OHIO VALLEY BANC CORP
Form DEF 14A
March 29, 2013

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 þ
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))
þ 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):

þ No fee required.

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(2) Aggregate number of securities to which transaction applies:

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amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No:

(3) Filing Party:

(4) Date Filed:

[OVBC LOGO]

ANNUAL MEETING OF SHAREHOLDERS
Wednesday, May 8, 2013

Dear Shareholder:

We take pleasure in inviting you to our Annual Meeting of Shareholders, which will be held on Wednesday, May 8, 2013, 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;
- approval, in a non-binding vote, of the compensation of the Company's named executive officers;
- 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 15, 2013 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/go/proxyinfo, 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. 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, or by calling toll free 1-800-555-8140 and following the instructions provided by the recorded message. 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 or by telephone 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
Jeffrey E. Smith
Chairman of the Board

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

Dated: March 29, 2013

OHIO VALLEY BANC CORP.
P.O. Box 240
Gallipolis, Ohio 45631
1-800-468-6682

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
Wednesday, May 8, 2013
5:00 p.m.

Gallipolis, Ohio
March 29, 2013

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 8th day of May, 2013, 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 approve, in a non-binding vote, the compensation of the Company's named executive officers;
3. 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, 2013; and
4. 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 15, 2013 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, or by calling toll free 1-800-555-8140 and following the instructions provided by the recorded message. 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

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OHIO VALLEY BANC CORP.
P.O. Box 240
Gallipolis, Ohio 45631
1-800-468-6682

March 29, 2013

PROXY STATEMENT

This proxy statement and the accompanying proxy are first being provided to shareholders on or about March 29, 2013 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 8, 2013, 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 10, 2013. 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, or by calling toll free 1-800-555-8140 and following the instructions provided by the recorded message. The deadline for transmitting voting instructions electronically via the Internet or by telephone is 11:59 p.m. Eastern Daylight Saving Time, on May 7, 2013. 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 an account statement or letter from the broker/dealer, financial institution or other holder of record indicating how many common shares you held beneficially on March 15, 2013, the record date for voting. 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 appoint your proxy electronically via the Internet or by telephone and you may incur costs associated with the electronic access. 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 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 15, 2013, are entitled to receive notice of and to vote at the Annual Meeting and any adjournment. As of March 15, 2013 4,062,204 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 and telephone usage 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 2016 will be elected as directors for that term.

Advisory approval of named executive officer compensation. The affirmative vote of a majority of the shares participating in the voting is required for shareholder advisory approval of the compensation of the Company's named executive officers.

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. In addition, SEC regulations prohibit brokers from voting without customer instruction on the approval of named executive officer compensation. 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 the approval of named executive officer compensation, 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 Deborah A. Carhart, Assistant Vice President, Shareholder Relations, at 1-800-468-6682 or 1-740-446-2631, extension 365.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder
Meeting to Be Held on May 8, 2013

This proxy statement, a sample of the form of proxy provided to shareholders by the Company, and the Company's 2012 Annual Report to Shareholders are available on the Company's website at http://www.ovbc.com/go/proxyinfo.

The Annual Report of the Company for the fiscal year ended December 31, 2012, 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 15, 2013, 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)	6.55%
David W. Thomas, Individually and as Trustee of Ohio Valley Banc Corp. Employees' Stock Ownership Plan ("ESOP") 420 Third Avenue P.O. Box 240 Gallipolis, OH 45631	289,623 (3)	7.13%

(1) The percent of class is based upon 4,062,204 common shares outstanding as of March 15, 2013.

(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) Includes 1,399 shares held solely by Mr. Thomas, 3,164 shares held jointly with his spouse, and 285,060 shares held by the ESOP. As of March 15, 2013, all 289,623 shares in the ESOP were allocated to the accounts of ESOP participants. David W. Thomas 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 votes such shares in the trustee's discretion. The trustee has limited power to dispose of ESOP shares.

The following table furnishes information regarding the beneficial ownership of common shares of the Company, as of March 15, 2013, 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	3,762 (3)	.09%
Steven B. Chapman	3,322 (4)	.08%
Katrinka V. Hart (5)	15,216 (6)	.37%
Harold A. Howe	17,499 (7)	.43%
E. Richard Mahan (5)	10,510 (8)	.26%
Larry E. Miller, II (5)	11,846 (9)	.29%
Brent A. Saunders	7,308 (10)	.18%
Scott W. Shockey (5)	4,596 (11)	

			.11%
Jeffrey E. Smith (5)	24,373	(12)	.60%
David W. Thomas	289,623	(13)	7.13%
Lannes C. Williamson	5,674	(14)	.14%
Thomas E. Wiseman (5)	20,383	(15)	.51%
All directors and executive officers as a Group (12 persons)	414,112		10.19%

(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. 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 4,062,204 common shares outstanding on March 15, 2013.

(3) Represents 3,685 common shares held jointly by Mrs. Barnitz and her spouse, as to which she shares voting and investment power, and 75 common shares held by Mrs. Barnitz as custodian for her children.

(4) Includes 3,212 common shares held jointly by Mr. Chapman and his spouse, as to which he shares voting and investment power. The number shown also includes 110 common shares held by Mr. Chapman's spouse, as to which she has sole voting and investment power.

(5) Executive officer of the Company.

(6) Includes 10,526 common shares held for the account of Ms. Hart in the ESOP.

(7) Includes 10,066 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 Ohio Valley Bank Company ("Ohio Valley Bank"), as to which Ohio Valley Bank has voting power and Mr. Howe has investment power; 354 common shares held jointly by Mr. Howe and his children as to which he shares voting and investment power; and 175 common shares held by Mr. Howe as custodian for his daughter.

(8) Includes 5,174 common shares held jointly by Mr. Mahan and his spouse, as to which he shares voting and investment power; and 5,335 common shares held for the account of Mr. Mahan in the ESOP.

(9) Represents 3,749 common shares held jointly by Mr. Miller and his spouse, as to which he shares voting and investment power; 267 common shares held by Mr. Miller's daughter, as to which she has sole voting and investment power; 534 shares held by Mr. Miller as custodian for his sons; and 7,295 common shares held for the account of Mr. Miller in the ESOP.

(10) Includes 3,537 common shares held jointly by Mr. Saunders and his spouse, as to which he shares voting and investment power; 225 common shares held by Mr. Saunders as custodian for the benefit of his daughter; 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.

(11) Includes 4,068 common shares held for the account of Mr. Shockey in the ESOP.

(12)Includes 2,610 common shares held by Mr. Smith's spouse, as to which she has sole voting and investment power; 353 common shares held by Mr. Smith's spouse as custodian for the benefit of his daughter, as to which Mr. Smith's spouse exercises sole voting and investment power; and 16,836 common shares held for the account of Mr. Smith in the ESOP.

(13) Includes 3,164 common shares held jointly by Mr. Thomas and his spouse, as to which he shares voting and investment power. Also includes 285,060 shares held by the ESOP. See footnote 3 to previous table.

(14) Includes 28 common shares held by Mr. Williamson's spouse, as to which she has sole voting and investment power; and 5,001 common shares held in a self-directed individual retirement account, as to which the broker has voting power and Mr. Williamson has investment power.

(15) Includes 18,078 common shares held jointly by Mr. Wiseman and his spouse, as to which he shares voting and investment power; 673 common shares held by Mr. Wiseman as custodian for the benefit of his daughter; 323 common shares held by Mr. Wiseman as custodian for the benefit of his grandchildren; and 1,306 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 2012 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 2012 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 currently consists of eight members – three in the class whose terms expire at the Annual Meeting, three in the class whose terms expire in 2014 and two in the class whose terms expire in 2015. 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.

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 15, 2013, concerning each nominee for election as a director of the Company.

Nominees for Election for Terms Expiring in 2016

Steven B. Chapman, Age 66
Director of the Bank since 1999; Director of the Company since 2001

Mr. Chapman is a certified public accountant with Steven B. Chapman CPA. He has been a certified public accountant 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 employing 7 people. 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 Ohio Valley 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 62
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 the 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 Ohio Valley Banc Corp. Employee Stock Ownership Plan. Mr. Howe is also a member of the Executive Committee and Trust Committee of Ohio Valley Bank.

Jeffrey E. Smith, Age 63
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 Board Enterprise Risk Committee of the Company. In addition, he is a member of the Executive, Trust and Asset Liability Committees of Ohio Valley 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. 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 over 25 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 2014

Brent A. Saunders, Age 55
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 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. 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 Ohio Valley 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 57
Director of the Bank and the Company since 2007

Mr. Thomas is retired Chief Examiner for the Ohio Division of Financial Institutions (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 Ohio Valley Bank: Executive, Strategic Planning (Ex Officio), Trust (Ex Officio), and Asset Quality Oversight (Chair).

Lannes C. Williamson, Age 68
Director of the Bank since 1997; Director of the Company since 2000

Mr. Williamson is the retired President of L. Williamson Pallets, Inc., which, prior to its sale in 2012, was a West Virginia sawmill and wood pallet manufacturing business. Prior to his retirement, Mr. Williamson owned and operated this business for over 40 years. Consistent with small business ownership, his responsibilities have encompassed every aspect from procurement to sales; from equipment selection to production; from efficiencies to human relations; from financial to regulatory. Mr. Williamson has significant experience doing business with the U.S. Government. His experience as a small business owner and U.S. Government contractor enables him to make informed contributions involving financial requests from small business customers, including certification by and sales to the federal government. Mr. Williamson continues to serve as a consultant to Millwood Inc., a leading provider of pallets, innovative unit load and industrial packaging products, systems and services. He has been and is involved in a myriad of forestry related organizations, such as past president and multiple year executive board member, West Virginia Forestry Association, currently serving as its President; Board of Directors of National Wooden Pallet and Container Association; Past Chair Industry Advisory
Board – Center for Unit Load Design-VT; Strategic Plan Development for West Virginia Forests; and citizen member of the West Virginia Forest Management Review Commission. He has also been active in the community, having served 25 years on the Mason County Fair Board as well as being a past board member of the Mason County Chamber of Commerce. Mr. Williamson continues to serve on the Mason County Development Authority Board, serving as its President, and the Executive Board-Regional Contracting Assistance Center. He is a member of the Pleasant Valley Hospital Board of Trustees and serves on its Finance Committee. Mr. Williamson is a member of the Company's Executive Committee, Audit Committee and Board Enterprise Risk Committee. In addition, he is also a member of the Ohio Valley Bank's Executive Committee and Asset Quality Oversight Committee. Since 1997, he has been a member of the Ohio Valley Bank's West Virginia Advisory Board.

Directors With Terms Expiring in 2015

Anna P. Barnitz, Age 50
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. Since 1997 she has been a member of Ohio Valley Bank's West Virginia Advisory Board. 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 Ohio Valley 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.

Thomas E. Wiseman, Age 54
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 President and Chief Operating Officer (COO) of the Company from January 2010 until May 2012. Mr. Wiseman is also President of the Company's subsidiary, Ohio Valley Financial Services Agency, LLC, since March 2010. From 1980 until becoming President and COO of the Company, Mr. Wiseman served as 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, Gallia County Community Improvement Corporation and the Gallipolis Rotary Club. 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 is a trustee for the Gallia Community Foundation Fund. Mr. Wiseman served as the Company's Lead Independent Director from 2005 until 2010. He is 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 Ohio Valley Bank committees: Executive (Chair), Strategic Planning, 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, and lease payments to the Olive Street Group LLC (discussed in this proxy statement under the heading "Certain Relationships and Related Transactions"). 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 13 meetings during 2012. 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 2012. 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 9, 2012.

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 Chairman of the Board and Chief Executive Officer (CEO) of Ohio Valley Banc Corp. and The Ohio Valley Bank Company, and named Thomas E. Wiseman President and Chief Operating Officer of Ohio Valley Banc Corp. and The Ohio Valley Bank Company, 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 Ohio Valley Banc Corp. and The Ohio Valley Bank Company. 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 until the annual meeting of 2015, at which time 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 Director 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), David W. Thomas and Lannes C. Williamson. 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 Us" 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 fourteen meetings during the 2012 fiscal year. The Report of the Audit Committee for the 2012 fiscal year begins on page 31.

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 Us" 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 serves as the basis for 2013 executive compensation. During 2011, the Compensation and Management Succession Committee also retained Blanchard Consulting Group to assist with the design of a new incentive compensation plan. After considering the possible features of such a plan, the Compensation Committee determined not to adopt such a plan and to retain the discretionary bonus plan, providing more flexibility to the Compensation Committee and the Board of Directors. 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 eight meetings during the 2012 fiscal year. The Report of the Compensation and Management Succession Committee on executive compensation relating to the 2012 fiscal year begins on page 15.

Executive Committee

The Executive Committee is comprised of Anna P. Barnitz, Steven B. Chapman, Harold A. Howe, Lannes C. Williamson, 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 three meetings held by the Executive Committee of the Company during the 2012 fiscal year; however, the Executive Committee of the Bank held 36 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 Us" 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 four meetings during the 2012 fiscal year.

Board Enterprise Risk Committee

The Board Enterprise Risk Committee consists of Anna P. Barnitz, Steven B. Chapman, David W. Thomas (Chairman) and Lannes C. Williamson.

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 OVBC'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 Ohio Valley 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 judgement 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 Brent A. Saunders, the Chairman of the Nominating and Corporate Governance Committee, 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 Brent A. Saunders, the Chairman of the Nominating and Corporate Governance Committee, 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 Chairman of the Nominating and Corporate Governance Committee 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	63	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	54	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; and President of the Company's subsidiary, Ohio Valley Financial Services Agency, LLC since March 2010. President of The Wiseman Agency, Inc., from 1980 until January 2010.
Scott W. Shockey	43	Vice President and Chief Financial Officer of the Company and Senior Vice President and Chief Financial Officer of the Bank since December 2004; Assistant Treasurer of the Company from April 2001 to December 2004; and Vice President and Chief Financial Officer of the Bank from April 2001 to December 2004.
Katrinka V. Hart	54	Senior Vice President and Chief Lending Officer of the Company and Executive Vice President and Chief Lending Officer of the Bank since April 2011; Senior Vice President and Risk Management Officer of the Company from April 2004 to April 2011 and Executive Vice President and Risk Management Officer of the Bank from December 2003 to April 2011.
E. Richard Mahan	67	Senior Vice President, Special Assets of the Company and Executive Vice President, Special Assets of the Bank since December 2012. Senior Vice President and Chief Credit Officer of the Company and Executive Vice President and Chief Credit Officer of the Bank from December 2007 to December 2012; Senior Vice President and Secretary of the Company from April 2000 to December 2007; and Executive Vice President and Secretary of the Bank from April 2000 to December 2007.
Larry E. Miller, II	48	Senior Vice President and Secretary of the Company and Executive Vice President and Secretary of the Bank since December 2007; Senior Vice President and Treasurer of the Company from April 2000 to December 2007; and Executive Vice President and Treasurer of the Bank from April 2000 to December 2007.

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 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 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 2011, where over 97% 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. With that in mind, and maintaining the same general philosophy, policies and compensation types, in 2011 the Compensation Committee engaged the Blanchard Consulting Group to conduct a Base Compensation Review (benchmarking project) for officers and staff level positions as chosen by the Company. The Compensation Committee determined that the work of the Blanchard Consulting Group raised no conflict of interest. The report, provided by the consultant, focused on base salary plus other annual incentive/bonus. The benchmarking project included position comparisons which compared job duties of officers and staff at the Company to the job functions of standard industry positions. Market data for each position, including base salary plus annual cash incentive/bonus, was provided to allow for comparison between the Company and the market. A summary of the data sources for the benchmarking project are listed below:

1. American Bankers Association (ABA): The Compensation & Benefits Survey provides data on 191 jobs from 317 national financial institutions (data effective April 1, 2010).
2. Crowe Chizek – Comprehensive (CroweComp): The Financial Institutions Compensation Survey provides data from 442 financial institutions (data effective March 1, 2007).
3. Delves Group/Bank Administration Institute (Delves): The Bank Cash Compensation Survey and the Key Executive Compensation Survey published by the Delves Group provides data from 103 financial services organizations (data effective January 1, 2009).
4. Mercer Commercial Lending and Business Banking Compensation Survey (MercerCL): This survey provides information on 109 positions reported by 50 organizations in the commercial lending, business banking, and commercial real estate areas (data effective March 1, 2009).
5. Mercer Consumer Finance Survey (MercerCon): This survey provides information on 111 positions reported by 44 organizations in the commercial lending, business banking, and commercial real estate areas (data effective March 1, 2009).
6. Mercer Finance, Accounting, and Legal (MercerFAL): This survey provides information on 124 positions reported by over 2,200 organizations (data effective March 1, 2007).
7. Mercer Benchmark Database – Human Resources Positions (MercerHR): This survey provides information on 128 Human Resources positions reported by over 2,000 organizations (data effective March 1, 2007).
8. Mercer Benchmark Database –Information Technology Positions (MercerIT): This survey provides information on 286 Information Technology positions reported by 1,781 organizations (data effective March 1, 2009).
9. Mercer Retail Banking Compensation Survey (MercerRetail): This survey provides information on 84 positions reported by 50 organizations (data effective March 1, 2009).
10. Mercer Trust and Private Banking Compensation Survey (MercerTrust): This survey provides information on 75 positions reported by 37 organizations (data effective March 1, 2010).
11. Watson Wyatt (Wyatt): The Financial Institutions Compensation Survey Suite provides data from 99 organizations (data effective April 1, 2009).

Using the market values from the benchmarking project, the Blanchard Consulting Group reviewed the Company's existing salary structure and recommended a new salary grade design structure for all employees to ensure that base salaries and the salary structure are consistent with market practices and designed to maintain internal equity and external competitiveness while reflecting individual and company performance. This new salary design structure establishes a minimum, midpoint and maximum pay range for each job grade. Based on the recommendation of Blanchard Consulting Group, in the latter half of 2011 the Company adopted this new salary structure which included fifteen grade levels and one broadband level for the top executive officers.

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 new salary grade design structure, the Compensation Committee sought to ensure that employees whose performance “meets” expectations will, over time, receive cash compensation at or near the midpoint of the respective market range for similar jobs in the financial services industry. Employees whose performance “exceeds” or “far exceeds” expectations will move faster within the pay range than an employee whose performance “meets” expectations. Employees whose performance “does not meet expectations” are not eligible for a merit increase. Employees whose base compensation is more than 20% above the market midpoint for their respective job are not eligible for a merit increase to their base salary, but may, in the discretion of the Compensation Committee, be awarded a lump sum award if their 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 2012 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 2012 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 2012 was fair and reasonable when compared with executive compensation levels in the financial services industry as reported in the marketplace range developed.

For 2012, the Compensation Committee utilized the new salary grade structure, as designed by the Blanchard Consulting Group, as the basis for 2012 salaries for executive officers. The Compensation Committee used the Crowe Horwath 2011 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	$179,030 – 332,485
Thomas E. Wiseman	179,030 – 332,485
Scott W. Shockey	106,566 – 197,908
Katrinka V. Hart	106,566 – 197,908
E. Richard Mahan	106,566 – 197,908
Larry E. Miller, II	106,566 – 197,908

Our compensation programs are adjusted over time to support the Company's business goals. For the year ended December 31, 2012, net income totaled $7.1 million, a 20.9% increase from net income of $5.8 million for the year ended December 31, 2011. Return on average assets was .86 percent for 2012, compared to .68 percent for 2011. The improvement in year-to-date earnings was primarily attributable to lower provision for loan losses and higher noninterest income. The decrease in provision expense was related to the significant decrease in net charge-offs. For the year net charge-offs decreased $4.9 million from 2011. Contributing to the decline in net charge-offs was the fourth quarter 2012 recovery of a $1.3 million loan previously charged off as well as improving asset quality. Noninterest income totaled $8.5 million in 2012, an increase of $1.3 million, or 17.5%, over 2011. The increase in noninterest income was primarily related to a reduction in losses recognized on foreclosed property. Also contributing to the increase in noninterest income was the growth in interchange income and mortgage banking income.

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 2.73% compared to 2011. Except for Mr. Shockey, whose base compensation was more than ten percent below the market midpoint, 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 set forth in the Company's strategic plan. 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 December 2012, the Compensation Committee recommended to the full Board of Directors, and the full Board of Directors determined, to increase the bonus pool in consideration of the significant improvement in the Company's performance. Messrs. Smith and Wiseman's bonus equaled 30% of their base compensation plus an additional $5,632 and $6,589 respectively. The additional amounts awarded to Messrs. Smith and Wiseman were in recognition of each of them forgoing 2011's Progress Bonus as well as requesting that their 2011 regular bonus be kept at the reduced

2010 level. Mr. Shockey was awarded a bonus equal to 25% of his base compensation. Messrs. Miller and Mahan along with Ms. Hart were awarded bonuses equaling 20% of their base pay. In December 2012, when the Compensation Committee considered the overall performance of the Company in 2012, it evaluated the following:

	Target	Stretch	Actual
Net Income	$6,067,900	$6,301,300	$7,051,700
Efficiency Ratio	66.93%	66.35%	71.47%
Tier 1 Leverage Ratio	11.13%	None	10.99%
Adversely Classified Assets/Tier 1 Capital +ALLL	37.50%	35.50%	33.13%

General economic conditions continued to be weak in 2012 as the nation struggled under the weight of persistently high unemployment and rather lethargic economic growth. In addition, the growing regulatory burden and its associated costs presented significant headwinds to the financial services industry. Unfortunately, the markets where your Company operates were not immune to these issues. Given thesecircumstances, demand for loans, the Company's most significant earning asset, remained tepid. For the year ended December 31, 2012, average earning assets decreased $39 million, or 4.8%, from 2011. While a portion of the decline in average loan balances was due to a targeted reduction in certain underperforming loans and loans with less than desirable interest rate characteristics, management struggled to find enough good loan growth to replace the revenue lost by the aforementioned targeted reductions. While these targeted reductions were partially responsible for management falling short of the Company's efficiency goal, management believes these choices are in the long-term interests of the Company. In addition to the challenging revenue environment, the year 2012 saw noninterest expense increase $1.4 million, or 5.1%, over 2011. Salaries and employee benefits increased $768,000 or 4.6%, over 2011. This increase was primarily attributed to retirement benefit costs, while salary expense was limited to an increase of $188,000, or 1.5%. Also contributing to higher noninterest expense was the combined year-to-date increase of $917,000 related to donations, advertising, customer rewards for debit and credit card usage and a prepayment penalty associated with the extinguishment of above market FHLB advances. Partially offsetting these increases was a combined decrease of $667,000 related to FDIC premiums, foreclosure costs and furniture and equipment expense. A portion of the increase in 2012 noninterest expense was associated with management electing to leverage the strong earnings by assuming a prepayment penalty to reduce interest expense in future years and to contribute more to the communities we serve by increasing donations, in keeping with the Company's "Community First" mission. Simply stated, the efficiency ratio reveals the cost to generate a dollar of revenue. In 2012, management failed to generate enough revenue and/or reduce expenses sufficiently in order to achieve the Company's efficiency target. Reduced incomes due to unemployment or underemployment created an inability to pay for some borrowers. Being a community bank, we sought an appropriate balance between the safe and sound operation of the Company, the welfare of our customers and the interests of our shareholders. We continued working with those customers who put forth good faith efforts to pay, and, for those few who refused to pay, we pursued foreclosure and liquidation as rapidly as the legal process would permit. The results were a $3,313,000 decrease in provision for loan loss expense and improved asset quality as measured by the reduced ratio of adversely classified assets to tier 1 capital + Allowance for Loan and Lease Losses of 33.13%. The Compensation Committee was particularly pleased with the significant improvement in asset quality and the concurrent improvement in earnings. Net income exceeded the stretch goal by $750,400, reaching a level surpassed only once in the Company's 140 year history. The ratio of adversely classified assets to tier 1 capital + ALLL of 33.13% exceeded the stretch goal. While falling just short of the target goal, the improvement in earnings permitted management to grow the tier 1 leverage ratio, a key measurement of capital strength, to 10.99%, affording the Company the opportunity to prepay the February 2013 dividend in December of 2012.

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