

NORTHRIM BANCORP INC
Form DEF 14A
March 13, 2012
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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

(Amendment No.)

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 §240.14a-12

NORTHRIM BANCORP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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3111 C Street

Anchorage, AK 99503

March 30, 2012

Dear Shareholder:

I am pleased to invite you to attend the Northrim BanCorp, Inc. Annual Shareholders Meeting where you will have the opportunity to hear about our 2011 operations and our plans for 2012. The meeting will be on Thursday, May 17, 2012, at 9 A.M., at the Hilton Anchorage Hotel 500 West Third Avenue in Anchorage, Alaska.

You will find additional information concerning Northrim and our operations in the enclosed 2011 Annual Report and Form 10-K, which includes our audited financial statements for the year ended December 31, 2011.

Whether or not you plan to attend the Annual Meeting, please sign and return your proxy card, which is included with this document, as soon as possible. Your opinion and your vote are very important to us. If you choose to attend the Annual Meeting, voting by proxy will not prevent you from voting in person; however, if you are unable to attend, voting by proxy will ensure that your vote is counted.

Thank you for your continued support of Northrim BanCorp, Inc. If you have any questions, please feel free to contact me at (907) 562-0062.

Sincerely,

Marc Langland

Chairman, President and CEO

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NOTICE OF ANNUAL SHAREHOLDERS MEETING

To Be Held on May 17, 2012

Notice is hereby given that Northrim BanCorp, Inc. (the Company) will hold its 2012 Annual Shareholders Meeting (the Annual Meeting) at the Hilton Anchorage Hotel, 500 West Third Avenue, Anchorage, Alaska, at 9 A.M., on Thursday, May 17, 2012 for the following purposes, as more fully described in the accompanying proxy statement:

- 1) To elect 11 directors nominated by the Board of Directors for a term ending at the 2013 Annual Shareholders Meeting or such other date as their successors may be elected and qualified;
- 2) To hold an advisory vote on executive compensation as disclosed in these materials;
- 3) To ratify the selection of Moss Adams LLP as the Company's independent registered public accounting firm for fiscal year 2012; and
- 4) To transact any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Shareholders owning Northrim BanCorp shares at the close of business on March 21, 2012 are entitled to receive notice of and to vote at the Annual Meeting or any adjournment or postponement of that meeting.

Your Board of Directors recommends that shareholders vote FOR the slate of nominees to the Board of Directors proposed by the Board, FOR the approval of the compensation of the named executive officers as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure in this proxy statement, and FOR the ratification of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year 2012.

By order of the Board of Directors,

Mary A. Finkle

Corporate Secretary

March 30, 2012

Whether or not you plan to attend the annual meeting, please complete, sign and date the enclosed form of proxy and mail it promptly in the enclosed return envelope, which requires no postage if mailed in the United States. Your vote is important to us. If you attend the Annual Meeting, you may vote your shares in person if you wish to do so even if you have previously sent in your proxy.

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NORTHRIM BANCORP, INC.

3111 C Street

Anchorage, Alaska 99503

PROXY STATEMENT

The Board of Directors (the Board) is soliciting proxies for this year's Annual Meeting. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the Annual Meeting. Please read it carefully.

The Board set March 21, 2012, as the record date for the Annual Meeting. Shareholders who owned the Company's common stock on that date are entitled to vote at the Annual Meeting, with each share entitled to one vote. There were 6,467,166 shares of Company stock outstanding on the record date.

Voting materials, which include this proxy statement dated March 30, 2012, a proxy card, and the 2011 Annual Report and the Company's Annual Report on Form 10-K, are first being mailed to shareholders on or about March 30, 2012, unless the shareholder has elected electronic delivery. If the shareholder has elected electronic delivery, we have provided a notice of internet availability of proxy materials which contains instructions on how to access proxy materials via the internet or how to request a printed set of proxy materials.

INTERNET AVAILABILITY OF PROXY MATERIALS

*******IMPORTANT NOTICE*******

Regarding the Availability of Proxy Materials for the Annual Shareholders Meeting

To be Held on May 17, 2012

The Proxy Statement and Annual Report to Shareholders are available at

www.proxyvote.com

QUESTIONS AND ANSWERS ABOUT VOTING AND THE ANNUAL SHAREHOLDERS MEETING

Why am I receiving this proxy statement and proxy card?

You are receiving this proxy statement and proxy card because you own shares of the Company's common stock. This proxy statement describes matters on which we would like you to vote.

When you sign the proxy card, you appoint the persons named in the proxy, R. Marc Langland and Christopher N. Knudson, as your representatives at the Annual Meeting, and those persons will vote your shares at the Annual Meeting as you have instructed on the proxy card. This way, your shares will be voted even if you cannot attend the Annual Meeting.

Who is soliciting my proxy, and who is paying the cost of solicitation?

The enclosed proxy is solicited by and on behalf of the Board, and the Company will bear the costs of solicitation. Certain directors, officers, and employees of the Company and/or its subsidiary, Northrim Bank (the Bank), may solicit proxies by telephone, facsimile, and personal contact.

The Company does not expect to pay any compensation to employees, officers, or directors for soliciting proxies, but will reimburse brokers, nominees, and similar record holders for reasonable expenses in mailing proxy materials to beneficial owners of the Company's common stock.

What am I voting on, and what vote is required for approval?

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At the Annual Meeting, you will be asked to vote on:

the election of 11 directors to serve on the Board until the 2013 Annual Shareholders Meeting or until their successors have been elected and have qualified (Proposal 1);

an advisory vote on the compensation of the named executive officers as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure in this proxy statement (Proposal 2);

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the ratification of Moss Adams LLP as the Company's independent registered accounting firm for 2012 (Proposal 3). All proposals will require the affirmative vote of a majority of the shareholders in person or represented by a duly executed proxy at the Annual Meeting.

Who is entitled to vote?

Only shareholders who owned the Company's common stock as of the close of business on the record date, March 21, 2012, are entitled to receive notice of the Annual Meeting and to vote the shares that they held on that date at the Annual Meeting, or any postponement or adjournment of the Annual Meeting.

How do I vote, and how are the votes counted?

You may vote your shares either in person at the Annual Meeting or by proxy. To vote by proxy, you should mark, date, sign, and mail the enclosed proxy card in the prepaid envelope provided. If your shares are registered in your own name and you attend the Annual Meeting, you may deliver your completed proxy card in person. Street name shareholders, that is, those shareholders whose shares are held in the name of and through a broker or other nominee, who wish to vote at the Annual Meeting will need to obtain a proxy from the institution that holds their shares.

With regard to the election of directors, you may cast your vote in favor of some or all of the nominees, or you may withhold your vote as to some or all of the nominees. Each shareholder will be entitled to one vote for each share of common stock held of record by the shareholder on the record date, March 21, 2012. Directors will be elected if the number of votes cast in favor of the director exceeds the number of votes cast against the director. Accordingly, votes withheld generally will have no effect on the outcome of the election. You may also abstain from voting on any proposals other than the election of directors. An abstention will have no impact on the election of directors.

If shares are held in street name, that is, through a broker or nominee, the broker or nominee is permitted to exercise voting discretion under certain circumstances. At this meeting, if the broker or nominee is not given specific voting instructions, the shares may not be voted on the election of directors by the broker or nominee in their own discretion. However, if your shares are held in street name and neither you nor your broker votes them, the votes will be broker non-votes, which will have the effect of excluding your vote from the tallies. If your shares are held in your own name and you do not vote your shares, your shares will not be voted.

Under certain circumstances banks and brokers are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions to the bank or broker, which are referred to as a broker non-vote. In these cases, and in cases where the shareholder abstains from voting on a matter, those shares will be counted for the purpose of determining whether a quorum is present. We expect that banks and brokers will be allowed to exercise discretionary authority for beneficial owners who have not provided voting instructions with respect to Proposal 3 to ratify the Company's selected independent registered public accounting firm, but abstentions will have the effect of a vote **AGAINST** the proposal. If your shares are held in your own name and you do not vote, your shares will not be voted.

On each matter before the Annual Meeting, including the election of directors, shareholders are entitled to one vote for each share of common stock they held at the record date, March 21, 2012. Shareholders may not cumulate their votes for the election of directors.

Can I change my vote after I return my proxy card?

Yes. If the enclosed proxy is duly executed and received in time for the Annual Meeting, the persons named in the proxy will vote the shares represented by the proxy **FOR** the 11 nominees listed in the proxy statement, **FOR** the approval of the compensation of the named executive officers, and **FOR** the ratification of the Company's independent registered public accounting firm. If you grant a proxy, you may revoke it at any time before its exercise by written notice to the Company to the attention of Mary A. Finkle, Corporate Secretary, by submitting a proxy with a subsequent date, or by announcing your revocation to the secretary at the Annual Meeting prior to the taking of a shareholder vote. The shares represented by properly executed proxies that are not revoked will be voted in accordance with the specifications in such proxies.

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Can I vote on other matters or submit a proposal to be considered at the Annual Meeting?

The Company has not received timely notice of any shareholder proposals to be considered at the Annual Meeting, and shareholders may submit matters for a vote only in accordance with the Company's bylaws. The Board does not presently know of any other matters to be brought before the Annual Meeting.

For shareholders seeking to include proposals in the proxy materials for the 2013 Annual Meeting, the proposing shareholder or shareholders must comply with all applicable regulations, including Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the proposals must be received by the Secretary of the Company on or before November 30, 2012.

How many votes are needed to hold the Annual Meeting?

A majority of the Company's outstanding shares as of the record date (a quorum) must be present at the Annual Meeting in order to hold the Annual Meeting and conduct business. Shares are counted as present at the Annual Meeting if a shareholder is present and votes in person at the Annual Meeting or has properly submitted a proxy card. Broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting. As of the record date for the Annual Meeting, 6,467,166 shares of the Company's common stock were outstanding and eligible to vote.

Where and when will I be able to find the results of the voting?

The results of the voting will be announced at the Annual Meeting. Final results will be disclosed in the Company's Current Report on Form 8-K to be filed with the Securities and Exchange Commission within four business days of the Annual Meeting.

How do I communicate with Directors?

The Board provides a process for shareholders to send communications to the Board or any of the directors. Shareholders may send communications to the Board or any of the directors at: c/o Corporate Secretary, Northrim BanCorp, Inc., 3111 C Street, Anchorage, Alaska 99503. All communications will be compiled by the Corporate Secretary of the Company and submitted to the Board or the individual directors on a periodic basis.

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PROPOSAL 1: ELECTION OF DIRECTORS

General

How many directors are nominated?

The Company's Articles of Incorporation provide that the Board will consist of not less than five nor more than 25 directors. Currently, the Board consists of 11 directors, and the Board has set the number of directors to be elected at the Annual Meeting at 11. Directors are elected for a one-year term and serve until their successors have been elected and qualified.

Who are the nominees?

The Board has nominated the individuals listed on the following pages for election as directors for a one-year term expiring at the 2013 Annual Shareholders' Meeting or until their successors have been elected and qualified. If any nominee refuses or becomes unable to serve as a director before the Annual Meeting, the directors will select a replacement nominee, and your proxies will be voted for that replacement nominee. The Board presently has no knowledge that any nominee will refuse or be unable to serve.

It is the Company's policy to encourage director nominees up for election at the Annual Meeting to attend the Annual Meeting. All directors up for election at the 2011 Annual Shareholders' Meeting attended the 2011 Annual Shareholders' Meeting with the exception of one, who could not be present due to an unavoidable conflict in his/her schedule.

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The following table provides certain information about the nominees for director, including age, principal occupation during the past five years, and year first elected a director of Northrim Bank (the Bank) or the Company. All of the nominees are presently directors of the Bank and the Company. All of the nominees with the exception of Messrs. Langland and Knudson are deemed to be independent within the meaning of currently applicable rules of the Securities and Exchange Commission and the Nasdaq Global Select Market listing requirements.

Name/Age	Occupation of Nominee During Past Five Years	Director Since
R. Marc Langland, 70	Co-founder and President of the Bank (1990-1997); Chairman, President and CEO of the Bank (1998-2001); Chairman, President, and CEO of the Company and the Bank from 2001-2009; Chairman, President and CEO of the Company and Chairman and CEO of the Bank from 2009-2011; Chairman, President and CEO of the Company and Chairman of the Bank since August 2011; Director, Alaska Air Group since 1991; Director, Usibelli Coal Mine, Inc. since 1983	1990
Larry S. Cash, 60	President and CEO, RIM Architects, LLC (Alaska, California, Guam and Hawaii) since 1986;	1995
Mark G. Copeland, 69	Since June 1999, owner and sole member of Strategic Analysis LLC, a management consulting firm; Member, Copeland, Landye, Bennett and Wolf, LLP (law firm) for 30 years prior to that time	1990
Ronald A. Davis, 79	CEO and Administrator, Tanana Valley Clinic until his retirement in 1998; Secretary/Treasurer, Canoe Alaska, 1996 to 1999; Vice President (1999-2003), Acordia of Alaska Insurance (full service insurance agency) until retirement	1997
Anthony Drabek, 64	President and CEO, Natives of Kodiak, Inc. (Alaska Native Corporation) from 1989 until retirement in 2010; Chairman and President, Koncor Forest Products Co. (1986 - 2011).	1991
Christopher N. Knudson, 58	Senior Vice President and Chief Financial Officer of the Bank (1990-1998); Executive Vice President, Chief Financial Officer and Chief Operating Officer of the Bank (1998-2000); Executive Vice President and Chief Operating Officer of the Company and the Bank since 2001	1998
Richard L. Lowell, 71	President (1985-2004), Ribelin Lowell & Company (insurance brokerage firm) until retirement	1990

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Name/Age	Occupation of Nominee During Past Five Years	Director Since
David J. McCambridge, 55	Audit Partner, KPMG LLP, (1991-2010) until retirement; Director, The Tanaka Foundation since 1985; Director, Great Alaska Council Boy Scouts of America since 1993; Director, Alaska Kidney Foundation since 1999.	2011
Irene Sparks Rowan, 70	Director (1988-2000, 2009-2010), Klukwan, Inc. (Alaska Native Corporation) and its subsidiaries until retirement; Director, Alaska Moving Image Preservation Association since 2011	1991
John C. Swalling, 62	President and Director, Swalling & Associates PC (accounting firm) since 1991; Director, Swalling Construction Co., Inc. since 1975	2002
David G. Wight, 71	President, BP Amoco Energy Co. Trinidad and Tobago (1992-2000); President and CEO Alyeska Pipeline Service Company from 2000 until retirement in 2005; Director, Storm Cat Energy (Denver based company) (2006-2011)	2006

Director Qualifications and Experience The following table identifies the experience, qualifications, attributes and skills that the Board considered in making its decision to appoint and nominate directors to our Board. This information supplements the biographical information provided above.

Experience, Qualification, Skill or Attribute	R. Marc Langland	Larry S. Cash	Mark G. Copeland	Ronald A. Davis	Anthony Drabek	Christopher Knudson	Richard L. Lowell	David J. McCambridge	Irene Sparks Rowan	John C. Swalling	David G. Wight
Professional standing in chosen field	x	x	x	x	x	x	x	x	x	x	x
Expertise in financial services or related industry	x					x		x			
Community involvement	x	x	x	x	x		x	x	x	x	x
Other Board experience	x	x	x	x	x		x	x	x	x	x
Other public company experience	x		x					x			x
Specific skills/knowledge:											
Accounting	x					x	x	x		x	
Legal			x								
Business management	x	x	x	x	x	x	x	x	x	x	x

The Board recommends that you vote FOR these nominees.

Shareholder Nominations for 2012 Annual Shareholders Meeting

In accordance with the Company's Bylaws, shareholder nominations for the 2012 Annual Shareholders Meeting ordinarily must be delivered in writing to the Secretary of the Company not less than fourteen nor more than fifty days prior to the Annual Meeting. Any shareholder nomination should contain the following information to the extent known to the nominating shareholder: (i) the name and address of each proposed nominee; (ii) each proposed nominee's principal occupation; (iii) the total number of shares of the Company's common stock that will be voted for each proposed nominee; (iv) the name and residence of the nominating shareholder; (v) the number of shares of the Company's common stock owned by the nominating shareholder as of the record date for the Annual Meeting; and (vi) whether the nominee had agreed to serve if elected.

Nominations not made in accordance with the above requirements may be disregarded at the sole discretion of the Chairman of the Annual Meeting, and upon the Chairman's instruction the vote teller may disregard all votes cast for that nominee.

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Information Regarding the Board of Directors and Its Committees

All directors and nominees other than Mr. Langland and Mr. Knudson are independent within the meaning of currently applicable rules of the Securities and Exchange Commission and the Nasdaq Global Select Market listing requirements. Both the Company's and the Bank's Board met ten times during 2011. The Company's Board has adopted certain standing committees, including an Audit Committee, a Compensation Committee and a Governance and Nominating Committee. During 2011, all directors attended at least 75% of the total meetings of the Board and all committees of which they were members.

The Board of the Company believes it is in the best interests of the Company and its shareholders to combine the roles of chairman and chief executive officer for running the Company. This combined relationship allows for candid, two-way communication between the Board and senior management as a well-informed and effective partnership with regard to risks affecting the Company and the policies and procedures designed to mitigate those risks as described below.

John C. Swalling serves as the Company's independent lead director. The lead director's primary responsibilities are to preside over executive sessions of non-management directors, to conduct annual interviews with all directors regarding each director's own self-assessment of his/her contribution to the Board prior to nominations for election at the Annual Meeting, and to recommend to the Governance and Nominating Committee, in consultation with the Chairman of the Board, proposed committee assignments and chairmanships.

The Company and the Bank have in place policies and procedures to manage risks that could impact Northrim's operational and strategic position as a profitable, safe and sound financial institution. The Bank's Internal Audit Department provides written results of internal and out-sourced audits, including review of the credit quality of the loan portfolio, directly to the Audit Committee and management. The Audit Committee reviews and reports to the Board on the results of these audits. The Audit Committee also reports to the Board on any deficiencies identified, as well as any steps deemed necessary to resolve and mitigate risk. An officer, appointed by the Board of Directors, serves as Northrim's risk manager and is responsible for monitoring and maintaining Northrim's company-wide Contingency Plan. This Plan addresses and provides guidelines for the restoration of business in the event of man-made and natural disruptive events.

With regard to certain risks affecting the Company and the Bank, we recognize that not maintaining the privacy and security of customer information could damage our reputation and cause us to incur additional costs or even litigation. On an annual basis, the Bank's Board reviews its Information Security Policy with its appointed Information Security Officer. We work to educate our customers about the importance and understanding of their role in protecting their identities and the privacy of their information. We consider customer education regarding the use of electronic convenience products to be especially important due to the Bank's increased exposure to loss related to these products if procedures are not followed. A Vendor Management Policy is in place which is approved by the Bank's Board annually. The Vendor Management Policy calls for the assignment of levels of risk to each vendor based upon an assessment of the degree to which their relationship could expose the Company to risk in relation to the Company's reliance on the vendor's promise to perform and protect customer privacy, and based on the vendor's fiscal strength. On an annual basis, the Bank's Board reviews its Information Security Policy with its appointed Information Security Officer.

The Company monitors its interest rate risk through a review of its sensitivity to upward and downward movements of interest rates and their impact on the Company's interest-earning assets, interest-bearing liabilities, and the net interest margin. The Company monitors concentrations and economic trends in the communities it serves and in the global economy in order to respond to issues that could impact the economic climate in which it operates. The Company reports its analysis of these areas to the Bank's Board on a periodic basis.

It is management's policy to discuss a detailed analysis of any proposed major project with the Board. This analysis may include management's reasons for the proposal, results of due diligence analysis, potential risks, costs, and the estimated time frame for implementation of the project, and Compliance Department and Operations and Technology Committee recommendations prior to seeking the Board's approval.

From time to time, the Company engages the services of experienced consultants to facilitate director education and discussion periodically as to bank directorship issues, the management of risk, timely topics which the directors may cover, as well as future corporate governance matters.

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Audit Committee. The Audit Committee's principal functions include reviewing and approving the services of the independent registered public accounting firm, reviewing the Company's financial statements, reviewing the plan, scope, and audit results of the internal and external auditors, and reviewing the reports of bank regulatory authorities. The Company's Board has adopted a written charter for the Audit Committee. A copy of the Audit Committee charter was attached to the proxy statement for the Company's 2010 Annual Meeting of Shareholders. Current members of the Audit Committee are Mark G. Copeland, Richard L. Lowell, David J. McCambridge, and David G. Wight. Each of the members of the Committee is independent of management within the meaning of the Securities and Exchange Commission and the Nasdaq Global Select Market listing standards. The Committee and the Board has determined that Mr. McCambridge qualifies as an audit committee financial expert within the meaning of such rules.

During 2011, the Audit Committee (the Committee) had seven meetings, during which the Committee was kept informed of the processes and procedures in place for maintaining the Company's compliance with Section 404 of the Sarbanes-Oxley Act of 2002 (SOX) as evaluated by the Company's internal audit manager, internal SOX Committee, and the independent registered public accounting firm.

Compensation Committee The primary functions of the Compensation Committee, which met five times in 2011, are to review and approve executive and all other officer compensation, select and approve employee benefits and retirement plans, and administer the Company's stock option plans. The Company's Board has adopted a written charter for the Compensation Committee. A copy of the Compensation Committee charter is attached to this proxy statement as Attachment 1. Compensation Committee members are Larry S. Cash, Ronald A. Davis, David J. McCambridge and John C. Swalling. All members of the Compensation Committee are independent within the meaning of currently applicable rules of the Securities and Exchange Commission, and the Nasdaq Global Select Market listing requirements. Mr. Cash has served on the Compensation Committee since 1996. Mr. Davis was appointed to the Compensation Committee in 2002. Mr. Swalling was appointed to the Compensation Committee in 2005. Mr. McCambridge was appointed to the Compensation Committee in August of 2011.

Governance and Nominating Committee The primary functions of the Governance and Nominating Committee, which met one time in 2011 and was formed in August of 2011 with the adoption of the Company's Governance and Nominating Committee charter, are to evaluate the size and composition of the Company's Board; to develop criteria for Board membership; to identify, recruit, interview, and evaluate individuals qualified to become Board members; and to evaluate the independence of existing and prospective directors. A copy of the Governance and Nominating Committee charter is attached to this proxy statement as Attachment 2. With respect to nomination of director candidates, the Committee will consider nominations from the Company's shareholders using the same criteria as all other nominations. Shareholder nominations must be made in writing and delivered or mailed to the Corporate Secretary not less than fourteen days nor more than fifty days prior to any meeting of shareholders called for the election of directors. However, if less than twenty-one days' notice of the meeting is given to the shareholders, such nomination may be mailed or delivered not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Any nomination not made in accordance with these provisions may, at the discretion of the chairperson of the meeting, be disregarded.

Additionally, the Governance and Nominating Committee recommends appointments of directors to the Board's Committees, reviews and approves all related party transactions, and reviews the adequacy of the Company's Corporate Governance Guidelines and the Company's Code of Business Conduct and Ethics and recommends any proposed changes to the Board for approval. Current members of the Governance and Nominating Committee are Larry S. Cash, John C. Swalling, and David G. Wight. All members of the Governance and Nominating Committee are independent within the meaning of currently applicable rules of the Securities and Exchange Commission, and the Nasdaq Global Select Market listing requirements.

Director Compensation In 2011, all non-officer directors except for Mr. McCambridge received a \$5,000 annual cash retainer and an additional \$10,000 in cash to be used for the purchase of the Company's common stock on the open market, payable following our Annual Shareholders meeting. In 2012, Mr. McCambridge received a prorated cash retainer of \$3,750 and an additional \$7,500 in cash to be used for the purchase of the

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Company's common stock on the open market. These payments were related to Mr. McCambridge's 2011 service on the Board, and the amounts were prorated because he did not join the Board until August of 2011. Additionally, each non-officer director received a fee of \$900 for each Board meeting attended. Members of the Audit, Governance and Nominating, and Compensation Committees received \$750 for each meeting attended with the exception of the Committee chairpersons who received \$1,500, \$1,500 and \$1,125, respectively, for each committee meeting they attended. (See Director Compensation.)

Compensation Committee Interlocks and Insider Participation No member of the Compensation Committee was, during the year ended December 31, 2011, an officer, former officer or employee of the Company or any of its subsidiaries. No executive officer of the Company served as a member of (i) the compensation committee of another entity in which one of the executive officers of such entity served on the Company's Compensation Committee, (ii) the Board of another entity in which one of the executive officers of such entity served on the Company's Compensation Committee, or (iii) the compensation committee of another entity in which one of the executive officers of such entity served as a member of the Company's Board, during the year ended December 31, 2011.

EXECUTIVE OFFICERS

The following table sets forth certain information about the Company's executive officers:

Name	Age	Position	Has Served as an Executive Officer Since
R. Marc Langland	70	Chairman of the Board, President and Chief Executive Officer of the Company and Chairman of the Board of the Bank	1990
Joseph M. Beedle ⁽¹⁾	60	Executive Vice President of the Company and President and Chief Executive Officer of the Bank	2006
Joseph M. Schierhorn ⁽²⁾	54	Executive Vice President and Chief Financial Officer of the Company and the Bank	2001
Christopher N. Knudson	58	Executive Vice President and Chief Operating Officer of the Company and the Bank	1990
Steven L. Hartung ⁽³⁾	65	Executive Vice President and Chief Credit Officer of the Company and the Bank	2008