Bankers Bancshares, Inc.

Consolidated Financial Report
December 31, 2014

Contents

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Bankers Bancshares, Inc.

We have audited the accompanying consolidated financial statements of Bankers Bancshares, Inc. and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2014 and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bankers Bancshares, Inc. and its subsidiaries as of December 31, 2014 and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Financial Statements

The consolidated financial statements of Bankers Bancshares, Inc. and its subsidiaries as of December 31, 2013 were audited by other auditors, whose report dated February 21, 2014 expressed an unqualified opinion on those statements.

Plante & Moran, PLLC

February 24, 2015

Bankers Bancshares, Inc.

Consolidated Balance Sheet
(000s omitted, except share data)

	December 31, 2014	December 31, 2013
Assets		
Cash and due from banks	$ 6,391	$ 6,997
Federal funds sold	12,141	13,330
Total cash and cash equivalents	18,532	20,327
Interest-bearing deposits in banks	7,350	8,807
Available-for-sale securities (Note 3)	29,455	32,600
Federal Reserve Bank stock	157	157
Loans - Net of allowance for loan losses of $657 and $723 in 2014 and 2013, respectively (Note 4)	44,791	44,607
Premises and equipment (Note 5)	115	149
Goodwill (Note 6)	713	713
Intangible assets (Note 6)	109	154
Cash surrender value of life insurance	1,858	1,796
Other assets (Note 10)	1,289	1,727
Total assets	**$ 104,369**	**$ 111,037**
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	$ 81,021	$ 78,012
Interest-bearing	-	25
Total deposits	81,021	78,037
Short-term borrowings (Note 7)	10,957	21,435
Note payable (Note 8)	75	75
Accrued and other liabilities (Note 9)	1,413	1,296
Total liabilities	93,466	100,843
Stockholders' Equity		
Common stock, $100 par value; authorized 18,000 shares; 14,150 issued at December 31, 2014 and 2013	1,415	1,415
Additional paid-in capital	4,414	4,407
Retained earnings	5,834	5,682
Accumulated other comprehensive loss	(452)	(926)
Treasury stock, at cost; 398 shares and 503 shares as of December 31, 2014 and 2013, respectively	(308)	(384)
Total stockholders' equity	10,903	10,194
Total liabilities and stockholders' equity	**$ 104,369**	**$ 111,037**

Bankers Bancshares, Inc.

Consolidated Statement of Income
(000s omitted)

	Year Ended December 31, 2014	Year Ended December 31, 2013
Interest Income		
Loans	$ 2,155	$ 2,150
Investment securities	482	502
Federal funds sold	15	8
Other	58	76
Total interest income	2,710	2,736
Interest Expense	15	17
Net Interest Income	2,695	2,719
Provision for Loan Losses (Note 4)	(200)	60
Net Interest Income After Provision for Loan Losses	2,895	2,659
Noninterest Income		
Fees from deposit accounts and agency fed funds services	519	520
Gain (loss) on sales of securities	2	(1)
Consulting income	1,021	1,149
Other	542	648
Total noninterest income	2,084	2,316
Noninterest Expense		
Salaries and employee benefits	2,435	2,189
Occupancy and equipment	196	206
Data processing	567	596
Professional fees and agency fees	261	209
Amortization of intangible assets	45	49
Other	1,074	1,048
Total noninterest expenses	4,578	4,297
Income - Before income taxes	401	678
Income Tax Expense (Note 10)	84	181
Net Income	**$ 317**	**$ 497**

Bankers Bancshares, Inc.

Consolidated Statement of Comprehensive Income

	Year Ended December 31, 2014	Year Ended December 31, 2013
Net Income	$ 317	$ 497
Other Comprehensive Income (Loss)		
Unrealized gain (loss) on securities:		
Gain (loss) arising during the year	721	(1,375)
Reclassification adjustment	(2)	1
Total unrealized gain (loss) on securities	719	(1,374)
Tax effect	(245)	467
Total other comprehensive income	474	(907)
Comprehensive Income (Loss)	**$ 791**	**$ (410)**

Bankers Bancshares, Inc.

Consolidated Statement of Changes in Stockholders' Equity
(000s omitted, except per share data)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance - January 1, 2013	$ 1,415	$ 4,407	$ 5,350	$ (19)	$ (186)	$ 10,967
Net income	-	-	497	-	-	497
Other comprehensive loss	-	-	-	(907)	-	(907)
Purchase of treasury stock	-	-	-	-	(202)	(202)
Sale of treasury stock	-	-	-	-	4	4
Dividends declared - $12.00 per share	-	-	(165)	-	-	(165)
Balance - December 31, 2013	1,415	4,407	5,682	(926)	(384)	10,194
Net income	-	-	317	-	-	317
Other comprehensive income	-	-	-	474	-	474
Sale of treasury stock	-	7	-	-	76	83
Dividends declared - $12.00 per share	-	-	(165)	-	-	(165)
Balance - December 31, 2014	**$ 1,415**	**$ 4,414**	**$ 5,834**	**$ (452)**	**$ (308)**	**$ 10,903**

See Notes to Consolidated Financial Statements.

Bankers Bancshares, Inc.

Consolidated Statement of Cash Flows
(000s omitted)

	Year Ended December 31 2014	2013
Cash Flows from Operating Activities		
Net income	$ 317	$ 497
Adjustments to reconcile net income to net cash from operating activities:		
Provision for loan losses	(200)	60
Depreciation and amortization	47	65
Net amortization related to securities	155	184
Deferred income taxes	51	103
Gain on sale of foreclosed properties	-	(6)
Amortization of intangible assets	45	49
(Gain) loss on sales of securities	(2)	1
Increase in cash surrender value of life insurance	(62)	(60)
Net change in:		
Other assets	387	56
Accrued and other liabilities	117	27
Net cash provided by operating activities	855	976
Cash Flows from Investing Activities		
Net change in interest-bearing deposits in banks	1,457	(3,319)
Purchases of securities	-	(19,474)
Proceeds from sales of securities	204	1,976
Proceeds from maturities of securities	3,262	15,078
Net change in loans	16	(2,619)
Proceeds from sale of foreclosed properties	-	348
Purchase of premises and equipment	(13)	(53)
Net cash provided by (used in) investing activities	4,926	(8,063)
Cash Flows from Financing Activities		
Net increase in deposit accounts	2,984	1,383
Net (decrease) increase in short-term borrowings	(10,478)	12,713
Payments of notes payable	-	(50)
Proceeds from sale of treasury stock	83	4
Purchase of treasury stock	-	(202)
Dividends paid	(165)	(165)
Net cash (used in) provided by financing activities	(7,576)	13,683
Net (Decrease) Increase in Cash and Cash Equivalents	(1,795)	6,596
Cash and Cash Equivalents - Beginning of year	20,327	13,731
Cash and Cash Equivalents - End of year	**$ 18,532**	**$ 20,327**
Supplemental Cash Flow Information -		
Cash paid (received) for		
Interest paid	$ 15	$ 19
Income taxes	45	(42)

Note 1 - Nature of Business and Significant Accounting Policies

Basis of Presentation and Consolidation - The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Great Lakes Bankers Bank, Great Lakes Banc Consulting, Inc., and GLBB Holdings, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Operations - Bankers Bancshares, Inc. (the "Company") is a bank holding company whose principal activity is the ownership and management of its wholly owned subsidiaries, Great Lakes Bankers Bank (the "Bank"), Great Lakes Banc Consulting, Inc. (GLBC), which was formerly known as F&M Credit Services, Inc., and GLBB Holdings, LLC (GLBBH). The Bank is primarily engaged in providing correspondent banking services to community banks located in Ohio, Michigan, and Kentucky and generating commercial and mortgage loans through its community bank customers. The Bank's customers may also be stockholders of the Company. GLBC provides loan review services, regulatory compliance consulting, and related services for financial institutions. GLBBH is a real estate holding company for foreclosed properties.

Use of Estimates - In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of investment securities, deferred tax assets, intangible assets, and goodwill.

Cash and Cash Equivalents - For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash and balances due from banks, federal funds sold, and investments which have original maturities of less than three months. The Company's interest-bearing cash accounts may exceed the FDIC's limit of $250,000.

Securities - Securities are classified as "available for sale" and are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income, net of tax.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Federal Reserve Bank Stock - Federal Reserve Bank stock is a required investment for institutions that are members of the Federal Reserve system. The required investment in the common stock is based on a predetermined formula. The stock is carried at cost, which approximates fair value, and is evaluated for impairment.

Loans - Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for loan losses. Interest income is accrued on the unpaid principal balance.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses - The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. The general component covers nonimpaired loans and is based on historical loss experience adjusted for qualitative factors.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Groups of loans with similar risk characteristics are collectively evaluated for impairment based on the group's historical loss experience adjusted for changes in trends, conditions, and other relevant factors that affect repayment of the loans.

Premises and Equipment - Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and depreciated using the straight-line method over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Income Taxes - Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the various temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion of the deferred tax asset will not be realized. The Company recognizes interest and penalties related to income tax matters in income tax expense.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term "more likely than not" means a likelihood of more than 50 percent; the terms "examined" and "upon examination" also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. With a few exceptions, the Company is no longer subject to tax examinations by tax authorities for years before 2011.

Treasury Stock - Common stock repurchases are recorded at cost. The cost of shares retired or reissued is determined using the first-in, first-out method.

Other Comprehensive Income (Loss) - Comprehensive income consists of net income and other comprehensive income, net of applicable income taxes. Other comprehensive income includes unrealized appreciation (depreciation) on available-for-sale securities.

Goodwill and Intangible Assets - Goodwill results from prior business acquisitions and represents the excess of the purchase price over the fair value of acquired tangible assets and liabilities and identifiable intangible assets. Goodwill is assessed at least annually for impairment, and any such impairment is recognized in the period identified. Intangible assets with finite lives are amortized on the straight-line method over a period of five years. Such assets are periodically evaluated for impairment.

Loss Contingencies - Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there are any such matters that will have a material effect on the consolidated financial statements.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Reclassification - Certain amounts appearing in the prior year's consolidated financial statements have been reclassified to conform to the current year's consolidated financial statements.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including February 24, 2015, which is the date the consolidated financial statements were available to be issued.

Note 2 - Restrictions on Cash and Amounts Due from Banks

The Bank is required to maintain average balances on hand or with the Federal Reserve Bank. At December 31, 2014 and 2013, these reserve balances amounted to $2,109,000 and $1,864,000, respectively.

Note 3 - Securities

The amortized cost and fair value of securities, with gross unrealized gains and losses, are as follows (000s omitted):

	2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Available-for-sale securities:				
U.S. government agencies	$ 10,401	$ -	$ (336)	$ 10,065
Mortgage-backed securities of government-sponsored agencies	13,924	4	(347)	13,581
State and political subdivisions	2,992	12	(8)	2,996
Corporate securities	2,822	-	(9)	2,813
Total available-for-sale securities	$ 30,139	$ 16	$ (700)	$ 29,455

	2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Available-for-sale securities:				
U.S. government agencies	$ 10,403	$ 4	$ (654)	$ 9,753
Mortgage-backed securities of government-sponsored agencies	16,667	-	(668)	15,999
State and political subdivisions	3,305	-	(77)	3,228
Corporate securities	3,628	1	(9)	3,620
Total available-for-sale securities	$ 34,003	$ 5	$ (1,408)	$ 32,600

Note 3 - Securities (Continued)

There were no securities pledged as collateral at December 31, 2014 or 2013.

The amortized cost and fair value of debt securities by contractual maturity at December 31, 2014 as follows (000s omitted):

	Available for Sale	
	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 1,802	$ 1,803
Due in one through five years	5,861	5,789
Due after five years through ten years	8,553	8,282
Total	16,216	15,874
Mortgage-backed securities of government-sponsored agencies	13,924	13,581
Total	$ 30,140	$ 29,455

Information pertaining to securities with gross unrealized losses at December 31, 2014 and 2013, aggregated by investment category and length of time that individual securities have been in a continuous loss position, is included in the table below. At December 31, 2014, there were 30 securities in an unrealized loss position (000s omitted):

	2014			
	Less than 12 Months		Over 12 Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
U.S. government agencies	$ -	$ -	$ 336	$ 10,065
Mortgage-backed securities of government-sponsored agencies	12	541	335	11,705
State and political subdivisions	8	1,329	-	-
Corporate securities	9	2,061	-	-
Total available-for-sale securities	$ 29	$ 3,931	$ 671	$ 21,770

Note 3 - Securities (Continued)

	2013			
	Less than 12 Months		Over 12 Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
U.S. government agencies	$ 429	$ 6,974	$ 225	$ 2,775
Mortgage-backed securities of government-sponsored agencies	446	12,362	222	3,637
State and political subdivisions	77	2,771	-	-
Corporate securities	9	2,847	-	-
Total available-for-sale securities	$ 961	$ 24,954	$ 447	$ 6,412

Unrealized losses on securities have not been recognized into income because the issuers' bonds are of high credit quality, the Company has the intent and ability to hold the securities for the foreseeable future, and the decline in fair value is primarily due to increased market interest rates. The fair value is expected to recover as the bonds approach the maturity date.

Note 4 - Loans

A summary of the balances of loans follows (000s omitted):

	2014	2013
Loans secured by real estate:		
Construction	$ 2,235	$ 1,877
Farmland	399	388
1-4 family residential properties	446	463
Multifamily (five or more) residential properties	6,734	8,708
Nonfarm nonresidential properties	23,810	24,970
Total mortgage loans on real estate	33,624	36,406
Commercial and industrial	7,838	6,107
Other	3,986	2,817
Total loans	45,448	45,330
Less - Allowance for loan losses	(657)	(723)
Net loans	$ 44,791	$ 44,607

Note 4 - Loans (Continued)

The following tables present the activity in the allowance for loan loss and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2014 and 2013. As of December 31, 2014 and 2013, there were no amounts in the allowance for loan losses attributable to loans individually evaluated for impairment (000s omitted).

	Year Ended December 31, 2014				
	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Allowance for loan losses:					
Construction	$ 29	$ -	$ 46	$ (50)	$ 25
Farmland	7	-	-	-	7
1-4 family residential properties	8	-	-	-	8
Multifamily (five or more) residential properties	139	-	-	-	139
Nonfarm nonresidential properties	398	-	88	(150)	336
Commercial and industrial	98	-	-	-	98
Other	44	-	-	-	44
Total	$ 723	$ -	$ 134	$ (200)	$ 657

	Year Ended December 31, 2013				
	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
Allowance for loan losses:					
Construction	$ 5	$ -	$ -	$ 24	$ 29
Farmland	17	-	-	(10)	7
1-4 family residential properties	20	-	-	(12)	8
Multifamily (five or more) residential properties	52	-	-	87	139
Nonfarm nonresidential properties	732	(220)	-	(114)	398
Commercial and industrial	29	-	-	69	98
Other	28	-	-	16	44
Total	$ 883	$ (220)	$ -	$ 60	$ 723

	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Ending Balance
Loans:			
Construction	$ -	$ 2,235	$ 2,235
Farmland	-	399	399
1-4 family residential properties	-	446	446
Multifamily (five or more) residential properties	-	6,734	6,734
Nonfarm nonresidential properties	530	23,280	23,810
Commercial and industrial	-	7,838	7,838
Other	-	3,986	3,986
Total	$ 530	$ 44,918	$ 45,448

Note 4 - Loans (Continued)

	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Ending Balance
Loans:			
Construction	$ 17	$ 1,860	$ 1,877
Farmland	-	388	388
1-4 family residential properties	-	463	463
Multifamily (five or more) residential properties	-	8,708	8,708
Nonfarm nonresidential properties	1,188	23,782	24,970
Commercial and industrial	-	6,107	6,107
Other	-	2,817	2,817
Total	$ 1,205	$ 44,125	$ 45,330

Credit Risk Grading

The Company has a standard loan grading system for all loans. Definitions are as follows:

Pass: Loans categorized as pass are higher quality loans that do not fit any of the criticized categories described below.

Special Mention: Loans that have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loans at some future date. Special mention loans are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification. Ordinarily, special mention credits have characteristics which corrective management action would remedy.

Substandard: Loans that are inadequately protected by the current worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified. Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of current known facts, conditions and values, highly questionable and improbable.

Note 4 - Loans (Continued)

Risk characteristics applicable to each segment of the loan portfolio are described as follows:

Residential 1-4 Family: Residential 1-4 family real estate loans are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Company's market areas that might impact either property values or a borrower's personal income. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Commercial Real Estate: Commercial real estate loans, which include farmland, multifamily, and nonfarm nonresidential loans, typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values, and the local economies in the Company's market areas.

Construction Real Estate: Construction real estate loans are usually based upon estimates of costs and estimated value of the completed project and include independent appraisal reviews and a financial analysis of the developers and property owners. Sources of repayment of these loans may include permanent loans, sales of developed property, or an interim loan commitment from the Company until permanent financing is obtained. These loans are considered to be higher risk than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions, and the availability of long-term financing. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values, and the local economies in the Company's market areas.

Commercial and Industrial: The commercial and industrial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases, and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

Note 4 - Loans (Continued)

The following tables present the credit risk profile of the Company's loan portfolio based on internal rating category as of December 31, 2014 and 2013 (000s omitted):

	December 31, 2014				
	Pass	Special Mention	Substandard	Doubtful	Total
Construction	$ 1,743	$ 492	$ -	$ -	$ 2,235
Farmland	399	-	-	-	399
1-4 family residential properties	446	-	-	-	446
Multifamily (five or more) residential properties	6,734	-	-	-	6,734
Nonfarm nonresidential properties	22,132	620	1,058	-	23,810
Commercial and industrial	7,838	-	-	-	7,838
Other	3,468	518	-	-	3,986
Total	$ 42,760	$ 1,630	$ 1,058	$ -	$ 45,448

	December 31, 2013				
	Pass	Special Mention	Substandard	Doubtful	Total
Construction	$ 1,860	$ -	$ 17	$ -	$ 1,877
Farmland	388	-	-	-	388
1-4 family residential properties	463	-	-	-	463
Multifamily (five or more) residential properties	8,708	-	-	-	8,708
Nonfarm nonresidential properties	21,575	2,027	1,234	134	24,970
Commercial and industrial	5,817	290	-	-	6,107
Other	2,817	-	-	-	2,817
Total	$ 41,628	$ 2,317	$ 1,251	$ 134	$ 45,330

Age Analysis of Past Due Loans

At December 31, 2014, loans totaling $91,000 were past due more than 30 days. The loans were categorized as nonfarm nonresidential loans and were over 90 days past due and on nonaccrual. At December 31, 2013, loans totaling $275,000 were past due more than 30 days. Of this total, $258,000 was categorized as nonfarm nonresidential loans and $17,000 was construction loans. All of the loans were past due more than 90 days and on nonaccrual.

Impaired Loans

A loan is considered impaired, in accordance with the impairment accounting guidance, when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans and loans modified in troubled debt restructurings.

Note 4 - Loans (Continued)

The following tables present impaired loan information as of and for the years ended December 31, 2014 and 2013. There were no loans that were impaired with a specific reserve at December 31, 2014 or 2013 (000s omitted).

	As of and For the Year Ended December 31, 2014				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment for the Year	Interest Income Recognized for the Year
With no related allowance recorded - Nonfarm nonresidential properties	$ 530	$ 611	$ -	$ 634	$ 24

	As of and For the Year Ended December 31, 2013				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment for the Year	Interest Income Recognized for the Year
With no related allowance recorded:					
Construction	$ 17	$ 116	$ -	$ 116	$ -
Nonfarm nonresidential properties	1,188	1,490	-	1,521	47
Total	$ 1,205	$ 1,606	$ -	$ 1,637	$ 47

There were no loans modified in troubled debt restructurings and deemed impaired during the years ended December 31, 2014 and 2013, and there were no troubled debt restructurings modified in the past 12 months that subsequently defaulted.

Note 5 - Bank Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment follows (000s omitted):

	2014	2013
Leasehold improvements	$ 122	$ 122
Furniture, fixtures, and equipment	271	258
Total	393	380
Accumulated depreciation	(278)	(231)
Net	$ 115	$ 149

Depreciation expense for the years ended December 31, 2014 and 2013 amounted to $47,000 and $65,000, respectively.

Note 5 - Bank Premises and Equipment (Continued)

The Company has a noncancelable operating lease for the bank building that expires in 2017. Rent expense for the bank building was $110,000 for years ended December 31, 2014 and 2013. Future minimum lease payments under the lease are as follows (000s omitted):

2015	$	125
2016		127
2017		86
Total	$	338

Note 6 - Acquired Intangible Assets and Goodwill

In 2012, GLBC purchased Community Bank Services, LLC (CBS), a bank regulatory compliance consulting company, to better position GLBC in that market space. GLBC paid $100,000 to the principal of CBS and acquired a customer relationship intangible asset of equal value. In conjunction with this acquisition, the principal of CBS signed a five-year noncompete agreement in exchange for a $125,000 note payable to be paid in equal $25,000 annual installments beginning January 2, 2013. The carrying basis and accumulated amortization of recognized intangible assets at December 31, 2014 and 2013 were as follows (000s omitted):

	2014		2013	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Noncompete	$ 125	$ 65	$ 125	$ 39
Customer relationship	100	51	100	32
Total	$ 225	$ 116	$ 225	$ 71

Amortization expense for intangible assets totaled $45,000 and $49,000 for the years ended December 31, 2014 and 2013, respectively.

Estimated amortization expense for the years ending December 31 are as follows (000s omitted):

2015	$	45
2016		45
2017		19
Total	$	109

Note 6 - Acquired Intangible Assets and Goodwill (Continued)

The Company has goodwill of $713,000 from the acquisition of F&M Credit Services, Inc., a loan review and consulting company, completed in 2003. The Company assesses goodwill annually and more frequently in certain circumstances. The Company performed a quantitative Step 1 analysis and determined the fair value of the reporting unit exceeded the carrying value of the reporting unit as of December 31, 2014 and 2013. As the fair value of the reporting unit exceeded the carrying value of the reporting unit, no impairment charge was recorded for the years ended December 31, 2014 and 2013.

Note 7 - Short-term Borrowings

Short-term borrowings include $10,957,000 and $21,435,000 of federal funds purchased at December 31, 2014 and 2013, respectively, which have an original term of one to four days.

The Bank provides an Agency Federal Funds program. These funds are carried off-balance-sheet. Funds in this program totaled $194,570,000 and $196,558,000 at December 31, 2014 and 2013, respectively.

At December 31, 2014, the Company has a $1,000,000 line of credit with a bank, which is also a stockholder, to be drawn on as needed. The line bears interest at 1.00 percent below the lending bank's base rate with a floor of 4.00 percent. This line matures on December 1, 2016. At December 31, 2014, no amount had been drawn on the line of credit.

Note 8 - Note Payable

The note payable is due to the former principal of CBS, who is now an employee of GLBC, in exchange for a five-year noncompete agreement. The note payable calls for $25,000 annual payments beginning on January 2, 2013 and ending on January 2, 2017. The balance of the note payable was $75,000 at December 31, 2014 and 2013 as the payment due January 2, 2014 was paid in December 2013.

Note 9 - Employee Benefits

The Company has a retirement savings 401(k) plan covering substantially all employees. Employees may contribute a portion of their compensation up to certain IRS limitations with the Company matching 50 percent of the employee's contribution on the first 6 percent of the employee's compensation. Employer contributions charged to expense for 2014 and 2013 were $34,000 and $31,000, respectively.

Note 9 - Employee Benefits (Continued)

The Company also has deferred compensation agreements with certain active and retired officers. The agreements provide for level monthly or quarterly payments ranging from 12 to 20 years after retirement. The liability is included in accrued and other liabilities on the consolidated balance sheet and totaled $993,000 and $971,000 at December 31, 2014 and 2013, respectively. The charge to expense for the agreements was $64,000 and $75,000 for 2014 and 2013, respectively.

Note 10 - Income Taxes

The components of the income tax provision are as follows (000s omitted):

	2014	2013
Current income tax expense	$ 33	$ 78
Deferred income tax expense	51	103
Total income tax expense	$ 84	$ 181

The details of the net deferred tax asset are as follows (000s omitted):

	2014	2013
Deferred tax assets:		
Allowance for loan losses	$ 158	$ 180
Deferred compensation	338	330
Unrealized losses on available-for-sale securities	232	477
Other	16	49
Deferred tax assets	744	1,036
Deferred tax liabilities:		
Depreciation	(60)	(72)
Goodwill and intangibles	(111)	(97)
Prepaid expenses	(10)	(8)
Deferred tax liabilities	(181)	(177)
Net deferred tax asset	$ 563	$ 859

Note 11 - Off-balance-sheet Activities

Credit-related Financial Instruments - The Company is a party to credit-related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

At December 31, 2014 and 2013, the following financial instruments were outstanding whose contract amounts represent credit risk (000s omitted):

	Contract Amount	
	2014	2013
Commitments secured by real estate	$ 2,994	$ 1,617
Other unused commitments	8,232	10,242
Standby letters of credit	-	25

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained is based on management's credit evaluation of the customer.

Letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Letters of credit generally have expiration dates within one year. The credit risk involved is extending loan facilities to customers. The Company generally holds collateral supporting those commitments.

Note 12 - Minimum Regulatory Capital Requirements

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidatedfinancial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Note 12 - Minimum Regulatory Capital Requirements (Continued)

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2014 and 2013, the Bank met all capital adequacy requirements to which it is subject.

As of December 31, 2014, the most recent notification from the Bank's primary regulator categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. To be categorized as well-capitalized, an institution must maintain minimum total risk-based, Tier I risked-based, and Tier I leverage ratios as set forth in the following tables. There are no conditions or events since the notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios as of December 31, 2014 and 2013 are also presented in the table.

In 2013 the federal banking agencies issued revisions to the existing capital rules to incorporate certain changes to the Basel capital framework, including Basel III and other elements. The intent is to strengthen the definition of regulatory capital, increase risk-based capital requirements, and make selected changes to the calculation of risk-weighted assets. As part of the new rules, which begin to be effective in 2015, there are several provisions affecting the Bank, such as the implementation of a new common tier ratio, the start of a capital conservation buffer, and increased prompt corrective action capital adequacy thresholds.

	Actual		For Capital Adequacy Purposes		To be Well-capitalized under Prompt Corrective Action Provisions	
(000s omitted)	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2014						
Total capital to risk weighted assets:	$ 10,566	18.7 %	$ 4,515	8.0 %	$ 5,643	10.0 %
Tier I capital to risk weighted assets:	9,909	17.6	2,257	4.0	3,386	6.0
Tier I capital to average assets:	9,909	10.1	3,943	4.0	4,928	5.0
As of December 31, 2013						
Total capital to risk weighted assets:	$ 10,150	17.7 %	$ 4,598	8.0 %	$ 5,748	10.0 %
Tier I capital to risk weighted assets:	9,431	16.4	2,299	4.0	3,449	6.0
Tier I capital to average assets:	9,431	9.0	4,178	4.0	5,222	5.0

Note 13 - Fair Value of Financial Instruments

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. There are certain financial instruments and all nonfinancial instruments from these disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Cash and Cash Equivalents - The carrying amounts of cash and cash equivalents approximate fair values.

Interest-bearing Deposits in Banks - The carrying amounts of interest-bearing deposits approximate their fair values.

Securities - Fair values of securities are based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Federal Reserve Bank Stock - The carrying value of Federal Reserve Bank stock approximates fair value based on the redemption provisions of the issuer.

Loans Receivable - For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values of nonperforming loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Deposits - The fair value of deposits is estimated based on current market rates for similar deposits.

Short-term Borrowings and Note Payable - The carrying amounts of these instruments approximate their fair values.

Accrued Interest - The carrying amounts of accrued interest approximate fair value.

Note 13 - Fair Value of Financial Instruments (Continued)

The estimated fair values and related carrying or notional amounts of the Company's financial instruments are as follows (000s omitted):

	2014		2013	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and equivalents	$ 18,532	$ 18,532	$ 20,327	$ 20,327
Interest-bearing deposits in banks	7,350	7,350	8,807	8,807
Securities available for sale	29,455	29,455	32,600	32,600
Federal Reserve Bank stock	157	157	157	157
Loans - Net	44,791	44,817	44,607	45,542
Accrued interest receivable	236	236	255	255
Financial liabilities:				
Deposits	81,021	80,475	78,037	77,487
Short-term borrowings	10,957	10,957	21,435	21,435
Note payable	75	75	75	75
Accrued interest payable	1	1	1	1

Note 14 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Company's assets measured at fair value on a recurring basis at December 31, 2014 and 2013 and the valuation techniques used by the Company to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Note 14 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2014

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2014
Assets (000s omitted)				
Available-for-sale securities:				
U.S. government agencies	$ -	$ 10,065	$ -	$ 10,065
Mortgage-backed securities of government-sponsored agencies	-	13,581	-	13,581
State and political subdivisions	-	2,996	-	2,996
Corporate securities	-	2,813	-	2,813
Total available-for-sale securities	$ -	$ 29,455	$ -	$ 29,455

Assets Measured at Fair Value on a Recurring Basis at December 31, 2013

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2013
Assets (000s omitted)				
Available-for-sale securities:				
U.S. government agencies	$ -	$ 9,753	$ -	$ 9,753
Mortgage-backed securities of government-sponsored agencies	-	15,999	-	15,999
State and political subdivisions	-	3,228	-	3,228
Corporate securities	-	3,620	-	3,620
Total available-for-sale securities	$ -	$ 32,600	$ -	$ 32,600

Note 14 - Fair Value Measurements (Continued)

The Company also has assets that under certain conditions are subject to measurement at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances, for example, when there is evidence of impairment. As of December 31, 2014 and 2013, the only assets measured at fair value on a nonrecurring were impaired loans.

The fair value of impaired loans is estimated based on the appraised fair value of the collateral, less estimated cost to sell. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy. The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by management. Appraisals are reviewed for accuracy and consistency. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by management by comparison to historical results. The Company had collateral-dependent impaired loans measured at fair value on a nonrecurring basis of $530,000 and $1,064,000 at December 31, 2014 and 2013, respectively.