

CONSUMERS BANCORP INC /OH/  
Form DEF 14A  
September 21, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Confidential, for Use of the Commission only(as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials Soliciting Material Pursuant to Section 240.14a-12

**CONSUMERS BANCORP, INC.**  
**(Name of Registrant as Specified in Its Charter)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

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3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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3. Filing Party:

4. Date Filed:

**CONSUMERS BANCORP, INC.**

614 East Lincoln Way

P.O. Box 256

Minerva, Ohio 44657

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON OCTOBER 24, 2012**

To Our Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of Consumers Bancorp, Inc. will be held at The Salem Golf Club, 1967 South Lincoln Avenue, Salem, Ohio, on Wednesday, October 24, 2012, at 12:00 p.m. (local time), for the following purposes:

1. To elect three Class III directors to serve a three-year term until the Annual Meeting of Shareholders in 2015 or until their successors are elected and qualified; and
2. For the transaction of any other business that may properly come before the meeting or any adjournment thereof.

Only those shareholders of record at the close of business on September 11, 2012 are entitled to notice of and to vote at the Annual Meeting of Shareholders and any adjournment thereof.

Your vote is important. Whether or not you plan to attend the Annual Meeting, please sign, date and return the enclosed proxy card in the envelope provided, or authorize your proxy electronically over the Internet or by telephone as promptly as possible. Please refer to the proxy card enclosed for information on authorizing your proxy electronically. If you attend the meeting and so desire, you may withdraw your proxy by giving a written notice of revocation and vote in person.

By Order of the Board of Directors

Laurie L. McClellan  
Chairman

Minerva, Ohio

September 21, 2012

**Important Notice Regarding the Availability of Proxy Materials for the  
Shareholder Meeting to Be Held on October 24, 2012**

The proxy statement and annual report to security holders are available at <http://www.cfpproxy.com/5748>

**CONSUMERS BANCORP, INC.**

614 East Lincoln Way

P.O. Box 256

Minerva, Ohio 44657

**PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON OCTOBER 24, 2012**

**GENERAL INFORMATION**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Consumers Bancorp, Inc. (the Company, Consumers or Consumers Bancorp) for use at the Annual Meeting of Shareholders (the Annual Meeting) to be held at The Salem Golf Club, 1967 South Lincoln Avenue, Salem, Ohio, on Wednesday, October 24, 2012, at 12:00 p.m., local time and any adjournments thereof.

This Proxy Statement and the accompanying proxy are first being mailed to shareholders on or about September 21, 2012. It is contemplated that solicitation of proxies generally will be by mail. However, officers or employees of Consumers Bancorp or Consumers National Bank, a wholly-owned subsidiary of Consumers Bancorp, may also solicit proxies by electronic media without additional compensation. Consumers Bancorp will pay the costs associated with the solicitation of proxies.

Shareholders of record at the close of business on September 11, 2012 are entitled to notice of and to vote at the Annual Meeting. As of September 11, 2012, 2,056,349 Consumers Bancorp common shares, no par value, were issued and outstanding. Each shareholder will be entitled to one vote for each common share beneficially owned on all matters that come before the Annual Meeting.

Proxies solicited by the Board of Directors will be voted in accordance with the instructions given, unless revoked. Where no instructions are provided, all properly executed proxies will be voted (1) **for** the election to the Board of Directors of all nominees for Class III directors named in this Proxy Statement; and (2) at the discretion of the holders of the proxies, on such other business that may properly come before the meeting or any adjournment thereof.

The shareholders present in person or by proxy shall constitute a quorum. The three nominees receiving the highest number of votes cast, including votes cast cumulatively, shall be elected Directors. Abstentions and broker non-votes will be counted in establishing the quorum. A proxy may be revoked at any time before it is voted by providing written notice to Consumers Bancorp, by submitting a later dated proxy or by voting in person at the Annual Meeting. Any written notice revoking a proxy should be sent to Ms. Theresa Linder, Secretary, Consumers Bancorp, Inc., P.O. Box 256, Minerva, Ohio 44657.

## **PROPOSAL 1**

### **ELECTION OF DIRECTORS**

#### *Election of Directors*

The Board of Directors, acting through the Corporate Governance/Nominating Committee, is responsible for identifying and evaluating candidates for Board membership. The Board currently consists of ten members and the Company's Amended and Restated Articles of Incorporation provides that the Board of Directors be divided as equally as possible into three classes designated as Class I, Class II and Class III. Generally, the directors in each class are elected to serve staggered three year terms so that the term of office of one class of directors expires at each annual meeting. Currently, the Board of Directors has three directors in Class I with terms expiring in 2013, four directors in Class II with terms expiring in 2014 and three directors in Class III with terms expiring in 2012.

The term of office of current Class III directors John P. Furey, Thomas M. Kishman, and Ralph J. Lober, II, will expire at the annual meeting on October 24, 2012 and the current Class III directors constitute the nominees to be elected to serve until the 2015 annual meeting and until their successors are elected. Additional information concerning the nominees for director, the directors and executive officers of Consumers Bancorp is provided in the following pages.

The common shares represented by the accompanying proxy will be voted **for** the election of the nominees to serve as directors, unless contrary instructions are indicated on the proxy card. The nominees for director receiving the greatest number of "for" votes will be elected as directors. If the election of directors is by cumulative voting, the persons appointed by the accompanying proxy intend to cumulate the votes represented by the proxies they receive and distribute such votes in accordance with their best judgment.

If one or more of the nominees should at the time of the Annual Meeting be unavailable or unable to serve as a director, the common shares represented by the proxies will be voted to elect the remaining nominees and any substitute nominee or nominees designated by the Board of Directors. The Board of Directors knows of no reason why any of the nominees will be unavailable or unable to serve.

**The Board of Directors recommends that the shareholders vote "FOR"**

**the election of the nominees for Class III directors.**





## **DIRECTORS AND EXECUTIVE OFFICERS**

### **Director Nominees for Election at the Annual Meeting**

#### **Class III Directors – Term ending in 2012**

**John P. Furey** (age 60) has served as a Director of Consumers Bancorp, Inc. and Consumers National Bank since August of 1995. Mr. Furey is an Independent Member of the Audit Committee, the Compensation Committee (Chairman), the Executive Committee and the Loan Committee. He is currently Corporate President of Furey's Wheel World, Inc., located in Malvern, Ohio, an automotive retail sales business, serving in that capacity since 1974. He is a Licensed Pilot, Certified Flight Instructor and Aircraft Builder. During his career in the Automotive Industry he has served on several automotive and finance advisory boards and has a strong management background with extensive knowledge in automotive sales, marketing, financing and customer service. Over his seventeen year history as a director of the bank, Mr. Furey has served on various standing and ad hoc committees and has developed a valuable background in community banking.

**Thomas M. Kishman** (age 63) has served as a Director of Consumers Bancorp, Inc. and Consumers National Bank since March of 1995. Mr. Kishman is an Independent Member of the Audit Committee, the Corporate Governance/Nominating Committee, and the Asset Liability Committee. He is currently the co-owner of Kishman's IGA and GasNGo located in Minerva, Ohio, a retail grocery and fuel center. Mr. Kishman has spent his entire career in retail sales, working in the family's grocery business since 1964. He has a strong management background and is a dedicated member and supporter of the local community. Serving as past Chairman of the Audit Committee and as a member of Corporate Governance Committee for eleven years, Mr. Kishman has a good understanding of banking risks and controls.

**Ralph J. Lober, II** (age 45) has served as a Director of Consumers Bancorp, Inc. and Consumers National Bank since 2008. Mr. Lober is currently the President and Chief Executive Officer, first joining the Company in 2007 as Executive Vice President and Chief Operating Officer. Mr. Lober was promoted to President and was appointed to Consumers National Bank Board of Directors in January 2008. In December 2008, Mr. Lober was appointed to Consumers Bancorp., Inc. Board of Directors. Mr. Lober currently is a Member of the Asset Liability Committee (Chairman) and Loan Committee. Having served as Cashier, Executive Vice President and Chief Financial Officer at Morgan Bank National Association from 1999 until May of 2007, Mr. Lober came to Consumers with a strong background in finance, funds management and operations. In addition, Mr. Lober spent the first part of his career at Mellon Bank before becoming the Internal Audit Manager at S.R. Snodgrass, A.C. from 1995 to 1999 where he developed, implemented and managed outsourced internal audit and compliance for community banks throughout Pennsylvania and Ohio.

**Continuing Directors**

**Class I Directors – Term ending in 2013**

**James V. Hanna** (age 69) has served as a Director of Consumers Bancorp, Inc. and Consumers National Bank since February of 2005. Mr. Hanna is a Member of the Asset Liability Committee and Loan Committee. He is retired from a career in security and law enforcement, having spent 13 years as a Security Officer for the Ford Motor Company and five years as a Patrolman and Narcotics Agent for the Canton City Police Department. He continues as a Deputy Sheriff for the Carroll County Sheriff's Department, having served since 1999. Mr. Hanna is Manager for the Hanna Family Investment Company, LLC. Having experience in the investment area, he has actively served on the Asset Liability Committee since joining the Company.

**James R. Kiko, Sr.** (age 68) has served as a Director of Consumers Bancorp, Inc. and Consumers National Bank since February of 1997. He is an Independent Member of the Audit Committee, Executive Committee and the Chairman of the Loan Committee. Mr. Kiko was a Director for Kiko Auctioneers, Inc. until 2009. He is a Certified Auctioneer and has held various positions including Auctioneer, Vice President and President with Kiko Auctioneers, Inc. and Russ Kiko Associates, Inc., in Canton, Ohio, conducting business in real estate brokerage and auction services, and he is a Realtor with the Richard T. Kiko Agency, involved with real estate sales since 1962. Mr. Kiko is a part owner and operator of Kiko Farms. He has a strong background in real estate and equipment sales and evaluation as well as experience in business management and agriculture. He has served on the Loan Committee since joining the Board in 1997, offering current trend information on property values that are appropriate for the varying economic conditions.

**John E. Tonti** (age 71) has served as a Director of Consumers Bancorp, Inc. and Consumers National Bank since March of 2004. He is an Independent Member of the Asset Liability Committee, Audit Committee (Chairman), Executive Committee and Compensation Committee. He is a CPA and former Partner of Hill, Barth & King, in Salem, Ohio, serving from 1963 to 2000. Mr. Tonti is currently the President of the Salem Community Foundation, a member of the Board of Directors of the Butler Institute of American Art and is retired from the former Key Bank, Canton-Mahoning Advisory Board. He served as Executive Director of the Northern Columbiana County United Way from 2003 to 2006. Mr. Tonti brings a strong financial and investing background, serving as the Audit Committee's Chairman and as the Board's "Financial Expert" since 2005. He brings a long history of involvement with the banking industry and has an extensive community service background.

#### **Class II Directors – Term ending in 2014**

**Bradley Goris** (age 58) was appointed as a Director of Consumers Bancorp, Inc. and Consumers National Bank in January of 2011. Mr. Goris is a Member of the Compensation Committee and the Corporate Governance/Nominating Committee. He is currently a Vice-President of the Goris-Meadows Insurance Agency in Alliance, and a Board Member of A.A. Hammersmith Insurance. Goris-Meadows Insurance Agency is a subsidiary of A.A. Hammersmith Insurance. He is also a Managing Member of Goris Properties, LLC, a family real estate development and management firm in Alliance. Mr. Goris's experience and commitment to local service and nonprofit organizations supports Consumers National Bank's community bank philosophy.

**David W. Johnson** (age 52) has served as a Director of Consumers Bancorp, Inc. and Consumers National Bank since July of 1997. He is an Independent Member of the Asset Liability Committee, the Corporate Governance/Nominating Committee (Chairman) and the Compensation Committee. Mr. Johnson has been in the tile manufacturing business since 1982. He is currently the Chief Executive Officer of Summitville Tiles, Inc., located in Summitville, Ohio, and previously served as President and Vice President of Administration. He is currently President of Spread Eagle Tavern & Inn, serving in that capacity since 1990, a fine dining restaurant and restored inn in Hanoverton, Ohio. Mr. Johnson is a Partner in PCJ Ltd. and Johnson Joint Venture, both family holding companies. Mr. Johnson has extensive management knowledge, business experience and is dedicated to community and civic affairs, serving on various educational, political and business boards and in June 2011 he was appointed by Governor Kasich to serve on the Board of the Ohio Bureau of Workers Compensation. As a leader in manufacturing, Mr. Johnson has represented the industry at both the State and Federal levels. Having served as Chairman of Corporate Governance and as member of the Asset and Liability Committee since joining the Board, Mr. Johnson has a strong history in bank governance.

**Laurie L. McClellan** (age 59) has served as a Director of Consumers Bancorp, Inc. and Consumers National Bank since October of 1987 and as Chairman of the Boards since March of 1998. Ms. McClellan performs internal corporate duties with an emphasis on investor and community relations and was named the Director of Investor Relations for Consumers Bancorp, Inc. in 2011. Prior to becoming Chairman, she served as Corporate Secretary and Vice Chairman of the Boards. Ms. McClellan is the Manager of the Romain Fry Investment Company, LLC and has served on various community and nonprofit advisory boards. She has 25 years of experience in community banking with an extensive knowledge of the Company's history and operations and has a good understanding of banking

regulation and compliance.

**Harry W. Schmuck** (age 63) has served as a Director of Consumers Bancorp, Inc. and Consumers National Bank since November of 2005. Mr. Schmuck is an Independent Member of the Audit Committee, Corporate Governance/Nominating Committee and Loan Committee. He is the Operations Manager of Schmuck Partnership, an Agricultural Business, working in the business since 1970, and a Farm Sales Associate of Russ Kiko & Associates, Inc. Mr. Schmuck brings experience in agricultural products and livestock sales and valuation. He is responsible for guiding the Schmuck Partnership in security and investment decisions. Mr. Schmuck brings strong interpersonal skills, having a firm understanding of management, operations and marketing. He has served on various community agencies and boards. His knowledge in agriculture has benefited the Loan Committee in analyzing farm credits since joining the Board in 2005.

## **THE BOARD OF DIRECTORS AND ITS COMMITTEES**

The Board of Directors conducts its business through meetings of the Board and its committees. Consumers Bancorp held 13 Board meetings during the 2012 fiscal year. All directors attended at least 75% of the total number of Consumers Bancorp Board meetings and meetings held by all committees of the Board on which they served during the 2012 fiscal year. Currently, each member of the Board of Directors of Consumers Bancorp also serves as a member of the Board of Directors of Consumers National Bank. Consumers National Bank held 13 Board of Directors meetings during the 2012 fiscal year, plus two days of Strategic Planning meetings. The Company has determined that all directors, except Mr. Hanna, Ms. McClellan and Mr. Lober are “independent” directors under the listing standards of the NASDAQ Stock Market Marketplace Rules and the additional independence requirements of the Company.

Although the Company does not have a formal policy with respect to Board member attendance at the annual meeting of shareholders, each member is encouraged to attend. All Board members attended the 2011 Annual Meeting of Shareholders.

Consumers Bancorp has an Asset/Liability Committee, Audit Committee, Compensation Committee, Corporate Governance/Nominating Committee, Executive Committee, and Loan Committee, each of which serves in dual capacity as a committee of Consumers Bancorp and Consumers National Bank.

The Asset/Liability Committee is comprised of Mr. Hanna, Mr. Johnson, Mr. Kishman, Mr. Tonti and Mr. Lober, who serves as chairman. The Asset/Liability Committee is primarily responsible for ensuring both Consumers Bancorp and Consumers National Bank have adequate investment and funds management policies. The committee makes recommendations relative to the strategic direction of the Company and establishes key benchmarks relative to performance. The Asset/Liability Committee is also responsible for establishing procedures for monitoring the management of the investment portfolio and Consumers National Bank’s liquidity, capital and interest rate risk position. During the 2012 fiscal year, the Asset/Liability Committee met four times.

The Audit Committee is comprised of Mr. Furey, Mr. Kiko, Mr. Kishman, Mr. Schmuck and Mr. Tonti, who serves as chairman. The oversight function of the Audit Committee includes the review of all internal and external audit functions and the approval and engagement of the Company’s independent auditors. The Audit Committee Charter is available on the Company’s website at [www.consumersbank.com](http://www.consumersbank.com). The Board of Directors of Consumers Bancorp has determined that each member of the Audit Committee meets the independence standards of the NASDAQ Stock Market Marketplace Rules and that Mr. Tonti satisfies the requirements of a “financial expert” as defined by the applicable Security and Exchange Commission rules and regulations. The Report of the Audit Committee is on page 14 of this Proxy Statement. During the 2012 fiscal year, the Audit Committee met five times.

The Compensation Committee reviews overall bank compensation policies and executive management compensation. This committee is comprised of Mr. Goris, Mr. Johnson, Mr. Tonti and Mr. Furey, who serves as chairman. The Report of the Compensation Committee is on page 13 of this Proxy Statement. Our compensation philosophy and objectives are described in the Compensation Discussion and Analysis section beginning on page 9 of this Proxy Statement. During the 2012 fiscal year, the Compensation Committee met four times. The Compensation Committee Charter is available on the Company's website at [www.consumersbank.com](http://www.consumersbank.com).

The Loan Committee is comprised of Mr. Furey, Mr. Hanna, Mr. Lober, Ms. McClellan, Mr. Schmuck, and Mr. Kiko, who serves as chairman. The Loan Committee reviews the lending policies and monitors Loan Administration's compliance with such policies, ensures management's handling of credit risk complies with board decisions about acceptable levels of risk, ensures management follows appropriate procedures to recognize adverse trends, takes any needed corrective actions and maintains an adequate allowance for loan and lease losses. The Loan Committee is also responsible for approving loans that exceed Internal Loan Committee's lending authority. During the 2012 fiscal year, the Loan Committee met 30 times.

The Executive Committee oversees enterprise risk management, technology and services and approves key vendors. The committee also reviews various executive and interim Board matters as outlined by its charter. This committee is comprised of Mr. Furey, Mr. Kiko, Mr. Tonti and Ms. McClellan, who serves as the Chairman. During the 2012 fiscal year, the Executive Committee met five times.

The Corporate Governance/Nominating Committee is responsible for the selection of individuals for nomination or re-election to the Board of Directors, making independent recommendations to the Board of Directors as to best practices for Board governance and conducting an evaluation of Board performance. The Corporate Governance/Nominating Committee is comprised of Mr. Goris, Mr. Kishman, Mr. Schmuck and Mr. Johnson, who serves as chairman. The Board of Directors of Consumers Bancorp has determined that Mr. Goris, Mr. Johnson, Mr. Kishman and Mr. Schmuck meet the independence standards of the NASDAQ Stock Market Marketplace Rules. During the 2012 fiscal year, the Corporate Governance/Nominating Committee met three times.

Under the terms of the Corporate Governance/Nominating Committee Charter the committee is responsible for developing and implementing a process and guidelines for the selection of individuals for nomination to the Board of Directors and considering incumbent directors for nomination for re-election. The Corporate Governance/Nominating Committee will consider candidates for director who are recommended by shareholders in accordance with the Company's Code of Regulations and the Board Addition/Replacement Procedures found in the Board Supervision Policy. Candidates must be individuals with a good reputation who demonstrate civic character, business success and community involvement. They must be willing to commit their time to Board and committee meetings, keep apprised of banking issues and complete continuing education courses. The Corporate Governance/Nominating committee is responsible for the selection of the final slate of nominees for election to the Board of Directors. Those nominees recommended by the Committee are then submitted to the Board of Directors for approval. The Corporate Governance/Nominating Committee Charter is available on the Company's website at [www.consumersbank.com](http://www.consumersbank.com).

Shareholders desiring to nominate a candidate for election as a director at the 2013 Annual Meeting of Shareholders other than for inclusion in Consumers Bancorp's proxy statement and form of proxy must deliver written notice to the Secretary of Consumers Bancorp, at its executive offices, 614 East Lincoln Way, Minerva, Ohio 44657, not later than August 6, 2013 or such nomination will be untimely. Consumers Bancorp reserves the right to exercise discretionary voting authority on the nomination if a shareholder has failed to submit the nomination by August 6, 2013 or if the candidate does not meet criteria set forth in the Company's Amended and Restated Regulations.

### **Board Leadership Structure; Role in Risk Oversight**

In accordance with our regulations, the Board elects our Chairman and Chief Executive Officer, or CEO, and each of these positions may be held by the same person or may be held by different people. Currently the offices of Chairman and CEO are separated. The Board believes that the separation of offices of the Chairman and CEO is appropriate at this time as it allows our CEO to focus primarily on management and operating responsibilities.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including economic risks, financial risks, legal and regulatory risks, and others, such as the impact of competition. Management is responsible for the day-to-day management of the risks that we face, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board is responsible for satisfying itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

### **Director Compensation**

The Compensation Committee annually reviews and recommends to the Board of Directors the proposed director fees after consideration of information from peer surveys, past compensation practices and the Company's performance. The Board is responsible for approving the fees for attending Board meetings and committee meetings. The Board believes the fees are competitive with the fees paid by other peer banks of a comparable size and will ensure the Company attracts and retains qualified Board members.

***Fees Paid in Cash***

Non-employee directors received an annual retainer of \$2,000 and are compensated for each meeting of the Consumers National Bank Board of Directors and each committee meeting they attend. Compensation for attendance at a Board of Directors meeting was \$800 per meeting. The following table details the fees paid to each non-employee director for attendance at committee meetings:

	<b>Asset/ Liability</b>	<b>Audit</b>	<b>Compensation</b>	<b>Corporate Governance/ Nominating</b>	<b>Executive</b>	<b>Loan</b>
Committee Chair	\$ *	\$ 300	\$ 200	\$ 200	\$ *	\$ 200
Committee Member	\$ 100	\$ 200	\$ 100	\$ 100	\$ 200	\$ 100

\* Denotes committee chaired by an employee of the Company



***Non-Equity Incentive Plan Compensation***

An incentive pool based on overall Company profitability was available to non-employee directors. For the 2012 fiscal year, the Compensation Committee selected net income of \$2.4 million and an efficiency ratio of 70.0% as the corporate performance targets. Reported net income results for the 2012 fiscal year were above the targeted level and the efficiency ratio was below 70.0% therefore, an incentive was earned by each non-employee director as part of this program.

***Equity Compensation***

Under the 2010 Omnibus Incentive Plan, on September 14, 2011 restricted stock awards were made to all directors. Each non-employee director was granted 72 shares of restricted stock that will vest on the anniversary date of grant based on a four year graduated vesting schedule if certain specified net income performance targets as established by the Compensation Committee are achieved. For the 2012 fiscal year, the net income performance targets were achieved and on September 14, 2012 15% of the restricted shares granted will vest.

Ms. McClellan and Mr. Lober are employees of Consumers National Bank and received no additional compensation for their service as a director.

The following table summarizes the compensation earned by or awarded to each non-employee director who served on the Board during the 2012 fiscal year. The compensation received by Mr. Lober is shown in the “Summary Compensation Table” which is included under the “Executive Officers” section in the following pages.

<b>Name</b>	<b>Fees earned or paid in cash (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Stock Awards (\$)</b>	<b>Nonqualified Deferred Compensation Earnings (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
John P. Furey	\$ 18,000	\$ 1,875	\$ —	\$ —	\$ —	\$ 19,875
Bradley Goris	12,700	1,875	—	—	—	14,575
James V. Hanna	15,900	1,875	—	—	—	17,775
David W. Johnson	13,600	1,875	—	—	—	15,475
James R. Kiko, Sr.	18,700	1,875	—	—	—	20,575
Thomas M. Kishman	11,600	1,875	—	—	—	13,475
Harry W. Schmuck, Jr.	19,900	1,875	—	—	—	21,775
John E. Tonti	14,400	1,875	—	—	—	16,275

At the beginning of the 2013 fiscal year, the director board meeting and committee meeting fees remained the same as the previous fiscal year. For the 2013 fiscal year, a total incentive pool for all non-employee directors of \$16,111 has been established that will be paid if certain corporate performance targets are achieved. The total incentive pool increases to a maximum of \$18,889 if the Company achieves 105.0% or more of the net income target and reduces to \$13,333 if the Company achieves at least 95.0% of the net income target. Under the 2010 Omnibus Incentive Plan, Restricted Stock awards will be made to all directors, executive officers and vice presidents during the 2013 fiscal year. The value of Restricted Stock granted to each non-employee director will approximate 5% of each non-employee director's total compensation earned. The Restricted Stock will vest on the anniversary date of grant based on a four year graduated vesting schedule if certain specified net income performance targets as established by the Compensation Committee are achieved.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS  
AND MANAGEMENT**

**Security Ownership of Certain Beneficial Owners**

Generally, under the rules of the Securities and Exchange Commission, a person is deemed to be the beneficial owner of securities, such as common shares, if such person has or shares voting power or investment power in respect of such securities. In addition, a person is deemed to be the beneficial owner of a security if he or she has the right to acquire such voting or investment power over the security within sixty days, for example, through the exercise of a stock option. Information is provided below about each person known to the Company to be the beneficial owner of more than 5% of the outstanding shares of the Company's common stock as of August 31, 2012.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership as of August 31, 2012</b>		<b>Percent of Common Shares</b>	
Laurie L. McClellan 28 Tepee Drive Minerva, Ohio 44657	433,208	(1)	21.07	%
James V. Hanna 14269 Lincoln S.E. Minerva, OH 44657	164,133	(2)	7.98	%

(1) Includes 426,212 shares owned by or jointly with family members, trusts, various corporations and partnerships.

(2) Includes 160,062 shares owned by or jointly with family members, trusts, various corporations and partnerships.

**Security Ownership of Management**

The following table shows the beneficial ownership of the Company's common stock as of August 31, 2012 for each director and named executive officers of the Company and for all current directors and executive officers as a group.

<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Common Shares</b>
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John P. Furey	31,533	(1)	1.53	%
Bradley Goris	2,521	(2)	*	
James V. Hanna	164,133	(3)	7.98	%
David W. Johnson	12,374	(4)	*	
James R. Kiko, Sr.	10,440	(5)	*	
Thomas M. Kishman	13,796	(6)	*	
Ralph J. Lober, II	9,847	(7)	*	
Laurie L. McClellan	433,208	(8)	21.07	%
Harry W. Schmuck, Jr.	7,444		*	
John E. Tonti	8,094	(9)	*	
Paul B. Hugenberg, III	982		*	
Philip M. Suarez	3,502	(10)	*	
Renee K. Wood	2,097	(11)	*	
All directors and executive officers as a group (15 persons)	701,450		34.11	%

\* Denotes less than one percent of outstanding shares.

(1) Includes 27,060 shares owned by or jointly with family members or trusts.

(2) Includes 2,447 shares owned jointly with family members.

(3) Includes 160,062 shares owned by or jointly with family members, trusts, various corporations and partnerships.

(4) Includes 12,300 shares pledged as security.

(5) Includes 3,975 shares owned by family members or partnerships.

(6) Includes 6,707 shares owned by or jointly with family members.

(7) Includes 7,780 shares owned jointly with family members.

(8) Includes 426,212 shares owned by or jointly with family members, trusts, various corporations and partnerships.

(9) Includes 7,300 shares held in a trust.

(10) Includes 1,200 shares owned jointly with family members.

(11) Includes 1,285 shares owned jointly with family members.

## EXECUTIVE OFFICERS

The following information is provided with respect to each person who currently serves as an executive officer of the Company.

**Randy Gilroy** (age 53) serves as Senior Vice President, Chief Credit Officer, having been appointed to this position in May 2012. Mr. Gilroy has been with Consumers for the past ten years, having most recently held the position of Vice President, Agriculture Business Development Officer. Prior to that position, Mr. Gilroy served as the Senior Credit Analyst where he was responsible for the management of the credit process. As Chief Credit Officer, Mr. Gilroy oversees the credit department, loan administration and loan operations.

**Philip M. Suarez** (age 63) serves as Executive Vice President, Senior Loan Officer. Mr. Suarez joined Consumers in 2000 as Senior Vice President and Senior Loan Officer and served as Chief Credit Officer from July 2009 to May 2012. His prior banking experience covers over 26 years, including many years of commercial banking in the Chicago, Illinois and Youngstown, Ohio areas.

**Derek G. Williams** (age 53) serves as Senior Vice President, Training and Sales Development Officer, having been appointed to this position in July 2011. Prior to joining Consumers, Mr. Williams served as Vice President, Business Banker Senior for Huntington Bank and as Senior Vice President, Chief Deposit Officer at Ohio Legacy Bank. Mr. Williams has obtained a broad range of retail and commercial experience in his banking career that extends over 30 years.

**Renee K. Wood** (age 41) serves as Executive Vice President, Chief Financial Officer and Treasurer. Ms. Wood joined Consumers in January 2005 and was appointed the Chief Financial Officer and Treasurer beginning in July 2005. Prior to joining Consumers, Ms. Wood served as Vice President, Controller of the Finance Department for Unizan Bank, National Association from 2002 to 2005. Her 19 years of experience have been in senior or management level positions in the accounting or finance areas of banking.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

## **Introduction and Overview**

This Compensation Discussion and Analysis provides information regarding the compensation awarded to, earned by, or paid to the named executive officers serving as of June 30, 2012 whose compensation is detailed in this proxy statement. These named executive officers are the president and chief executive officer, chief financial officer, chief information officer and the senior loan officer. The Board of Directors has delegated to the Compensation Committee responsibility for the oversight and administration of compensation of the Company. The committee reviews and recommends company benefit and incentive plans, as well as, reviewing the individual performance of the chief executive officer and executive management.

## **Compensation Philosophy and Objectives**

The objective of the Company's compensation program is to fairly compensate the executive officers in light of their individual performances and their contributions to the performance of the Company, thereby aligning executives' incentives with shareholder value creation. The compensation philosophy is designed to reward effort and achievement by the officers and provide them with compensation targeted at market competitive levels. The Company's compensation program includes the following core components: base salary, cash incentive compensation, equity-based awards, long-term compensation and certain change of control agreements. The Compensation Committee manages all components on an integrated basis to achieve the following objectives: to attract and retain highly qualified management, to provide shorter-term incentive compensation that varies directly with the Company's financial performance and to focus management on both annual and long-term goals. The Company believes that, by setting and adjusting these elements, it has the flexibility to offer appropriate incentives to its executive officers.

During the 2010 fiscal year, the Compensation Committee retained Meyer-Chatfield Compensation Advisors in order to review executive officers compensation and to make recommendations regarding the structure of these compensation packages.

Comparison information was gathered from public data for peer banks and from regional and national compensation survey information. Some of the resources used to compare the compensation offered by peer banks were American Bankers Association, Bank Administration Institute, Watson Wyatt Data Services and CompAnalyst. The primary factors used to determine an appropriate community bank peer group included, asset size, per capita income of the surrounding market and general performance metrics, such as return on equity (ROE). An analysis of ROE as of the third quarter of 2009, demonstrated that the performance of Consumers was within the high performing group when compared to publicly traded peer banks with assets below \$300 million. The next higher asset size group of \$300 to \$500 million was considered when no comparable data was available for the job responsibilities of a particular executive or when the job duties did not align with Consumers' executive officer positions.

Based on Meyer-Chatfield's Executive Compensation study, the Compensation Committee adopted the philosophy to target executive compensation at the midpoint of compensation paid to similarly situated executive officers at comparable high performing peer banks within our region and asset size. Individual opportunities may be above or below this general target level at times for a variety of reasons, including individual and corporate performance, recruiting and retention reasons.

## **Components of Compensation**

### ***Base Salary***

Base salary is a major factor in attracting and retaining key personnel and therefore is the primary component of our executive officer's compensation. In setting an officer's base salary, the Company considers parameters set by its size and complexity and the salaries offered by peers. Based on Meyer-Chatfield's Executive Compensation study, the Compensation Committee adopted the philosophy to target executive compensation to the midpoint of high performing banks within our region and asset size. In order to develop individualized plans to achieve total compensation at the midpoint of high performing banks within our region and asset size, an average of the base gap and total compensation gap was calculated, and existing long-term compensation and targeted long-term compensation was considered for each executive officer. The Company's performance as measured by its results compared to previous years is also considered in determining the overall adjustments to executive officers salaries. Specific salaries are adjusted to reflect the contributions of the executive officer to the Company's operations and the accomplishment of its long-term goals.

Based on a review of the company's strategic direction, individual career path objectives and succession planning in conjunction with the broad databases and other publicly available information, the Company believes that its executive compensation practices are in line with its compensation philosophy and objectives described above.

### ***Incentive Compensation***

On January 1, 2008, an annual incentive compensation program went into effect in which all participants are eligible to earn incentive compensation based on corporate financial performance, departmental, and individual goals as determined by each participant's manager. All employees, except seasonal and temporary employees, are eligible to participate in the annual incentive plan. An employee must be employed when the incentive is paid in order to receive their incentive compensation, even if all of the targets had been met. Positions are classified into various levels according to overall responsibilities within the organization and the impact each position has on the organization's overall financial performance.

For the 2012 fiscal year, the Compensation Committee selected net income and the efficiency ratio as the corporate performance targets for the plan. The targeted net income for the 2012 fiscal year was \$2.4 million and an efficiency ratio of 70.0%. Reported net income results for the 2012 fiscal year was above the targeted level of financial performance and the efficiency ratio was below 70.0%. Based on these results, there was \$80,000 available company-wide based on corporate performance and \$80,000 available company-wide based on individual and departmental goals.

The table below shows how each plan component for 2012 is weighted when evaluating each of the named executive officers:

	Corporate Performance	%	Individual/ Departmental Goals	%
Ralph J. Lober, II	100.0	%	0.0	%
Renee K. Wood	50.0	%	50.0	%
Paul B. Hugenberg, III	50.0	%	50.0	%
Philip M. Suarez	50.0	%	50.0	%

The total amount awarded for the incentive plan for each named executive officer is disclosed under the “Bonus” column of the Summary Compensation Table.



**Long-term Compensation**

Long-term compensation includes a qualified retirement plan in the form of a 401(k) Plan, a non-qualified Salary Continuation Program and the 2010 Omnibus Incentive Plan. The Company provides safe harbor contributions under the 401(k) Plan, matching up to 100% of the first 4.0% contributed by the employee. The amount contributed on behalf of the executive officers is determined in accordance with the provisions of the plan applicable to all employees. The Salary Continuation Plan is designed to retain executive and senior management personnel. Entrance to the Salary Continuation Plan is limited and is subject to meeting performance criteria, established by the Compensation Committee and approved by the Board of Directors. Under the 2010 Omnibus Incentive Plan, Restricted Stock awards will be made to all directors, executive officers and vice presidents during the 2013 fiscal year. The value of Restricted Stock granted to each participant will approximate 5% of each participant's base salary. The Restricted Stock will vest on the anniversary date of the grant based on a four year graduated vesting schedule if certain specified net income performance targets as established by the Compensation Committee are achieved. These long-term incentive compensation plans are designed to promote a vested interest in the long-term strategic performance goals of the Company and discourage turnover among its executive officers and other employees.

The following table sets forth the cash compensation and certain other compensation paid or earned by the Company's principal executive officer, principal financial officer, and the two other most highly compensated executive officers serving at the end of the 2012 fiscal year. The individuals listed in this table are sometimes referred to in this proxy statement as the "named executive officers."

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Option Awards		Non-Equity Incentive Compensation		All Other Comp. (\$) (1)	Total (\$)
				(\$)	(\$)	(\$)	(\$)		
Ralph J. Lober, II President and Chief Executive Officer	2012	\$191,124	\$15,952	\$ —	\$ —	\$ —	\$ 54,108	\$ 11,761	\$272,945
	2011	181,997	14,727	—	—	—	48,806	8,470	254,000
Renee K. Wood Executive Vice President, Chief Financial Officer/Treasurer	2012	\$113,824	\$6,154	\$ —	\$ —	\$ —	\$ —	\$4,680	\$124,658
	2011	103,690	3,896	—	—	—	—	4,148	111,734
Paul B. Hugenberg, III Senior Vice President and Chief Information Officer (2)	2012	\$115,754	\$—	\$ —	\$ —	\$ —	\$ —	\$4,760	\$120,514
	2011	112,868	4,029	—	—	—	—	4,515	121,412

Philip M. Suarez	2012	\$96,847	\$5,144	\$ —	\$ —	\$ —	\$ 60,347	\$8,552	\$170,890
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Executive Vice President and  
Senior Loan Officer

All other compensation as reported in this column includes contributions by the Company for each of the named (1) executive officers to the Consumers National Bank 401(k) Savings and Retirement Plan and Trust, premiums for group term life insurance and perquisites. These amounts are detailed below:

Name	Amounts Contributed to 401(k) Plan	Group Term Life Insurance	Perquisites
Ralph J. Lober, II	\$ 7,645	\$ 216	\$ 3,900
Renee K. Wood	4,553	127	—
Paul B. Hugenberg, III	4,630	130	—
Philip M. Suarez	3,714	665	4,173

Perquisites consist of the personal use of a company car for Mr. Lober and the incremental cost of a country club membership for Mr. Suarez. None of the other named executive officers have any perquisites.

(2) Mr. Hugenberg's employment with the Company ended on September 5, 2012.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

## Stock Awards

Name	Grant Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards:	
				Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (3)	Market Value or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (4)
Ralph J. Lober, II	9/14/2011	115	(1) \$ 1,725	654	\$ 9,810
Renee K. Wood	9/14/2011	68	(1) 1,020	383	5,745
Paul B. Hugenberg, III (2)	9/14/2011	71	1,065	399	5,985
Philip M. Suarez	9/14/2011	58	(1) 870	327	4,905

(1) These restricted stock awards vested on September 14, 2012.

(2) Mr. Hugenberg's shares were forfeited on September 5, 2012.

(3) Restricted stock awards vest on the anniversary date of grant based on a four year graduated vesting schedule if certain specified net income performance targets as established by the Compensation Committee are achieved.

(4) The market value of the awards of restricted stock that have not yet vested was determined by multiplying the closing price of a share of Consumers common stock on June 30, 2012 (\$15.00) by the number of shares.

**DEFINED CONTRIBUTION PLAN**

Under the Consumers National Bank 401(k) Savings and Retirement Plan & Trust (401(k) Plan) as in effect during the fiscal year ended June 30, 2012, the Consumers National Bank's Board of Directors has the discretion and authority to determine the amount to be contributed to the 401(k) Plan. The 401(k) Plan is administered by Consumers National Bank. Each participant in the 401(k) Plan has credited to their account a maximum of 4.0% of their annual salary, provided they have voluntarily contributed the same amount. The 401(k) Plan states that each participant shall be fully vested in the 401(k) Plan immediately upon contribution. Benefits under the 401(k) Plan cannot be estimated for the participants because the benefits are based upon future earnings of Consumers National Bank and future compensation of the participants. Part of the funds in the 401(k) Plan is vested in the participants in accordance with the 401(k) Plan. An eligible participant is one who has completed six months of service and has attained the age of 21. At the time of retirement, death, disability or other termination of employment, a participant is eligible to receive a distribution of all vested amounts credited to their account in either a single lump sum payment or a series of substantially equal installment payments over a period not longer than the joint life expectancy of the participant and beneficiary. The trustees of the 401(k) Plan are Ralph J. Lober and Laurie L. McClellan.

## **SALARY CONTINUATION PROGRAM**

In September 1995, the Board of Directors of Consumers National Bank adopted a salary continuation program (Plan) to encourage the long-term retention of Consumers National Bank executives and avoid the cost of executive turnover. Pursuant to the Plan, salary continuation agreements were entered into between Consumers National Bank and certain executives. The participants in the Plan are determined by the Board of Directors. In 2008, all of the agreements were amended to comply with Internal Revenue Code Section 409A. On February 11, 2011, Mr. Lober, President and Chief Executive Officer, entered into an amended and restated salary continuation agreement that replaces a separate change of control entered into on May 7, 2007 and a prior salary continuation agreement entered into on August 29, 2008. The amended and restated agreement incorporates covenants against competition, solicitation or disclosure of confidential information that were previously contained in the change of control agreement. These agreements are collectively referred to as the “Amended Agreements.”

The Amended Agreements provide such executives (and, in the event of the executive’s death, surviving beneficiary) with 180 months of salary continuation payments equal to a certain percentage of an executive’s average compensation, as defined within each agreement, using three full calendar years prior to Normal Retirement Age. For purposes of these Amended Agreements, “Normal Retirement Age” means the executive’s 65th birthday. Vesting under the Amended Agreements commences at age 50 and is prorated until age 65. If an executive dies during active service, the executive’s beneficiary is entitled to the Normal Retirement Benefit. The executive can become fully vested in the Accrual Balance upon termination of employment following a disability. Following a change in control of the Bank, Mr. Lober can become fully vested and eligible to receive a payment equal to the greater of (1) two times Mr. Lober’s base salary in effect immediately preceding termination of employment or (2) the amount accrued by the Corporation as of the month preceding termination of employment. All the remaining executives participating in the Plan can become fully vested in the Accrual Balance upon termination of employment following a change in control of the Bank. For purposes of these Amended Agreements, “Accrual Balance” means the liability that should be accrued by the Company for the Company’s obligation to the executive under the Amended Agreements. For purposes of calculating the Accrual Balance, the discount rate in effect at June 30, 2012 was 5.25%.

**PENSION BENEFITS**

<b>Name</b>	<b>Plan Name</b>	<b>Present Value of Accumulated Benefit (\$)</b>	<b>Payments During Last Fiscal Year (\$)</b>
Ralph J. Lober	Salary Continuation Program	\$ 179,396	\$ —
Philip M. Suarez	Salary Continuation Program	\$ 358,427	\$ —

**NONCOMPETITION AGREEMENT**

A Noncompetition Agreement was entered into with Mr. Hugenberg and Ms. Wood in order to restrict their availability to other employers or entities that compete with the Company in exchange for a payment of an amount equal to the aggregate of one times their annual rate of base salary upon termination of employment without cause by the Company; upon termination of employment within twelve consecutive months after a change in control is consummated; or a termination of employment for Good Reason (as defined in the agreement) by Mr. Hugenberg or Ms. Wood.

If within 12 months following a change in control, a termination of employment occurs for any reason other than death, Disability (as defined in the agreement), or Cause (as defined in the agreement), a participant may receive a lump sum payment equal to one times annual rate of base salary.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The Company is not party to any change in control agreements with its current executive officers. Under the Salary Continuation Program, Mr. Lober would have received a payment of \$386,373 and Mr. Suarez would receive a payment of \$358,427 as of June 30, 2012 if a change of control and a termination of their employment had occurred. In connection with the Noncompetition Agreement, Mr. Hugenberg would have received a payment of \$115,988 and Ms. Wood would have received a payment of \$116,824 as of June 30, 2012 if there was a change in control and a termination of their employment had occurred or upon termination of employment without cause by the Company. No participant will receive a benefit payment under the Salary Continuation Program or Noncompetition Agreement if they are terminated for cause.

**COMPENSATION COMMITTEE REPORT**

The Company's Compensation Committee has reviewed the Compensation Discussion and Analysis and discussed it with Management. Based upon this review and discussion, it has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K, proxy or information statement.

Respectfully Submitted,  
The Compensation Committee

Mr. Furey, Chairman  
Mr. Goris  
Mr. Johnson  
Mr. Tonti

#### **COMPENSATION COMMITTEE INTERLOCK**

#### **AND INSIDER PARTICIPATION**

None of the Directors who served on the Compensation Committee during 2012 was a current or former officer or employee of the Company. There are no interlocking relationships between the Company's executive officers or directors and the board or compensation committee of another entity. See the disclosures under "Certain Transactions and Relationships and Legal Proceedings" for related party transactions involving Mr. Goris and Mr. Furey.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and certain of its officers to file reports with the Securities and Exchange Commission indicating their holdings of, and transactions in, the Company's equity securities. Based solely on a review of the copies of such reports it received, and written representations from reporting persons, the Company believes that during the fiscal year ended June 30, 2012, its reporting persons complied with all Section 16(a) filing requirements.

## **CERTAIN TRANSACTIONS AND RELATIONSHIPS AND LEGAL PROCEEDINGS**

Directors and executive officers of Consumers Bancorp and Consumers National Bank and their associates were customers of, or had transactions with, Consumers Bancorp or Consumers National Bank in the ordinary course of business during the fiscal year ended June 30, 2012. Transactions with these persons are expected to continue to take place in the future. In the ordinary course of business, loans are made to officers and directors on substantially the same terms as those prevailing at the same time for comparable transactions with unrelated third parties. Such loans do not, and will not, involve more than the normal risk of collectability or present other unfavorable features.

Mr. Goris, a director, is a Board Member of A.A. Hammersmith Insurance Inc. and, in the ordinary course of business, the Company has retained the services of A.A. Hammersmith Insurance Inc. for insurance needs and may continue to retain their services in the future. The non-interested directors have reviewed the transactions and have determined that Mr. Goris's interest in the transactions are not material.

Mr. Kiko, a director, is a real estate auctioneer and, in the ordinary course of business, the Company has retained the services of Kiko Auctioneers and Kiko Realty to liquidate property and may continue to retain their services in the future. The value of the services received from Kiko Auctioneers and Kiko Realty was less than \$120,000 in fiscal year 2012.

Consumers National Bank is party to an operating lease agreement for the Malvern Branch location with Furey Holdings, LLC. Mr. Furey is the managing member of Furey Holdings, LLC. The lease commenced on December 23, 2005, with an original term of ten years. Lease payments for the 2012 fiscal year ended June 30, 2012 totaled \$36,007 and the aggregate amount of lease payments for the 2013 fiscal year to the end of the term of the lease are estimated to be \$126,025. This leasing arrangement and the terms of the lease were unanimously approved by directors without an interest in the transaction.

The SEC rules require disclosure of any family relationship among directors and executive officers. Mr. Kiko, director, is first cousin to Janice E. Kishman, spouse of director, Mr. Kishman.

Each officer and director is expected to bring any relationship or transaction with the Company in which he or she has a direct or indirect interest to the attention of the Board of Directors. The non-interested directors review the transaction and consider, among other things, whether the transaction impacts the independence of any independent Board member, whether the related party's interest in the transaction is material and whether the terms of the transaction are comparable to those that could be negotiated with an unrelated third party.

## **AUDIT COMMITTEE REPORT**

Consumers Bancorp's Audit Committee has reviewed and discussed with management the audited financial statements for the fiscal year ended June 30, 2012. In addition, the Audit Committee has discussed with Crowe Horwath LLP, the independent registered public accounting firm for Consumers Bancorp, the matters required by Statements on Auditing Standards No. 61, as amended (*AICPA, Professional Standards, Vo. 1. AU 380*) and Rule 2-07, *Communication with Audit Committees*, of Regulation S-X.

The Audit Committee has received written disclosures from Crowe Horwath LLP required by Independence Standards Board Standard No. 1. The Audit Committee has discussed with Crowe Horwath LLP its independence from Consumers Bancorp.



Based on the foregoing discussions and reviews, the Audit Committee has recommended to Consumers Bancorp's Board of Directors that the audited financial statements be included in Consumers Bancorp's Annual Report on Form 10-K for the fiscal year ended June 30, 2012 for filing with the Securities and Exchange Commission.

Respectfully Submitted,  
The Audit Committee

Mr. Tonti, Chairman  
Mr. Furey  
Mr. Kiko  
Mr. Kishman  
Mr. Schmuck

### **Independent Registered Public Accounting Firm**

Crowe Horwath LLP audited the consolidated financial statements for the year ended June 30, 2012. Representatives of Crowe Horwath LLP will attend the Annual Meeting and will have an opportunity to make a statement if they so desire and to respond to appropriate questions.

### **Principal Accounting Fees and Services**

The Audit Committee has sole responsibility, in consultation with management, for approving the terms and fees for the engagement of the independent auditors for audits of the Company's financial statements. In addition, the Audit Committee has sole responsibility for determining whether and under what circumstances the Company's independent auditors may be engaged to perform audit-related services and must pre-approve 100% of any audit and non-audit related service performed by the independent auditors.

Crowe Horwath LLP billed the Company \$79,075 and \$80,400 for the fiscal years ended June 30, 2012 and June 30, 2011, respectively. The table below sets forth the aggregate fees billed by Crowe Horwath LLP for services rendered to the Company and its affiliates for the fiscal years 2012 and 2011.

	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2012	\$ 70,825	\$ —	\$ 8,250	\$ —
2011	\$ 72,500	\$ —	\$ 7,900	\$ —

The "Tax Fees" for 2012 and 2011 related principally to filing, compliance and tax strategy planning.

## **SHAREHOLDER PROPOSALS FOR 2013 ANNUAL MEETING**

Any shareholder who intends to present a proposal at the 2013 Annual Meeting of Shareholders and who wishes to have the proposal included in Consumers Bancorp's proxy statement and form of proxy for that meeting must deliver the proposal to Consumers Bancorp at its executive offices, 614 East Lincoln Way, Minerva, OH 44657, not later than May 24, 2013.

Any shareholder who intends to present a proposal, other than as set forth above, at the 2013 Annual Meeting of Shareholders other than for inclusion in Consumers Bancorp's proxy statement and form of proxy must deliver the proposal to Consumers Bancorp at its executive offices, 614 East Lincoln Way, Minerva, OH 44657, not later than August 6, 2013 or such proposal will be untimely. Consumers Bancorp reserves the right to exercise discretionary voting authority on the proposal if a shareholder has failed to submit the proposal by August 6, 2013.

## **SHAREHOLDER COMMUNICATIONS**

Any shareholder may send communications to the Board of Directors through the Company's Corporate Secretary, Consumers Bancorp, Inc., 614 East Lincoln Way, P.O. Box 256, Minerva, Ohio 44657. Communications sent by qualified shareholders for proper, non-commercial purposes will be transmitted to the Board of Directors, or the appropriate committee, as soon as practicable. Shareholders may also send communications to the presiding non-management director of the Board by sending correspondence to Audit Chairman, Consumers Bancorp, Inc., 614 East Lincoln Way, P.O. Box 256, Minerva, Ohio 44657.

## **FORM 10-K ANNUAL REPORT**

The Form 10-K Annual Report for the fiscal year ended June 30, 2012 has been mailed concurrently with this Proxy Statement to shareholders of record. The Form 10-K Annual Report does not constitute a part of the proxy material. Shareholders may request a copy of any of the Company's filings at no cost by writing or e-mailing the Company at the following address or e-mail address: Consumers Bancorp, Inc., Attn: Theresa J. Linder, 614 East Lincoln Way, Minerva, Ohio 44657 or e-mail to *shareholderrelations@consumersbank.com*.

## **OTHER BUSINESS**

The Board of Directors is not aware of any business to be addressed at the meeting other than those matters described above in this Proxy Statement. However, if any other matters should properly come before the meeting, it is intended that the common shares represented by proxies will be voted with respect thereto in accordance with the judgment of the person or persons voting the proxies.

## **CUMULATIVE VOTING**

Under the General Corporation Law of Ohio, if a shareholder desires cumulative voting for election of the directors, then the shareholder must provide written notice to the President or the Secretary of Consumers Bancorp not less than 48 hours before the time fixed for holding the Annual Meeting. Upon announcement of this notice at the Annual Meeting, each shareholder will have cumulative voting rights. Cumulative voting means that each shareholder may cast as many votes in the election of directors as the number of directors to be elected multiplied by the number of shares held. The votes may be cast for one nominee or distributed among as many nominees as the shareholder desires.

At this time it is not known whether there will be cumulative voting for the election of directors at the meeting. If the election of directors is by cumulative voting, the persons appointed by the accompanying proxy intend to cumulate the votes represented by the proxies they receive and distribute such votes in accordance with their best judgment.

By Order of the Board of Directors

Laurie L. McClellan  
Chairman  
Minerva, Ohio

September 21, 2012

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