


**First Defiance Financial Corp.****FDEF NASDAQ****Banks**

Market Capitalization USD:

**\$127.78 mm****CONCERN LEVEL: LOW**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

**CEO: William J. Small****Age: 61****CEO Since: 1999**

	2009	2010	2011
<b>Base Salary</b>	\$306,344	\$307,271	\$330,201
<b>Discretionary Bonus</b>	\$0	\$0	\$0
<b>Annual Cash Incentive</b>	\$0	\$20,706	\$82,500
<b>Benefits and Perquisites</b>	\$18,562	\$19,065	\$18,287
<b>TOTAL ANNUAL COMPENSATION</b>	<b>\$324,906</b>	<b>\$347,042</b>	<b>\$430,988</b>
<b>Increase in Post-Retirement Benefits</b>	\$0	\$0	\$0
<b>Stock Option Awards</b>	\$1,870	\$0	\$0
<b>Stock Awards</b>	\$0	\$0	\$65,372
<b>TOTAL COMPENSATION</b>	<b>\$326,776</b>	<b>\$347,042</b>	<b>\$496,360</b>
<b>Median of Other Named Executive Officers Total Compensation</b>	\$161,185	\$193,971	\$256,654
<b>Value Realized on Exercise of Stock Option</b>	\$0	\$0	\$0
<b>Value Realized on Vesting of Stock</b>	\$0	\$0	\$0
<b>TOTAL REALIZED EQUITY COMPENSATION</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Proxy Date: 26 Mar 2012

Annual Meeting Date: 24 Apr 2012

Equity Reserves: 6.77%

Stock Option Run Rate: 0.00%

# First Defiance Financial Corp.

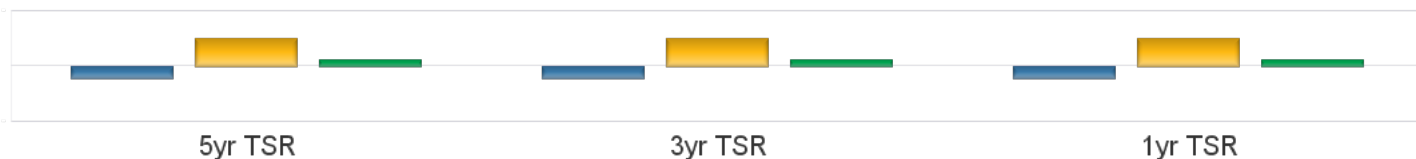
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## Performance Comparison

■ vs S&P500   ■ vs Industry   ■ FDEF



## Peer Comparisons (TRBC) =Banks

### Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
FDEF	First Defiance Financial Corp.	\$326,776	\$347,042	\$496,360	\$127,779,548
BUSE	First Busey Corporation	\$465,328	\$718,571		\$376,694,892
SFNC	Simmons First National Corporation	\$843,508	\$1,349,613	\$1,048,722	\$376,468,417
PNFP	Pinnacle Financial Partners, Inc.	\$1,200,775	\$1,061,842	\$1,444,080	\$373,473,045
RBCAA	Republic Bancorp, Inc.	\$484,842	\$471,389	\$517,654	\$371,103,451
THFF	First Financial Corporation	\$1,526,314	\$1,414,815	\$1,234,584	\$361,801,341
CTBI	Community Trust Bancorp, Inc.	\$562,415	\$643,312		\$359,020,264

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps.

Missing peer pay figures for 2011 are due to differences in company filing schedules.

### Pay Peer Group

Farmers National Banc Corp., Horizon Bancorp, Firstbank Corp., Metro Bancorp, German American Bancorp, Inc. Peoples Bancorp, Mutualfirst Financial, MainSource Financial Group, Lakeland Financial Corp., First Place Financial Corp., LNB Bancorp Inc., QCR Holdings, Inc., CFS Bancorp, Inc., SY Bancorp, Inc., Community Trust Bancorp.

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## COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Jean A. Hubbard	Member	54	Female	4	Outside
John L. Bookmver	Member	47	Male	7	Outside
Samuel S. Strausbaugh	Member	48	Male	6	Outside
Stephen L. Boomer	Member	61	Male	18	Outside Related
Thomas A. Voigt	Member	69	Male	17	Outside Related

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