has established several retirement plans, in order to provide competitive compensation arrangements to attract talented employees and to provide a valuable incentive to retain talented employees once employed. These plans, described below, offer an additional level of confidence that the executive officers, including the named executive officers, can focus exclusively on their responsibilities as executive officers during their working lives and maintain a reasonable standard of living in retirement.

Executive Deferred Compensation Plan. The Company maintains a nonqualified executive deferred compensation plan for all of the Company's executive officers and certain other officers. The deferred compensation plan is strictly voluntary. Participants in the plan, upon reaching age 65, are eligible to receive a distribution of their contributions, plus accrued interest earned at a designated rate on reinvestment of the contributions. In 2015, the rate paid was 3.10%. The Board of Directors annually reviews and updates the assumed earnings crediting rate to a rate no greater than the lesser of Moody's 20 year AA corporate bond rate and 120% of the long term applicable federal rate (the "AFR"). If a participant dies before reaching age 65 and the participant qualifies, the distribution will be made to the participant's designated beneficiary in an amount equal to what the participant would have accumulated if the participant had reached age 65 and had continued to make contributions to the plan. The Company believes that the cost of providing the benefit will be offset by earnings on and/or proceeds from life insurance contracts associated with the benefit. Each executive may defer up to \$10,000 each year.

Supplemental Executive Retirement Agreements. The Company maintains a nonqualified supplemental executive retirement agreement (a “SERP”) for each of Mr. Smith, Mr. Wiseman and Mr. Miller.

The amount of Mr. Smith's annual benefit is \$117,100 if Mr. Smith's employment is terminated on or after age 65 for any reason other than termination for “cause”. Cause consists of gross negligence, gross neglect of duty, commission of a felony or gross misdemeanor involving moral turpitude, or fraud, disloyalty, dishonesty or willful violation of any law or significant Company policy committed in connection with Mr. Smith's employment and resulting in an adverse effect on the Company. Payments are required to be made monthly for 20 years.

The Bank and Mr. Wiseman executed a SERP for the benefit of Mr. Wiseman, effective March 6, 2012. Mr. Wiseman's SERP is an unfunded arrangement maintained to provide supplemental retirement benefits for Mr. Wiseman. Pursuant to the SERP, if Mr. Wiseman is still employed by the Bank or any of its affiliated entities upon reaching the age of 65, or if before Mr. Wiseman reaches the age of 65, he becomes disabled or there is a change in control of the Bank (each as defined in the SERP), the Bank will commence paying to Mr. Wiseman at age 65 a monthly payment for the remainder of his life in the amount that will be paid from certain annuities fully owned by the Bank. At the time of Mr. Wiseman's death, whether before or after reaching the age of 65, Mr. Wiseman's beneficiary will be paid the amount that should have been accrued by the Bank to date under generally accepted accounting principles for the payment of the benefits under the SERP in 120 equal monthly installments. Mr. Wiseman will not be entitled to any benefit in the event that he ceases to be employed by the Bank or another entity affiliated with the Bank, for any reason other than death, disability or change in control, before he reaches age 65. The projected annual retirement benefit is \$245,900. The Bank retains the right to sell or surrender the annuities purchased by the Bank to fund the SERP. The Bank may establish a rabbi trust and contribute the funds for the SERP to such trust, which will remain subject to the rights of creditors of the Bank. The Bank is required to establish such a trust if it sells or surrenders the annuities.

The Bank and Mr. Miller executed a SERP for the benefit of Mr. Miller, effective December 1, 2015. The amount of Mr. Miller's annual benefit is \$170,468 if Mr. Miller's employment is terminated on or after age 65 for any reason other than termination for “cause”. Cause consists of gross negligence, gross neglect of duty, commission of a felony or gross misdemeanor involving moral turpitude, or fraud, disloyalty, dishonesty or willful violation of any law or significant Company policy committed in connection with Mr. Miller's employment and resulting in an adverse effect on the Company. Payments are required to be made monthly for 20 years.

If Mr. Miller's employment is terminated after he reaches age 60 or 20 years of service but before age 65, and other than for death or disability, the Company will pay Mr. Miller an amount equal to the Company's accrued liability for the Company's liability to Mr. Miller. The payments will be made monthly for 20 years. The same benefit will be paid to Mr. Miller upon termination due to disability or involuntary termination before age 65, other than for cause or death.

If Mr. Miller dies before separation from service and disability, his beneficiary will be entitled to payments of \$170,468 per year for 20 years. Mr. Miller will not be entitled to a benefit if he terminates his employment before age 60 or 20 years of service for any reason other than death, disability, or involuntary termination.

Director Retirement Plan

Participants in the Director Retirement Plan, upon reaching age 70, are eligible to receive the greater of 50% of the director's three prior years' average total annual or monthly fees or 50% of any consecutive three prior years average total annual or monthly fees. The benefit is payable for 120 months for directors with 10 years of service or less. The benefit is payable for 240 months for directors with more than 10 years of service. If a director dies during active service, payment will be made to the director's designated beneficiary in an amount equal to what the director would

have received had the director reached age 70, except the benefit term will be reduced to 60 months. If the director dies during the payment of benefits, payment will be made to the director's designated beneficiary for the lesser of the remaining term or 60 additional months. The Company believes that the cost of providing the benefit will be offset by earnings on and/or proceeds from life insurance contracts associated with the benefit. As directors, Messrs. Smith and Wiseman are participants in the Director Retirement Plan. If Mr. Smith had retired at December 31, 2015, his monthly payment would have been \$797 for 240 months. If he had died on that date, the monthly benefit would have been \$797 for 60 months. If Mr. Wiseman had retired at December 31, 2015, his monthly payment would have been \$897 for 240 months. If he had died on that date, the monthly benefit would have been \$897 for 60 months. Mr. Wiseman and Mr. Thomas have agreed that their Lead Director Fees will not be included in the calculation of their benefits under the Director Retirement Plan. The Board of Directors began the Director Retirement Plan in 1996 to encourage an age certain retirement date for Board members as a method of planning director succession.

Director Deferred Fee Plan

The Company maintains a nonqualified director deferred fee plan for all of the Company's directors. The director deferred fee plan is strictly voluntary. At the annual meeting following the participant's 70th birthday, the participant is eligible to receive a distribution of the director's contributions, plus accrued interest earned at a designated rate on reinvestment of the contributions. In 2015, the rate paid was 3.10%. The Board of Directors annually reviews and updates the assumed earnings crediting rate to a rate no greater than the lesser of Moody's 20 year AA corporate bond rate and 120% of the long-term AFR. If a participant dies before the annual meeting following the participant's 70th birthday, and the participant qualifies, the distribution will be made to the participant's designated beneficiary in an amount equal to what the participant would have accumulated if the participant had lived until the annual meeting following the participant's 70th birthday and had continued to make contributions to the plan. Although Messrs. Smith and Wiseman do not currently defer fees under this plan, they are each still participants with amounts in the plan earning interest. The Company believes that the cost of providing the benefit will be offset by earnings on and/or proceeds from life insurance contracts associated with the benefit. Each director may defer up to \$10,000 each year, less any amount deferred under the Executive Deferred Compensation Plan.

Executive Life Insurance

In addition to optional life insurance that the Company makes available to all employees, the Company maintains life insurance on each of the named executive officers of the Company on which the Company paid the entire premium upon purchase. The Company is the sole owner of each policy, but the Company has entered into an agreement with each named executive officer agreeing to provide to such officer's designated beneficiary from the proceeds of the policy an amount equal to the lesser of (a) two times the officer's highest total annual compensation during any calendar year, including the year of the officer's death, or (b) the face amount of the life insurance policy. The Company agrees not to sell, surrender or transfer the policy without giving the officer the option to purchase the policy for the cash surrender value of the policy.

The following table sets forth the amount that would have been payable for each named executive officer covered by Executive Life Insurance at December 31, 2015:

Name	Benefit at December 31, 2015
Jeffrey E. Smith	\$643,514
Thomas E. Wiseman	867,716
Katrinka V. Hart-Harris	425,392
Larry E. Miller, II	449,464
Scott W. Shockey	411,560

Director Life Insurance

The Company maintains a life insurance policy for all Directors, with a death benefit of two times annual director fees at time of death reduced by 35% at age 65 and 50% at age 70. The life insurance policies terminate upon retirement. Messrs. Smith and Wiseman, as employees of a subsidiary of the Company, are excluded from this benefit under the terms of the Company's group term life insurance program.

Retirement Plans for All Employees

Profit Sharing Retirement Plan. The Company sponsors a qualified Profit Sharing Retirement Plan for all of its employees, including the named executive officers. Each employee who is at least 21 years of age, has completed 1,000 hours and one year of service to the Company and its subsidiaries, and is employed on the last day of the plan year is qualified to participate in the Profit Sharing Retirement Plan. The Board of Directors determines the amount to contribute to the Profit Sharing Retirement Plan each December in its discretion based on the performance and financial condition of the Company. In 2015, the Compensation Committee contributed 2.19% of total Company payroll to the Profit Sharing Retirement Plan. Each participant received a pro rata share of this contribution as well as a pro rata share of reallocated forfeitures (such pro rata share, in each case, based upon such participant's eligible compensation). The named executive officers' share of the 2015 contribution and reallocated forfeitures is reported in the Summary Compensation Table on page 24.

401(k) Retirement Plan. The Company sponsors a qualified 401(k) Plan under the Profit Sharing Retirement Plan. Participants' qualifications are identical to those of the Profit Sharing Retirement Plan. In cases where participants made deferrals to the 401(k) Plan, the Company made a matching contribution equal to 25% of the amount deferred by each employee, up to a maximum deferral amount of 6% not to exceed 1.50% of the participant's eligible plan compensation under the 401(k) Plan. The named executive officers' share of the 2015 contribution and reallocated forfeitures is reported in the Summary Compensation Table on page 24.

Employee Stock Ownership Plan. The Company sponsors an employee stock ownership plan (the "ESOP") for all of its employees, including the named executive officers. Participant qualifications are identical to those of the Profit Sharing Retirement Plan. The Board of Directors determines the amount to contribute to the ESOP each December in its discretion based on the performance and financial condition of the Company. In December 2015, the Board of Directors voted to contribute \$673,932, or 5.13% of total Company payroll, to the ESOP. Each participant's share of contributions and reallocated forfeitures is also identical to those of the Profit Sharing Retirement Plan. The named executive officers' share of the 2015 contributions and reallocated forfeitures is reported in the Summary Compensation Table on page 24.

Other Benefits

Executive officers of the Company also receive benefits available to all employees, including group term life insurance, health insurance, short- and long-term disability, flexible benefits/cafeteria plan and optional life insurance.

Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for non-qualifying compensation in excess of \$1 million paid to covered persons in any fiscal year. Neither the Company nor any subsidiary has a policy requiring that all compensation in 2015 and thereafter to the covered officers be deductible under Section 162(m). The Boards of Directors of the Company and the subsidiaries do, however, consider carefully the after-tax cost and value to the Company and the subsidiaries of all compensation. The Board of Directors believes that all compensation paid to covered persons in 2015 was fully deductible.

Compensation Committee Report

The Compensation and Management Succession Committee has reviewed and discussed the Compensation Discussion and Analysis above with the Company's management. Based on this review and discussion, the committee recommends to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's proxy statement and Annual Report on Form 10-K.

Submitted by:

Compensation and Management Succession Committee Members

Anna P. Barnitz, Chairman

Harold A. Howe

Brent A. Saunders

Summary Compensation Table for 2015

The following table summarizes the total compensation paid to or earned by each of the named executive officers for the three fiscal years ended December 31, 2015:

Name and Principal Position	Year	Salary (\$ (1))	Bonus (\$ (2))	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$ (3))	All Other Compensation (\$ (4))	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Jeffrey E. Smith	2015	\$280,700(5)	\$70,206	--	--	--	\$11,350	\$33,111(6)	\$395,367
Chairman of the Board	2014	270,873(5)	70,206	--	--	--	262,852	32,333	636,264
	2013	261,578(5)	70,206	--	--	--	207,570	30,796	570,150
Thomas E. Wiseman	2015	297,470(5)	76,076	--	--	--	142,307	83,808(7)	599,661
President	2014	287,014(5)	76,076	--	--	--	132,297	82,954(7)	578,341
and Chief Executive Officer	2013	279,534(5)	76,076	--	--	--	114,478	81,522(7)	551,610
Scott W. Shockey	2015	171,889	30,768	--	--	--	--	23,935(8)	226,592
Senior Vice President and Chief Financial Officer	2014	165,131	30,768	--	--	--	--	22,673	218,572
	2013	142,757	30,768	--	--	--	--	19,972	193,497
Larry E. Miller, II	2015	187,600	30,858	--	--	--	11,354	26,108(9)	255,920
Chief Operating Officer and Secretary	2014	163,130	30,858	--	--	--	--	23,668	217,656
	2013	158,579	30,858	--	--	--	--	22,515	211,952
Katrinka V. Hart-Harris	2015	175,498	30,951	--	--	--	--	24,160(10)	230,609
Senior Vice President	2014	162,431	30,951	--	--	--	--	23,731	217,113
	2013	159,059	30,951	--	--	--	--	21,743	211,753

(1) Base salaries for the named executive officers are described on page 19.

(2) Bonuses for the named executive officers are described on page 19.

(3) The amounts in column (h) reflect the change in the actuarial present value of Messrs. Smith's, Wiseman's and Miller's benefits under their SERPs, and also the actuarial present value of Messrs. Smith's and Wiseman's benefits under the Director Retirement Plan. Each plan is described on page 21, and the amounts for each are as follows:

Name	Year	Increase in Actuarial Present Value of SERP	Increase in Actuarial Present Value of Director Retirement Plan
Jeffrey E. Smith	2015	\$ --	\$11,350
	2014	251,939	10,913
	2013	197,988	9,582
Thomas E. Wiseman	2015	136,109	6,198
	2014	126,337	5,960
	2013	109,260	5,218
Larry E. Miller, II	2015	11,354	--
	2014	--	--
	2013	--	--

(footnotes continued on next page)

(4) The amount shown in column (i) reflects for each named executive officer:

- Company contributions and reallocated forfeitures under the Profit Sharing Retirement Plan, which is described on page 22.
 - Company contributions and reallocated forfeitures under the 401(k) Plan, which is provided for under the Profit Sharing Retirement Plan and is described on page 23.
 - Company contributions and reallocated forfeitures under the Employee Stock Ownership Plan, which is described on page 23.
 - Board designated Christmas Gift paid to all employees in November of each year in an amount equal to two weeks of the base salary of the employee.
 - Instructor Fees for teaching a class to employees, and Service Awards for being employed by the Bank for a certain number of years.
- (5) Includes director's fees received by Messrs. Smith and Wiseman totaling \$18,900 for each of them in each of 2015, 2014 and 2013.
- (6) Includes \$15,200 received by Mr. Smith in 2015 in Company contributions and reallocated forfeitures under the Employee Stock Ownership Plan; and a Christmas gift of \$10,069 in 2015.
- (7) Includes Executive Committee Chairman fees received by Mr. Wiseman totaling \$50,000 in each of 2015, 2014 and 2013; Company contributions and reallocated forfeitures under the Employee Stock Ownership Plan of \$15,200 in 2015; and a Christmas gift of \$10,714 in 2015.
- (8) Includes \$11,507 received by Mr. Shockey in 2015 in Company contributions and reallocated forfeitures under the Employee Stock Ownership Plan.
- (9) Includes \$12,462 received by Mr. Miller in 2015 in Company contributions and reallocated forfeitures under the Employee Stock Ownership Plan.
- (10) Includes \$11,510 received by Ms. Hart-Harris in 2015 in Company contributions and reallocated forfeitures under the Employee Stock Ownership Plan.

Pension Benefits for 2015

The following table shows the present value of accumulated benefits payable to the named executive officers who received pension benefits in 2015:

Name	Plan Name	Number of Years Credited Service (#) (1)	Present Value of Accumulated Benefit (\$) (d)	Payments During Last Fiscal Year (\$) (e)
(a)	(b)	(c)	(d)	(e)
Jeffrey E. Smith	SERP	19	\$1,625,840	--
	Director Retirement Plan	19	77,625	--
Thomas E. Wiseman	SERP	4	471,945	--
	Director Retirement Plan	19	38,185	--
Larry E. Miller, II	SERP	1	11,354	--

(1) Mr. Smith has been employed by the Bank for 43 years and has been a director of the Bank for 28 years. Mr. Wiseman has been employed by the bank for 6 years and has been a director of the Bank for 23 years. Mr. Miller has been employed by the bank for 29 years.

Descriptions of the SERPs and the Director Retirement Plan are set forth under the headings “Compensation Discussion and Analysis – Executive Retirement Plans – Supplemental Executive Retirement Agreements” and “Compensation Discussion and Analysis – Director Retirement Plan” on page 21. The present value of accumulated benefits under the three plans is calculated based upon the discounted present value of payments for 20 years discounted by 4.00% per year.

Upon Mr. Smith’s election to retire, he would be eligible to receive benefits under his SERP in the amount of \$117,100 annually. This benefit would be payable in equal monthly installments over 240 months.

If Mr. Wiseman were to retire during 2016, he would not be eligible to receive early retirement benefits under his SERP.

If Mr. Miller were to retire during 2016, he would be eligible to receive early retirement benefits under his SERP in the amount of \$818.00 annually. This benefit would be payable in equal monthly installments over 240 months.

Nonqualified Deferred Compensation for 2015

The following table describes the nonqualified deferred compensation for the named executive officers other than Mr. Miller, who did not participate. A description of the Executive Deferred Compensation Plan is set forth under the headings “Compensation Discussion and Analysis – Executive Retirement Plans – Executive Deferred Compensation Plan” on page 20. A description of the Director Deferred Fee Plan is set forth under the headings “Compensation Discussion and Analysis – Director Deferred Fee Plan” on page 22.

Name	Plan Name	Executive Contributions	Registrant Contributions	Aggregate Earnings	Aggregate	Aggregate Balance
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		in Last FY (\$)	in Last FY (\$)	in Last FY (\$)	Withdrawals/ Distributions (\$)	at Last FYE (\$)
(a)	(b)	(c) (1)	(d)	(e)	(f)	