American National Bank & Trust
Trust & Investment Services Team

AmeriBancShares, Inc.

2014 ANNUAL REPORT

To Our Shareholders,

Good news is always welcome, so let us begin with our "Highlights for 2014"

- **Bank Net Income was $4,150,000 which represents a .95% return on assets and 7.44% return on equity.**
- **Regulatory Capital Ratios for the bank reached extremely strong levels of: Tier 1 leverage ratio 12.21% and Risk based ratio 19.72%.**
- **Two $.25 dividends were paid to shareholders.**
- **AmeriBancShares, Inc. stock sales reached $28.50 per share.**
- **A loan production office (LPO) opened in Fort Worth.**

Dwight Berry, President & CEO

BANK PROFITABILITY:

Bank net income for 2014 totaled $4,150,000. The bank has been consistent for the past three years reaching very high levels of return considering the arduous banking climate that currently exists. Expenses have been held to manageable levels and efforts to maximize ancillary means of income have been intensified.

CAPITAL POSITIONS:

One of the many categories that define the strength of the bank is the elevated capital levels that are maintained. Compared to peer banks our capital position exceeds their Tier 1 average by over 20% and Risked based 24%. Management continues its commitment to our stockholders that strong capital balances will be maintained so that their investment will always be secure. With current capital levels, risk associated with business downturns as a result of economic crisis, losses, or interest rate fluctuations is minimized. Maintaining a high capital position also provides the bank the ability to expand if the opportunity should arise.

RESERVE LEVELS:

Adequate reserve levels is another very important measure of the stability of a financial institution. At year-end the banks loan loss reserve totaled a very strong level of 2.02%. This level exceeds the percentage held by peer group institutions by 35%. Our bank experienced just $5,000 in net loan losses during 2014. A very important factor in the loan loss provision is that when it is elevated as ours is, substantial growth in the loan portfolio can be achieved without additional allocations.

LOANS AND INVESTMENTS:

Commercial loan demand has been depressed for the past three years, however, in 2014 loan totals increased 5%. Our 2015 budget reflects an anticipated 10% increase in loans. The economy appears stable as past due loans are considered very minimal. Additionally, our investment portfolio consists primarily of U.S. Treasuries and Agency products. The maturity schedule is maintained short to allow for repositioning as interest rates eventually increase.

ANCILLARY OPERATIONS:

In the past few years mortgage activity has been unusually high due to low interest rates. However, as mortgage rates increased in 2014, refinancing activities decreased, thus, returning mortgage activity to what is considered a normal level. Seventeen percent (17%) of the banks income for the year was directly attributable to mortgage activity.

Our Trust department is the largest independent trust operation in North Texas with over $1 billion in assets under management. In 2014, it generated 29% of the banks net income, and looking to the future, growth opportunities are tremendous.

Our subsidiary, American National Leasing, had an impressive year with over $9 million in new production and is expanding into several new areas throughout Texas. Lessees vary widely from small, one-person operations to large nation-wide corporations, and the kinds of equipment being leased are just as diverse. Transactions range from a few thousand dollars of office equipment such as copiers to heavy equipment costing hundreds of thousands. Automobile leasing is very active as well as service equipment, medical equipment, and transportation fleets.

NEW DEVELOPMENTS:

Our strategic planning process has fostered goals that are now directing our growth into other markets. With banks in Iowa Park, Archer City, three in Wichita Falls, and Flower Mound, expanding our footprint further into the metroplex was accomplished in 2014. A new loan production office has been opened in Fort Worth at 2929 W. 5th Street, and land has been purchased at the corner of 7th and Summit near downtown, where a full facility will be constructed in the near future. Two senior officers are leading our entrance into this vibrant market, Executive Vice President Tim Connolly, and Senior Vice President Michael Winfrey. Tim is long tenured in our trust area and Michael; a well-seasoned Fort Worth Commercial Lender, joined our bank in June 2014.

Tim Connolly, Executive Vice President

Michael Winfrey, Senior Vice President

As we move forward into 2015 we are continuing to analyze what works and what does not work in our ever-changing financial industry. Interest rate margins have remained at historic low levels for five years running while fees for many banking services have become non-existent. The continuous escalation of the information age and digital globalization mandates that banks enlist as many resources as possible to offer services that only a few years ago were beyond imagination. Online banking, Online Bill Pay, Mobile banking, Remote deposit capture, and Mobile Check Deposit are products that clients deserve and expect. I am pleased to confirm that American National Bank & Trust continues to remain successful operating in this challenging environment.

RETIREMENT:

It is bittersweet that we wished one of our pillars farewell in 2014. After over fifty five years of banking Senior Vice President Johnny Clark decided it was time to do something other than report to one of the four corners of 8th & Scott streets in downtown Wichita Falls. Johnny opened our downtown branch in 1986. During the past 28 years he moved the branch to three different locations all within one block of the other. He was instrumental in growing the branch to over $70 million in assets and was a major contributor to the success of our bank. He will be missed greatly and we wish him all of the best in his retirement.

Johnny Clark, Senior Vice President

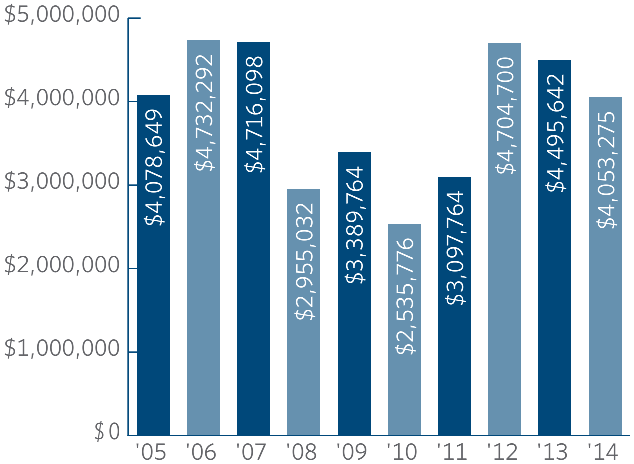
We look forward to 2015 with much enthusiasm and excitement. Opportunity for growth and profitability is apparent and it remains our pledge to offer banking services to our customers in an efficient and stable manner. As always, thanks to you our shareholder, for your continued support.

Dwight Berry
President & CEO

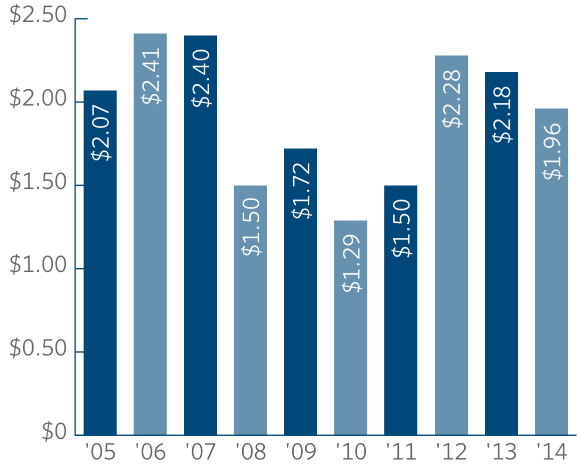
FINANCIAL HIGHLIGHTS

	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013	% CHANGE
Demand Deposits	23,696,378	24,327,657	−2.6%
Total Deposits	378,783,688	363,161,670	4.3%
Total Assets	445,754,397	427,929,500	4.2%
Total Loans (net)	253,747,876	240,068,323	5.7%
Reserve for Loan Losses	5,241,006	5,246,410	−0.1%
Return on Earning Assets	3.42%	3.47%	−1.5%
Cost of Funds	0.33%	0.40%	−17.5%
Average Net Spread	3.09%	3.07%	0.6%
Growth in Capital	3,200,124	2,770,813	15.5%
Total Capital Beginning	47,099,524	44,328,711	
Total Capital Ending	50,299,648	47,099,524	6.8%
Interest Income	14,613,982	14,683,714	−0.5%
Interest Expense	996,689	1,237,323	−19.4%
Net Interest Income	13,617,293	13,828,391	1.3%
Non-Interest Income	9,740,252	10,124,484	−3.8%
Non-Interest Expense	17,955,082	17,694,715	1.5%
Profit Before Provision	5,402,463	5,876,160	−8.1%
(Credit to) Provision for Loan Losses	0	(382,000)	−100%
Income Taxes	1,349,188	1,762,518	−23.5%
Net Income	4,053,275	4,495,642	−9.8%
Earnings Per Share	1.96	2.18	−10.1%
Dividends Paid	0.50	0.50	0.0%
Book Value	24.35	22.80	6.8%
Return on Average Assets	0.93	1.04	−10.6%
Return on Average Equity	8.30	9.88	−16.0%

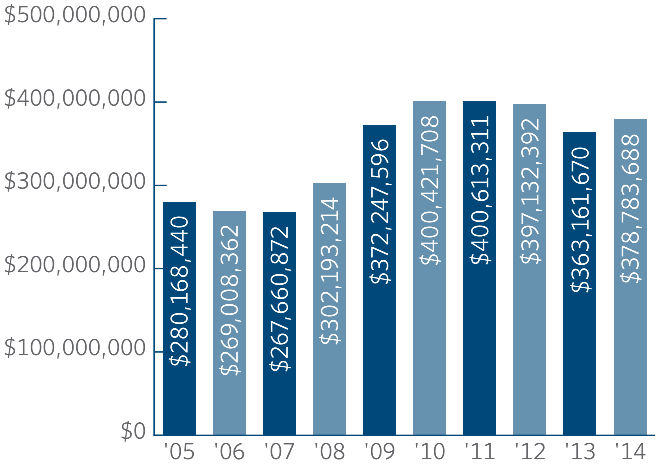
CONSOLIDATED NET INCOME



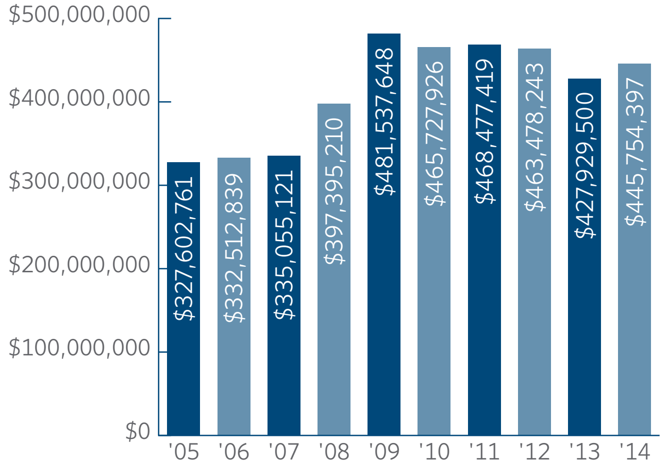
EARNINGS PER SHARE



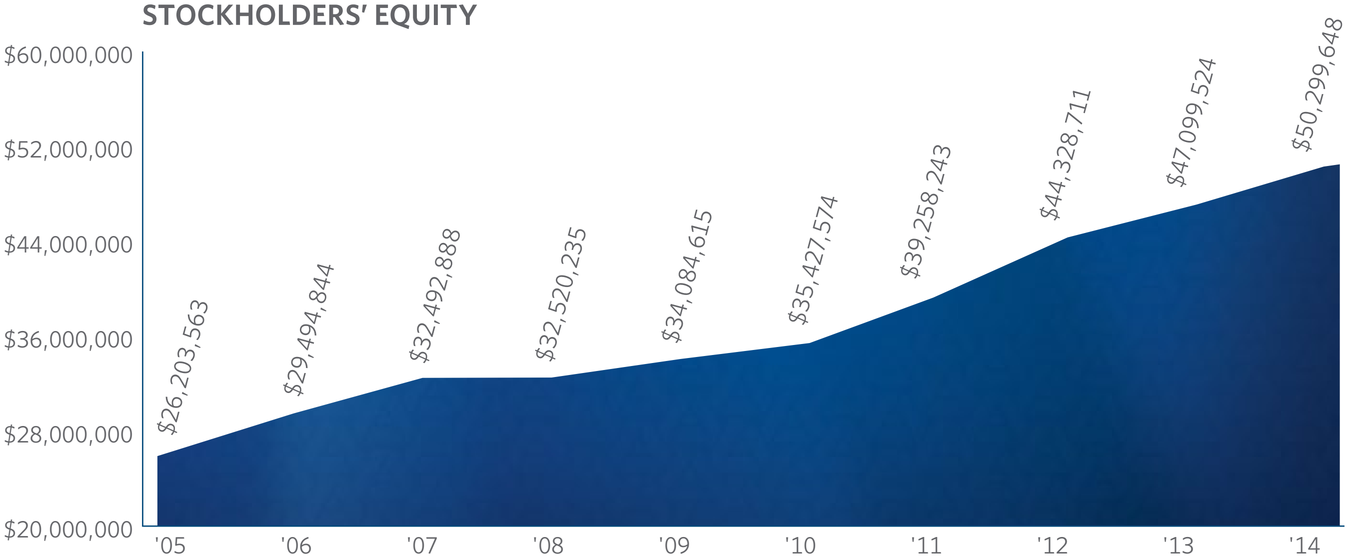
YEAR END DEPOSITS



YEAR END ASSETS



STOCKHOLDERS' EQUITY



The Board of Directors
AmeriBancShares, Inc. and Subsidiaries
Wichita Falls, Texas

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AmeriBancShares, Inc. and Subsidiaries (Company) which comprise the consolidated balance sheet as of December 31, 2014 and 2013 and the related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based upon our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditors' 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 AmeriBancShares, Inc. and Subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules presented following the Notes to Consolidated Financial Statements are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Payne & Smith, LLC

March 11, 2015

ASSETS	2014	2013
Cash and due from banks	$ 10,491,044	$ 10,911,153
Interest bearing deposits in banks	42,467,000	27,216,000
Total cash and equivalents	52,958,044	38,127,153
Securities available for sale	97,018,933	107,182,245
Securities to be held to maturity (approximate market value of $748,992 in 2014 and $777,136 in 2013)	725,000	775,000
Other securities (approximate market value of $677,050 in 2014 and $725,450 in 2013)	677,050	725,450
Total investments	98,420,983	108,682,695
Mortgage loans held for sale	468,704	1,968,498
Loans	259,927,731	246,794,075
Unearned discount	(938,849)	(1,479,342)
Allowance for loan losses	(5,241,006)	(5,246,410)
Net loans	253,747,876	240,068,323
Premises and equipment, net	15,646,286	15,354,397
Accrued interest receivable	1,299,556	1,299,476
Goodwill	4,219,975	4,219,975
Other assets	18,992,973	18,208,983
Total assets	$ 445,754,397	$ 427,929,500

LIABILITIES AND STOCKHOLDERS' EQUITY		
Demand deposits	$ 23,696,378	$ 24,327,657
Savings deposits	191,942,419	181,509,876
Money market and NOW accounts	86,432,593	76,876,199
Time certificates of deposit	76,712,298	80,447,938
Total deposits	378,783,688	363,161,670
Repurchase agreements	1,916,872	3,234,134
Other borrowed funds	488,311	720,729
Junior subordinated debentures	7,217,000	7,217,000
Accrued interest payable	45,504	49,624
Other liabilities	7,003,374	6,446,819
Total liabilities	395,454,749	380,829,976
Stockholders' Equity		
Common Stock (par value $2.50; 5,000,000 shares authorized, 2,114,430 issued and 2,065,430 outstanding at 2014 and 2013)	5,286,075	5,286,075
Surplus	13,038,891	13,023,645
Undivided profits	33,016,505	29,995,945
Treasury stock at cost (49,000 shares)	(882,000)	(882,000)
Unearned KSOP stock	(434,142)	(651,314)
Accumulated other comprehensive income (loss):		
Net unrealized appreciation on securities available for sale, net of tax of $141,316 in 2014 and $168,544 in 2013	274,319	327,173
Total stockholders' equity	50,299,648	47,099,524
Total liabilities and stockholders' equity	$ 445,754,397	$ 427,929,500

The accompanying Notes are an integral part of these financial statements.

	2014	2013
INTEREST INCOME:		
Interest and fees on loans	$ 13,038,349	$ 12,732,100
Interest on investment securities	1,439,868	1,797,040
Interest on interest bearing deposits in banks	135,765	154,574
Total interest income	14,613,982	14,683,714
INTEREST EXPENSE:		
Interest on deposits	845,800	993,030
Interest on federal funds purchased	0	54
Interest on repurchase agreements	2,776	3,616
Interest on other borrowed funds	1,500	33,745
Interest on Junior Subordinated Debentures	146,613	206,878
Total interest expense	996,689	1,237,323
Net interest income	13,617,293	13,446,391
(Credit to) provision for loan losses	0	(382,000)
Net interest income after (credit to) provision for loan losses	13,617,293	13,828,391
OTHER OPERATING INCOME:		
Service charges on deposit accounts	559,511	557,206
Trust fee income	4,707,572	4,173,335
Gain on sale of mortgage loans	1,083,443	1,728,720
Gain on sale of other real estate owned	12,767	553,768
(Loss) gain on sale of securities	110,814	(3,250)
Rent income	794,860	718,395
Other, net	2,471,285	2,396,310
Total other operating income	9,740,252	10,124,484
OTHER OPERATING EXPENSES:		
Salaries and employee benefits	10,550,494	10,213,495
Premises and equipment	1,846,615	2,093,115
Data processing expense	887,128	828,299
Other operating expenses	4,670,845	4,559,806
Total other operating expenses	17,955,082	17,694,715
Income before income taxes	5,402,463	6,258,160
Provision for income taxes	1,349,188	1,762,518
Net income	4,053,275	4,495,642
OTHER COMPREHENSIVE INCOME (LOSS):		
Change in net unrealized gain/loss on securities available for sale, net of taxes	20,283	(950,183)
Less reclassification adjustment for losses (gains) on sales of securities available for sale	(73,137)	2,145
	(52,854)	(948,038)
Change in fair value of derivatives used for cash flow hedges, net of taxes of $20,304 in 2013	0	39,412
Total other comprehensive loss	(52,854)	(908,626)
Total comprehensive income	4,000,421	$ 3,587,016
Net income per share of common stock	$ 1.96	$ 2.18

The accompanying Notes are an integral part of these financial statements.

	Common Stock Number of Shares	Common Stock Amount	Surplus	Undivided Profits and Capital Reserves	Treasury Stock	Unearned KSOP Shares	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance January 1, 2013	2,114,430	$ 5,286,075	$ 13,024,304	$ 26,533,018	($ 882,000)	($ 868,485)	$ 1,235,799	$ 44,328,711
Net income	–	–	–	4,495,642	–	–	–	4,495,642
Other comprehensive loss	–	–	–	–	–	–	(908,626)	(908,626)
Unearned KSOP share released	–	–	(659)	–	–	217,171	–	216,512
Cash dividends, $.25 per common share	–	–	–	(1,032,715)	–	–	–	(1,032,715)
Balance December 31, 2013	2,114,430	5,286,075	13,023,645	29,995,945	(882,000)	(651,314)	327,173	47,099,524
Net income	–	–	–	4,053,275	–	–	–	4,053,275
Other comprehensive loss	–	–	–	–	–	–	(52,854)	(52,854)
Unearned KSOP share released	–	–	15,246	–	–	217,172	–	232,418
Cash dividends, $.50 per common share	–	–	–	(1,032,715)	–	–	–	(1,032,715)
Balance December 31, 2014	2,114,430	$ 5,286,075	$ 13,038,891	$ 33,016,505	($ 882,000)	($ 434,142)	$ 274,319	$ 50,299,648

The accompanying Notes are an integral part of these financial statements.

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,053,275	$ 4,495,642
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	1,435,989	1,482,669
(Credit to) provision for loan losses	–	(382,000)
Provision for other real estate owned losses	600	115,520
Provision for (benefit from) deferred taxes	(179,498)	9,955
(Gain) loss on sale of securities available for sale	(110,814)	3,250
Gain on sale of mortgage loans	(1,083,443)	(1,728,720)
(Gain) loss on sale of other real estate owned	(12,767)	(553,768)
Gain on sale of premises and equipment	(12,528)	(7,089)
Amortization of premium on investment securities	583,520	702,029
Accretion of discount on investment securities	(9,174)	(6,145)
Proceeds from sales of mortgage loans	56,999,963	81,599,720
Mortgage loans funded	(54,416,000)	(78,458,449)
(Increase) decrease in:		
Prepaid expenses	(10,037)	(98,280)
Accrued interest receivable	(80)	264,856
Income taxes receivable	(128,487)	108,563
Miscellaneous other assets	(312,639)	225,979
Increase (decrease) in:		
Accrued interest payable	(4,120)	(21,118)
Other taxes payable	(42,835)	425
Other accrued expenses	599,395	251,690
Net cash provided by operating activities	7,350,320	8,004,729
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturing securities available for sale	14,370,009	36,355,977
Proceeds from sale of securities available for sale	10,272,115	4,996,967
Proceeds from maturing securities held to maturity	50,000	25,000
Proceeds from sale of other securities	610,900	115,000
Purchase of securities available for sale	(15,022,425)	(48,618,083)
Purchase of other securities	(562,500)	(1,200)
Purchase of cash value life insurance	(303,852)	(442,243)
Net (increase) decrease in loans	(13,741,152)	11,677,317
Purchase of premises and equipment	(2,800,109)	(2,205,965)
Proceeds from sale of premises and equipment	1,052,461	664,788
Proceeds from sale of other real estate owned	283,083	2,762,874
Net cash provided by (used in) investing activities	(5,791,470)	5,330,432
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in deposits	15,622,018	(33,970,722)
Net decrease in federal funds purchased	–	(500,000)
Net decrease in repurchase agreements	(1,317,262)	(1,057,430)
Net decrease in other borrowed funds	–	(2,064,673)
Dividends paid	(1,032,715)	(1,032,715)
Net cash provided by (used in) financing activities	13,272,041	(38,625,540)
Net increase (decrease) in cash and cash equivalents	14,830,891	(25,290,379)
Cash and cash equivalents at beginning of period	38,127,153	63,417,532
Cash and cash equivalents at end of period	$ 52,958,044	$ 38,127,153

The accompanying Notes are an integral part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The accounting and reporting policies of AmeriBancShares, Inc. and Subsidiaries ("the Company") conform to generally accepted accounting principles and prevailing practices within the banking industry. The Company carries its assets and liabilities principally on the historical cost basis and follows the accrual method of accounting.

NATURE OF OPERATIONS: The Company provides a variety of financial services to individual and business customers through its locations in Wichita Falls, Iowa Park, Archer City and Flower Mound, Texas. The Company's primary deposit products are demand deposits, savings deposits, and certificates of deposit, and the primary lending products are commercial, real estate mortgages, and installment loans. The Company also provides trust services, real estate title services and vehicle and equipment leasing services to individual and business customers through its locations in Wichita Falls, Texas and Flower Mound, Texas.

BASIS OF PRESENTATION: The accompanying consolidated financial statements include the accounts of AmeriBancShares, Inc. and its wholly-owned subsidiaries, ANB Realty Corp. and AmeriBancShares of Delaware, Inc. The financial statements also include American National Bank & Trust, which is a wholly-owned subsidiary of AmeriBancShares of Delaware, Inc. and American National Leasing Company, Archer Title of Texas, Inc., and AmNat Insurance Services, Inc., which are wholly owned subsidiaries of American National Bank & Trust. All significant intercompany transactions have been eliminated. The consolidated statements of income, changes in stockholders' equity, and cash flows include operations for the years ended December 31, 2014 and 2013.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Company's loans are generally secured by specific items of collateral including real property, consumer assets and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions in the real estate industry.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Company to recognize additional losses based on their judgments about information available to them at the time of their examination.

CASH AND DUE FROM BANKS: Included in cash and due from banks are legal reserve requirements which must be maintained on an average basis in the form of cash and balances due from the Federal Reserve and other banks.

SECURITIES: Investment securities are classified into three categories: held-to-maturity (HTM), available-for-sale (AFS) and trading.

Securities classified as held-to-maturity, which are those the Company has the positive intent and ability to hold to maturity, are reported at amortized cost. Securities classified as available-for-sale may be sold in response to changes in interest rates, liquidity needs, and for other purposes. Available-for-sale securities are reported at fair value and include securities not classified as held-to-maturity or trading. Trading securities are those held principally for the purpose of selling in the near future and are carried at fair value. The Company currently has no trading securities.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Unrealized holding gains and losses for available-for-sale securities are excluded from earnings and reported, net of any income tax effect, as a separate component of stockholders' equity. Realized gains and losses are reported in earnings based on the adjusted cost of the specific security sold.

MORTGAGE LOANS HELD FOR SALE: The mortgage loans held for sale are stated at the lower of cost or market. Such mortgage loans are aggregated by type for the purpose of valuation. Allowances which are necessary to reflect a reduction of the portfolio to the lower of cost or market are charged against income in the current period.

LOANS AND ALLOWANCE FOR LOAN LOSSES: Loans are stated at the amount of unpaid principal, reduced by unearned discount and an allowance for loan losses. Interest on loans is calculated by using the simple interest method on daily balances of the principal amount outstanding. Fees associated with originating loans, to the extent they exceed the direct origination costs are generally deferred and recognized over the life of the loan as an adjustment of yield.

Impaired loans are generally placed on nonaccrual when a loan is specifically determined to be impaired or when principal or interest is delinquent for 90 days or more. Any unpaid interest previously accrued on those loans is reversed from income. Interest income generally is not recognized on specific impaired loans unless the likelihood of further loss is remote. Interest payments received on such loans are applied as a reduction of the loan principal balance. Interest income on other impaired loans is recognized only to the extent of interest payments received and are accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual.

A troubled debt restructured loan (TDR) is a loan which the Company, for reasons related to the borrower's financial difficulties, grants a concession to the borrower that the Company would not otherwise consider. The loan terms, which have been modified or restructured due to a borrower's financial difficulty, include, but are not limited to, a reduction in the stated interest rate; an extension of the maturity at an interest rate below current market; a reduction in the face amount of the debt; a reduction in the accrued interest; or reaging, extensions, deferrals, renewals, and rewrites. A TDR loan would generally be considered impaired in the year of modification and will be assessed periodically for further impairment.

The allowance for loan losses is established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to provide for estimated loan losses inherent in the loan portfolio. The allowance for loan losses includes allowance allocations calculated in accordance with ASC Topic 310, "Receivables" and allowance allocations calculated in accordance with ASC Topic 450, "Contingencies". The level of the allowance reflects management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio quality, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio, as well as trends in the foregoing. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged off. While management utilizes its best judgment and information available, the ultimate adequacy of the allowance is dependent upon a variety of factors beyond the Company's control, including the performance of the Company's loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications.

The Company's allowance for loan losses consists of three elements: (i) specific valuation allowances established for probable losses on specific loans; (ii) historical valuation allowances calculated based on historical loan loss experience for similar loans with similar characteristics and trends adjusted for general economic conditions and other qualitative risk factors both internal and external to the Company; and (iii) unallocated general valuation allowances.

SERVICING: Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Capitalized servicing rights are reported in other assets and are amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum.

OTHER REAL ESTATE OWNED: Other real estate owned consists of real property acquired through foreclosure or deed in lieu of foreclosure. Other real estate owned, in the amount of $1,825,006 and $2,043,552 at December 31, 2014 and 2013, respectively, is carried at the lower of fair value minus estimated selling costs or cost. When property is acquired, the asset is recorded at its fair value and an allowance for estimated selling costs is provided. The allowance for other real estate owned is adjusted for increases or declines in the fair value of the assets; however, the allowance may not be reduced below zero.

PREMISES AND EQUIPMENT, AND DEPRECIATION: Premises and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed, while expenditures for significant renewals and betterments are capitalized. When property is disposed of, the cost of the property and the related accumulated depreciation are removed from the accounts. The Company has elected to provide for depreciation on the straight-line method for financial reporting purposes and accelerated method for tax purposes.

INCOME TAXES: The Company files a consolidated income tax return with its wholly-owned subsidiaries and their wholly-owned subsidiaries. Federal income tax expense or benefit has been allocated on a separate return basis.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of accumulated depreciation and the allowance for loan losses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Accounting principles generally accepted in the United States of America require Company management to evaluate tax positions taken by the Company. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no liability for tax penalties has been included in the consolidated financial statements. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2010.

GOODWILL: Goodwill represents the excess of the cost of businesses acquired over the fair value of the net assets acquired. At least annually or more frequently if circumstances dictate, management assesses qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that goodwill is impaired. If, after assessing the totality of events and circumstances, management concludes that it is not more likely than not that goodwill is impaired, then no further action is taken. If, however, management concludes otherwise, then the fair value of goodwill is determined and tested for impairment by comparing the fair value with the carrying amount in accordance with ASC Topic 350, *Intangibles-Goodwill and Other*.

DERIVATIVE FINANCIAL INSTRUMENTS: Derivative financial instruments are recognized as assets and liabilities on the consolidated balance sheet and measured at fair value.

Interest Rate Swap Agreements: From time to time, the Company uses interest rate swap agreements to hedge various exposures or to modify interest rate characteristics of various balance sheet accounts. Interest rate swaps are contracts in which a series of interest rate flows are exchanged over a prescribed period. The notational amount on which the interest payments are based is not exchanged. These swap agreements are derivative instruments and generally convert a portion of the Company's variable rate debt to a fixed rate (cash flow hedge). At December 31, 2014 and 2013, the Company had no outstanding interest rate swap agreements.

DERIVATIVE LOAN COMMITMENTS: Mortgage loan commitments that relate to the origination of a mortgage that will be held for sale upon funding are considered derivative instruments. Loan commitments that are derivatives are recognized at fair value on the consolidated balance sheet in other assets and other liabilities with changes in their fair values recorded in noninterest income. The fair values of those commitments was insignificant at December 31, 2014 and 2013.

NET INCOME PER COMMON SHARE: Net income per common share is based on the weighted average number of common shares outstanding during the period.

RECLASSIFICATION: For comparability, certain amounts in the 2013 financial statements have been reclassified, where appropriate, to conform with the financial presentation used in 2014.

CASH AND CASH EQUIVALENTS: For purposes of recording cash flows, cash and cash equivalents include cash on hand, amounts due from banks, interest-bearing deposits in banks and federal funds sold. Generally, federal funds are purchased and sold for one-day periods.

COMPREHENSIVE INCOME: Comprehensive income includes both net income and other comprehensive income (loss), which includes the change in unrealized gains and losses on securities available for sale and the change in fair value of derivatives used for cash flow hedges.

FAIR VALUES OF FINANCIAL INSTRUMENTS: ASC Topic 820, "Fair Value Measurements and Disclosures," defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

SUBSEQUENT EVENTS: The Company has evaluated subsequent events and transactions for potential recognition or disclosure through March 11, 2015, the date these financial statements were available to be issued.

NOTE 2: INVESTMENT SECURITIES

The amortized cost and estimated market values of investments in debt securities are as follows:

	DECEMBER 31, 2014			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED MARKET VALUE
Securities Available For Sale				
United States Treasury securities	$ 20,052,000	$ 3,800	($ 2,300)	$ 20,053,500
United States Agency securities	50,126,042	59,700	(420,496)	49,765,246
Municipal securities	20,916,125	789,224	(23,470)	21,681,879
Corporate bonds	2,516,825	1,900	–	2,518,725
Mortgage-backed securities	2,918,822	7,277	–	2,926,099
Equity securities	73,484	–	–	73,484
Totals	$ 96,603,298	$ 861,901	($ 446,266)	$ 97,018,933
Securities Held to Maturity				
Municipal securities	$ 725,000	$ 25,205	($ 1,213)	$ 748,992
Totals	$ 725,000	$ 25,205	($ 1,213)	$ 748,992
Other securities	$ 677,050	–	–	$ 677,050

	DECEMBER 31, 2013			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED MARKET VALUE
Securities Available For Sale				
United States Treasury securities	$ 20,144,680	$ –	$ –	$ 20,144,680
United States Agency securities	55,380,919	166,600	(642,319)	54,905,200
Municipal securities	22,545,646	1,051,938	(64,314)	23,533,270
Corporate bonds	5,132,400	38,000	0	5,170,400
Mortgage-backed securities	3,409,184	1,659	(55,847)	3,354,996
Equity securities	73,699	–	–	73,699
Totals	$ 106,686,528	$ 1,258,197	($ 762,480)	$ 107,182,245
Securities Held to Maturity				
Municipal securities	$ 775,000	$ 9,214	($ 7,078)	$ 777,136
Totals	$ 775,000	$ 9,214	($ 7,078)	$ 777,136
Other securities	$ 725,450	–	–	$ 725,450

Other securities consist of common stock in the Federal Reserve Bank, Federal Home Loan Bank, Independent Bankers Financial Corporation and an investment in a Special Purpose Entity (see Note 9).

The amortized cost and estimated market value of debt securities at December 31, 2014, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	SECURITIES AVAILABLE FOR SALE		SECURITIES TO BE HELD TO MATURITY	
	AMORTIZED COST	ESTIMATED MARKET VALUE	AMORTIZED COST	ESTIMATED MARKET VALUE
Due in one year or less	$ 18,694,453	$ 18,695,491	$ 50,000	$ 49,686
Due after one year through five years	59,149,430	59,042,489	250,000	250,231
Due after five years through ten years	9,777,275	9,810,861	425,000	449,075
Due after ten years	5,989,834	6,470,509	–	–
	93,610,992	94,019,350	725,000	748,992
Mortgage-backed securities	2,918,822	2,926,099	–	–
Equity securities	73,484	73,484	–	–
Totals	$ 96,603,298	$ 97,018,933	$ 725,000	$ 748,992

Proceeds from sales of available for sale securities for the years ended December 31, 2014 and 2013 were approximately $10,272,115 and $4,996,967, respectively. Gross gains of $110,814 were realized on sales of available for sale securities during 2014. No gross gains were realized on sales of available for sale securities during 2013. No gross losses were realized on sales of available for sale securities during 2014. Gross losses of $3,250 were realized on sales of available for sale securities during 2013.

Investment securities with a recorded value of approximately $79,701,159 and $78,913,650 at December 31, 2014 and 2013, respectively, were pledged to secure deposits and for other purposes as required by law.

Unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2014 and 2013 are summarized as follows:

DECEMBER 31, 2014	LESS THAN 12 MONTHS		12 MONTHS OR MORE	
	FAIR VALUE	UNREALIZED LOSSES	FAIR VALUE	UNREALIZED LOSSES
SECURITIES AVAILABLE FOR SALE				
United States Treasury securities	$ –	$ –	$ 15,040,250	($ 2,300)
United States Agency securities	4,799,354	(91,523)	24,711,750	(328,973)
Municipal securities	1,582,418	(5,296)	3,646,602	(18,174)
Corporate bonds	–	–		
	$ 6,381,772	($ 96,819)	$ 43,398,602	($ 349,447)
SECURITIES HELD TO MATURITY				
Municipal securities	7,844	(156)	148,944	(1,057)
	$ 7,844	($ 156)	$ 148,944	($ 1,057)

DECEMBER 31, 2013	LESS THAN 12 MONTHS		12 MONTHS OR MORE	
	FAIR VALUE	UNREALIZED LOSSES	FAIR VALUE	UNREALIZED LOSSES
SECURITIES AVAILABLE FOR SALE				
United States Agency securities	$ 34,445,150	($ 550,969)	$ 4,957,100	($ 91,350)
Municipal securities	4,722,775	(57,992)	906,994	(6,322)
Corporate bonds	3,315,938	(55,847)	–	–
	$ 42,483,863	($ 664,808)	$ 5,864,094	($ 97,672)
SECURITIES HELD TO MATURITY				
Municipal securities	$ 296,467	($ 3,533)	$ 196,455	($ 3,545)
	$ 296,467	($ 3,533)	$ 196,455	($ 3,545)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (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. At December 31, 2014 and 2013, certain securities have unrealized losses with aggregate depreciation from the Company's amortized cost basis. These unrealized losses are generally due to changes in interest rates. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and industry analysts' reports. As management has the intent and ability to hold debt securities until maturity, or for the foreseeable future if classified as available for sale, no declines are deemed to be other than temporary.

NOTE 3: LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loan categories is as follows:

	DECEMBER 31, 2014	DECEMBER 31, 2013
Real estate		
1-4 family construction	$ 4,274,933	$ 1,201,755
Construction, land development and other land	15,877,328	7,702,363
Revolving 1-4 family residential	687,970	886,675
1-4 family residential	42,451,154	45,474,251
Multi-family residential	11,610,354	3,368,216
Nonfarm nonresidential - owner occupied	48,184,469	54,581,818
Nonfarm nonresidential - nonowner occupied	71,490,507	80,845,692
Farmland	6,050,748	3,424,158
Commercial and industrial	21,161,356	16,297,485
Consumer	17,478,549	11,976,293
All other loans	5,190,344	3,704,420
Lease financing receivable	15,431,643	17,306,739
Overdrafts	38,376	24,210
Total loans	$259,927,731	$ 246,794,075

At December 31, 2014 and 2013, the Company had total commercial real estate loans of $151,437,591 and $147,699,844, respectively. Included in these amounts, the Company had construction, land development, and other land loans representing 36% and 17%, respectively, of total risk based capital at December 31, 2014 and 2013. The Company had non-owner occupied commercial real estate loans representing 183% and 175%, respectively, of total risk based capital at December 31, 2014 and 2013. Sound risk management practices and appropriate levels of capital are essential elements of a sound commercial real estate lending program (CRE). Concentrations of CRE exposures add a dimension of risk that compounds the risk inherent in individual loans. Interagency guidance on CRE concentrations describe sound risk management practices which include board and management oversight, portfolio management, management information systems, market analysis, portfolio stress testing and sensitivity analysis, credit underwriting standards, and credit risk review functions. Management believes it has implemented these practices in order to monitor its CRE. An institution which has reported loans for construction, land development, and other land loans representing 100% or more of total risk based capital, or total non-owner occupied commercial real estate loans representing 300% or more of the institutions total risk-based capital and the outstanding balance of commercial real estate loan portfolio has increased by 50% or more during the prior 36 months, may be identified for further supervisory analysis by regulators to assess the nature and risk posed by the concentration.

The Company extends commercial and consumer credit primarily to customers in the state of Texas. At December 31, 2014 and 2013 the majority of the Company's loans were collateralized with real estate. The real estate collateral provides an alternate source of repayment in the event of default by the borrower, and may deteriorate in value during the time the credit is extended. The weakening of real estate markets may have an adverse effect on the Company's profitability and asset quality. If the Company were required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, earnings and capital could be adversely affected. Additionally, the Company has loans secured by inventory, accounts receivable, equipment, marketable securities, or other assets. The debtors' ability to honor their contracts on all loans is substantially dependent upon the general economic conditions of the region.

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage loans serviced for others was $230,238,364 and $218,716,430 at December 31, 2014 and 2013, respectively. Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in demand deposits, were approximately $1,135,044 and $1,059,987 at December 31, 2014 and 2013, respectively.

Originated mortgage servicing rights capitalized at December 31, 2014 and 2013, are $1,811,215 and $1,721,924, respectively, and are included in other assets. The fair values of these rights were $2,082,046 and $2,105,146 at December 31, 2014 and 2013, respectively. The fair value of servicing rights was determined using a weighted average discount rate of 10.54% and 11.46% for 2014 and 2013, respectively, and a weighted average prepayment speed of 7.960% and 5.621% for 2014 and 2013, respectively.

A summary of the changes in servicing rights is as follows:

	2014	2013
Balance at beginning of year	$ 1,721,924	$ 1,498,580
Origination	317,562	495,623
Amortization	(228,271)	(272,279)
Impairments	–	–
Balance at end of year	$ 1,811,215	$ 1,721,924

Loan maturities and rate sensitivity of the loan portfolio at December 31, 2014 and 2013, including mortgage loans held for resale less loans on nonaccrual, are as follows:

	2014	2013
Fixed rate loans with a remaining maturity of:		
Three months or less	$ 13,907,522	$ 18,600,803
Over three months through twelve months	40,067,651	44,613,773
Over one year through five years	101,917,350	105,117,430
Over five years	66,699,409	45,722,144
Total fixed rate loans	$ 222,591,932	$ 214,054,150
Variable rate loans with a repricing frequency of:		
Quarterly or more frequently	$ 25,414,640	$ 19,101,194
Annually or more frequently, but less frequently than quarterly	2,252,739	2,833,215
Every five years or more frequently, but less frequently than annually	3,955,872	4,511,241
Less frequently than every five years	1,660,000	177,873
Total variable rate loans	$ 33,283,251	$ 26,623,523

An analysis of the allowance for loan losses for the years ended December 31, 2014 and 2013 is as follows:

DECEMBER 31, 2014	BEGINNING BALANCE	PROVISION	CHARGE-OFFS	RECOVERIES	ENDING BALANCE
Real Estate					
1-4 family construction	$ 20,423	$ 79,659	$ –	$ –	$ 100,082
Construction, land development and other land	289,418	164,348	–	–	453,766
Revolving 1-4 family residential	3,103	(695)	–	–	2,408
1-4 family residential	603,365	(124,396)	(24,807)	51,749	505,911
Multi-family residential	30,313	74,180			104,493
Nonfarm nonresidential - owner occupied	670,171	(78,681)	–	–	591,490
Nonfarm nonresidential - nonowner occupied	2,114,583	(378,701)	–	–	1,735,882
Farmland	20,545	15,759	–	–	36,304
Commercial and industrial	228,381	62,796	(8,761)	–	282,416
Consumer	72,821	80,917	(34,911)	11,467	130,294
All other loans	12,966	5,200	–	–	18,166
Lease financing receivable	127,100	(21,293)	(141)	–	105,666
Overdrafts	–	–	–	–	–
Unallocated	1,053,221	120,907	–	–	1,174,128
Balances for year ended December 31, 2014	$ 5,246,410	$ –	($ 68,620)	$ 63,216	$ 5,241,006

DECEMBER 31, 2013	BEGINNING BALANCE	PROVISION	CHARGE-OFFS	RECOVERIES	ENDING BALANCE
Real Estate					
1-4 family construction	$ 63,283	($ 42,860)	$ –	$ –	$ 20,423
Construction, land development and other land	337,195	(47,777)	–	–	289,418
Revolving 1-4 family residential	2,909	194	–	–	3,103
1-4 family residential	632,655	(177,349)	(34,655)	182,714	603,365
Multi-family residential	27,685	2,628	–	–	30,313
Nonfarm nonresidential - owner occupied	620,407	49,764	–	–	670,171
Nonfarm nonresidential - nonowner occupied	2,816,416	(701,833)	–	–	2,114,583
Farmland	26,169	(5,624)	–	–	20,545
Commercial and industrial	205,714	27,483	(4,816)	–	228,381
Consumer	59,956	10,477	(2,378)	4,766	72,821
All other loans	12,423	543	–	–	12,966
Lease financing receivable	41,793	87,411	(2,104)	–	127,100
Overdrafts	–	–	–	–	–
Unallocated	638,278	414,943	–	–	1,053,221
Balances for year ended December 31, 2013	$ 5,484,883	($ 382,000)	($ 43,953)	$ 187,480	$ 5,246,410

The allocation of a portion of the allowance for loan losses to one category does not preclude its availability to absorb losses in other categories.

Further information pertaining to the allowance for loan losses (ALLL) at December 31, 2014 and 2013 follows:

DECEMBER 31, 2014	LOAN IMPAIRMENT EVALUATION			ALLL IMPAIRMENT ALLOCATIONS		
	INDIVIDUALLY	COLLECTIVELY	TOTAL LOANS	INDIVIDUALLY	COLLECTIVELY	TOTAL ALLL
Real Estate						
1-4 family construction	$ –	4,274,933	4,274,933	$ –	100,082	100,082
Construction, land development and other land	1,090,259	14,787,069	15,877,328	5,343	448,423	453,766
Revolving 1-4 family	–	687,970	687,970	–	2,408	2,408
1-4 family residential	1,496,892	40,954,262	42,451,154	29,416	476,495	505,911
Multi-family residential	–	11,610,354	11,610,354	–	104,493	104,493
Nonfarm nonresidential - owner occupied	865,302	47,319,167	48,184,469	–	591,490	591,490
Nonfarm nonresidential - nonowner occupied	2,160,515	69,329,992	71,490,507	2,632	1,733,250	1,735,882
Farmland	–	6,050,748	6,050,748	–	36,304	36,304
Commercial and industrial	22,072	21,139,284	21,161,356	22,072	260,344	282,416
Consumer	1,000	17,477,549	17,478,549	–	130,294	130,294
All other loans	–	5,190,344	5,190,344	–	18,166	18,166
Lease financing receivable	–	15,431,643	15,431,643	–	105,666	105,666
Overdrafts	–	38,376	38,376	–	–	–
Unallocated	–	–	–	–	1,174,128	1,174,128
	$ 5,636,040	$ 254,291,691	$ 259,927,731	$ 59,463	$ 5,181,543	$ 5,241,006

DECEMBER 31, 2013	LOAN IMPAIRMENT EVALUATION			ALLL IMPAIRMENT ALLOCATIONS		
	INDIVIDUALLY	COLLECTIVELY	TOTAL LOANS	INDIVIDUALLY	COLLECTIVELY	TOTAL ALLL
Real Estate						
1-4 family construction	$ 54,880	$ 1,146,875	$ 1,201,755	$ –	$ 20,423	$ 20,423
Construction, land development and other land	382,030	7,320,333	7,702,363	28,443	260,975	289,418
Revolving 1-4 family	–	886,675	886,675	–	3,103	3,103
1-4 family residential	2,491,821	42,982,430	45,474,251	104,573	498,792	603,365
Multi-family residential	–	3,368,216	3,368,216	–	30,313	30,313
Nonfarm nonresidential - owner occupied	968,102	53,613,716	54,581,818	–	670,171	670,171
Nonfarm nonresidential - nonowner occupied	6,282,015	74,563,677	80,845,692	250,490	1,864,093	2,114,583
Farmland	–	3,424,158	3,424,158	–	20,545	20,545
Commercial and industrial	41,872	16,255,613	16,297,485	30,000	198,381	228,381
Consumer	9,177	11,967,116	11,976,293	–	72,821	72,821
All other loans	–	3,704,420	3,704,420	–	12,966	12,966
Lease financing receivable	–	17,306,739	17,306,739	–	127,100	127,100
Overdrafts	–	24,210	24,210	–	–	–
Unallocated	–	–	–	–	1,053,221	1,053,221
	$ 10,229,897	$ 236,564,178	$ 246,794,075	$ 413,506	$ 4,832,904	$ 5,246,410

The Company's individual ALLL allocations are established for probable losses on specific loans. The Company's general ALLL allocations are established based upon historical loss experience for similar loans with similar characteristics and economic conditions and other qualitative risk factors both internal and external to the Company.

Past Due Loans

The following is a summary of past due and non-accrual loans at December 31, 2014 and 2013:

DECEMBER 31, 2013		PAST DUE 90 DAYS OR MORE		
	30-89 DAYS PAST DUE	STILL ACCRUING	NON-ACCRUAL	TOTAL PAST DUE
Real Estate				
1-4 family construction	$ –	$ –	$ –	$ –
Construction, land development and other land	–	–	1,090,259	1,090,259
Revolving 1-4 family	–	–	–	–
1-4 family residential	687,732	–	1,427,936	2,115,668
Multi-family residential	–	–	–	–
Nonfarm nonresidential - owner occupied	–	–	865,302	865,302
Nonfarm nonresidential - nonowner occupied	483,746	–	1,115,683	1,599,429
Farmland	–	–	–	–
Commercial and industrial	–	–	22,072	22,072
Consumer	934,527	130	–	934,657
All other loans	–	–	–	–
Lease financing receivable	2,481	–	–	2,481
Overdrafts	–	–	–	–
	$ 2,108,486	$ 130	$ 4,521,252	$ 6,629,868

DECEMBER 31, 2013		PAST DUE 90 DAYS OR MORE		
	30-89 DAYS PAST DUE	STILL ACCRUING	NON-ACCRUAL	TOTAL PAST DUE
Real Estate				
1-4 family construction	$ –	$ –	$ 54,880	$ 54,880
Construction, land development and other land	–	–	382,030	382,030
Revolving 1-4 family	–	–	–	–
1-4 family residential	574,365	–	1,471,949	2,046,314
Multi-family residential	–	–	–	–
Nonfarm nonresidential - owner occupied	–	–	968,102	968,102
Nonfarm nonresidential - nonowner occupied	–	–	5,160,890	5,160,890
Farmland	–	–	–	–
Commercial and industrial	–	–	41,872	41,872
Consumer	761,436	–	5,177	766,613
All other loans	–	–	–	–
Lease financing receivable	1,113	–	–	1,113
Overdrafts	–	–	–	–
	$ 1,336,914	$ –	$ 8,084,900	$ 9,421,814

Impaired Loans

The following is a summary of information pertaining to impaired loans at December 31, 2014 and 2013 is as follows:

DECEMBER 31, 2014	IMPAIRED LOAN WITH A VALUATION ALLOWANCE			IMPAIRED LOAN WITHOUT A VALUATION ALLOWANCE		
	RECORDED INVESTMENT	UNPAID PRINCIPAL	RELATED ALLOWANCE	RECORDED INVESTMENT	UNPAID PRINCIPAL	RELATED ALLOWANCE
Real Estate						
1-4 family construction	$ –	$ –	$ –	$ –	$ –	$ –
Construction, land development and other land	95,343	95,343	5,343	994,916	994,916	–
Revolving 1-4 family	–	–	–	–	–	–
1-4 family residential	200,416	200,416	29,416	1,296,476	1,296,476	–
Multi-family residential	–	–	–	–	–	–
Nonfarm nonresidential - owner occupied	–	–	–	865,302	865,302	–
Nonfarm nonresidential - nonowner occupied	1,044,832	1,044,832	2,632	1,115,683	1,115,683	–
Farmland		–	–	–	–	–
Commercial and industrial	22,072	22,072	22,072	–	–	–
Consumer	–	–	–	1,000	1,000	–
All other loans	–	–	–	–	–	–
Lease financing receivable	–	–	–	–	–	–
Overdrafts	–	–	–	–	–	–
Balance at December 31, 2014	$ 1,362,663	$ 1,362,663	$ 59,463	$ 4,273,377	$ 4,273,377	$ –

DECEMBER 31, 2013	IMPAIRED LOAN WITH A VALUATION ALLOWANCE			IMPAIRED LOAN WITHOUT A VALUATION ALLOWANCE		
	RECORDED INVESTMENT	UNPAID PRINCIPAL	RELATED ALLOWANCE	RECORDED INVESTMENT	UNPAID PRINCIPAL	RELATED ALLOWANCE
Real Estate						
1-4 family construction	$ –	$ –	$ –	$ 54,880	$ 54,880	$ –
Construction, land development and other land	118,443	118,443	28,443	263,587	263,587	–
Revolving 1-4 family	–	–	–	–	–	–
1-4 family residential	789,992	789,992	104,573	1,701,829	1,701,829	–
Multi-family residential	–	–	–	–	–	–
Nonfarm nonresidential - owner occupied	–	–	–	968,102	968,102	–
Nonfarm nonresidential - nonowner occupied	5,125,189	5,125,189	250,490	1,156,826	1,156,826	–
Farmland	–	–	–	–	–	–
Commercial and industrial	41,872	41,872	30,000	–	–	–
Consumer	–	–	–	9,177	9,177	–
All other loans	–	–	–	–	–	–
Lease financing receivable	–	–	–	–	–	–
Overdrafts	–	–	–	–	–	–
Balance at December 31, 2013	$ 6,075,496	$ 6,075,496	$ 413,506	$ 4,154,401	$ 4,154,401	$ –

Additional information pertaining to impaired loans is as follows:

	2014	2013
Average impaired loans	$8,435,019	$ 8,130,765
Interest income recognized on impaired loans	$ 329,660	$ 351,793
Additional interest income that would have been recognized if the loans had been on the accrual basis	$ 198,993	$ 253,852

Troubled Debt Restructuring

Impaired loans include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. The restructuring of a loan is considered a troubled debt restructuring if both the borrower is experiencing financial difficulties and the creditor has granted a concession. Concessions may include interest rate reductions or below market interest rates, principal forgiveness, restructuring amortization schedules and other actions intended to minimize potential losses. During 2014 and 2013, the Company had TDR's totaling $2,477,118 and $2,937,108 respectively, a significant portion of which were on nonaccrual status. During the years ended December 31, 2014 and 2013, the Company had approximately $167,000 and $598,000 in loans modified as TDR's. These restructurings did not significantly impact the Company's determination of the allowance for loan losses. During the years ended December 31, 2014 and 2013, the Company had no significant TDR's that subsequently defaulted within twelve months following their modification.

Credit Quality Information

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, including: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis includes loans with an outstanding balance greater than $100,000 and non-homegeneous loans, such as commercial and commercial real estate loans. This analysis is performed on an ongoing basis. The Company uses the following definitions for risk ratings:

PASS: Loans classified as pass are loans with low to average risk.

SPECIAL MENTION: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

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

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

The risk category of loans by class of loans at December 31, 2014 and 2013 is as follows:

DECEMBER 31, 2014	PASS	SPECIAL MENTION	SUBSTANDARD	DOUBTFUL	TOTAL
Real Estate					
1-4 family construction	$ 4,274,933	$ –	$ –	$ –	$ 4,274,933
Construction, land development and other land	14,787,069	–	1,090,259	–	15,877,328
Revolving 1-4 family	687,970	–	–	–	687,970
1-4 family residential	40,144,455	105,871	2,200,828	–	42,451,154
Multi-family residential	11,610,354	–	–	–	11,610,354
Nonfarm nonresidential - owner occupied	47,319,167	–	865,302	–	48,184,469
Nonfarm nonresidential - nonowner occupied	69,329,992	–	2,160,515	–	71,490,507
Farmland	6,050,748	–	–	–	6,050,748
Commercial and industrial	21,107,783	31,501	22,072	–	21,161,356
Consumer	17,429,508	–	49,041	–	17,478,549
All other loans	5,190,344	–	–	–	5,190,344
Lease financing receivable	15,431,643	–	–	–	15,431,643
Overdrafts	38,376	–	–	–	38,376
	$ 253,402,342	$ 137,372	$ 6,388,017	$ –	$ 259,927,731

DECEMBER 31, 2013	PASS	SPECIAL MENTION	SUBSTANDARD	DOUBTFUL	TOTAL
Real Estate					
1-4 family construction	$ 1,146,875	$ –	$ 54,880	$ –	$ 1,201,755
Construction, land development and other land	7,320,333	–	382,030	–	7,702,363
Revolving 1-4 family	886,675	–	–	–	886,675
1-4 family residential	42,112,128	138,591	3,223,532	–	45,474,251
Multi-family residential	3,368,216	–	–	–	3,368,216
Nonfarm nonresidential - owner occupied	53,613,716	–	968,102	–	54,581,818
Nonfarm nonresidential - nonowner occupied	74,563,676	–	6,282,016	–	80,845,692
Farmland	3,424,158	–	–	–	3,424,158
Commercial and industrial	16,172,711	58,127	66,647	–	16,297,485
Consumer	11,942,310	–	33,983	–	11,976,293
All other loans	3,704,420	–	–	–	3,704,420
Lease financing receivable	17,306,739	–	–	–	17,306,739
Overdrafts	24,210	–	–	–	24,210
	$ 235,586,167	$ 196,718	$ 11,011,190	$ –	$ 246,794,075

NOTE 4: PREMISES AND EQUIPMENT

A summary of premises, equipment and land improvements and related accumulated depreciation is as follows:

	ESTIMATED USEFUL LIVES	DECEMBER 31, 2014	DECEMBER 31, 2013
Land		$ 2,400,578	$ 2,400,578
Premises	5–40 years	11,689,610	11,562,275
Furniture, Fixtures & Equip	3–10 years	8,209,060	8,141,840
Land Improvements	5–20 years	486,330	473,731
Lease Equipment	3–5 years	4,635,029	3,950,384
		27,420,607	26,528,808
Less Accumulated Depreciation		11,774,321	11,174,411
Totals		$ 15,646,286	$ 15,354,397

Depreciation expense amounted to $1,435,989 and $1,482,669 in 2014 and 2013, respectively.

NOTE 5: GOODWILL

Goodwill in the amount of $4,219,975 at December 31, 2014 and 2013, is included in the accompanying consolidated financial statements. At December 31, 2014 and 2013 management has determined that it is not more likely than not that goodwill is impaired.

Prior to the year ended December 31, 2002, goodwill was amortized over its estimated useful life. Accordingly, the amounts reflected for goodwill in the accompanying financial statements have been reduced by the relating accumulated amortization of $507,484.

NOTE 6: DEPOSITS

Included in time deposits are certificates of deposit in amounts of $100,000 or more. The aggregate amount of short-term jumbo certificates of deposit, each with a minimum denomination of $100,000, was $28,241,350 and $24,302,171 at December 31, 2014 and 2013, respectively.

At December 31, 2014 and 2013, the scheduled maturities of certificates of deposit are as follows:

	DECEMBER 31, 2014	DECEMBER 31, 2013
Less than three months	$ 19,155,860	$ 17,534,441
Four to twelve months	33,171,713	29,784,054
One to five years	24,384,725	33,129,443
Over five years	–	–
Totals	$ 76,712,298	$ 80,447,938

During 2006, the Company entered into a program in which certain eligible transaction deposits could be reclassed to savings deposits for regulatory reporting purposes and therefore reduce its reserve requirement with the Federal Reserve Bank. At December 31, 2014 the Company has reclassed $96,270,777 demand deposits and $75,131,722 NOW and Money Market deposits to savings deposits for regulatory reporting in connection with this program. At December 31, 2013 the Company has reclassed $89,915,286 demand deposits and $73,551,034 NOW and Money Market deposits to savings deposits.

NOTE 7: SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase amounted to $1,916,872 and $3,234,134 at December 31, 2014 and 2013, respectively. The agreements are secured by U.S. Government Agency securities with a fair value of $1,956,072 at 2014 and $3,300,502 at 2013. The weighted average interest rate on these agreements was 0.10% and 0.10% at December 31, 2014 and 2013, respectively. The agreements of $1,916,872 at December 31, 2014 mature on January 2, 2015 and are renewed daily as necessary under normal operations.

NOTE 8: OTHER BORROWED FUNDS

Included in other borrowed funds at December 31, 2014 and 2013, respectively, are the following:

	2014	2013
KSOP note payable	$ 488,311	$ 720,729
	$ 488,311	$ 720,729

KSOP Note Payable

At December 31, 2014 and 2013, the Company's KSOP had a note payable in the amount of $488,311 and $720,729 respectively, with First National Bank of Chillicothe. The note was renewed on April 29, 2009 and currently bears interest at a rate of 5.50%. Seven annual payments of principal and interest in the amount of $267,496 are due beginning April 29, 2010. The note is secured by 45,000 shares of the Company's stock and matures on April 29, 2016.

NOTE 9: JUNIOR SUBORDINATED DEBENTURES

The junior subordinated debentures of $7,217,000 at December 31, 2014 and 2013 represent amounts payable to a Special Purpose Entity (SPE) in conjunction with the Company's sponsorship of the SPE. The SPE has one issuance outstanding totaling $7,000,000 in trust preferred securities and $217,000 in common stock (wholly-owned by the Company) at December 31, 2014 and 2013. Both the junior subordinated debentures and the related trust preferred securities yield an annual distribution rate of 3-month LIBOR plus 1.80% (2.03% at December 31, 2014 and 2.04% at December 31, 2013), are redeemable at various dates beginning in June, 2010 and mature in June, 2035.

The trust preferred securities are tax-advantaged issues that currently qualify as Tier I capital for the Company. Distributions on these securities are included as interest expense on other borrowed funds. The underlying trust is a statutory business trust organized for the sole purpose of issuing trust preferred securities and investing the proceeds thereof in junior subordinated debentures of the Company, the sole asset of the trust. The preferred trust securities of the trust represent preferred beneficial interests in the assets of the trust and are subject to mandatory redemption upon payment of the junior subordinated debentures held by the trust. The common securities of the trust are wholly-owned by the Company. The trust's ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payment on the related junior subordinated debentures. The

Company's obligations under the junior subordinated debentures and other relevant trust agreements, in aggregate, constitute a full and unconditional guarantee by the Company of the trust's obligations under the trust preferred securities issued by the trust.

The Dodd-Frank Act eliminated the use of trust preferred securities issued after May 19, 2010 as a component of Tier 1 capital for depository institution holding companies, such as the Company. However, because the Company had less than $15 billion of consolidated assets as June 30, 2011, the Company will be permitted to include any trust preferred securities issued before May 19, 2010 as an element of Tier 1 capital, but not be able to include any trust preferred securities issued after May 19, 2010 as a component of Tier 1 capital. Further, the Board of Governors of the Federal Reserve System (Board) has determined that trust preferred securities are restrictive core capital elements in computing Tier I capital of bank holding companies. The Board has limited restrictive core capital elements (as defined) to 25% of core capital elements. Accordingly, the Company is limited on the trust preferred securities which it can include in its Tier I capital.

NOTE 10: INCOME TAXES

The provision for income taxes consists of the following:

	DECEMBER 31, 2014	DECEMBER 31, 2013
Current income tax expense		
Federal and state	$ 1,528,686	$ 1,752,563
Deferred income tax expense (benefit) arising from:		
Excess of tax over financial accounting depreciation	(6,148)	(18,584)
Accounting for bad debt expense	48	130,596
Nonaccrual loan interest	(193,872)	–
Federal Home Loan Bank stock dividends	374	408
Deferred compensation benefits	(145,832)	(160,288)
Deferred loan fee income	(7,967)	(11,762)
Goodwill amortization	105,373	105,373
Write down of other real estate owned	68,526	(35,788)
Net deferred income tax expense	(179,498)	9,955
Total Income Tax Expense	$ 1,349,188	$ 1,762,518

The difference between the consolidated financial statement income tax expense and amounts computed by applying the statutory federal income tax rate of 34% to consolidated income before taxes is primarily attributable to investments in tax-exempt securities, tax-exempt increases in cash surrender value of life insurance, and certain other transactions.

As of December 31, 2014 and 2013, there are no unused net operating losses or tax credits available for carryover to future periods for either financial reporting or tax reporting purposes.

A net deferred federal income tax asset of $1,123,212 and $916,486 at December 31, 2014 and 2013 respectively, is included in other assets. The accumulated tax effects of each type of income and expense item that gave rise to deferred taxes are as follows:

	DECEMBER 31, 2014	DECEMBER 31, 2013
Deferred tax assets		
Excess of tax cost over financial cost for fixed assets	$ 171,623	$ 130,099
Allowance for loan losses	1,496,900	1,496,948
Deferred compensation benefits	2,057,456	1,911,624
Deferred loan fee income	56,508	48,541
Write down of other real estate owned	99,384	167,910
Nonaccrual loan interest	193,872	–
Total deferred tax assets	4,075,743	3,755,122
Deferred tax liabilities		
Depreciation	(1,379,001)	(1,343,625)
Federal Home Loan Bank stock dividends	(54,873)	(54,499)
Amortization	(1,377,341)	(1,271,968)
Net unrealized appreciation on securities available for sale	(141,316)	(168,544)
Total deferred tax liabilities	(2,952,531)	(2,838,636)
Total net deferred tax asset	$ 1,123,212	$ 916,486

Federal income taxes currently receivable of $150,540 and $22,053 at December 31, 2014 and 2013, respectively, are included in other assets.

NOTE 11: EMPLOYEE BENEFITS

KSOP PLAN The Company maintains a leveraged employee stock ownership 401(k) plan ("KSOP"). The KSOP periodically borrows from unrelated lenders to acquire stock for future allocation to KSOP participants. The KSOP provides for voluntary employee salary reduction contributions, voluntary employee after-tax contributions, discretionary employer salary reduction matching contributions, and additional discretionary employer contributions which the Company uses to pay interest on KSOP debt and KSOP debt principal reductions as the Company desires to release unallocated KSOP shares to the KSOP participants.

As shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares. KSOP expense for 2014 and 2013 was $398,421 and $362,979, respectively. Employee salary reduction contributions of $529,535 and $398,689 were made in 2014 and 2013, respectively.

DEFERRED COMPENSATION PLANS The Company maintains individually designed supplemental income plan agreements ("agreements") with certain designated employees and directors. The agreements provide a deferred compensation benefit payable at retirement or death.

The liability under the agreements is recorded based upon the present value of the deferred compensation benefits. At December 31, 2014 and 2013, the Company's accrued liability under the agreements was $6,044,823 and $5,615,905, respectively.

In connection with the funding of the agreements, the Company has purchased life insurance policies that it believes will fund the benefits payable pursuant to the agreements. The Company is owner and beneficiary of the life insurance policies. Other assets at December 31, 2014 and 2013, respectively, include $10,499,724 and $10,272,974 in cash value of these life insurance policies.

NOTE 12: RELATED-PARTY TRANSACTIONS

At December 31, 2014 and 2013, certain officers and directors, and companies in which they have a 10 percent or more beneficial ownership, were indebted to the Company in the aggregate amount of approximately $16,499,307 and $17,634,684, respectively. During 2014, $4,543,683 of new loans were originated and repayments totaled $5,679,060. All such loans were made in the ordinary course of business. All loans included in such transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of loss or present other unfavorable features.

NOTE 13: COMMITMENTS AND CONTINGENT LIABILITIES

The Company's financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of business and which involve elements of credit risk, interest rate risk and liquidity risk. These commitments and contingent liabilities are commitments to extend credit and standby letters of credit. A summary of the Company's commitments and contingent liabilities at December 31, 2014 and 2013, are as follows:

	DECEMBER 31, 2014	DECEMBER 31, 2013
Commitments to extend credit	$ 36,169,480	$ 36,395,295
Standby letters of credit	1,736,606	3,039,519
Total	$ 37,906,086	$ 39,434,814

Commitments to extend credit, and standby letters of credit all include exposure to some credit loss in the event of nonperformance of the customer. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties. Because these instruments have fixed maturity dates, and because many of them expire without being drawn upon, they do not generally present any significant liquidity risk to the Company. The Company has not incurred any significant losses on its commitments in either 2014 or 2013.

The Company is a party to litigation and claims arising in the normal course of business. Management, after consultation with legal counsel, believes that the liabilities, if any, arising from such litigation and claims will not be material to the Company's financial position.

NOTE 14: CONCENTRATIONS OF CREDIT

Substantially all of the Company's loans, commitments, credit card arrangements and standby letters of credit have been granted to customers in the Company's market area. Most customers are depositors of the Company. Investments in state and municipal securities also involve governmental entities within the Company's market area. The concentrations of credit by type of loan are set forth in Note 3. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit were granted primarily to commercial borrowers.

The Company occasionally maintains deposits and federal funds sold in excess of federally insured limits.

At December 31, 2014 the Company had $5,694,906 in due from banks and federal funds sold in excess of federally insured amounts. At December 31, 2013 the Company had $4,750,644 in due from banks and federal funds sold in excess of federally insured amounts. The risk is managed by maintaining all deposits in high quality financial institutions.

At December 31, 2014 and 2013, total deposits include $45,651,882 and $45,733,474, respectively, from four customers. The customers' deposits are under no contractual obligation to the Company other than the maturity durations for various time certificates of deposit.

NOTE 15: FAIR VALUE DISCLOSURES

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Bank utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. ASC Topic 820, "Fair Value Measurements and Disclosures," establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

LEVEL 1 INPUTS Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

LEVEL 2 INPUTS Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

LEVEL 3 INPUTS Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Bank's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Bank's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Bank's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Assets and liabilities measured at fair value at December 31, 2014 and 2013 were as follows:

DECEMBER 31, 2014	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Available for sale securities (1)	$ –	$ 97,018,933	–
DECEMBER 31, 2013	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Available for sale securities (1)	$ –	$ 107,182,245	$ –

(1) Securities are measured at fair value on a recurring basis, generally monthly.

Certain financial and non-financial assets are measured at fair value on a non-recurring basis; that is, the instruments 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).

The following table summarizes financial assets and non-financial assets, measured at fair value on a non-recurring basis as of December 31, 20l4 and 2013, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

DECEMBER 31, 2014	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL FAIR VALUE**
Financial assets - impaired loans	$ –	$ –	$ 5,576,577	$ 5,576,577
Other real estate owned	$ –	$ 1,825,006	$ –	$ 1,825,006
DECEMBER 31, 2013	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL FAIR VALUE**
Financial assets - impaired loans	$ –	$ –	$ 9,816,391	$ 9,816,391
Other real estate owned	$ –	$ 2,043,552	$ –	$ 2,043,552

During the years ended December 31, 2014 and 2013, certain impaired loans were remeasured and reported at fair value through a specific valuation allowance allocation of the allowance for possible loan losses based upon the fair value of the underlying collateral. For the years ended December 31, 2014 and 2013, impaired loans with a carrying value of $5,636,040 and $10,229,897, respectively, were reduced by specific valuation allowance allocations totaling approximately $59,463 and $413,506, respectively, to a total reported fair value of approximately $5,576,577 and $9,816,391, respectively, based on collateral valuations utilizing Level 3 valuation inputs.

Foreclosed assets are valued at the time the loan is foreclosed upon and the asset is transferred to other real estate owned. The value is based primarily on third-party appraisals, less estimated costs to sell. Appraisals based upon comparable sales result in a Level 2 classification while appraisals based upon expected cash flows of the property result in a Level 3 classification. The appraisals are generally discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the customer and customer's business. Other real estate owned is reviewed and evaluated on at least an annual basis for additional impairment and adjusted accordingly, based on the same factors identified above.

Those financial instruments not subject to the initial implementation of this guidance, are required to have their fair value disclosed, both assets and liabilities recognized and not recognized in the balance sheets, for which it is practicable to estimate fair value. Following is a table that summarizes the fair values of all financial instruments of the Bank at December 31, 2014 and 2013, followed by methods and assumptions that were used by the Bank in estimating the fair value of the classes of financial instruments not covered by FASB ASC Topic 820.

The estimated fair value amounts of financial instruments have been determined by the Bank using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The estimated fair values of the Bank's financial instruments at December 31, 2014 and 2013 were as follows:

	DECEMBER 31, 2014		DECEMBER 31, 2013	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial Assets:				
Cash and cash equivalents	$ 52,958,044	$52,958,044	$ 38,127,153	$ 38,127,153
Securities available for sale	97,018,933	97,018,933	107,182,245	107,182,245
Securities to be held to maturity	725,000	748,992	775,000	777,136
Other securities	677,050	677,050	725,450	725,450
Mortgage loans held for sale	468,704	468,704	1,968,498	1,968,498
Loans, net of discount	258,988,882	249,690,000	245,314,733	239,557,000
Less allowance for loan losses	(5,241,006)	(5,241,006)	(5,246,410)	(5,246,410)
Loans, net of allowance	253,747,876	244,448,994	240,068,323	234,310,590
Accrued interest receivable	1,299,556	1,299,556	1,299,476	1,299,476
Financial Liabilities:				
Deposits	378,783,688	377,723,000	363,161,670	363,732,000
Repurchase agreements	1,916,872	1,916,872	3,234,134	3,234,134
Other borrowed funds	488,311	488,311	720,729	720,729
Junior Subordinated Debentures	7,217,000	7,217,000	7,217,000	7,217,000
Accrued interest payable	45,504	45,504	49,624	49,624
On-Balance Sheet Derivative Financial Instruments:				
Assets	–	–	–	–
Liabilities	–	–	–	–
Off-Balance Sheet Credit Related Financial Instruments:				
Commitments to extend credit	–	–	–	–
Standby letters of credit	–	–	–	–

The following methods and assumptions were used to estimate the fair value of each class of financial instruments as disclosed herein. The values are for disclosure purposes only and have not affected the carrying values of the assets and liabilities on the balance sheet.

Cash and Short-Term Investments

For those short-term investments, the carrying amount is a reasonable estimate of fair value.

Investment Securities

For debt securities held as investments, fair value equals quoted market price, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Loan Receivables

For certain homogeneous categories of loans, such as some residential mortgages, credit card receivables, and other consumer loans, fair value is estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposit Liabilities

The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Other Borrowed Funds

The fair value of federal funds purchased is the amount payable upon demand at the reporting date. The fair value of the Federal Home Loan Bank advance is estimated by discounting the future cash flows using the current rates at which similar advances would be made to banks with similar credit ratings for the same remaining maturities.

Accrued Interest

The carrying amounts of accrued interest approximates their fair values.

Commitments to Extend Credit, Standby Letters of Credit and Financial Guarantees Written

The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between the current levels of interest rates and the committed rates. The fair value of guarantees and letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date.

NOTE 16: REGULATORY MATTERS

The Bank is subject to the dividend restrictions set forth by the Comptroller of the Currency.

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 consolidated financial 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 Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) 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, 2013 and 2012, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2014 and 2013, the most recent notification from the Office of the Comptroller of the Currency categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table below. There are no conditions or events since December 31, 2014 that management believes would change the Bank's category.

The Bank's actual capital amounts and ratios are also presented in the table.

	ACTUAL		FOR CAPITAL ADEQUACY PURPOSES		TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS	
	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
As of December 31, 2014:						
Total capital (to risk-weighted assets)						
American National Bank	$ 56,390,790	19.7%	≥ 22,876,492	≥ 8.0%	≥ 28,595,614	≥ 10.0%
Tier I capital (to risk-weighted assets)						
American National Bank	$ 52,795,640	18.5%	≥ 11,438,246	≥ 4.0%	≥ 17,157,369	≥ 6.0%
Tier I capital (to average assets)						
American National Bank	$ 52,795,640	12.2%	≥ 17,298,083	≥ 4.0%	≥ 21,622,604	≥ 5.0%
As of December 31, 2013:						
Total capital (to risk-weighted assets)						
American National Bank	$ 53,188,990	19.1%	≥ 22,273,986	≥ 8.0%	≥ 27,842,483	≥ 10.0%
Tier I capital (to risk-weighted assets)						
American National Bank	$ 49,686,752	17.9%	≥ 11,136,993	≥ 4.0%	≥ 16,705,490	≥ 6.0%
Tier I capital (to average assets)						
American National Bank	$ 49,686,752	12.0%	≥ 16,503,813	≥ 4.0%	≥ 20,629,766	≥ 5.0%

Beginning January 1, 2015, community banking organizations become subject to a new regulatory capital rule recently adopted by federal banking agencies (commonly referred to as Basel III). The new rule implements higher minimum capital requirements, includes a new common equity Tier I capital requirement, and establishes criteria that instruments must meet in order to be considered common equity Tier I capital, additional Tier I capital, or Tier II capital. Basel III adopts a more risk sensitive approach by addressing risk weighting and other risk issues affecting regulatory capital ratios. These changes are expected to increase the amount of capital required by banking organizations. Basel III includes a multi-year transition period from January 1, 2015 through December 31, 2019.

Management believes that, as of December 31, 2014, the Bank would meet all capital adequacy requirements under the Basel III Capital rules on a fully phased-in basis as if such requirements were currently in effect; however, final rules are subject to regulatory discretion and could result in the need for additional capital levels in the future.

NOTE 17: FORMAL AGREEMENT

On February 15, 2011, the Board of Directors of the Bank entered into a Formal Written Agreement (Agreement) with the Office of the Comptroller of the Currency (OCC). The terms of the Agreement require the Bank to operate at all times in compliance with the articles of the Agreement.

Compliance Committee: Within ten days of the date of the Agreement, the Board shall appoint a Compliance Committee of at least five directors. The Compliance Committee with be responsible for monitoring and coordinating the Bank's adherence to the provisions of the Agreement.

Capital Plan and Higher Minimums: The Agreement stipulates the Bank maintain capital levels of (1) Tier 1 leverage capital at least equal to eight percent of adjusted total assets and (2) total risk based capital at least equal to twelve percent of risk-weighted assets. Additionally, within sixty days, the Board shall develop, implement, and thereafter ensure the Bank's adherence to a three year capital program.

Loan Portfolio Management: The Board shall within sixty days develop, implement, and thereafter ensure Bank adherence to a written program to improve the Bank's loan portfolio management. The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program and systems developed.
Problem Loan Identification and Management: The Board shall within sixty days employ or designate a sufficiently experienced and qualified person(s) or firm to ensure the timely and independent identification of problem loans and leases. Additionally, the Board shall ensure the Bank is accurately analyzing and categorizing its problem loans and leases. The Board shall establish an on-going loan review system to review the Bank's loan and lease portfolios to assure the timely identification and categorization of problem credits.

Commercial Real Estate Concentration Risk Management: Within sixty days, the Board shall review, revise, and thereafter ensure Bank adherence to a written commercial real estate (CRE) concentration risk management program. The program shall be effective in reducing and managing concentrations of CRE credit.

Allowance for Loan and Lease Losses: The Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses (Allowance) and shall establish a program for the maintenance of an adequate Allowance. Additionally, the Allowance review shall further ensure that the methodology for calculating the Allowance is consistent with Generally Accepted Accounting Principles.

Strategic Plan: Within ninety days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written strategic plan for the Bank covering at least a three-year period. The plan shall establish objectives for the Bank's overall risk profile, earnings, performance, growth, liability structure, and capital adequacy.

Bank Secrecy Act: Within sixty days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to provide for compliancy with the Bank Secrecy Act. Additionally, within sixty days, the Board shall develop and implement a written program of policies and procedures to provide for the Bank's monitoring of all types of transactions.

Violations of Law: The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the March 31, 2010 examination. Quarterly progress reports shall include the date and manner in which each correction has been effected during the reporting period. Additionally, within thirty days, the Board shall implement procedures to ensure prevention of future violations of laws and regulations.

Effective March 20, 2013, the OCC determined that the Bank was in compliance with the above Articles and terminated the Agreement.

NOTE 18: STATEMENT OF CASH FLOWS

The Company reports on a net basis its cash receipts and cash payments for time deposits accepted and repayments of those deposits, and loans made to customers and principal collections on those loans.

The Company uses the indirect method to present cash flows from operating activities. Other supplemental cash flow information for the years ended December 31, 2014 and 2013 is presented as follows:

	DECEMBER 31, 2014	DECEMBER 31, 2013
Cash Transactions:		
Interest expense paid	$ 1,000,809	$ 1,258,441
Federal income taxes paid	$ 1,355,199	$ 1,653,955
Noncash Transactions:		
Net change in fair value of derivatives used for cash flow hedges	$ –	$ 59,715
Net unrealized appreciation on securities available for sale	($ 80,082)	($ 1,376,706)

ASSETS	**AMERICAN NATIONAL LEASING CO.**	**ARCHER TITLE OF TEXAS**	**AMNAT INSURANCE SERVICES**	**AMERICAN NATIONAL BANK & TRUST**
Cash and due from banks	$ 394,276	$ 235,210	$ 18,768	$ 10,488,365
Interest bearing deposits in banks	–	–	–	42,467,000
Total cash and equivalents	394,276	235,210	18,768	52,955,365
Securities available for sale	–	–	–	96,945,449
Securities to be held to maturity	–	–	–	725,000
Other securities	–	–	–	3,287,464
Total investments	–	–	–	100,957,913
Mortgage loans held for sale	–	–	–	468,704
Loans	15,431,643	–	–	258,601,089
Unearned discount	(938,849)	–	–	0
Allowance for loan losses	(118,070)	–	–	(5,122,936)
Net loans	14,374,724	–	–	253,478,153
Premises and equipment, net	3,750,565	1,089,097	–	10,806,624
Accrued interest receivable	–	–	–	3,332,616
Goodwill	–	20,115	–	4,199,860
Other assets	85,485	4,488	7,550	17,621,705
Total assets	$ 18,605,050	$ 1,348,910	$ 26,318	$ 443,820,940
LIABILITIES AND STOCKHOLDERS' EQUITY				
Demand deposits	$ –	$ –	$ –	24,585,375
Savings deposits	–	–	–	191,942,419
Money market and NOW accounts	–	–	–	86,432,593
Time certificates of deposit	–	–	–	76,712,298
Total deposits	–	–	–	379,672,685
Federal funds purchased	–	–	–	–
Repurchase agreements	–	–	–	1,916,872
Other borrowed funds	13,750,000	315,001	40,000	–
Junior subordinated debentures	–	–	–	–
Accrued interest payable	1,911,089	121,893	78	45,504
Other liabilities	991,919	22,884		4,714,823
Total liabilities	16,653,008	459,778	40,078	386,349,884
Stockholders' Equity				
Common Stock	1,000	1,000	1,000	1,680,000
Surplus	–	–	–	7,090,826
Undivided profits	1,951,042	888,132	(14,760)	48,425,911
Treasury stock	–	–	–	–
Unearned KSOP stock	–	–	–	–
Net unrealized appreciation on securities available for sale	–	–	–	274,319
Total stockholders' equity	1,952,042	889,132	(13,760)	57,471,056
Total liabilities and stockholders' equity	$ 18,605,050	$ 1,348,910	$ 26,318	$ 443,820,940

AMERIBANCSHARES OF DELAWARE, INC.	ANB REALTY CORP.	AMERIBANCSHARES INC.	RECLASSIFICATION AND ELIMINATION ENTRIES	CONSOLIDATED
$ 2,679	$ 1,000	$ 239,743	($ 888,997)	$ 10,491,044
–	–	–	–	42,467,000
2,679	1,000	239,743	(888,997)	52,958,044
–	–	73,484	–	97,018,933
–	–	–	–	725,000
57,471,056	–	57,691,735	(117,773,205)	677,050
57,471,056	–	57,765,219	(117,773,205)	98,420,983
–	–	–	–	468,704
–	–	–	(14,105,001)	259,927,731
–	–	–	–	(938,849)
–	–	–	–	(5,241,006)
–	–	–	(14,105,001)	253,747,876
–	–	–	–	15,646,286
–	–	–	(2,033,060)	1,299,556
–	–	–	–	4,219,975
–	–	–	1,273,745	18,992,973
$ 57,473,735	$ 1,000	$ 58,004,962	($ 133,526,518)	$ 445,754,397
–	–	–	(888,997)	23,696,378
–	–	–	–	191,942,419
–	–	–	–	86,432,593
–	–	–	–	76,712,298
–	–	–	(888,997)	378,783,688
–	–	–	–	–
–	–	–	–	1,916,872
–	–	488,311	(14,105,001)	488,311
–	–	7,217,000	–	7,217,000
–	–	–	(2,033,060)	45,504
–	–	3	1,273,745	7,003,374
–	–	7,705,314	(15,753,313)	395,454,749
7,500	1,000	5,286,075	(1,691,500)	5,286,075
20,910,885	256,373	13,038,891	(28,258,084)	13,038,891
36,281,031	(256,373)	33,016,505	(87,274,983)	33,016,505
–	–	(882,000)	–	(882,000)
–	–	(434,142)	–	(434,142)
274,319	–	274,319	(548,638)	274,319
57,473,735	1,000	50,299,648	(117,773,205)	50,299,648
57,473,735	1,000	58,004,962	(133,526,518)	445,754,397

	AMERICAN NATIONAL LEASING CO.	ARCHER TITLE OF TEXAS	AMNAT INSURANCE SERVICES	AMERICAN NATIONAL BANK & TRUST
INTEREST INCOME:				
Interest and fees on loans	$ 522,490	$ –	$ –	$ 12,562,434
Interest on investment securities	–	–	–	1,439,863
Interest on interest bearing deposits in banks	–	–	–	135,765
Total Interest Income	522,490	–	–	14,138,062
INTEREST EXPENSE:				
Interest on deposits	–	–	–	845,800
Interest on federal funds purchased	–	–	–	–
Interest on repurchase agreements	–	–	–	2,776
Interest on other borrowed funds	45,422	1,075	78	1,500
Interest on Junior Subordinated Debentures	–	–	–	0
Total interest expense	45,422	1,075	78	850,076
Net interest income	477,068	(1,075)	(78)	13,287,986
Provision for loan losses	–	–	–	–
Net interest income after provision for loan losses	477,068	(1,075)	(78)	13,287,986
OTHER OPERATING INCOME				
Service charges on deposit accounts	–	–	–	559,511
Trust fee income	–	–	–	4,707,793
Gain on sale of mortgage loans	–	–	–	1,083,443
Gain on sale of other real estate owned	–	–	–	12,767
(Loss) gain on sale of securities	–	–	–	110,814
Rent income	794,860	–	–	–
Earnings from subsidiary	–	–	–	285,863
Other, net	45,652	790,744	17,242	1,683,647
Total other operating income	840,512	790,744	17,242	8,443,838
OTHER OPERATING EXPENSES:				
Salaries and employee benefits	296,051	434,628	7,150	9,812,665
Premises and equipment	24,271	91,116	–	1,797,228
Data processing expense	–	–	–	887,128
Other operating expenses	696,029	270,982	32,378	3,670,926
Total other operating expenses	1,016,351	796,726	39,528	16,167,947
Income before income taxes	301,229	(7,057)	(22,364)	5,563,877
Provision for income taxes	(2,261)	(4,190)	(7,604)	1,413,345
Net income	303,490	(2,867)	(14,760)	4,150,532
OTHER COMPREHENSIVE INCOME (LOSS):				
Change in net unrealized gain (loss) on securities available for sale, net of taxes	–	–	–	20,283
Less reclassification adjustment for gain on sales of securities available for sale	–	–	–	(73,137)
	–	–	–	(52,854)
Total other comprehensive (loss) income	–	–	–	(52,854)
Total comprehensive (loss) income	$ 303,490	($ 2,867)	($ 14,760)	$ 4,097,678

AMERIBANCSHARES OF DELAWARE, INC.	ANB REALTY CORP.	AMERIBANCSHARES INC.	RECLASSIFICATION AND ELIMINATION ENTRIES	CONSOLIDATED
$ –	$ –	$ –	($ 46,575)	$ 13,038,349
–	–	5	–	1,439,868
–	–	–	–	135,765
–	–	5	(46,575)	14,613,982
–	–	–	–	845,800
–	–	–	–	–
–	–	–	–	2,776
–	–	–	(46,575)	1,500
–	–	146,613		146,613
–	–	146,613	(46,575)	996,689
–	–	(146,608)	–	13,617,293
–	–		–	–
–	–	(146,608)	–	13,617,293
–	–	–	–	559,511
–	–	–	(221)	4,707,572
–	–	–	–	1,083,443
–	–	–	–	12,767
–	–	–	–	110,814
–	–	–	–	794,860
4,150,532	–	4,150,182	(8,586,577)	–
	–	–	(66,000)	2,471,285
4,150,532	–	4,150,182	(8,652,798)	9,740,252
–	–	–	–	10,550,494
–	–	–	(66,000)	1,846,615
–	–	–	–	887,128
530	–	221	(221)	4,670,845
530	–	221	(66,221)	17,955,082
4,150,002	–	4,003,353	(8,586,577)	5,402,463
(180)	–	(49,922)	–	1,349,188
4,150,182	–	4,053,275	(8,586,577)	4,053,275
20,283	–	20,283	(40,566)	20,283
(73,137)	–	(73,137)	146,274	(73,137)
(52,854)	–	(52,854)	105,708	(52,854)
(52,854)	–	(52,854)	105,708	(52,854)
$ 4,097,328	$ –	$ 4,000,421	($ 8,480,869)	$ 4,000,421

	AMERICAN NATIONAL LEASING CO.	ARCHER TITLE OF TEXAS	AMNAT INSURANCE SERVICES	AMERICAN NATIONAL BANK & TRUST
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	$ 303,490	($ 2,867)	($ 14,760)	$ 4,150,532
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation	643,578	22,278	–	770,133
(Credit to) provision for loan losses	–	–	–	–
Provision for other real estate owned losses	–	–	–	600
Provision for (benefit from) deferred taxes	54,805	(2,768)	–	(231,535)
(Gain) loss on sale of securities available for sale	–	–	–	(110,814)
(Gain) loss on sale of mortgage loans	–	–	–	(1,083,443)
(Gain) loss on sale of other real estate owned	–	–	–	(12,767)
(Gain) loss on sale of premises & equipment	(13,636)	–	–	1,108
Amortization of premium on investment securities	–	–	–	583,520
Accretion of discount on investment securities	–	–	–	(9,174)
Proceeds from sales of mortgage loans	–	–	–	56,999,963
Mortgage loans funded	–	–	–	(54,416,000)
Unconsolidated earnings from subsidiary	–	–	–	(285,863)
(Increase) decrease in:				
Prepaid expenses	1,257	(636)	–	(10,658)
Accrued interest receivable	–	–	–	(46,655)
Income taxes receivable	–	–	–	(121,464)
Miscellaneous other assets	19,859	175	(7,550)	(325,123)
Increase (decrease) in:				
Accrued interest payable	45,422	1,075	78	(4,120)
Other taxes payable	–	–	–	(42,835)
Other accrued expenses	167,739	6,637		425,019
Net cash provided by (used in) operating activities	1,222,514	23,894	(22,232)	6,230,424
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from maturing securities available for sale	–	–	–	14,370,009
Proceeds from sale of securities available for sale	–	–	–	10,271,900
Proceeds from maturing securities held to maturity	–	–	–	50,000
Proceeds from sale of other securities	–	–	–	610,900
Purchase of securities available for sale	–	–	–	(15,022,425)
Purchase of other securities	–	–	–	(563,500)
Purchase of cash value life insurance	–	–	–	(303,852)
Dividends received from subsidiaries	–	–	–	–
Net (increase) decrease in loans	1,325,961	–	–	(14,109,833)
Purchase of premises and equipment	(2,430,162)	–	–	(369,947)
Proceeds from sale of premises and equipment	1,052,461	–	–	–
Proceeds from sale of other real estate owned	–	–	–	283,083
Net cash provided by (used in) investing activities	(51,740)	–	–	(4,783,665)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net increase in deposits	–	–	–	15,734,459
Net decrease in repurchase agreements	–	–	–	(1,317,262)
Net increase (decrease) in other borrowed funds	(997,280)	–	40,000	–
Paid in capital from parent	–	–	1,000	–
Dividends paid	–	–	–	(1,032,715)
Net cash provided by (used in) financing activities	(997,280)	–	41,000	13,384,482
Net (decrease) increase in cash and cash equivalents	173,494	23,894	18,768	14,831,241
Cash and cash equivalents at beginning of period	220,782	211,316	–	38,124,124
Cash and cash equivalents at end of period	$ 394,276	$ 235,210	$ 18,768	$ 52,955,365

AMERIBANCSHARES OF DELAWARE, INC.	ANB REALTY CORP.	AMERIBANCSHARES INC.	RECLASSIFICATION AND ELIMINATION ENTRIES	CONSOLIDATED
$ 4,150,182	$ –	$ 4,053,275	($ 8,586,577)	$ 4,053,275
–	–	–	–	1,435,989
–	–	–	–	–
–	–	–	–	600
–	–	–	–	(179,498)
–	–	–	–	(110,814)
–	–	–	–	(1,083,443)
–	–	–	–	(12,767)
–	–	–	–	(12,528)
–	–	–	–	583,520
–	–	–	–	(9,174)
–	–	–	–	56,999,963
–	–	–	–	(54,416,000)
(4,150,532)	–	(4,150,182)	8,586,577	–
–	–	–	–	(10,037)
–	–	–	46,575	(80)
–	–	(7,023)	–	(128,487)
–	–	–	–	(312,639)
–	–	–	(46,575)	(4,120)
–	–	–	–	(42,835)
–	–	–	–	599,395
(350)	–	(103,930)	–	7,350,320
–	–	–	–	14,370,009
–	–	215	–	10,272,115
–	–	–	–	50,000
–	–	–	–	610,900
–	–	–	–	(15,022,425)
–	–	–	1,000	(562,500)
–	–	–	–	(303,852)
1,032,715	–	1,032,715	(2,065,430)	–
–	–	–	(957,280)	(13,741,152)
–	–	–	–	(2,800,109)
–	–	–	–	1,052,461
–	–	–	–	283,083
1,032,715	–	1,032,930	(3,021,710)	(5,791,470)
–	–	–	(112,441)	15,622,018
–	–	–	–	(1,317,262)
–	–	–	957,280	–
–	–	–	(1,000)	–
(1,032,715)	–	(1,032,715)	2,065,430	(1,032,715)
(1,032,715)	–	(1,032,715)	2,909,269	13,272,041
(350)	–	(103,715)	(112,441)	14,830,891
3,029	1,000	343,458	(776,556)	38,127,153
$ 2,679	$ 1,000	$ 239,743	($ 888,997)	$ 52,958,044

OFFICERS

ADMINISTRATION

Dwight L. Berry
President and CEO

Magan Catney
Administrative Officer

LOAN DEPARTMENT

John W. Kable
Executive Vice President / Loans

Don Whatley
Executive Vice President / Loans

Bob Elmore
Senior Vice President / Loans

Doris McGregor Steinberger
Senior Vice President / Loan Operations

Damon Whatley
Senior Vice President / Loans

Linda Musgrave
Vice President / Loans

Lacey Slack
Vice President / Credit Officer

Adam Whitmire
Vice President / Loans

Slade Hodges
Assistant Vice President / Loans

Peggy Carr
Banking Officer

Rhona Kelton
Banking Officer

Judy Mitchell
Banking Officer

Toni Neal
Banking Officer

Vera Simons
Banking Officer

OPERATIONS / SUPPORT PERSONNEL

Blake Andrews
Executive Vice President / CFO

Roy T. Olsen
Executive Vice President / Cashier / Human Resources

Nancy Vannucci
Senior Vice President / Internal Auditor

Candace Stroud
Vice President / Teller Services

Andrew Walmer
Vice President / Information Security Officer

Gloria Garcia
Assistant Vice President

Kenneth L. Haney
Assistant Vice President / Calling Officer

Patrick Martin
Assistant Vice President / Operations

Delores Scarber
Assistant Vice President / Data Processing

Karen Baker
Banking Officer

Andrea Brinkman
BSA Officer

Kimberly Box
Banking Officer / Internal Auditor

Camilo Canales
Information Technology Officer / Network Admin.

Amber Flores
Compliance Officer

Raquel Gutierrez
Banking Officer

Meagan Swenson
Banking Officer

TRUST AND INVESTMENT SERVICES

Timothy G. Connolly, CTFA
Executive Vice President / Senior Trust Officer

Michael W. Boyle, CFIRS
Senior Vice President / Trust Compliance Officer

Randy R. Martin, JD
Senior Vice President / Trust Officer

Jeffrey S. Schultz, CFA, CTFA
Senior Vice President / Chief Investment Officer

Kelly J. Smith, CTFA
Senior Vice President / Trust Officer

J. Scott Tucker, CTFA
Senior Vice President / Trust Officer

Linda Wilson
Senior Vice President / Trust Officer

Janice Adams
Vice President / Brokerage Services

Kristin Morris, CTFA
Vice President / Trust Officer

Kevin O'Connell
Vice President / Trust Officer

Paula Walmer
Vice President / Operations Manager

Belinda Blackwell
Trust Officer

Nancy Bukowski
Trust Officer

Carol Cox
Trust Officer

Missy Miller
Trust Officer

MORTGAGE LOAN DIVISION ELMWOOD OFFICE

W.O. "Bill" Franklin
Executive Vice President / Mortgage Lending

J. Bradley Davidson
Vice President / Mortgage Lending

Donna Vaughn
Vice President / Mortgage Lending

Natalie Eubanks
Assistant Vice President

John R. Johnston
Assistant Vice President

PLATINUM CIRCLE

Donna Adams
Administrative Officer / Coordinator

AMERICAN NATIONAL LEASING COMPANY

Mike Cuba
President

Alisha Bowers
Leasing Officer

Billy Hughes
Leasing Officer

DOWNTOWN OFFICE

Marva Pieratt
Assistant Vice President / Branch Manager

Amy Collier
Banking Officer

IOWA PARK OFFICE

Roy T. Olsen
Executive Vice President / Branch Manager

ARCHER CITY OFFICE

Amos Deerinwater
Branch Manager

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President

Joe D. Willard
Senior Vice President / Loans

Ryan Schroer
Vice President / Loans

Sara Van Hoff
Banking Officer

Rosie Torrence
Banking Officer

FLOWER MOUND TRUST AND INVESTMENT SERVICES

Darrin Salge, CFP
Vice President / Trust Officer

FORT WORTH OFFICE

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Senior Vice President / Loans

ARCHER TITLE OF TEXAS, INC.

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