

# CLARION COUNTY COMMUNITY BANK

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NOTICE  
OF  
ANNUAL MEETING OF SHAREHOLDERS

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We will hold the annual meeting of shareholders of Clarion County Community Bank on Wednesday, May 24, 2017, at 10:00 a.m. (Eastern Time) at the offices of Structural Modulars, Inc., 110 Southern Avenue, Strattanville, Pennsylvania. The annual meeting is for the following purposes, which are more completely described in the accompanying proxy statement:

- (a) To elect four Class 2 directors of the Bank, each to serve for a term of three years and until his successor is elected and qualifies;
- (b) To ratify the appointment of S.R. Snodgrass P.C. as the Bank's independent auditors for the fiscal year ending December 31, 2017; and
- (c) To transact such other business as may properly be presented at the meeting.

Shareholders of record at the close of business on March 27, 2017, are entitled to notice of, and to vote at, the annual meeting.

By Order of the Board of Directors,



J. Fred Cherico  
Secretary

Clarion, Pennsylvania  
March 28, 2017

**You are cordially invited to attend the annual meeting. It is important that your shares be represented regardless of the number you own. Even if you plan to be present, you are urged to promptly complete, sign, date and return a proxy card or complete your proxy via the Internet. If you attend the meeting, you may vote either in person or by your proxy. Your proxy may be revoked by you in writing or in person at any time prior to the exercise of the proxy.**

# CLARION COUNTY COMMUNITY BANK

333 Main Street, Clarion, Pennsylvania 16214

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## PROXY STATEMENT

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### GENERAL INFORMATION

This Proxy Statement is being furnished in connection with the solicitation of your proxy by the Board of Directors of Clarion County Community Bank (the “Bank”) for use at our annual meeting of shareholders to be held on May 24, 2017, at 10:00 a.m. (Eastern Time) at the offices of Structural Modulares, Inc., 110 Southern Avenue, Strattanville, Pennsylvania.

#### **Important Notice Regarding the Availability of Proxy Materials for the 2017 Annual Meeting of Shareholders**

Instead of mailing a printed copy of our proxy materials to each shareholder, we have elected to provide access to our proxy materials by notifying our shareholders of the availability of our proxy materials on the Internet. Shareholders will not receive printed copies of the proxy materials unless they request them. Instead, a notice is being mailed to each of our shareholders of record with instructions on how to access and review the proxy materials on the Internet, as well as how to request printed copies. We expect to mail the notice and provide electronic access of this Proxy Statement to shareholders on or before April 11, 2017. Additionally, we expect to mail a full set of the proxy materials to shareholders who had previously requested delivery of the materials in paper copy on or about April 14, 2017.

**This Proxy Statement and our 2016 Annual Report to Shareholders may be accessed at <http://www.pstvote.com/clarion2017>.** Shareholders will need the control number from their proxy card or notice, as applicable, to view the materials.

#### **Record Date**

All holders of record of Clarion County Community Bank common stock at the close of business on March 27, 2017 are entitled to notice of and to vote at the meeting or any adjournment thereof. At March 27, 2017, there were 1,665,667 shares of our common stock outstanding

The holders of a majority of the outstanding shares of the common stock must be present at the annual meeting, either in person or by proxy, in order to transact business at the meeting. Abstentions are counted as present for purposes of determining a quorum.

## Voting and Revocation of Proxies

You may vote by proxy or in person at the annual meeting. To vote by proxy, you may use one of the following methods if you are a registered holder (that is, you hold your stock in your own name):

- **On-line voting**, by accessing the Internet at the web address stated on your proxy card or notice, as applicable, and following the instructions.
- **Mail**, by completing and returning a traditional proxy card. If you received a full set of the proxy materials, you may simply vote, sign, date and return the proxy card in the envelope provided, which requires no additional postage if mailed in the United States. If you received a notice and would like to vote by traditional proxy card, you will be receiving one in the mail prior to the annual meeting. You also may obtain a full set of proxy materials at no charge upon written request made to Mr. James L. Kifer, 333 W. Main Street, Clarion, Pennsylvania 16214.

Your signing and returning a proxy card or completing a proxy on-line will not affect your right to attend the annual meeting and vote in person.

Any shareholder giving a proxy may revoke it at any time before it is exercised by:

- (1) filing with the Secretary of the Bank written notice of such revocation;
- (2) submitting again either on-line or in hard copy a duly executed proxy bearing a later date; or
- (3) attending the annual meeting and voting in person.

Each share of common stock outstanding on March 27, 2017, the record date for the annual meeting, will be entitled to one vote on each matter submitted to a vote at the meeting. Shareholders are not entitled to cumulative voting rights in the election of directors.

If you appropriately mark, sign and return a proxy card or complete your proxy via the Internet in time to be voted at the meeting, the shares represented by the proxy will be voted in accordance with your instructions. Subject to the rules described below regarding broker non-votes, if you give us your proxy but do not make any specific selections as to how you wish us to vote your shares, your shares will be voted by the persons designated therein (i) "FOR" the election, as directors, of the Board of Directors' nominees, (ii) "FOR" the ratification of the appointment of S.R. Snodgrass P.C. as the independent auditors of the Bank for the fiscal year ending December 31, 2017, and (iii) in connection with the transaction of such other business as may properly be brought before the annual meeting, in accordance with the judgment of the proxy holders.

### **Shares held in “Street Name”**

If your shares are held in “street name” by a bank or brokerage firm, your bank or brokerage firm, as the record holder of your shares, may vote such shares as directed by you, or if not so directed, in their own discretion if permitted by the stock exchange or other organization of which they are members. Generally, brokers do not have discretionary authority to vote your shares in the election of directors, but do have discretionary authority to vote your shares with respect to the ratification of auditors. You should check the voting form used by that broker or nominee to determine whether you may vote on-line, by telephone or by another method.

### **Solicitation of Proxies**

We will pay the expense of soliciting proxies. We expect that the solicitation of proxies will be primarily by mail. Our directors, officers and employees may also solicit proxies personally, by telephone, by e-mail and by fax.

### **Principal Shareholders**

We are not aware of any person who beneficially owns more than 5% of the outstanding shares of our common stock as of March 27, 2017.

## **MATTER NO. 1**

### **ELECTION OF DIRECTORS**

Our articles of incorporation provide that the Board of Directors of the Bank may from time to time fix the total number of directors on the Board at not less than five nor more than 25. Presently, the Board of Directors consists of 12 members. The terms of four of the current directors expire at the annual meeting.

The Board of Directors has nominated Rodney R. Flick, William E. Hager III, H. Jerome Heffner and Stephen J. Jaworski for election to the Board as Class 2 directors.

All of the Board of Directors' nominees are current directors of the Bank. No notice of nomination of any person for election as a director was received from any shareholder.

Shares represented by properly executed proxies will be voted for the Board of Directors' nominees unless you specify otherwise in your proxy. If you wish to withhold authority from the proxyholders to vote for the election of directors or to withhold authority to vote for any individual nominee, you may do so on the proxy card.

The four nominees for director receiving the highest number of votes cast at the annual meeting will be elected as Class 2 directors. Votes withheld from a nominee have no legal effect.

If any nominee should become unable to serve, the proxy holders named in the proxy may vote for another nominee. However, we have no reason to believe that any of the nominees will be unable to serve as a director, if elected.

**Information Concerning Nominees and Continuing Directors**

The table below contains information concerning the nominees for election as directors at the annual meeting, and the continuing members of the Board of Directors, including their principal occupations or employment during the past five years, their ages and the year in which they began serving as a director of the Bank. None of the nominees or continuing directors are directors of any other publicly traded company.

**NOMINEES FOR CLASS 2 DIRECTORS  
TO SERVE UNTIL 2020:**

	<u>AGE</u>	<u>DIRECTOR SINCE</u>
RODNEY R. FLICK	66	2004
<p>Mr. Flick has been the President of C.B.F. Contracting, Inc., a commercial and industrial construction company, since 1994.</p>		
WILLIAM E. HAGER III.....	59	2004
<p>Mr. Hager is the Chairman of the Bank’s Board of Directors. He is an attorney who has operated his own law practice for over 30 years. From 1996 to 1999, he served as the District Attorney for Clarion County, Pennsylvania. Mr. Hager also currently serves as a member of the board of directors of Structural Modulars, Inc., a manufacturer of residential and commercial modular structures.</p>		
H. JEROME HEFFNER .....	77	2004
<p>Mr. Heffner was a partner in Heffner Brothers Partnership, a position he held for many years. The company was a gasoline and fuel oil distributor. Mr. Heffner sold the company in 2015. Mr. Heffner also serves as the Treasurer of the Bank, a position he has held since 2004.</p>		
STEPHEN J. JAWORSKI .....	64	2004
<p>Dr. Jaworski has been self-employed as a dentist since 1978. He served as president of the Pennsylvania Dental Association from April 2003 to April 2004. He also served as president of Dental Comp, Inc., a wholly owned subsidiary of the Pennsylvania Dental Association, from 1995 to 2002.</p>		

**CONTINUING CLASS 3 DIRECTORS  
TO SERVE UNTIL 2018:**

	<b><u>AGE</u></b>	<b><u>DIRECTOR SINCE</u></b>
DON D. LEWIS	84	2004
<p>Mr. Lewis has been the chief executive officer of Structural Modulares, Inc., a manufacturer of residential and commercial modular structures since 1990.</p>		
MARK V. NEISWONGER	54	2004
<p>Mr. Neiswonger is an insurance agent and since January 1, 2006, he owned and operated Neiswonger Insurance Agency Inc. until his sale of the Agency during 2014. Prior to January 1, 2006, he was a partner in Siegel &amp; Associates Insurance Agency.</p>		
THOMAS B. RAY	51	2004
<p>Mr. Ray is the president of Thomas G. Ray, Inc. and Avonelle, Inc., companies engaged in the supermarket business, a position he has held since 1998.</p>		
RICHARD A. SHIREY	49	2004
<p>Mr. Shirey became the owner of Shirey Farms dairy farm in 2012 and has been the operator and manager of the dairy farm since 1997. He also is the owner of ECM Exploration, a natural gas production company.</p>		

**CONTINUING CLASS 1 DIRECTORS  
TO SERVE UNTIL 2019:**

	<b><u>AGE</u></b>	<b><u>DIRECTOR SINCE</u></b>
J. TODD BISH	47	2004
<p>Mr. Bish is a licensed chiropractor who has operated Bish Chiropractic Center in New Bethlehem, Pennsylvania as sole proprietor since 1994.</p>		
SUSANNE A. BURNS	76	2004
<p>Ms. Burns is a partner in several real estate and insurance businesses. She served as a state-certified real estate appraiser for Burns &amp; Burns Associates, Inc. in Clarion, Pennsylvania until retiring in 2006, and has served as its corporate secretary since 1993.</p>		
J. FRED CHERICO	59	2004
<p>Mr. Cherico is president and chief operating officer of Computer Support Associates, a designer and manager of computer networks, and has served in that capacity since 1984. Mr. Cherico also serves as the Secretary of the Bank.</p>		
JAMES L. KIFER	55	2004
<p>Mr. Kifer has served as the president, chief executive officer and chief financial officer of the Bank since its formation. From 2002 to 2003, Mr. Kifer served as a consultant to the organizers of the Bank. From 1999 to 2002, Mr. Kifer served as executive vice president and chief financial officer of PFC Bank.</p>		

**Executive Officers Who Are Not Directors**

The following table sets forth the only executive officer of the Bank who is not a director, and his position, age and recent business experience.

<b><u>Name and Position</u></b>	<b><u>Age</u></b>	<b><u>Business Experience</u></b>
Michael Fornof Executive Vice President and Chief Credit Officer	54	Mr. Fornof has been employed in his current position with the Bank since September 2003. From 1988 to 2003, he was Vice President of Lending and Security Officer for Citizens Bank of Morgantown.

## Security Ownership of Management

The following table sets forth certain information concerning the number of shares of common stock held as of January 31, 2017 by each nominee for director, each continuing director, and all nominees, continuing directors and executive officers as a group.

<u>Name of Beneficial Owner</u>	<u>Total Beneficial Ownership(1)</u>	<u>Sole Voting and Investment Power</u>	<u>Shared Voting and Investment Power</u>	<u>Percent of Class(2)</u>
J. Todd Bish (3) .....	13,449	2,544	10,905	0.8%
Susanne A. Burns (4).....	34,555	0	34,555	2.1%
J. Fred Cherico (5).....	16,024	8,342	7,682	1.0%
Rodney R. Flick (6) .....	23,010	17,978	5,032	1.4%
William E. Hager III (7) .....	37,094	26,392	10,702	2.2%
H. Jerome Heffner, Jr. ....	13,976	13,976	0	0.8%
Stephen J. Jaworski (8).....	23,534	22,671	863	1.4%
James L. Kifer (9).....	11,604	4,365	7,239	0.7%
Don D. Lewis .....	58,038	58,038	0	3.5%
Mark V. Neiswonger (10).....	9,426	5,743	3,683	0.6%
Thomas B. Ray .....	15,958	15,958	0	1.0%
Richard A. Shirey (11).....	7,803	6,136	1,667	0.5%
All nominees, continuing directors and executive officers as a group (13 persons)	264,562	182,143	82,419	15.9%

- (1) Based on information furnished by the respective individuals as of January 31, 2017 and our books and records as of such date. Under applicable regulations, shares are deemed beneficially owned by a person if he or she directly or indirectly has or shares the power to vote or dispose of the shares. Unless otherwise indicated, the named beneficial owner has sole voting and dispositive power with respect to the shares. Under applicable regulations, a person is deemed to have beneficial ownership of shares which may be received upon the exercise of outstanding stock options if the option is exercisable within 60 days.
- (2) Each percentage is calculated on a fully diluted basis (as if such person's or group's vested options were exercised).
- (3) Includes 9,054 shares jointly owned by Mr. Bish with his spouse, 1,851 shares owned by Mr. Bish's spouse.

- (4) Includes 6,345 shares jointly owned by Ms. Burns with her spouse and 28,210 shares owned by Skoshi Realty, a partnership in which Ms. Burns is a 28% general partner.
- (5) Includes 6,078 shares jointly owned by Mr. Cherico with his spouse, 1,505 shares owned by Mr. Cherico's spouse and 99 shares jointly held by Mr. Cherico with his minor children.
- (6) Includes 5,032 shares jointly held by Mr. Flick with his spouse.
- (7) Includes 2,658 shares jointly held by Mr. Hager with his children, 7,441 shares jointly held by Mr. Hager with his spouse and 603 shares owned by Mr. Hager's spouse.
- (8) Includes 863 shares owned by Dr. Jaworski's spouse.
- (9) Includes 7,239 shares jointly owned by Mr. Kifer with his spouse.
- (10) Includes 2,283 shares owned by Mr. Neiswonger's spouse and 1,400 shares jointly held by Mr. Neiswonger with his children.
- (11) Includes 1,352 shares jointly held by Mr. Shirey and Sandra Shirey and 315 shares held by Mr. Shirey as custodian for his children.

### **Director Independence**

The Board of Directors has determined that each nominee and each continuing director is "independent," as defined by the applicable listing standards of The Nasdaq Stock Market, except for James L. Kifer, the president, chief executive officer, and chief financial officer of the Bank.

### **Board Meetings and Committees**

The Board of Directors of the Bank has a standing audit committee. The Board also has a stock option committee and a human resources committee, which together perform all of the functions typically performed by a compensation committee. The Board of Directors also has a nominating committee for the selection of nominees for election as directors.

*Audit Committee.* The primary duties and responsibilities of the Bank's audit committee are to:

- Oversee that management maintains the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Bank;
- Oversee that management establishes and maintains processes to assure that an adequate system of internal controls is functioning within the Bank; and

- Oversee that management establishes and maintains processes to assure compliance by the Bank with all applicable laws, regulations and corporate policy.

In connection with these duties, the audit committee is responsible for the appointment, compensation, oversight and termination of our independent auditors and our internal auditors. The audit committee is responsible also for, among other things, reporting to the Bank's Board of Directors on the results of the annual audit, and reviewing the Bank's annual audited financial statements. The Bank's audit committee also reviews the Bank's system of internal control and audit with management and the independent auditors, and reviews material pending legal proceedings involving the Bank and other contingent liabilities. This committee also is responsible for establishing guidelines for assuring responsibility for the timely filing of the Bank's regulatory reports. The audit committee also is responsible for receiving and responding to complaints and concerns relating to accounting and auditing matters.

The Audit Committee Charter is not available on the Bank's website. However, a copy of the Audit Committee Charter was attached as an appendix to our proxy statement that was made available to our shareholders in connection with our annual meeting of shareholders held in May 2015.

The audit committee met three times during fiscal 2016. The members of the Bank's audit committee are Chairman Stephen J. Jaworski, J. Fred Cherico, William E. Hager, III, Mark V. Neiswonger, Don D. Lewis and Richard A. Shirey. Each member is "independent," as defined by the applicable listing standards of The Nasdaq Stock Market.

*Stock Option Committee.* The Bank's stock option committee serves as the administrator of the Bank's outstanding stock options. It does not currently have a charter. This committee did not meet during fiscal 2016. The members of this committee are Chairman Susanne A. Burns, William E. Hager, III, Rodney R. Flick, Stephen J. Jaworski, H. Jerome Heffner, Jr., and J. Fred Cherico. Each member is "independent," as defined by the applicable listing standards of The Nasdaq Stock Market.

*Human Resources Committee.* The Bank's human resources committee establishes and monitors all recruitment, hiring and employment practices and policies to insure that the Bank's human resources are deployed in the most effective fashion. Additionally, this committee approves certain compensation as described below, and is responsible for ensuring that the Bank adheres to ethical and moral practices and meets all regulatory compliance issues. This committee also is responsible for conducting regular performance reviews of the Bank's chief executive officer.

The human resources committee consists of Chairman Rodney R. Flick, James L. Kifer, William E. Hager III, Stephen J. Jaworski, Susanne A. Burns, J. Fred Cherico, J. Todd Bish, Mark V. Neiswonger, and H. Jerome Heffner, Jr. It does not currently have a charter. It met eleven times during fiscal 2016. Each member is "independent," as defined by the applicable listing standards of The Nasdaq Stock Market, except for Mr. Kifer. However, Mr. Kifer's compensation is determined by the human resources committee and approved by a majority of the Bank's Board of Directors, and Mr. Kifer is not permitted to be present during voting or

deliberations on such matter, and the compensation of the Bank's other executive officer is determined by a majority of the independent members of the Bank's Board of Directors.

*Nominating Committee.* The Bank's nominating committee is responsible for identifying individuals qualified to serve as Board members, and recommending to the full Board of Directors nominees for election as directors. To fulfill this role, the committee reviews the composition of the full Board to determine any qualifications and areas of expertise that may be needed to further enhance the composition of the Board, and if so, works with management in attracting candidates with those qualifications. Candidates must be willing and able to devote the required amount of time to Bank business. Although the Bank has no policy specifically regarding diversity, in evaluating candidates, the committee seeks to achieve a balance of knowledge, experience and capability on the Board. The committee believes that having directors with relevant experience in business and industry, finance and other areas, and directors with significant business relationships in the local community, is beneficial to the Bank and the Board as a whole. The committee also believes that each of the nominees and current directors has the financial and business expertise and business relationships that meet this objective.

Before nominating a sitting director for reelection at an annual meeting, the committee will consider the director's performance on the Board and whether the director's reelection will assist the Bank in maintaining quality corporate governance. The nominating committee consists of Chairman William E. Hager III, Susanne A. Burns, Rodney R. Flick, Don D. Lewis, Thomas B. Ray, and J. Todd Bish. The Board of Directors of the Bank has also determined that all of the members of the nominating committee are independent (as independence is defined in the applicable listing standards of The Nasdaq Stock Market). The nominating committee does not have a written charter. It held one meeting during 2016, at which it selected the nominees for election at last year's annual meeting of shareholders.

When seeking candidates for director positions, the nominating committee may solicit suggestions from incumbent directors, management or others. The nominating committee would also consider any nominees recommended by shareholders of the Bank for election to the Bank's Board of Directors provided that the recommendations are made in accordance with the procedures described in this Proxy Statement under "Shareholder Proposals for 2018 Annual Meeting." Shareholders' nominations that comply with these procedures would receive the same consideration as nominees received from other sources.

*Other Committees.* The Bank has other committees composed of directors or officers of the Bank which meet for specific purposes, including an executive committee, a loan committee, an ALCO committee, and an information technology committee. The executive committee's function is to respond to issues that require swift resolution or when convening the full Board is impractical. The loan committee reviews, and recommends to the Board for its approval, the Bank's loan policy and any subsequent revisions. It also is responsible for the implementation and monitoring of the Bank's adherence to that policy. The committee also serves as the first level of review for approval and recommendation to the Board of all loan transactions exceeding the lending authority of the loan officers. The committee monitors the quality and performance of the loan portfolio, receives copies of all formal internal and external loan reviews, and establishes guidelines for and reviews the adequacy of loan loss reserves. The technology committee reviews the Bank's operating systems including, but not limited to, electronic,

telephone, electrical, and other interrelated sources, the failure of which may disrupt or cause interruptions in the Bank's service delivery system.

### **Director Attendance at Board and Committee Meetings**

Thirteen Board meetings were held during fiscal year 2016. During fiscal 2016, all directors attended at least 75% of the total number of regular meetings of the Board of Directors and the committees of the Board on which they served except for Stephen J. Jaworski.

### **Audit Committee Report**

The audit committee reviewed with management and S.R. Snodgrass P.C. the overall scope and plan for the independent audit for the year ended December 31, 2016 performed by S.R. Snodgrass P.C., and has reviewed the Bank's audited financial statements for the year ended December 31, 2016, and the related report by S.R. Snodgrass P.C. It also has discussed the financial statements and the report with management and with S.R. Snodgrass P.C.

The Bank's audit committee appointed S.R. Snodgrass P.C. as the Bank's independent accountant for the year ending December 31, 2017. The audit committee has discussed with S.R. Snodgrass P.C. the matters required to be discussed by AU Section 380, The Auditor's Communication With Those Charged With Governance, and has received the written disclosures and the letter from them required by the applicable requirements regarding S.R. Snodgrass P.C.'s communications with the audit committee concerning independence. The audit committee has reviewed the materials received from S.R. Snodgrass P.C., has discussed with them their independence, and has satisfied itself as to S.R. Snodgrass P.C.'s independence.

The audit committee acts only in an oversight capacity, and in doing so relies on the work and assurances of the Bank's management and its independent auditors.

Based on the audit committee's review of the financial statements and the independent auditors' report thereon, and the audit committee's discussions with management and the independent auditors, the audit committee has recommended to our Board of Directors that the audited financial statements of the Bank for the year ended December 31, 2016 be made available to our shareholders.

### **THE CLARION COUNTY COMMUNITY BANK AUDIT COMMITTEE**

Stephen J. Jaworski  
J. Fred Cherico  
William E. Hager III  
Mark V. Neiswonger  
Don D. Lewis  
Richard A. Shirey

## **Code of Ethics**

The Bank has adopted a Code of Ethics that applies to all of its directors, officers and employees, including its principal executive officer, principal financial officer and principal accounting officer or controller. The Bank will furnish, without charge, a copy of its Code of Ethics to any person, upon written request made to Mr. James L. Kifer, at the Bank's offices located at 333 Main Street, Clarion, Pennsylvania 16214.

## **Option Grants in Last Fiscal Year**

No stock options were granted to our chief executive officer in the year ended December 31, 2016.

## **Aggregated Option Exercises in Last Fiscal Year**

No options were exercised by our chief executive officer during the year ended December 31, 2016.

## **Indebtedness of Management**

The Bank offers various types of loans to its directors, officers, and employees. Under applicable Federal law, any loan made to a director, officer, employee or other affiliate is required to be on substantially the same terms and conditions available to non-related borrowers (in particular as to interest rate and collateral). In addition, the risk of nonpayment must not be greater than the risk of nonpayment on loans to non-related borrowers, and the loan must be approved by a majority of the full Board of Directors, with the loan applicant not voting or influencing the vote.

## **Transactions with Related Persons**

The Bank recognizes that transactions with its officers and directors or with their related family members or affiliated businesses (collectively, "Related Persons Transactions") can present potential or actual conflicts of interest. Nevertheless, the Bank recognizes that there are Related Person Transactions which may be in, or may not be inconsistent with, the best interests of the Bank and its shareholders, including but not limited to situations where the Bank may obtain products or services from, or provide products and services to, related persons on an arm's length basis on terms comparable to those obtained from or provided to unrelated third parties. The Board of Directors reviews any actual or potential Related Person Transactions, and, based on all relevant facts and circumstances, determines if it is in the best interests of the Bank and its shareholders to approve, reject, modify or ratify the Related Person Transaction.

Certain directors and officers of the Bank are customers of and have had banking transactions with the Bank in the ordinary course of business. Similar transactions may be expected to occur in the future. All loans and commitments to loan were made under substantially the same terms, including interest rates, collateral, and repayment terms, as those prevailing at the time for comparable transactions with other non-related persons and, in our opinion, do not involve more than the normal risk of collection or present other unfavorable features.

## **Board Leadership Structure**

We separate the roles of Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles. The Chief Executive Officer is responsible for the day to day leadership and performance of the Bank. The Chairman of the Board provides guidance to the Chief Executive Officer and sets the agenda for Board meetings and presides over meetings of the full Board. Both individuals, together with input from the full Board, are responsible for setting the strategic direction for the Bank. We believe that this is the most effective leadership structure for the Bank.

## **Our Board's Role in Risk Oversight**

The Board's role in the Bank's risk oversight process includes receiving regular reports from senior management on areas of material risk to the Bank, including operational, financial, legal and regulatory risks. Our Board administers its risk oversight function directly and through both its Audit Committee and ALCO Committee. The Board and each of these Committees regularly discuss with management our major risk exposures, their potential financial impact on the Bank, and the steps we take to manage them.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ITS NOMINEES FOR DIRECTORS.**

## MATTER NO. 2

### RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

#### Background

The audit committee of the Board of Directors has appointed S.R. Snodgrass P.C. as independent auditors of the Bank for the year ending December 31, 2017, and has further directed that the appointment of such auditors be submitted for ratification by the shareholders at the annual meeting.

The Bank is seeking shareholder ratification of the audit committee's selection of the Bank's independent auditors even though the Bank is not legally required to do so. If the Bank's shareholders ratify the audit committee's selection, the audit committee nonetheless may, in their discretion but subject to the approval of the Pennsylvania Department of Banking, retain another independent auditing firm at any time during the year if the audit committee feels that such change would be in the best interest of the Bank. Alternatively, in the event that this proposal is not approved by the Bank's shareholders, the audit committee may re-evaluate its decision.

A representative of S.R. Snodgrass P.C. will attend the annual meeting, will be extended an opportunity to make a statement, if he or she so desires, and will be available to respond to appropriate questions.

#### Audit and All Other Fees

The following table presents fees for professional services rendered by S.R. Snodgrass P.C. for the audit of the Bank's annual financial statements for the fiscal year ended December 31, 2016 and the fiscal year ended December 31, 2015.

	<u>2016</u>	<u>2015</u>
Audit fees (a)	\$ 38,200	\$ 37,200
Audit-related fees	--	--
Tax fees	--	--
All other fees	--	--
Total	\$ 38,200	\$ 37,200

(a) Audit fees for 2016 and 2015 consist of fees for the audit of the Bank's annual financial statements.

No fees were billed by S.R. Snodgrass P.C. during the Bank's 2016 and 2015 fiscal year for any other services rendered to the Bank other than the amounts set forth above.

#### Audit Committee Pre-Approval Policies and Procedures

All auditing services (which may entail providing comfort letters in connection with securities underwritings) and all non-audit services to be provided to the Bank by its auditors that are not prohibited by law must be pre-approved by the Bank's audit committee pursuant to such processes as are determined to be advisable, before such services can commence. Pre-approval shall include blanket pre-approval of non-prohibited services for limited dollar amounts which

the audit committee, in its business judgment, does not believe possess the potential for abuse or conflict. The audit committee has not granted any such blanket pre-approval as of the date of this proxy statement. All the services described in the table above were approved by the audit committee.

### **Ratification Requirements**

The affirmative vote of a majority of the votes cast at the annual meeting, assuming a quorum is present, is required to ratify the audit committee's appointment of S.R. Snodgrass P.C. as independent auditors of the Bank for the year ending December 31, 2017. Abstentions, although counted for the purpose of determining whether a quorum is present at the meeting, will not constitute or be counted as "votes cast," so they will have no effect on the approval of this matter.

**The Bank's Board of Directors recommends that you vote FOR the ratification of the appointment of S.R. Snodgrass P.C. as independent auditors for the year ending December 31, 2017.**

## **SHAREHOLDER PROPOSALS FOR 2018 ANNUAL MEETING**

The Bank's year 2018 annual meeting of shareholders will be held on or about May 23, 2018.

Any shareholder of the Bank who desires to submit a proposal to be considered for inclusion in the Bank's proxy materials relating to its 2018 annual meeting of shareholders must submit such proposal so that we receive it on or before December 12, 2017. To be considered for presentation at the 2018 annual meeting of shareholders, but not for inclusion in the proxy statement, proposals must be received at least 90 days prior to the date of the annual meeting. All such proposals must be in writing and addressed to the Bank at 333 Main Street, Clarion, Pennsylvania 16214 (Attention: Secretary).

Nominations for election to the Board of Directors may be made by any shareholder entitled to vote for the election of directors. Nominations for director made by shareholders (other than the members of the Board of Directors) must be made in writing and delivered to us not less than 90 days prior to the date of the annual meeting. Each notice of nomination made by a shareholder should set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in the notice, (ii) the principal occupation or employment of each nominee, and (iii) the number of shares of capital stock of the Bank that are beneficially owned by each nominee.

We are not required to include nominations made by our shareholders in our proxy statement. However, if any such nomination is properly made, ballots bearing the name of such nominee or nominees will be provided for use by shareholders at the annual meeting.

Shareholders may also recommend qualified persons for consideration by the Board of Directors to be included in the Bank's proxy materials as a nominee of the Board of Directors. Shareholders making a recommendation must submit the same information as that required to be included by the Bank in its proxy statement with respect to nominees of the Board of Directors. The shareholder recommendation should be submitted in writing, addressed to the Bank at 333 Main Street, Clarion, Pennsylvania 16214 (Attention: Secretary), on or before November 17, 2017.

### **Communications with the Board of Directors**

Individuals may communicate with the Bank's Board of Directors by mailing the communication to Clarion County Community Bank, Shareholder Communications, 333 Main Street, Clarion, Pennsylvania 16214, to the attention of the Corporate Secretary. All shareholder communications so received will be forwarded to all members of the Bank's Board of Directors. Communications that are intended specifically for non-management directors should be sent to the same address, to the attention of the Chair of the Audit Committee.

## **Annual Report for 2016 and Corporate Governance Documents Available**

The Bank will furnish without charge, a copy of its Annual Report to Shareholders for the year ended December 31, 2016 upon written request made to Mr. James L. Kifer, 333 W. Main Street, Clarion, Pennsylvania 16214. The Annual Report is also available on the Bank's website, <http://www.clarionbank.com>. No part of the Annual Report and none of the information on our website is, and none of it shall be deemed to be, a part of this proxy statement or incorporated into any filings we make with the FDIC.

### **OTHER MATTERS**

Management knows of no business that may properly come before the meeting other than those matters described above. Should any other matters arise, the persons named in the proxy will vote thereon in accordance with their best judgment.

BY ORDER OF THE BOARD OF DIRECTORS



J. Fred Cherico, Secretary