NOVIELLI JACK
Form 4
August 25, 2008

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
NOVIELLI JACK

(Last) (First) (Middle)

830 BERGEN AVE

(Street)

JERSEY CITY, NJ 07306

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
PROVIDENT FINANCIAL SERVICES INC [PFS]

3. Date of Earliest Transaction (Month/Day/Year)
08/21/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP and CIO of Provident Bank

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	08/21/2008		F		335	D	$ 14.47	5,991	D	
Common Stock								401	I	By Wife as Cust. for Son 1
Common Stock								602	I	By Wife as Cust. for Son 2
Common Stock								9,454 (1)	I	By 401(k)
								4,764	I	By ESOP

Common Stock			
Common Stock	130	I	As Cust. for Son 1

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Pri Deriv Secur (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Options	$ 12.54							01/29/2009	01/29/2018	Common Stock	4,030 (2)	
Stock Options	$ 17.94							01/29/2008	01/29/2017	Common Stock	9,797 (3)	
Stock Options	$ 18.55							02/22/2007	02/22/2016	Common Stock	3,000 (4)	
Stock Options	$ 18.57							07/17/2004	07/17/2013	Common Stock	40,000 (5)	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NOVIELLI JACK 830 BERGEN AVE JERSEY CITY, NJ 07306			SVP and CIO of Provident Bank	

Signatures

/s/ John F. Kuntz, Pursuant to Power of Attorney 08/22/2008

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Reflects transaction not required to be reported pursuant to Section 16 of the Securities Exchange Act of 1934, as amended.

(2) Stock options vest at a rate of 20% per year over a period ending January 29, 2013.

(3) Stock options vest at a rate of 20% per year over a period ending January 29, 2012.

(4) Stock options vest at a rate of 20% per year over a period ending February 22, 2011.

(5) Stock options vest at a rate of 20% per year over a period ending July 17, 2008.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. their recommendations in writing to the Secretary of the Corporation at 23 Broad Street, Westerly, RI 02891, who will forward all recommendations to the Nominating Committee. For a shareholder recommendation to be considered by the Nominating Committee at the 2017 Annual Meeting of Shareholders, it must be submitted to the Corporation by November 28, 2016. All shareholder recommendations for nominees must include the following information: (1) the name and address of record of the shareholder; (2) a representation that the shareholder is a record holder of our securities, or if the shareholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Exchange Act; (3) the name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed nominee; (4) a description of the qualifications and background of the proposed nominee that addresses the minimum qualifications and other criteria for board membership approved by the Corporation's Board; (5) a description of all arrangements or understandings between the shareholder and the proposed nominee; (6) the consent of the proposed nominee to (a) be named in the proxy statement relating to our 2017 Annual Meeting of Shareholders, and (b) serve as a director if elected at the 2017 Annual Meeting of Shareholders; and (7) any other information regarding the proposed nominee that is required to be included in a proxy statement filed pursuant to the rules of the SEC.

Shareholder nominations that are not being submitted to the Nominating Committee for consideration may be made at an Annual Meeting of Shareholders in accordance with the procedures set forth in clause (e) of Article Eighth of our Restated Articles of Incorporation, as amended. Specifically, advanced written notice of any nominations must be received by the Secretary not less than 14 days nor more than 60 days prior to any meeting of shareholders called for the election of directors (provided that if fewer than 21 days' notice of the meeting is given to shareholders, notice of the proposed nomination must be received by the Secretary not later than the close of the 10th day following the day on which notice of the meeting was mailed to shareholders).

The Nominating Committee recommended that Edward O. Handy, III, Barry G. Hittner, Esq., Katherine W. Hoxsie, CPA and Kathleen E. McKeough be nominated for election to serve as directors until the 2019 Annual Meeting of Shareholders.

Audit Committee
Members of the Audit Committee are directors Hoxsie (Chairperson), Crandall, DiMuccio, Hittner, McKeough, and Santos. Patrick J. Shanahan, Jr. served as a member of the Audit Committee until his retirement from the Board in April 2015. No member of the Audit Committee is an employee of the Corporation and each is considered independent under the NASDAQ Listing Rules and Rule 10A-3(b)(1) under the Exchange Act. The Corporation's

Board has determined that Ms. Hoxsie and Mr. DiMuccio each qualify as an “audit committee financial expert” under

-10-

the Exchange Act. The Audit Committee met nine times in 2015. The Committee also meets in executive session without the presence of management and met four times in this capacity during 2015.

The Audit Committee has a written charter that is available on our website at www.washtrustbancorp.com under Investor Relations – Corporate Governance Documents. The role of the Audit Committee is to oversee (a) the accounting and financial reporting processes of the Corporation and its subsidiaries; (b) the audits of the financial statements of the Corporation and its subsidiaries; and (c) the Corporation and the Bank's internal controls, credit review, enterprise risk management, compliance, security, Code of Ethics, credit quality and allowance for loan losses. To that end, the Audit Committee is directly responsible for, among other things, (i) the appointment, retention and oversight, and for determining the compensation, of the Corporation's independent registered public accounting firm, (ii) evaluating the independence of the Corporation's independent registered public accounting firm, (iii) the review and approval of the overall audit plans, including scope and staffing, (iv) oversight of the Corporation's internal audit function, (v) review of the credit review program and credit review results, (vi) review and oversight of the Corporation's Enterprise Risk Management Program, (vii) oversight of the compliance program, (viii) oversight of the security program, and (ix) review of the Code of Ethics and the Corporation's related compliance program.

While the Audit Committee oversees our financial reporting process for the Corporation's Board consistent with the Audit Committee Charter, management has primary responsibility for this process, including our system of internal controls, and for the preparation of our consolidated financial statements in accordance with U.S. generally accepted accounting principles. In addition, our independent registered public accounting firm, and not the Audit Committee, is responsible for auditing those financial statements. The Audit Committee's report on our audited financial statements for the fiscal year ended December 31, 2015 appears elsewhere in this Proxy Statement.

Compensation Committee

Members of the Compensation Committee are directors McKeough (Chairperson), Bowen, DiMuccio, Hittner and Santos. No member of the Compensation Committee is an employee of the Corporation and each is considered independent under the currently applicable NASDAQ Listing Rules. The Compensation Committee met seven times in 2015.

The Compensation Committee has a written charter that is available on our website at www.washtrustbancorp.com under Investor Relations – Corporate Governance Documents. Generally, the Compensation Committee is responsible for executive and director compensation decisions, and reports all actions to the members of the Corporation's Board. The Compensation Committee's responsibilities and authorities, which are discussed in detail in its charter, include, among other things:

Establishing our compensation philosophy, and reviewing compensation practices to ensure alignment with that philosophy.
Establishing annual compensation for the Chief Executive Officer and all other executive officers including salary, incentive, and equity compensation.
Establishing incentive plans for all employees, and approving awards under such plans to the Chief Executive Officer and all other executive officers.
Establishing director compensation.
Approving equity compensation awards and the terms of such awards to employees and directors.
Reviewing the impact of our compensation practices in relation to the Corporation's risk management objectives.
Administering our retirement, benefit, and equity compensation plans, programs, and policies.

A schedule of meetings and preliminary agenda is established at the end of each year for the coming fiscal year. The agenda for Compensation Committee meetings is determined by its Chairperson with the assistance of the Executive Vice President, Human Resources. Compensation Committee meetings are regularly attended by the Chief Executive

Officer and other members of the senior management team, although they are not voting members nor are they present during executive session deliberations regarding their own compensation. The Compensation Committee meets

-11-

regularly in executive session without the presence of employee directors and management. The Compensation Committee met in executive session six times during 2015.

The Compensation Committee has authority under its charter to select, retain, terminate, and approve the fees of advisers, counsel or other experts or consultants, as it deems appropriate. The Compensation Committee has engaged Meridian Compensation Partners, LLC ("Meridian"), an independent compensation consulting firm, to assist in fulfillment of its duties. Meridian was selected by the Compensation Committee after review of, among other things, the Committee's needs, the qualifications of the firm's personnel, the firm's independence, the firm's resources, past experience with the firm, and a good faith estimate of fees, and was not made pursuant to the recommendation of management. The compensation consultant advises the Compensation Committee with respect to compensation and benefit trends, best practices, market analysis, plan design, and establishing targets for individual compensation awards. The use of an independent compensation consultant provides additional assurance that our executive compensation programs are reasonable and consistent with our philosophy and objectives. The compensation consultant reports directly to the Compensation Committee, and meets with members at least annually in executive session without the presence of employee directors and management. The Compensation Committee does not prohibit Meridian from providing services to management, but such engagement must be requested or approved by the Compensation Committee. The Compensation Committee has considered all relevant factors, including the six factors listed in Rule 10C-1(b)(4) of the Exchange Act and further included in the Compensation Committee's charter, and determined that no conflict of interest exists with respect to Meridian.

During 2015, Meridian received total remuneration of $62,699 for consulting services on behalf of the Compensation Committee related to compensation analysis and planning. We did not engage Meridian for any services other than those related to executive and director compensation consulting on behalf of the Compensation Committee.

The Compensation Committee may delegate authority to fulfill certain administrative duties regarding the compensation and benefit programs to our senior management team. The Compensation Committee solicits the input and recommendations of the Chief Executive Officer for compensation awards to other executives, including the named executive officers. Such awards are further discussed in executive session, with decisions made by the Compensation Committee without the Chief Executive Officer's involvement.

The Compensation Committee's report on executive compensation appears elsewhere in this Proxy Statement.

Please note that the information contained on our website is not incorporated by reference in, or considered to be a part of, this Proxy Statement.

EXECUTIVE OFFICERS

The following is a list of all executive officers of the Corporation and the Bank with their titles, ages, and years of service, followed by certain biographical information as of the record date, March 14, 2016.

Name	Title	Age	Years of Service
Joseph J. MarcAurele	Chairman and Chief Executive Officer of the Corporation and the Bank	64	6
Edward O. Handy, III	President and Chief Operating Officer of the Corporation and the Bank	54	2
David V. Devault	Vice Chair, Secretary and Chief Financial Officer of the Corporation and the Bank	61	29
Mark K. W. Gim	Senior Executive Vice President, Wealth Management and Treasurer of the Corporation and the Bank	49	22
Stephen M. Bessette	Executive Vice President, Retail Lending of the Bank	68	19
Kristen L. DiSanto	Executive Vice President, Human Resources of the Bank	46	21
Debra A. Gormley	Executive Vice President, Retail Banking of the Bank	60	5
James M. Hagerty	Executive Vice President and Chief Lending Officer of the Bank	58	3
Barbara J. Perino, CPA	Executive Vice President, Operations of the Bank	54	27
William K. Wray, Sr.	Executive Vice President and Chief Risk Officer of the Bank	57	1
Dennis L. Algiere	Senior Vice President, Chief Compliance Officer and Director of Community Affairs of the Bank	55	20
Elizabeth B. Eckel	Senior Vice President, Marketing of the Bank	55	24

Mr. MarcAurele’s biographical information appears on page 5 of this Proxy Statement.

Mr. Handy’s biographical information appears on page 4 of this Proxy Statement.

David V. Devault joined the Bank in 1986 as Controller. He was promoted to Vice President and Chief Financial Officer of the Corporation and the Bank in 1987 and to Senior Vice President and Chief Financial Officer of the Corporation and the Bank in 1990. In 1997, he was also elected Treasurer of the Corporation and the Bank. He was named Executive Vice President, Treasurer and Chief Financial Officer of the Corporation and the Bank in 1998. He was appointed to the position of Secretary of the Bank in 2002 and Secretary of the Corporation in 2005. In 2008, his title was changed to Executive Vice President, Chief Financial Officer and Secretary of the Corporation and the Bank. He was promoted to Senior Executive Vice President in 2010 and in 2013 he was promoted to Vice Chair, Secretary and Chief Financial Officer of the Corporation and the Bank.

Mark K. W. Gim joined the Bank in 1993 as Financial Planning Officer. He was promoted to Assistant Vice President – Financial Planning of the Bank in 1995, and to Vice President – Financial Planning of the Bank in 1996. In 2000, he was promoted to Senior Vice President – Financial Planning and Asset/Liability Management of the Bank. He was named Executive Vice President and Treasurer of the Corporation and the Bank in 2008. In May 2013, he was promoted to Executive Vice President, Wealth Management and Treasurer. He was named Senior Executive Vice President, Wealth Management and Treasurer in September 2015.

Stephen M. Bessette joined the Bank in 1997 as Senior Vice President, Retail Lending. He was named Executive Vice President – Retail Lending in 2005. Mr. Bessette will retire effective March 25, 2016. Mary E. Noons, currently Senior Vice President, Retail Lending of the Bank, will assume responsibility for the residential and consumer lending area of the Bank upon the retirement of Mr. Bessette.

-13-

Kristen L. DiSanto joined the Bank in 1994 and was named Assistant Vice President in 1996 and Vice President in 1998. She was promoted to Senior Vice President, Human Resources in 2009. She was promoted to Executive Vice President – Human Resources in 2012.
Debra A. Gormley joined the Bank in 2011 as Senior Vice President, Retail Banking. She was promoted to Executive Vice President, Retail Banking in 2014. She previously served as Senior Vice President, Head of Learning Delivery, within the Learning & Development Division at Citizens Bank from 2007 to 2010 and prior to that held a series of positions of senior responsibility at Citizens Bank as a Senior Vice President in the Retail Banking Division.
James M. Hagerty joined the Bank in 2012 as Executive Vice President and Chief Lending Officer. From December 2001 until he joined Washington Trust, he served as Senior Vice President, Rhode Island Market Manager, for Citizens Bank, responsible for middle market and not-for-profit commercial lending.
Barbara J. Perino joined the Bank in 1988 as Financial Accounting Officer. She was named Controller in 1989 and Vice President - Controller in 1992. In 1998, she was promoted to Senior Vice President – Operations and Technology. She was promoted to Executive Vice President in 2010 and has served as Executive Vice President, Operations since March 2013.
William K. Wray, Sr. joined the Bank in 2015 as Senior Vice President, Risk Management, and was promoted to Executive Vice President and Chief Risk Officer in September 2015. Prior to joining Washington Trust, he served as chief operating officer of Blue Cross Blue Shield of Rhode Island, from 2009 to 2015. He previously served as chief information officer at Citizens Bank in Rhode Island and held a number of executive leadership positions with Citizens from 1993 to 2008, including responsibility for corporate risk and compliance programs.
Dennis L. Algiere joined the Bank in 1995 as Compliance Officer. He was named Vice President – Compliance in 1996 and was promoted to Senior Vice President, Compliance and Community Affairs in 2001. He was named Senior Vice President, Chief Compliance Officer and Director of Community Affairs in 2003.
Elizabeth B. Eckel joined the Bank in 1991 as Director of Advertising and Public Relations. In 1995, she was named Vice President – Marketing. She was promoted to Senior Vice President, Marketing in 2000.

COMPENSATION RISK ANALYSIS

Annually, the Compensation Committee (the "Committee") performs a complete review of the Corporation's short-term and long-term incentive compensation plans to assess and ensure that arrangements do not encourage executives and/or other employees to take excessive risks. The Committee Chair presents the results of this review to the Board.

As part of the review, the Committee analyzes governance practices, plan design, and policies and internal controls. The Committee identifies areas of material risk to the Corporation, including operational, credit, interest rate, liquidity, compliance, strategic and reputational risks. Following the completion of a detailed analysis, the Committee concluded that all incentive plans appropriately balance risk and reward, and align employee interests with shareholders based on the following observations:

We structure our pay to consist of both fixed (salary) and variable compensation (cash incentive and equity). We believe the variable elements provide an appropriate percentage of overall compensation to motivate executives to focus on performance, while the fixed element serves to provide an appropriate and fair compensation level that does not encourage executives to take unnecessary or excessive risks.

Our compensation program balances short-term and long-term performance, and does not place inappropriate focus on achieving short-term results at the risk of long-term, sustained performance.

Most incentive plans (including the plans covering our executive officers) include a threshold, target and maximum payment. The maximum ensures that payments do not exceed a certain level, keeping compensation mix within acceptable ranges and limiting excessive payments under any one element.

All incentive plan designs are reviewed and approved by the Committee annually.

Performance targets for the Annual Performance Plan, which covers most executives, are established annually by the Board. We have internal controls over the measurement and calculation of the performance metrics, which are designed to prevent manipulation of results by any employee, including the executives. Additionally, the Board monitors the corporate performance metrics each month.

The Committee has the discretion to modify any plan payment downwards, allowing for consideration of the circumstances surrounding corporate and/or individual performance.

The incentive programs covering named executive officers include a "clawback" provision requiring the executives to reimburse the Corporation for any plan payment that would not have been earned based on restated financial results. This provision is intended to discourage executives from manipulating performance results that would assure a payment.

There are appropriate internal controls and oversight of the approval and processing of payments.

There are robust internal controls and segregation of duties throughout the Corporation, including areas responsible for making credit and investment decisions as well as financial reporting.

The Corporation has established a strong risk management and corporate governance framework to identify, measure, monitor, and control current and emerging material risks. We have appointed a Chief Risk Officer to assist the Board, the Chief Executive Officer and other senior executives in managing our overall risk program. Additionally, various committees of management or the Bank's Board may be responsible for evaluating and managing the risks associated with credit granting, interest rate and liquidity, investment portfolio management, fiduciary services and technology.

Equity compensation consists of performance share units, restricted stock units, and stock options, which vest over three or five years. These grants encourage executives to take a long-term perspective on overall corporate performance, which ultimately influences share price appreciation. Equity compensation helps to motivate long-term performance, balancing the cash incentives in place to motivate short-term performance.

Annually, the Committee reviews our 25 top paid employees, regardless of position, which provides added context and oversight to payments made under the incentive plans to individuals beyond the senior management levels.

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee (the "Committee") has responsibility for establishing, implementing and continually monitoring adherence with our compensation philosophy. The Committee ensures that the total compensation paid to senior executives is fair, reasonable, competitive, performance-based and aligned with shareholder interests.

Executive Summary

The Corporation had another year of exceptional performance in 2015, highlighted by record earnings and growth along key business lines. We continue to be a high performing regional bank with a unique competitive business model that features revenue diversity, a proven growth strategy, lower risk profile, and solid capital position. We continue to gain market share, attract new clients, and build existing relationships by focusing on service excellence and offering superior retail, business and wealth management products. Furthermore, we believe the Corporation is well positioned to continue our positive growth momentum into 2016 and beyond. Key highlights of our performance and resulting compensation actions include:

How Did We Perform In 2015?

Wealth Management	Retail Lending	Commercial Lending	Retail Banking
At year end, assets under administration stood at a record $5.8 billion. Wealth management revenues also reached an all-time high of $35.4 million. We successfully completed the acquisition of Halsey Associates, Inc.	Mortgage banking revenues totaled $9.9 million, up 38% over 2014. Total origination volume was $758.7 million. The residential real estate loan portfolio grew by 2.9%.	Total loans (residential and consumer) reached a record $3.0 billion at year end and total commercial loans were up by $119 million or 7.8%.	Deposits reached a record $2.9 billion at year end. We continued to expand our footprint with the opening of two new RI branch locations – Rumford (March 2015) and Providence's East Side (January 2016).

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Corporate Results

Strong profitability results. We generated a record $43.5 million in net income or $2.54 per diluted share. Return on equity (ROE) was 12.00% and return on assets (ROA) was 1.19%.	Asset quality indicators remained strong. Nonperforming assets were 0.58% of total assets at December 31, 2015.	Strong Peer Group Performance. Core ROE, core ROA, price to book ratio and total non-interest income as a percentage of total revenue exceeded the 95th percentile of industry peers (a), while dividend yield, dividend growth rate and nonperforming assets as a percentage of total assets were in the top quartile of industry peers.	Increased Shareholder Value. The Corporation's three-year TSR performance was in the top quartile of industry peers (a). We increased our dividend by 14 cents or 11.5% over the amount paid in 2014.

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How Did We Pay Our Executives?

Reasonable merit increases. The Committee approved modest base salary increases in 2015 and 2016 in line with market trends.	Bonus payments in accordance with plan formulas. Payments under the Annual Performance Plan were above target as a result of superior performance, while the payment under the Wealth Management Business Building Incentive Plan was paid	100% performance-based equity grants, a leading best practice. All equity awards to our NEOs were granted as performance share units which focus on long-term performance. Grants will be earned based on relative core ROE and core EPS growth performance.

below target.

(a) The peer group includes all public-traded banks and thrifts located in New England and the Mid-Atlantic (excluding institutions in Puerto Rico) with assets of $1.5 billion to $7.0 billion (Source: SNL Financial, for companies reporting as of February 23, 2016).

-16-

The actions and the Committee's decision-making process are further explained in the narrative following this summary. We believe these actions underscore that our compensation programs are built on a foundation of compensation best practices, which we believe our shareholders demand, including:

Compensation Best Practices (What We Do)

P Pay for performance
- P Allocate a significant portion of total compensation to performance-based pay
- P 100% of long-term equity is performance-based
- P Use absolute and relative performance metrics
- P Review both realized and realizable pay

P Utilize an independent compensation consultant
P Benchmark our practices annually to ensure executive compensation remains consistent with the market
P Subject short and long-term incentive payments to caps
P Perform an annual compensation risk assessment
P Maintain share ownership guidelines
P Require that change-in-control agreements contain a double trigger (post-2009)
P Maintain a clawback policy

Sound Governance (What We Don't Do)

O Maintain employment contracts
O Provide excise tax gross-up on change-in-control payments (post-2009)
O Allow repricing of underwater options without shareholder approval
O Allow current payment of dividends or dividend equivalents on unearned long-term incentives
O Allow executive officers to engage in hedging transactions

Compensation Philosophy and Objectives

Our success is highly dependent on hiring, developing and retaining qualified people who are motivated to perform for the benefit of our shareholders, the community, and customers. The Committee believes that an effective executive compensation program should be designed to reward the achievement of specific annual, long-term and strategic goals, and align executive interests with shareholders, with the ultimate objective of enhancing shareholder value. The goal of our compensation program is to compensate senior leadership in a manner that encourages superior corporate performance, defined as at or above the top third of our peers.

Our compensation program places emphasis on:
- attracting and retaining the best talent in the financial services industry;
- providing compensation for key executives that is competitive with similarly-sized financial institutions;
- linking pay to performance;
- motivating executives to achieve the goals set in our strategic plan;
- returning a fair value to shareholders; and
- ensuring that compensation supports sound risk management practices.

To these ends, the Committee believes that compensation packages provided to executives, including the named executive officers listed in this Proxy Statement, should include both cash and stock-based compensation that reward short and long-term performance as measured against established goals.

Factors Considered in Determining Pay Programs and Making Pay Decisions

The Committee is responsible for all executive compensation decisions and reports all actions to the Corporation's Board. The following chart outlines the primary factors considered in determining executive compensation:

Determining Pay for the Chief Executive Officer	Determining Pay for Other Named Executive Officers
- Compensation consultant's analysis	- Compensation consultant's analysis
- Market benchmarks	- Market benchmarks
- Corporate performance	- Corporate and business unit performance
- Internal and external economic conditions	- Internal and external economic conditions
- Tally sheets and wealth accumulation analyses	- Tally sheets and wealth accumulation analyses
- Compensation relative to other executives	- Compensation relative to other executives
- Assessment of the CEO's performance by the independent directors of the Corporation's Board	- CEO's assessment of the executive's performance and compensation recommendations

Benchmarking Compensation

Prior to the beginning of the fiscal year, the Committee consulted with an independent compensation consulting firm to assess the competitiveness and effectiveness of our executive compensation program. The compensation consultant provided an analysis of base salary, short-term incentive, long-term incentive and benefit practices of comparable companies in the banking industry. The compensation consultant considered individual compensation elements as well as the total compensation package, and assessed the relationship of pay to performance.

In performing this analysis, the consultant used a peer group of banking institutions, which was reviewed and approved by the Committee. The peer group included institutions of generally similar asset size, regional location, and to the extent possible, organizations with a wealth management business line since this represents a significant part of our business model. At the time the peer group was selected, the Corporation was positioned at approximately the 42nd percentile of the peer group in terms of total assets, with asset size ranging from $1.5 billion to $7.0 billion (approximately one-half to two times the size of the Corporation). All banks were based in the Northeast and MidAtlantic region. The peer group used in the report presented for consideration of 2015 compensation decisions consisted of the following financial institutions:

Arrow Financial Corporation	Berkshire Hills Bancorp, Inc.	Boston Private Financial Holdings, Inc.
Brookline Bancorp, Inc.	Bryn Mawr Bank Corporation	Camden National Corporation
Century Bancorp, Inc.	CNB Financial Corporation	First Commonwealth Financial Corp.
First of Long Island Corporation	Hudson Valley Holding Corp.	Independent Bank Corp.
Lakeland Bancorp, Inc.	OceanFirst Financial Corp.	Peapack-Gladstone Financial Corporation
S & T Bancorp, Inc.	Sandy Spring Bancorp, Inc.	Sterling Bancorp
Tompkins Financial Corporation	TrustCo Bank Corp NY	Univest Corporation of Pennsylvania
WSFS Financial Corporation		

A peer group analysis is limited to those positions for which compensation information is disclosed publicly. Therefore, the compensation consultant also relied on published compensation surveys to supplement peer group information. Surveys used for the 2015 study included the Pearl Meyer & Partners Northeast Banking Compensation Survey and the McLagan Regional Banking Survey. Similar asset and regional scope comparisons were used for the benchmarking analysis.

Setting Pay and Mix

We target total compensation at the 50th percentile of market pay, with opportunities for upward or downward adjustment based on actual corporate performance on an absolute and relative basis. After the Committee has established targeted overall compensation for each executive, compensation is allocated among base salary, short-term cash incentive, and long-term equity compensation elements. We believe that this target mix allows our compensation to vary appropriately based on corporate and individual performance in a manner that is aligned with shareholder interests and represents sound risk management principles.

The following chart outlines our target compensation mix:

Because a substantial portion of compensation is based on short-term and long-term corporate, divisional and individual performance results, total compensation, as well the percentage of compensation delivered under each element, will vary annually. We believe that our most senior executives should have a significant portion of pay provided through performance-based compensation elements and therefore, be at-risk to the executives.

Tally Sheets and Wealth Accumulation Analyses

Annually, the Committee reviews a presentation of total compensation or "tally sheet," for each executive officer. This detailed analysis of actual and potential compensation includes:

- a summary of total compensation for the current and previous fiscal year, including actual allocation to each compensation element;
- bonus opportunity and related performance levels needed to achieve threshold, target and maximum payouts;
- the value of perquisites, if applicable;
- potential value of unvested equity grants at various levels of stock performance;
- overall total compensation ranking within the Corporation; and
- potential post-employment payments.

The Committee uses the tally sheets to evaluate each executive officer's total compensation, as well as the impact of the Corporation's performance on compensation. We believe this analysis is an integral part of our evaluation of the executive compensation program.

-19-

The Role of Shareholder Say-on-Pay Votes

The Corporation provides its shareholders with the opportunity to cast an annual advisory vote to approve the compensation of the named executive officers (the “say-on-pay proposal”). At the Annual Meeting of Shareholders held on April 28, 2015, 99% of the votes cast on the say-on-pay proposal were voted in favor of the proposal. We believe this affirms shareholders’ support of our approach to executive compensation, and did not significantly change the approach in 2015. The Committee will continue to consider the outcome of the annual say-on-pay proposal when making future compensation decisions for the named executive officers.

Deductibility of Executive Compensation

As part of its role, the Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code, which provides that we may not deduct compensation of more than $1,000,000 that is paid to certain individuals. Compensation that qualifies as performance-based compensation is not subject to the deduction limit imposed by Section 162(m). Where circumstances warrant, we plan to structure our incentive compensation to our executives in a manner that would qualify such compensation as performance-based compensation. However, the Committee reserves the right to pay non-deductible compensation.

Base Salary

Our base salaries consider market pay levels and reflect individual roles, performance, experience and leadership contribution. Generally, base salaries are targeted at the 50th percentile of our peer group. The Committee approved base salaries for the named executive officers as outlined below.

	2015 Salary		2016 Salary
MarcAurele	$540,000		$565,000
Handy	$397,000		$410,000
Devault	$309,000		$319,000
Gim	$250,000	(a)	$273,000
Hagerty	$240,000		$248,500

(a) The Committee approved a subsequent increase in Mr. Gim’s salary to $265,000, in recognition of his promotion to Senior Executive Vice President in September 2015.

Short-term Cash Incentive Compensation

The Committee believes that cash incentives are instrumental in motivating and rewarding executives for achievement of annual corporate and division goals. All of our named executive officers participate in our Annual Performance Plan. In addition, Mr. Gim participates in our Wealth Management Business Building Incentive Plan, which rewards achievement of growth targets for the wealth management business unit.

Plan terms, including the target bonus levels and relationship of payouts to achievement of financial metrics, were established by the Committee in consultation with the compensation consultant. Annually, the Committee reviews the plans to ensure that they are designed in a manner that continues to motivate employees to achieve our strategic goals.

Cash Incentive Opportunities Under Annual Performance Plan

The Annual Performance Plan provides the opportunity to earn cash awards based on achievements relative to predefined corporate financial goals and individual performance. The plan has a maximum payout of 150% under both the corporate and individual performance components. The target incentive opportunity is a percentage of base salary earnings, and varies by role and level of responsibility as outlined in the following table.

	2015 Target Incentive Opportunity	Allocation	
		Corporate Performance	Individual Performance
MarcAurele	50%	70%	30%
Handy	40%	70%	30%
Devault	40%	60%	40%
Gim	30%	60%	40%
Hagerty	35%	60%	40%

Regardless of the actual award determined by the plan parameters, the Committee has the discretion to modify any award downwards. The plan also contains a “clawback” provision as further described under the heading “Recoupment (Clawback) Policy” later in this Proxy Statement.

Performance Measures

Corporate performance is based on three financial metrics - net income, fully diluted earnings per share (EPS), and return on equity (ROE), with each metric receiving equal weighting. We believe these measures are an appropriate reflection of our annual performance, profitability, and contribution to shareholders.

At the beginning of each year, the Board establishes performance targets based on our strategic objectives. At the end of each year, the actual performance for each of the financial metrics is measured separately against its target. Corporate performance exceeding a threshold of 80% of the performance target will result in progressively increasing payment levels, ranging from 50% to 150% of the target award as outlined below.

Corporate Performance Results	Award Level (as a % of Target)
<80.0%	0.0%
80.0% to 82.4%	50.0%
82.5% to 87.4%	62.5%
87.5% to 92.4%	75.0%
92.5% to 97.4%	87.5%
97.5% to 102.4%	100.0%
102.5% to 107.4%	112.5%
107.5% to 112.4%	125.0%
112.5% to 117.4%	137.5%
117.5% +	150.0%

In order to qualify for an individual performance award, the weighted average of the financial metrics must be at least 80%. Once that threshold level is achieved, individual performance awards range from 0% to 150% of the target, based on an assessment of employee performance against expectations established at the beginning of each year. Individual performance for the Chief Executive Officer is determined with consideration of matters such as leadership of the senior management team, community involvement and presence, market expansion and enhancement, strategic planning and implementation, corporate governance, investor relations, talent acquisition and development, risk management, and ability to focus the Corporation on the long-term interests of our shareholders. For the other named executive officers, individual performance is determined with consideration of matters such as leadership, strategic planning, and achievement of business unit operational and/or production goals. The Committee relies upon the assessment of the performance of the Chief Executive Officer by the independent directors of the Corporation’s Board, and considers the Chief Executive Officer’s assessment of the performance of all other senior executives.

2015 Awards

Corporate performance targets and actual results (excluding one-time acquisition expenses[(a)]) for 2015 are outlined in the following table. This performance resulted in a payout of 112.5% for the corporate performance component.

-21-

Metric	2015 Goal	2015 Actual Results (a)
Net Income	$43,111,000	$44,424,000
EPS	$2.52	$2.60
ROE	11.94%	12.27%

(a) Acquisition expenses, net of applicable income tax benefit, of $959,000 were excluded from the actual results in accordance with the terms of the plan.

Individual performance was assessed based on the criteria described earlier. The Committee noted the following regarding the individual performance of the named executive officers:

Mr. MarcAurele received a 150.0% award under the individual performance component due to his strong leadership of the Corporation as evidenced by our outstanding results, including record profitability, solid total shareholder return results and strong peer group performance. In addition, the Committee recognized his efforts in providing leadership for strategic initiatives; strengthening and expanding the corporate brand; completing the strategic acquisition of Halsey Associates, Inc.; driving organic growth while effectively managing risk; exceeding financial goals in a difficult economic environment; and acquiring key talent in order to position the Corporation for future success.

Mr. Handy received a 150.0% award under the individual performance component due to strong leadership of the Corporation as evidenced by our outstanding results, including record profitability, solid total shareholder return results and strong peer group performance. In addition, the Committee recognized his significant contributions related to loan and deposit growth activities; leadership for strategic initiatives; oversight of key technology strategies for the Corporation; and strong contribution to our investor relations efforts.

Mr. Devault received a 134.7% award under the individual performance component due to strong job performance, as well as his contributions to the Corporation's overall success. This includes, most notably, strategic guidance regarding key financial aspects of our business, significant contributions in support of effective governance practices, leadership in executing strategic initiatives and his strong contribution to our investor relations efforts.

Mr. Gim received a 109.6% award under the individual performance component due to strong job performance, as well as his contributions to the Corporation's overall success. This includes, most notably, his strategic efforts to increase the profitability of the wealth management division through maximizing capabilities, optimizing systems, streamlining processes, leveraging internal talent, and focusing the entire team on client acquisition and retention efforts. In addition, Mr. Gim was instrumental in identifying and negotiating the Halsey Associates, Inc. acquisition. Under his leadership, this key business line achieved record levels of assets under administration and reached an all-time high in revenues. In addition, the Committee recognized Mr. Gim's significant contribution to the planning and execution of strategic initiatives, as well as his strong contribution to our investor relations efforts.

Mr. Hagerty received a 128.9% award under the individual performance component due to strong job performance. This included growth of $119 million, or 7.8%, in the commercial loan portfolio, as well as successful deposit gathering activities for commercial and cash management customers which contributed to a record $2.9 billion in total deposits as of December 31, 2015.

Annual Performance Plan awards for the named executive officers are outlined in the following table:

	Corporate Performance Component Award (112.5%)	Individual Performance Component Award (0-150%)	Total Plan Payment	Percentage of Plan Target	
MarcAurele	$212,625	$121,500	$334,125	123.8	%
Handy	$125,055	$71,460	$196,515	123.8	%
Devault	$83,430	$66,570	$150,000	121.4	%
Gim	$51,525	$33,475	$85,000	111.4	%
Hagerty	$56,700	$43,300	$100,000	119.0	%

-22-

Wealth Management Business Building Incentive Plan
Mr. Gim is eligible for an additional bonus payment based upon the performance of the wealth management division. This incentive is intended to drive growth in the wealth management product line, which is an important contributor to our net income. Plan performance is measured in terms of division pre-tax earnings, revenues, and net new assets under management (inclusive of all cash flows excluding investment income and market appreciation). The target payment is $90,000 ($30,000 for each metric), with a range of 0% to 150% based upon actual performance. The plan payment is determined by assessing achievement of each metric individually against its target. Performance exceeding a threshold of 70% of the performance target will result in progressively increasing payment levels, ranging from 25% to 150% of the target award. The plan contains a “clawback” provision as further described under the heading “Recoupment (Clawback) Policy” later in this Proxy Statement.

In 2015, plan targets were: (i) division pre-tax earnings of $12,815,000; (ii) division revenues of $36,715,800; and (iii) net new assets under management of $100,000,000. During 2015, the wealth management division met 84.7% of the pre-tax earnings goal, 92.0% of the revenue goal, and 27.3% of the net new assets under management goal. This performance resulted in a total bonus payment of $41,250 to Mr. Gim under this plan, which is equal to 45.8% of the plan target.

During 2015, the Corporation entered into an agreement to acquire and completed the acquisition of Halsey Associates, Inc. Neither the targets nor the final measurements included the impact of the acquisition.

Long-Term Equity Incentive Compensation (Performance-Based Equity)
The granting of stock-based incentives is viewed as a desirable long-term incentive compensation strategy because it closely links the interests of management with shareholders; provides an opportunity for increased executive stock ownership; aids in executive retention; and rewards executives for focusing on long-term stock value. In determining the form of equity to be granted, the Committee considers many factors, including the ability to drive corporate performance; retention and stock ownership; tax and accounting treatment; and impact on dilution.

Performance Share Unit Awards Granted in 2015
We are committed to providing a link between pay and performance in the granting of equity compensation to the executive leadership team. Therefore, 100% of all long-term equity incentive grants to named executive officers were made in the form of performance share units during 2015. The awards were designed to position total compensation at the 50th percentile with opportunities for upward and downward adjustment based on actual corporate performance compared to an industry comparator group, providing true pay for performance through the leveraging of equity awards.

Selecting and defining the performance measurements for the award was a critical decision for the Committee. Measures needed to reflect our strategic plan and growth strategy, as well as shareholder expectations. In addition, measures had to be within the control and influence of the grantees so that there is a true correlation between actual contribution and reward. After reviewing a number of performance metrics, the Committee decided to base performance on relative core return on equity (“Core ROE”) and relative core earnings per share growth (“Core EPS Growth”), with the two metrics having equal weighting. Provisions related to the 2015 grant are outlined below.

Range of awards: 0% to 200% of the target award
Performance measurement period: January 1, 2015 through December 31, 2017
Performance criteria: Relative Core ROE and Core EPS Growth performance
Comparator group: All publicly-traded banks and thrifts located in New England and the Mid-Atlantic (excluding institutions in Puerto Rico) with assets of $1.5 billion to $7.0 billion (based on information published by SNL Financial).

Dividend equivalents: Dividend will be paid retroactively in cash once the award is earned and the final shares are actually issued.

-23-

2015 awards for the named executive officers are summarized in the following table:

	Range of Payouts (# of Shares)			
	Minimum	Threshold	Target	Maximum
Relative Performance (a)	0-25th percentile	25th percentile	50th percentile	100th percentile
MarcAurele	—	4,250	8,500	17,000
Handy	—	2,100	4,200	8,400
Devault	—	2,100	4,200	8,400
Gim	—	1,400	2,800	5,600
Hagerty	—	1,400	2,800	5,600

(a) The Corporation must achieve threshold performance at the 25^{th} percentile for each metric to qualify for any award, with a payout range of 50% to 200% of the target award based on a straight line interpolation for performance from the 25^{th} percentile to the 100^{th} percentile.

Except as outlined in the next sentence, the awards are subject to forfeiture in the event of the executive's termination of employment prior to the three-year anniversary of the grant. The awards are subject to acceleration in the event of a change in control, death, retirement or disability prior to the three-year anniversary of the grant, with the number of earned shares based on the Corporation's performance during a shortened performance period. This shortened performance period will include any completed calendar year and year-to-date performance through the last completed calendar quarter preceding the acceleration event, with partial years weighted accordingly. In the event of retirement or disability, the earned shares will be further adjusted for the number of completed months within the 36-month vesting period.

The awards contain a "clawback" provision as further described under the heading "Recoupment (Clawback) Policy" later in this Proxy Statement.

Performance Share Awards that Became Earned in 2015

In 2012, Messrs. MarcAurele, Devault and Gim were granted performance share units with an opportunity to earn from 0% to 200% of the target award based on the Corporation's relative Core EPS Growth and Core ROE performance during the measurement period of January 1, 2012 through December 31, 2014. This grant was structured in the same manner described above, except that the industry comparator group was based on all publicly-traded banks and thrifts located in New England and the Mid-Atlantic (excluding institutions in Puerto Rico) with assets of $1.0 billion to $5.0 billion. On April 6, 2015, the Committee certified the following performance results:

	Percentile Ranking			
Metric	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014	Weighted Average
Core Return on Equity	86.6%	95.0%	91.6%	91.1%
Core EPS Growth	62.0%	59.3%	32.2%	51.2%
Final Peer Group Performance				71.2%

Based on this performance, the executives received a share award of 142.4% of the target, plus dividends payable on these shares from the grant date through the certification date. The final awards are outlined in the following table.

	Range of Payouts (# of Shares)				Final Award Earned	
	Minimum	Threshold	Target	Maximum	Shares	Dividends
MarcAurele	—	5,550	11,100	22,200	15,806	$55,795
Devault	—	2,200	4,400	8,800	6,266	$22,119
Gim	—	1,600	3,200	6,400	4,557	$16,086

-24-

Explanation of Responses:

Subsequent Committee Actions in 2016

In early 2016, the Committee awarded performance share units to the named executive officers. The grant was structured in the same manner as the performance share unit grant made in 2015. Each executive has the opportunity to earn from 0% to 200% of the target award depending on the Corporation's performance during the measurement period, which is January 1, 2016 through December 31, 2018. The awards are outlined in the following table:

	Range of Payouts (# of Shares)			
	Minimum	Threshold	Target	Maximum
Relative Performance	0-25th percentile	25th percentile	50th percentile	100th percentile
MarcAurele	—	4,750	9,500	19,000
Handy	—	2,300	4,600	9,200
Devault	—	2,250	4,500	9,000
Gim	—	1,550	3,100	6,200
Hagerty	—	1,550	3,100	6,200

Compensation-Related Policies and Practices

Stock Ownership and Equity Retention Guidelines

The Committee believes that stock ownership aligns financial interests with shareholders and focuses executives and directors on long-term company performance. We have established stock ownership guidelines for executives and directors as outlined below. Until ownership targets are achieved, equity grant retention guidelines apply.

	Stock Ownership Requirement	Equity Grant Retention Guideline
Chief Executive Officer	2 times base salary	50% of all vested equity grants (a)
All Other Named Executive Officers	1 times base salary	50% of all vested equity grants (a)
Directors	3,000 shares (b)	100% of all vested equity grants

(a) net of any shares withheld to satisfy the tax liability or fund the purchase price of such grant.

(b) expected within five years of joining the Board.

Messrs. MarcAurele, Devault and Gim have attained the applicable ownership target. All other named executive officers are adhering to the retention guidelines. All directors have attained the ownership target except Mr. Santos, who is adhering to the retention guidelines.

Anti-Hedging Policy

The Corporation's Insider Trading Policy prohibits directors, executive officers and certain other employees from engaging in hedging transactions with respect to the Corporation's securities. Further, pledging of the Corporation's securities is permitted on a case by case basis with the approval of the Audit Committee; currently no named executive officer has pledged any stock.

Recoupment (Clawback) Policy

In order to further align management's interests with the interests of shareholders and support good governance practices, all incentive awards and performance share unit awards made to the named executive officers include a recoupment or "clawback" provision. In the event that the Corporation is required to prepare an accounting restatement due to the material noncompliance with any financial reporting requirement under the Federal securities laws, the executive is required to reimburse the Corporation for any amount that would not have been earned based on the restated financial results.

Explanation of Responses:

Retirement and Other Benefits
Pension Plan
The Bank maintains a tax-qualified defined benefit Pension Plan. Plan entry was closed for all new hires and rehires after September 30, 2007, and all benefit accruals will be frozen on December 31, 2023. Messrs. Devault and Gim continued to accrue benefits under the Pension Plan in 2015. Messrs. MarcAurele, Handy and Hagerty were hired after September 30, 2007, and therefore, are not eligible to participate in the Pension Plan.

Pension benefits are available at normal retirement age (typically age 65), with reduced benefits available as early as age 55 with ten years of service. The annual pension benefit for an employee retiring at normal retirement age is the sum of (1) 1.2% of average annual pension compensation plus (2) 0.65% of average annual pension compensation in excess of the Social Security covered compensation level, multiplied by the number of years of service limited to 35 years. Pension compensation consists of base salary plus payments pursuant to the Annual Performance Plan, the Wealth Management Business Building Incentive Plan, and other cash-based payments, subject to IRS qualified plan limits ($265,000 in 2015). In 2015, the Social Security covered compensation level was $75,180 for a participant retiring at age 65.

Mr. Devault is the only named executive officer who currently meets the age and service requirements to commence pension benefits, and further, he is grandfathered in a special early retirement benefit available to participants with combined age and years of benefit service of 85 or more (the “Magic 85 Provision”). Under the Magic 85 Provision, his pension benefit is not subject to reduction for early benefit commencement, and he is eligible for a temporary payment through age 62, which is equal to his estimated Social Security benefit at age 62.

Supplemental Pension Plan
The Bank also offers a Supplemental Pension Plan, which provides for payments of certain amounts that would have been received under the Pension Plan in the absence of IRS limits. Benefits payable under the Supplemental Pension Plan are an unfunded obligation of the Bank.

401(k) Plan
The Bank maintains a 401(k) Plan that covers substantially all employees, and is an essential part of the retirement package needed to attract and retain employees in our industry. The Plan provides for deferral of up to the lesser of 75% of plan compensation or the annual dollar limit prescribed by the Internal Revenue Code of 1986, as amended (the “Code”).

The Bank matches 100% of the first 1% and 50% of the next 4% of each participant’s salary deferrals up to a maximum match of 3%. Additionally, certain eligible employees who are hired or rehired after September 30, 2007, and therefore, excluded from participation in the Pension Plan, including Messrs. MarcAurele, Handy and Hagerty, are eligible for a non-elective employer contribution of 4% of plan compensation. Participants become vested in employer contributions after two years of service.

Nonqualified Deferred Compensation Plan
We provide a Nonqualified Deferred Compensation Plan that permits key employees, including the named executive officers, to defer salary and bonus with the opportunity for supplemental retirement and tax benefits. Directors are also eligible to participate through the deferral of cash retainer payments. The plan also provides for credits of certain amounts that would have been matched by the Bank under the 401(k) Plan, but for the deferral under the Nonqualified Deferred Compensation Plan and IRS limitations on annual compensation under qualified plans. Further, Mr. MarcAurele is eligible for an additional employer contribution of 5% of salary annually in lieu of participation in the Supplemental Pension Plan. Directors are not eligible for employer contributions. Participants become vested in employer contributions after two years of service.

Deferrals are credited with earnings/losses based upon the participant's selection of investment measurement options (described further under the heading "Nonqualified Deferred Compensation Plan" later in this Proxy Statement). Because all investment measurement options are publicly-traded mutual funds, we do not consider any of the earnings credited under the Nonqualified Deferred Compensation Plan to be "above market". Benefits payable under this plan are an unfunded obligation of the Bank.

Welfare Benefits
In order to attract and retain employees, we provide certain welfare benefit plans to our employees, which include medical and dental insurance benefits. The named executive officers participate in the medical and dental insurance plans under the same terms as our other full-time employees. All full-time employees, including the named executive officers, are offered cash-in-lieu of medical coverage that would otherwise have been provided.

We provide two times base salary in life and accidental death and dismemberment insurance for our full-time employees, including the named executive officers. This is provided through a combination of group life insurance contracts and split dollar arrangements under bank-owned life insurance policies. The life insurance benefit provided to the named executive officers does not exceed the benefit offered to other full-time employees.

We also provide disability insurance to our full-time employees, including the named executive officers, which provides up to 60% of base salary income replacement after six months of qualified disability. In order to obtain a competitive group rate, the group disability policy limited covered base salary to $319,080 in 2015. This group plan limit did not fully cover the base salary of Messrs. MarcAurele and Handy. To provide a benefit commensurate with the benefits provided to other full-time employees, we have purchased a supplemental disability insurance policy for Mr. MarcAurele and we reimburse Mr. Handy for a pro-rata share of his personal disability insurance policy.

Perquisites and Other Benefits
We provide named executive officers with perquisites and other benefits that the Committee believes are reasonable and consistent with our overall compensation program. Perquisites include transportation benefits and country club memberships, as appropriate for business purposes. Annually, the Committee reviews the perquisites and other benefits provided to named executive officers. In addition, on an annual basis, the Compensation Committee Chairperson reviews the expense reports of the named executive officers to ensure that all reimbursements are reasonable and appropriate. On January 21, 2016, this review was completed with respect to 2015 expense reimbursements and no exceptions were noted.

Change in Control Agreements
We have entered into change in control agreements with certain key employees, including the named executive officers. The change in control agreements are designed to promote stability and continuity of senior leadership. The Committee believes that the interests of shareholders will be best served if the interests of management are aligned with them. The Committee further believes that providing change in control benefits should eliminate, or at least reduce, the reluctance of management to pursue potential change in control transactions that may be in the best interests of shareholders.

The change in control agreements require a six-month delay in payments to a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code. If a six-month delay is required, we have agreed, upon the executive’s termination of employment, to make an irrevocable contribution to a grantor trust on behalf of the executive in the amount of the severance, plus interest at the short-term applicable federal rate.

Change in Control Agreements After January 1, 2009
In 2009, the Committee revised the form of change in control agreement to be more representative of current practices in executive compensation. It was agreed that all existing agreements will remain in force, and the revised agreement (“Post-2009 Change in Control Agreement”) will be used for new executives and newly eligible existing employees.

The Corporation has entered into Post-2009 Change in Control Agreements with Messrs. MarcAurele, Handy, Gim and Hagerty. In the event of a change in control, the named executive officers would be eligible for (a) a severance payment equal to a multiple of the sum of base salary in effect at the time of termination plus the average bonus paid within the three-year period prior to the change in control; and (b) benefit continuation for a period of additional months of medical and dental insurance coverage. The terms for each executive are set forth in the following table.

-27-

	Multiple of Base and Bonus	Length of Benefit Continuation
MarcAurele	3	36 months
Handy, Gim and Hagerty	2	24 months

The Post-2009 Change in Control Agreements were amended in 2014 to provide a "best net after-tax" payment approach that reduces the payments and benefits otherwise provided to the executive in connection with a change in control ("Aggregate Payments") so that no portion would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, if such reduction would result in a greater amount of payments and benefits on a net after-tax basis.

Payments under the Post-2009 Change in Control Agreements would be triggered if:

in the event of a change in control (as defined in the Post-2009 Change in Control Agreements) of the Corporation or the Bank, (a) the Corporation or the Bank terminates the executive for reasons other than for Cause (as defined in the Post-2009 Change in Control Agreements) or death or disability of the executive within 12 months after such change in control; or (b) within 12 months of a change in control, the executive resigns for Good Reason (as defined in the Post-2009 Change in Control Agreements), which includes a substantial adverse change in the nature or scope of the executive’s responsibilities and duties, a material reduction in the executive’s salary, relocation, or a failure of the Corporation or the Bank to obtain an effective agreement from any successor to assume the Post-2009 Change in Control Agreements; or

the executive is terminated by the Corporation or the Bank for any reason other than Cause, death or disability during the period of time after the Corporation and/or the Bank enters into a definitive agreement to consummate a transaction involving a change in control and before the transaction is consummated so long as a change in control actually occurs.

Post-2009 Change in Control Agreements require the executive to provide a general release of claims to receive payment under the agreement, refine the definition of “Change in Control” and provide an opportunity for the Corporation to remedy a “Good Reason” triggering event.

Change in Control Agreement Entered into Prior to 2009

The Corporation has a change in control agreement (“Pre-2009 Change in Control Agreement”) with Mr. Devault that was entered into prior to 2009. In the event of a change in control, Mr. Devault would be eligible for (a) a severance payment equal to two times the sum of base salary in effect at the time of termination plus the highest bonus paid in the two-year period prior to the change in control; (b) benefit continuation for a period of 24 additional months of medical, dental and life insurance coverage, as well as 24 additional months of benefit accrual under the Corporation’s or Bank’s supplemental retirement plans; and (c) payment to cover the impact of the 20% excise tax imposed by Section 280G of the Code in the event the named executive officer becomes subject to such excise tax.

Payments under the Pre-2009 Change in Control Agreement would be triggered if:

in the event of a change in control (as defined in the Pre-2009 Change in Control Agreement) of the Corporation or the Bank, (a) the Corporation or the Bank terminates the executive for reasons other than for Cause (as defined in the Pre-2009 Change in Control Agreement) or death or disability of the executive within 13 months after such change in control; or (b) within 12 months of a change in control, the executive resigns for Good Reason (as defined in the Pre-2009 Change in Control Agreement), which includes a substantial adverse change in the nature or scope of the executive’s responsibilities and duties, a reduction in the executive’s salary and benefits, relocation, a failure of the Corporation or the Bank to pay deferred compensation when due, or a failure of the Corporation or the Bank to obtain an effective agreement from any successor to assume the Pre-2009 Change in Control Agreement; or

the executive resigns for any reason during the 13th month after the change in control; or

the executive is terminated by the Corporation or the Bank for any reason other than Cause, death or disability during the period of time after the Corporation and/or the Bank enters into a definitive agreement to

-28-

consummate a transaction involving a change in control and before the transaction is consummated so long as a change in control actually occurs.

Further analysis of payments triggered by a change in control is provided under the heading “Potential Post-Employment Payments” later in this Proxy Statement.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis report beginning on page 16 of this Proxy Statement with management. Based on that review and discussion, the Compensation Committee recommended to the Corporation’s Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

The foregoing report has been furnished by the members of the Compensation Committee:

Kathleen E. McKeough (Chairperson)
John J. Bowen
Robert A. DiMuccio, CPA
Barry G. Hittner, Esq.
Edwin J. Santos

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table shows, for the fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013, the compensation of the person who served as Chief Executive Officer of the Corporation (the "CEO"), Chief Financial Officer of the Corporation (the "CFO"), and each of the three most highly compensated executive officers of the Corporation and/or the Bank, serving at the end of the last completed fiscal year, other than the CEO and CFO, whose total compensation exceeded $100,000 in each year. The presentation below includes compensation for Mr. Handy only for those fiscal years in the last three fiscal years in which he was a named executive officer.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($) (a) (b)	Bonus ($) (c)	Stock Awards ($) (d)		Non-Equity Incentive Plan Compensation ($) (b) (e)	Change in Pension Value & Nonqualified Deferred Compensation Earnings ($) (f)	All Other Compensation ($) (g)	Total ($) (h)
Joseph J. MarcAurele	2015	560,000	—	484,755	(i)	334,125	—	98,410	1,477,290
Chairman and Chief Executive	2014	514,596	—	208,653	(j)	318,407	—	93,005	1,134,661
Officer of the Corporation and the Bank	2013	499,538	—	417,139	(k)	287,235	—	90,204	1,294,116
Edward O. Handy III	2015	411,900	—	239,526	(i)	196,515	—	47,337	895,278