

DCB Financial Corp Corporate Governance Guidelines

General Philosophy

The board of directors of DCB Financial Corp ("DCB Financial Corp") sets high standards for DCB Financial Corp's employees, officers, and board of directors. Implicit in this philosophy is the importance of sound corporate governance. It is the duty of the board of directors to serve as a prudent fiduciary for shareholders and to oversee the management of DCB Financial Corp's businesses. To fulfill its responsibilities and to discharge its duty, the board of directors follows the procedures and standards that are set forth in these guidelines.

Board of Director Functions

The board of directors shall:

- Review and approve strategic plans to enhance shareholder value
- Review corporate performance
- Oversee and evaluate management's systems for internal control, financial reporting and public disclosure
- Establish corporate governance standards
- Oversee and evaluate senior management performance and compensation
- Plan for effective succession of the chief executive officer and senior management
- Be apprised of relations with shareholders
- Set a tone for a climate of corporate trust and confidence
- Set standards for director qualification
- Set standards for director orientation and continuing education
- Undertake an annual performance evaluation of the board of directors

Director Qualifications

The board of directors shall have a majority of directors who meet the criteria for independence required by The Nasdaq Stock Market. The Nominating and Governance Committee is responsible for reviewing with the board of directors, on an annual basis, the requisite skills and characteristics of members of the board of directors. This assessment will include independence, business, strategic and financial skills, as well as overall experience in the context of the needs of the board of directors as a whole. Nominees for director will be recommended to the board of directors by the Nominating and Governance Committee, in accordance with the policies and principles of its charter and these Corporate Governance Guidelines, for nomination by the board of directors in accordance with DCB Financial Corp's Amended Code of Resolutions. Shareholders may submit the name and qualifications of candidates for the board of directors to the Chairman of the Nominating and Governance Committee. Each shareholder recommendation that is supported by adequate information about the candidate's qualifications will be evaluated by the Nominating and Governance Committee.

Smaller boards tend to be more efficient. Even though the Code of Regulations may allow for a larger board, unless specific circumstances would require it, the preference is for a board not to exceed 15 members. To preserve independence and to avoid conflicts of interest, each director shall advise the Chairman of the Nominating and Governance Committee in advance of accepting an invitation to serve on another public company board of directors.

The following standards shall be used to determine director qualifications:

- Depth and breadth of business and civic experience in leadership positions, and ties to DCB Financial Corp's markets.
- A director may not be elected to a new term after reaching age 70.
- Beneficially owns at least \$500.00 DCB Financial Corp common shares.
- The individual has particular skills or expertise that enhance the overall composition of the board of directors.

There is no specified term limit that a director may serve on the DCB Financial Corp board of directors. The Nominating and Governance Committee will review each director's performance annually to assess independence, attendance, and overall performance.

Executive Sessions of the Board of Directors

Annually, the board of directors shall hold at least two regularly scheduled executive sessions at which only independent directors are present. The Chairman of the Nominating and Governance Committee will be the presiding director for executive sessions of the independent directors.

Communications with Non-Management Members of the Board of Directors

An employee, officer or other interested party who has an interest in communicating with non-management members of the board of directors may do so by directing the communication to any non-management member of the Board of Directors.

Director Responsibility

Directors must exercise sound business judgment and act in what they reasonably believe to be the best interests of DCB Financial Corp and its shareholders. In discharging this obligation, directors may reasonably rely on the honesty and integrity of DCB Financial Corp's management as well as that of its internal auditor and independent auditor.

DCB Financial Corp will purchase reasonable directors' and officers' liability insurance for the benefit of its board of directors and management. In addition, directors and management shall be entitled to reasonable indemnification to the fullest extent permitted by law and DCB Financial Corp's Amended Code of Regulations.

In order to effectively oversee the management of DCB Financial Corp, all directors are expected to attend meetings of the board of directors and meetings of committees of the board of directors of which they are members. Directors who attend less than seventy- five percent (75%) of meetings of the board of directors and meetings of committees of the board of directors of which they are members for two (2) consecutive years will not be eligible for nomination to the board of directors. Directors are expected to be prepared for these meetings and to be able to devote the time required. Information and data that are important to the understanding of the business to be conducted at a board of directors or committee meeting will generally be distributed in advance of the meeting.

Board of Directors Committees

The board of directors will maintain an Audit Committee, a Compensation Committee, a Nominating and Governance Committee, and such other committees as it determines appropriate. All of the members of the Audit Committee, Compensation Committee and Nominating and Governance Committee shall be independent directors under the criteria established by these Corporate Governance Guidelines. Each member of the Audit Committee will also meet the more stringent criteria for independence established for members of the Audit Committee by rules of The Nasdaq Stock Market.

Independent Directors

A majority of the board of directors will be comprised of “independent directors” as defined by the rules of the Nasdaq Stock Market. The board of directors annually will make an affirmative decision as to the independence of each director, based on its judgment as to whether the person meets the criteria for director independence established by the rules of the Nasdaq Stock Market and does not otherwise have any relationship with DCB Financial Corp that would impair his or her independence. None of the following persons will be an independent director:

- Any officer or employee of DCB Financial Corp or any of its subsidiaries;
- any person who has been employed by DCB Financial Corp or any of its subsidiaries at any time within the past three years;
- any director who accepted or who has a family member that accepted any payments from DCB Financial Corp or any of its subsidiaries exceeding \$60,000 during the current or any of the last three fiscal years, other than:
 - compensation for board or board committee service;
 - payments derived solely from investments in DCB Financial Corp stock;
 - compensation paid to a family member who is a non-executive employee;
 - benefits under a tax-qualified retirement plan, or nondiscretionary compensation;

or

- loans from The Delaware County Bank and Trust Company made in compliance with Regulation O;

- any director who has a family member who is currently, or was at any time in the last three years, an executive officer of DCB Financial Corp or any of its subsidiaries;
- a director who is, or has a family member who is, a partner, controlling shareholder or executive officer of any organization (for profit or nonprofit) to which DCB Financial Corp made, or from which DCB Financial Corp received, payments for property or services in the current or any of the last three fiscal years that exceed the greater of (1) 5% of the recipient's consolidated gross revenues for the year or (2) \$200,000 (excluding payments solely from investments in DCB Financial Corp stock or payments under nondiscretionary charitable contribution matching programs.)
- any director who within the past three years, has been part of an interlocking directorate in which an executive officer of DCB Financial Corp serves on the compensation committee or a committee of a similar nature of another company that employed the director, or a family member of the director as an executive officer.

For purposes of these guidelines, a “family member” means a director’s spouse, parents, children and siblings, whether by blood, marriage or adoption (including “in-law” relationships), or anyone residing in the director’s home.

Each of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee shall have written charters. These charters will address each committee’s purpose, duties, goals and responsibilities as well as qualifications for committee membership, procedure for committee member appointment and removal, committee structure and operations, and committee reporting to the board of directors.

The board of directors and each committee shall have the power to engage independent legal, financial or other advisors as it may deem necessary, without consulting or obtaining the approval of the board of directors or management of DCB Financial Corp in advance.

The Audit Committee shall have exclusive authority to engage and terminate DCB Financial Corp’s independent auditor. The Audit Committee shall also pre-approve all engagements of the independent auditor for all services.

The Nominating and Governance Committee shall have exclusive authority to engage and terminate any consultant or search firm utilized to identify or recruit director candidates and to nominate directors for election by shareholders.

The Compensation Committee shall have exclusive authority to set the compensation of the chief executive officer and senior management.

Director Access to Officers and Employees

Directors have full and free access to officers and employees of DCB Financial Corp. Any meetings or contacts that a director wishes to initiate may be arranged through the chief executive officer or the secretary or directly by the director. Directors should use their judgment

to ensure that any such contact is not disruptive to the business operations of DCB Financial Corp.

Director Compensation

The form and amount of director compensation are determined by the Compensation Committee in accordance with policies and principles set for in its charter. The Compensation Committee will conduct an annual review of the director compensation.

In order to maintain independence for members of the Audit Committee, members of the Audit Committee may not directly or indirectly receive fees or other compensation for services as a consultant, legal advisor or financial advisor, regardless of the amount. Due to the Audit Committee's time commitment and responsibilities, Audit Committee members may receive reasonable fees and compensation that are greater than those paid to other directors.

Director Orientation and Continuing Education

All new directors must participate in a comprehensive orientation to acquaint them with DCB Financial Corp's strategy, long-range plans, financial statements, properties and operations, corporate governance guidelines, and the code of ethics. The orientation program will introduce new directors to DCB Financial Corp's principal executives, its internal auditor, and its independent auditor. All other directors are invited to attend the orientation program.

From time to time, directors will receive information and updates on legal and regulatory changes that affect DCB Financial Corp, the directors and the employees.

Crisis Management

The board of directors shall be proactive in the context of any governance, compliance or business crisis affecting DCB Financial Corp. The board of directors will work with management and any outside advisors in order to assess a crisis situation and choose a proper course of action. The board of directors will use its best efforts to maintain and preserve the value, integrity and control of DCB Financial Corp.

Annual Performance Evaluation

The board of directors will conduct an annual self-evaluation of itself and its committees to determine whether they are functioning effectively. The Nominating and Governance Committee will survey and receive comments from each director and report annually to the board of directors with an assessment of the board of director's performance.