PANDORA BANCSHARES, INC.
Pandora, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

CliftonLarsonAllen

TABLE OF CONTENTS

PANDORA BANCSHARES, INC.

102 East Main Street
P.O. Box 329
Pandora, Ohio 45877-0329
(419) 384-3221

January 31, 2015

Dear Shareholders and Friends:

Pandora Bancshares, Inc. is pleased to announce that 2014 results have exceeded our expectations. Net income increased 19.2%, average assets increased 2.4% and Pandora Bancshares stock market price increased 2.6% to $78 per share in 2014. We are also encouraged by the strong growth in our loan portfolio as evidenced by average loan balances increasing 6.7%.

In 2014, our national economy continued to show signs of improvement. Positive indicators nationally included the unemployment rate falling below 6% and housing starts increasing by 9%. This healthy trend in the economy has allowed the Federal Reserve Bank to hint about the possibility of increasing rates in 2015. This rate movement should have a positive effect on our net interest margin. We also expect the improved economy will lead to more home purchases and improve the Bank's ability to generate non-interest income through loan fees.

Closer to home, we are very excited about low unemployment with Hancock, Putnam and Allen counties having unemployment rates of 3.4%, 3.7% and 4.5%, respectively. Hancock and Putnam rank fifth and seventh, respectively, among all Ohio counties. Furthermore, we are encouraged by five consecutive years of strong income in the local agricultural industry. Gross income in 2015 may be softer due to lower commodity prices. However, most of our agriculture customers are in a strong financial position as a result of carrying low amounts of debt on their balance sheets. Our agriculture base accounts for 19% of our loan volume and continues to be a very important part of our business model.

In 2015, First National Bank will continue to pursue its vision of *being a premier community bank that knows our customers by name, personally invests in our local communities and provides financial solutions to our neighbors*. We believe our focus on this vision will ultimately grow our organization in a manner that will benefit our communities. All five branch locations continue to be successful and make a positive impact in the communities they serve, including our newest office at 855 North Locust Street, Ottawa.

The Directors, Management and Staff are very excited about the continued positive direction of First National Bank and the strategy to increase shareholder value. We thank you for your investment, your business and your future business. We look forward to seeing you at the Annual Shareholder Meeting on April 25, 2015, at 10:00 AM at the Findlay Country Club, Findlay, Ohio.

Respectfully,

Todd A. Mason	Charles Niswander	Donald R. Dreisbach
President and CEO	Chairman	Chairman
The First National Bank	Pandora Bancshares, Inc.	The First National Bank

PANDORA BANCSHARES, INC.

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA (UNAUDITED)

	Years ended December 31				
	2014	2013	2012	2011	2010
	(Dollars in thousands, except per share data)				
Statements of operations:					
Total interest income	$ 5,408	$ 5,268	$ 5,348	$ 5,454	$ 5,770
Total interest expense	611	689	917	1,076	1,304
Net interest income	4,797	4,579	4,431	4,378	4,466
Provision for loan losses	58	120	350	225	465
Net interest income after provision for loan losses	4,739	4,459	4,081	4,153	4,001
Total non-interest income	912	1,153	1,440	1,059	1,123
Total non-interest expenses	4,848	4,942	4,940	4,183	4,027
Income before federal income taxes	803	670	581	1,029	1,097
Federal income taxes	176	144	118	266	287
Net income	$ 627	$ 526	$ 463	$ 763	$ 810
Per share of common stock:					
Net income	$ 5.07	$ 4.31	$ 3.81	$ 6.26	$ 6.62
Dividends	2.00	1.90	1.85	1.80	1.80
Book value	100.11	95.92	99.01	97.22	90.48
Year-end balances					
Loans, net (A)	$ 95,738	$ 91,473	$ 80,999	$ 74,137	$ 73,962
Securities and restricted stock	34,003	36,436	41,892	40,794	38,468
Total assets	148,362	146,391	140,572	132,032	128,446
Deposits	130,950	127,593	122,203	111,199	110,111
Stockholders' equity	12,514	11,762	12,028	11,829	11,017
Average balances:					
Loans, net (A)	$ 92,376	$ 86,551	$ 77,341	$ 73,643	$ 74,448
Securities	35,443	37,969	42,812	38,942	31,046
Total assets	142,098	138,766	134,833	127,654	120,012
Deposits	121,011	118,600	113,983	109,085	102,077
Stockholders' equity	12,176	11,874	11,936	11,644	11,009
Selected ratios:					
Net yield on average interest-earning assets	3.70%	3.61%	3.59%	3.72%	4.03%
Return on average assets	0.44%	0.38%	0.34%	0.60%	0.68%
Return on average stockholders' equity	5.15%	4.44%	3.86%	6.55%	7.36%
Allowance for loan losses as a percentage of year-end loans	1.49%	1.65%	1.69%	1.65%	1.60%
Year-end stockholders' equity as a percentage of year-end assets	8.44%	8.03%	8.56%	8.96%	8.58%

(A) Includes loans held for sale

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Pandora Bancshares, Inc.
Pandora, Ohio

We have audited the accompanying consolidated financial statements of Pandora Bancshares, Inc. and its subsidiary, which comprise the consolidated balance sheets, as of December 31, 2014 and 2013, and the related consolidated statements of operations, 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 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 on 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 Pandora Bancshares, Inc. and its subsidiary as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Toledo, Ohio
February 18, 2015

PANDORA BANCSHARES, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2014 and 2013

ASSETS	**2014**	**2013**
Cash and due from banks	$ 4,865,030	$ 6,151,227
Federal funds sold	5,012,000	3,666,000
Total cash and cash equivalents	9,877,030	9,817,227
Securities, available-for-sale	33,023,867	35,457,384
Restricted stock	979,050	979,050
Loans held for sale	535,800	236,400
Loans, net of allowance for loan losses of $1,446,933 in 2014 and $1,534,621 in 2013	95,202,296	91,236,880
Premises and equipment, net	3,982,530	3,979,849
Other real estate owned	158,625	-
Accrued interest receivable	681,097	633,179
Cash surrender value of life insurance	3,266,015	3,123,798
Other assets	655,549	927,397
TOTAL ASSETS	$ 148,361,859	$ 146,391,164

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES		
Deposits:		
Noninterest-bearing	$ 20,959,449	$ 26,208,861
Interest-bearing	109,990,437	101,383,751
Total deposits	130,949,886	127,592,612
Federal Home Loan Bank borrowings	3,537,358	5,523,170
Other liabilities	1,360,189	1,513,777
Total liabilities	135,847,433	134,629,559
STOCKHOLDERS' EQUITY		
Common stock, $5.00 par value. Authorized 500,000 shares; issued 163,321 shares in 2014 and 160,821 shares in 2013	816,607	804,107
Additional paid-in capital	2,783,297	2,636,447
Retained earnings	11,152,810	10,776,150
Accumulated other comprehensive income (loss)	156,293	(73,294)
Treasury stock, at cost – 38,311 shares in 2014 and 38,207 shares in 2013	(2,394,581)	(2,381,805)
Total stockholders' equity	12,514,426	11,761,605
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 148,361,859	$ 146,391,164

This accompanying notes are an integral part of the consolidated financial statements.

PANDORA BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2014 and 2013

	2014	2013
INTEREST INCOME		
Loans – including fees	$ 4,739,171	$ 4,571,472
Securities:		
Taxable	414,197	462,555
Tax-exempt	209,377	187,774
Dividends on restricted stock	41,211	41,195
Other	4,469	4,625
Total interest income	5,408,425	5,267,621
INTEREST EXPENSE		
Deposits	521,764	559,889
Other borrowings	89,389	128,888
Total interest expense	611,153	688,777
Net interest income	4,797,272	4,578,844
PROVISION FOR LOAN LOSSES	58,000	120,000
Net interest income after provision for loan losses	4,739,272	4,458,844
NON-INTEREST INCOME		
Service charges	272,958	279,457
Gain on sale of securities	9,582	68,825
Gain on sale of loans	175,635	366,565
Increase in cash surrender value of life insurance	88,131	71,676
Other, net	366,157	366,745
Total non-interest income	912,463	1,153,268
NON-INTEREST EXPENSES		
Salaries, wages and employee benefits	2,431,720	2,458,918
Occupancy and equipment	490,923	424,702
Data processing	422,317	592,627
Federal deposit insurance assessment	104,397	105,735
Professional and director fees	364,875	305,466
Advertising and marketing	150,253	183,104
Ohio franchise and financial institution taxes	94,093	145,360
Other operating expenses	789,486	725,863
Total non-interest expenses	4,848,064	4,941,775
Income before income taxes	803,671	670,337
PROVISION FOR INCOME TAXES	176,400	143,700
NET INCOME	$ 627,271	$ 526,637
Net income per share:		
Basic	$ 5.07	$ 4.31
Diluted	$ 5.06	$ 4.28

This accompanying notes are an integral part of the consolidated financial statements.

PANDORA BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2014 and 2013

	2014	2013
NET INCOME	$ 627,271	$ 526,637
OTHER COMPREHENSIVE INCOME (LOSS)		
Change in unrealized gains (losses) on available-for-sale securities	357,441	(868,593)
Reclassification adjustments for securities gains realized in income	(9,582)	(68,825)
Net unrealized gains (losses)	347,859	(937,418)
Income tax effect	118,272	(318,721)
Other comprehensive income (loss)	229,587	(618,697)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 856,858	$ (92,060)

This accompanying notes are an integral part of the consolidated financial statements.

PANDORA BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2014 and 2013

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other compre-hensive income (loss)	Treasury stock	Total
BALANCE AT DECEMBER 31, 2012	$ 796,942	$ 2,559,415	$ 10,483,114	$ 545,403	$(2,357,336)	$ 12,027,538
Net income	-	-	526,637	-	-	526,637
Other comprehensive loss	-	-	-	(618,697)	-	(618,697)
Purchase of 1,918 treasury shares	-	-	-	-	(139,854)	(139,854)
Grant of 157 shares to officers	-	-	-	-	10,866	10,866
Sale of 1,465 treasury shares	-	-	(635)	-	104,519	103,884
Common shares issued from exercise of stock options, 1,433	7,165	77,032	-	-	-	84,197
Dividends declared – $1.90 per share	-	-	(232,966)	-	-	(232,966)
BALANCE AT DECEMBER 31, 2013	804,107	2,636,447	10,776,150	(73,294)	(2,381,805)	11,761,605
Net income	-	-	627,271	-	-	627,271
Other comprehensive income	-	-	-	229,587	-	229,587
Purchase of 813 treasury shares	-	-	-	-	(62,196)	(62,196)
Grant of 340 shares to officers	-	-	-	-	24,803	24,803
Sale of 369 treasury shares	-	-	(591)	-	24,617	24,026
Common shares issued from exercise of stock options, 2,500	12,500	132,450	-	-	-	144,950
Tax benefit of exercise of stock options	-	14,400	-	-	-	14,400
Dividends declared – $2.00 per share	-	-	(250,020)	-	-	(250,020)
BALANCE AT DECEMBER 31, 2014	$ 816,607	$ 2,783,297	$ 11,152,810	$ 156,293	$(2,394,581)	$ 12,514,426

This accompanying notes are an integral part of the consolidated financial statements.

PANDORA BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 627,271	$ 526,637
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	397,438	383,719
Provision for loan losses	58,000	120,000
Securities premium amortization, net of discount accretion	238,050	268,437
Deferred federal income taxes	63,128	(76,379)
Grant of stock to officers	24,803	10,866
Increase in cash surrender value of life insurance	(88,131)	(71,676)
Gain on sale of securities	(9,582)	(68,825)
Gain on sale of loans	(175,635)	(366,565)
Gain on sale of other real estate owned	-	(42,725)
Loss on disposal of equipment	4,803	12,375
Effects of changes in operating assets and liabilities:		
Loans held for sale	(299,400)	152,703
Accrued interest receivable	(47,918)	7,612
Other assets	(11,471)	225,649
Other liabilities	(156,242)	278,451
Net cash provided by operating activities	625,114	1,360,279
CASH FLOWS FROM INVESTING ACTIVITIES		
Available-for-sale securities:		
Sales	359,222	3,511,250
Maturities, prepayments and calls	4,641,668	10,055,499
Purchases	(2,447,982)	(9,247,811)
Proceeds from redemption of life insurance policy	75,914	-
Net increase in loans	(4,075,768)	(10,530,650)
Proceeds from sale of equipment	1,500	5,253
Proceeds from sale of other real estate owned	-	109,672
Premiums paid on life insurance policies	(130,000)	-
Additions to premises and equipment	(235,141)	(80,513)
Net cash used in investing activities	(1,810,587)	(6,177,300)

This accompanying notes are an integral part of the consolidated financial statements.

PANDORA BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	$ 3,357,274	$ 5,389,192
Federal Home Loan Bank borrowings	10,000,000	12,600,500
Principal payments on Federal Home Loan Bank borrowings	(11,985,812)	(12,118,963)
Proceeds from issuance of common stock	144,950	84,197
Proceeds from sale of treasury shares	24,026	103,884
Purchase of treasury shares	(62,196)	(139,854)
Payment of dividends	(232,966)	(224,906)
Net cash provided by financing activities	1,245,276	5,694,050
NET INCREASE IN CASH AND CASH EQUIVALENTS	59,803	877,029
CASH AND CASH EQUIVALENTS		
At beginning of year	9,817,227	8,940,198
At end of year	$ 9,877,030	$ 9,817,227
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for:		
Interest	$ 613,459	$ 694,032
Income taxes	$ 170,000	$ 130,000
Non-cash operating activity:		
Change in deferred income taxes on net unrealized gains (losses) on available-for-sale securities	$ 118,272	$ (318,721)
Non-cash investing activity:		
Change in net unrealized gains (losses) on available-for-sale securities	$ 347,859	$ (937,418)
Non-cash operating and investing activity:		
Transfer of loans to other real estate owned	$ 158,625	$ 118,452

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pandora Bancshares, Inc. (the "Corporation") was incorporated in 1986 in the state of Ohio as a single-bank holding company for First National Bank of Pandora (the "Bank"). The Corporation, through its wholly-owned subsidiary, the Bank, operates in one industry segment, the commercial banking industry. The Bank, organized in 1919 as a national chartered bank, is headquartered in Pandora, Ohio, with branch offices in Bluffton, Findlay and Ottawa, Ohio.

The primary source of revenue of the Bank is providing loans to customers primarily located in Northwestern and West Central Ohio. Such customers are predominately small and middle-market businesses and individuals.

Significant accounting policies followed by the Corporation are presented below.

Use of Estimates in Preparing Financial Statements

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 each reporting period. Actual results could differ from those estimates. The most significant estimates susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the valuation of servicing assets.

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and the Bank. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, amounts due from banks, federal funds sold which mature overnight or within four days, and bank certificates of deposit with original maturities of 90 days or less.

Restrictions on Cash

The Bank was required to maintain $736,000 of cash on hand or on deposit with the Federal Reserve Bank to meet regulatory reserve and clearing requirements at December 31, 2013 (none at December 31, 2014).

Securities and Restricted Stock

Securities are classified as available-for-sale and recorded at fair value, with unrealized gains and losses, net of applicable income taxes, excluded from income and reported as accumulated other comprehensive income (loss).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities and Restricted Stock, Continued

The cost of available-for-sale debt securities is adjusted for amortization of premiums to call date and accretion of discounts to date of maturity. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in fair value of securities below their cost that are deemed to be other than temporary are reflected in income as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the intent to sell the securities and the more likely than not requirement for the Corporation will be required to sell the securities prior to recovery, (2) the length of time and the extent to which the fair value has been less than cost, and (3) the financial condition and near-term proposals of the issuer. Gains and losses on the sale of securities are recorded on the trade date, using the specific identification method, and are included in non-interest income.

Investments in restricted stock, principally consisting of Federal Home Loan Bank of Cincinnati and Federal Reserve Bank stock, are classified as restricted securities, carried at cost, and evaluated for impairment.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are stated at their outstanding principal amount adjusted for charge-offs and the allowance for loan losses. Interest is accrued as earned based upon the daily outstanding principal balance. Loan origination fees and certain direct obligation costs are capitalized and recognized as an adjustment of the yield of the related loan.

The accrual of interest is generally discontinued at the time a loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses

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

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Due to potential changes in conditions, it is at least reasonably possible that changes in estimates will occur in the near term and that such changes could be material to the amounts reported in the Corporation's consolidated financial statements.

The allowance consists of specific, general and unallocated components. The specific component relates to impaired loans when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers classified loans (substandard or special mention) without specific reserves, as well as non-classified loans, and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses, Continued

Under certain circumstances, the Bank may provide borrowers relief through loan restructurings. A restructuring of debt constitutes a troubled debt restructuring (TDR) if the Bank, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. Concessions may include reduction of interest rates, extension of maturity dates, forgiveness of principal or interest due, or acceptance of other assets in full or partial satisfaction of the debt. TDR loans typically present an elevated level of credit risk as the borrowers are not able to perform according to the original contractual terms. Loans that are reported as TDRs are considered impaired and measured for impairment, as previously described. TDR loans that have performed as agreed under the restructured terms for a period of 12 months or longer may cease to be reported as a TDR loan. However, the loan continues to be individually evaluated for impairment.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify individual consumer and residential loans for impairment disclosures.

Other Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosure are initially recorded at fair value less estimated costs to sell and any loan balance in excess of such value is charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and fair value adjustments are included in other operating expenses.

Servicing

Mortgage servicing rights are recognized as an asset when acquired through sale of loans. Capitalized servicing rights are reported in other assets and amortized to expense in proportion to, and over the period of, the estimated future net servicing income of the underlying loans. Mortgage servicing rights are evaluated for impairment based upon the estimated fair value of the rights as compared to amortized cost. Fair value is determined based upon estimated discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance to the extent that fair value is less than the capitalized amount.

Servicing fee income is recorded for fees earned for servicing loans and is included in other operating income, net of amortization of mortgage servicing rights.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Premises and Equipment

Premises and equipment is stated at cost, less accumulated depreciation. Upon the sale or disposition of the assets, the difference between the depreciated cost and proceeds is charged or credited to income. Depreciation is determined based on the estimated useful lives of the individual assets (typically 20 to 40 years for buildings and 3 to 10 years for equipment) and is computed using the straight-line method.

Premises and equipment are reviewed for impairment when events indicate their carrying amount may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at fair value.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Bank has entered into commitments to extend credit, including commitments under credit card arrangements, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded when they are funded.

Supplemental Retirement and Postretirement Benefits

Annual provisions are made for the estimated liability for accumulated supplemental retirement benefits under agreements with certain officers, directors, and former employees of the Bank. These provisions are determined based on the terms of the agreements, as well as certain assumptions including estimated service periods and discount rates.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred.

Federal Income Taxes

The Corporation and Bank are currently subject only to federal income taxes. Any penalties resulting from the filing of its income tax returns are included in the provision for income taxes and any interest is included in interest expense.

Deferred income taxes are provided on temporary differences between financial statement and income tax reporting. Temporary differences are differences between the amounts of assets and liabilities reported for financial statement purposes and their tax bases. Deferred tax assets are recognized for temporary differences that will be deductible in future years' tax returns and for operating loss and tax credit carryforwards. Deferred tax assets are recognized only if it is more likely than not that a tax position will be realized or sustained upon examination by the relevant taxing authority. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. Deferred tax assets are reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized. Deferred tax liabilities are recognized for temporary differences that will be taxable in future years' tax returns.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The transfer of a participating interest in a financial asset must have all of the following characteristics: (1) from the date of transfer, it must represent a proportionate ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except cash flows allocated as compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, and (4) no party has the right to pledge or change the entire financial asset unless all participating interest holders agree to do so.

Comprehensive Income

Recognized revenue, expenses, gains and losses are included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the consolidated balance sheet, such items, along with net income, are components of comprehensive income.

Rate Lock Commitments

Loan commitments related to the origination or acquisition of mortgage loans that will be held for sale are accounted for as derivative instruments. The Bank enters into commitments to originate loans whereby the interest rate on the loan is determined prior to funding (rate lock commitments). Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. Accordingly, such commitments, along with any related fees received from potential borrowers, are to be recorded at fair value as derivative assets or liabilities, with changes in fair value recorded in the net gain or loss on sale of mortgage loans. Fair value is based on fees currently charged to enter into similar agreements, and for fixed-rate commitments also considers the difference between current levels of interest rates and the committed rates. At December 31, 2014 and 2013, derivative assets and liabilities relating to rate lock commitments were not material to the consolidated financial statements.

Per Share Data

Basic net income per common share represents net income divided by weighted average number of common shares outstanding during the year. Diluted net income per common share includes any dilutive effect of additional potential common shares issuable under stock options. The weighted average number of shares used in the computation of net income per share was 123,726 in 2014 and 122,151 in 2013 for basic and 123,996 in 2014 and 122,967 in 2013 for diluted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management evaluated subsequent events through February 18, 2015, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2014, but prior to February 18, 2015 that provided additional evidence about conditions that existed at December 31, 2014, have been recognized in the financial statements for the year ended December 31, 2014. Events or transactions that provided evidence about conditions that did not exist at December 31, 2014 but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2014.

NOTE 2 - SECURITIES

The amortized cost and fair value of securities, with gross unrealized gains and losses, at December 31, 2014 and 2013, are as follows:

2014	**Amortized cost**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**
Available-for-sale securities:				
U.S. Treasury bond	$ 2,100,490	$ 1,915	$ 7,717	$ 2,094,688
U.S. Government and federal agency obligations	10,159,580	32,129	86,946	10,104,763
Obligations of state and political subdivisions	12,731,164	168,985	40,878	12,859,271
Mortgage-backed	7,051,825	169,301	2,235	7,218,891
Bank certificates of deposit	744,000	2,254	-	746,254
Total available-for-sale securities	$ 32,787,059	$ 374,584	$ 137,776	$ 33,023,867
2013				
Available-for-sale securities:				
U.S. Treasury bond	$ 1,066,890	$ -	$ 14,390	$ 1,052,500
U.S. Government and federal agency obligations	10,741,113	56,376	200,843	10,596,646
Obligations of state and political subdivisions	13,584,605	189,220	242,896	13,530,929
Mortgage-backed	8,693,827	160,865	65,635	8,789,057
Bank certificates of deposit	1,482,000	6,252	-	1,488,252
Total available-for-sale securities	$ 35,568,435	$ 412,713	$ 523,764	$ 35,457,384

NOTE 2 - SECURITIES (CONTINUED)

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

	Amortized cost	Fair value
Due in one year or less	$ 3,019,894	$ 3,055,983
Due after one year through five years	15,540,571	15,597,384
Due after five years through ten years	7,174,769	7,151,609
Total	25,735,234	25,804,976
Mortgage-backed securities	7,051,825	7,218,891
Total available-for-sale securities	$ 32,787,059	$ 33,023,867

At December 31, 2014 and 2013, securities with an amortized cost of $25,562,652 and $26,860,435, respectively, and a fair value of $25,660,983 and $26,663,859, respectively, were pledged to secure borrowing public deposits, borrowings, and for other purposes required or permitted by law.

The following table presents gross unrealized losses and fair value of securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2014 and 2013:

	Securities in a continuous unrealized loss position					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
2014						
U.S. Treasury Bond	$ 703	$ 526,133	$ 7,014	$ 1,044,688	$ 7,717	$ 1,567,821
U.S. Government and federal agency obligations	30,143	3,132,740	56,803	1,816,384	86,946	4,949,124
Obligations of state and political subdivisions	10,507	702,074	30,371	3,251,885	40,878	3,953,959
Mortgage-backed	2,235	1,083,167	-	-	2,235	1,083,167
Total	$ 43,588	$ 5,444,114	$ 94,188	$ 6,112,957	$ 137,776	$ 11,557,071

NOTE 2 - SECURITIES (CONTINUED)

	Securities in a continuous unrealized loss position					
	Less than 12 months		12 months or more		Total	
2013	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
U.S. Treasury Bond	$ 14,390	$ 1,052,500	$ -	$ -	$ 14,390	$ 1,052,500
U.S. Government and federal agency obligations	146,022	3,397,754	54,821	955,509	200,843	4,353,263
Obligations of state and political subdivisions	242,896	5,388,767	-	-	242,896	5,388,767
Mortgage-backed	65,635	4,165,163	-	-	65,635	4,165,163
Total	$ 468,943	$ 14,004,184	$ 54,821	$ 955,509	$ 523,764	$ 14,959,693

There were 20 securities in an unrealized loss position at December 31, 2014, eight of which were in a loss position less than 12 months. These unrealized losses are considered temporary and were the result of customary and expected fluctuations in the bond market.

Gross realized gains from sales of securities amounted to $9,582 in 2014 and $68,825 in 2013, with the income tax provision applicable to such gains amounting to $3,258 in 2014 and $23,401 in 2013. There were no gross realized losses from sales of securities in 2014 and 2013.

Restricted stock includes Federal Home Loan Bank of Cincinnati stock of $853,000 and Federal Reserve Bank stock of $85,050 at December 31, 2014 and 2013.

NOTE 3 - LOANS

Most of the Bank's lending activities are with customers located in Northwestern and West Central Ohio. As of December 31, 2014 and 2013, the Bank's loans to borrowers in the agriculture industry represent the single largest industry and represented 16% and 14% of the Bank's loan portfolio, respectively. Agriculture loans are generally secured by property, equipment, and crop income. Repayment is expected from cash flow from the harvest and sale of crops. Agriculture customers are subject to the risks of weather and market prices of crops which could have an impact on the ability of these customers to repay their loans. Credit losses arising from the Bank's lending experience in the agriculture industry compare favorably with the Bank's loss experience on their loan portfolio as a whole. Credit evaluation of agriculture lending is based on an evaluation of cash flow coverage of principal and interest payments and the adequacy of collateral received.

NOTE 3 - LOANS (CONTINUED)

Certain directors and executive officers, including their immediate families and companies in which they are principal owners, are loan customers of the Bank. Such loans are made in the ordinary course of business in accordance with the normal lending policies of the Bank, including the interest rate charged and collateralization, and do not represent more than a normal collection risk. The following is a summary of activity during 2014 and 2013 for such loans:

	2014	2013
Beginning of year	$ 12,457	$ 43,490
Additions	118,964	5,824
Repayments	(14,845)	(36,857)
End of year	$116,576	$ 12,457

Additions and repayments include loan renewals, as well as net borrowings and repayments under revolving lines-of-credit.

The following is a summary of activity in the allowance for loan losses, as well as the Bank's recorded investment in loans, by portfolio segment and based on impairment method, as of and for the years ended December 31, 2014 and 2013:

2014			Real estate mortgage			
	Commercial	Consumer	Commercial	Residential	Home equity	Total
Allowance for Loan Losses:						
Balance at January 1, 2014	$ 162,924	$ 26,169	$ 839,619	$ 405,677	$ 100,232	$ 1,534,621
Provision (credit) for loan losses	64,650	24,284	(142,833)	53,985	57,914	58,000
Loans charged off	-	(12,811)	(92,530)	(65,255)	-	(170,596)
Recoveries	-	2,473	13,723	8,712	-	24,908
Balance at December 31, 2014	227,574	40,115	617,979	403,119	158,146	1,446,933
Ending balance individually evaluated for impairment	-	-	20,866	-	-	20,866
Ending balance collectively evaluated for impairment	$ 227,574	$ 40,115	$ 597,113	$ 403,119	$ 158,146	$ 1,426,067

NOTE 3 - LOANS (CONTINUED)

2014			Real estate mortgage			
	Commercial	Consumer	Commercial	Residential	Home equity	Total
Loans:						
Ending balance	$ 15,439,701	$ 3,281,000	$ 43,772,638	$ 24,034,821	$10,121,069	$ 96,649,229
Ending balance individually evaluated for impairment	46,568	-	2,157,209	170,783	-	2,374,560
Ending balance collectively evaluated for impairment	$ 15,393,133	$ 3,281,000	$ 41,615,429	$ 23,864,038	$10,121,069	$ 94,274,669

2013	Commercial	Consumer	Commercial	Residential	Home equity	Total
Allowance for Loan Losses:						
Balance at January 1, 2013	$ 153,498	$ 34,071	$ 744,550	$ 361,244	$ 94,930	$ 1,388,293
Provision (credit) for loan losses	9,426	(8,489)	45,930	67,831	5,302	120,000
Loans charged off	-	(15,099)	-	(36,835)	-	(51,934)
Recoveries	-	15,686	49,139	13,437	-	78,262
Balance at December 31, 2013	162,924	26,169	839,619	405,677	100,232	1,534,621
Ending balance individually evaluated for impairment	-	-	129,137	-	-	129,137
Ending balance collectively evaluated for impairment	$ 162,924	$ 26,169	$ 710,482	$ 405,677	$ 100,232	$ 1,405,484
Loans:						
Ending balance	$ 19,864,723	$ 3,100,982	$ 48,745,535	$ 12,082,041	$ 8,978,220	$ 92,771,501
Ending balance individually evaluated for impairment	50,000	-	2,221,724	210,872	-	2,482,596
Ending balance collectively evaluated for impairment	$ 19,814,723	$ 3,100,982	$ 46,523,811	$ 11,871,169	$ 8,978,220	$ 90,288,905

NOTE 3 - LOANS (CONTINUED)

Construction loans are underwritten utilizing independent appraisals, sensitivity analysis of absorption, vacancy and lease rates and financial analysis of the developers and property owners. Construction loans are generally based upon estimates of costs and value associated with the complete project. These estimates may be inaccurate. Construction loans often involve the disbursement of funds with repayment substantially dependent on the success of the ultimate project. These loans are closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions and the availability of long-term financing. The Bank may require guarantees on these loans. The Bank's construction loans are secured primarily by properties located in its primary market area.

The Bank originates 1 – 4 family real estate and consumer loans utilizing credit reports to supplement the underwriting process. The Bank's manual underwriting standards for 1 – 4 family loans are generally in accordance with FHLMC and FNMA manual underwriting guidelines. Properties securing 1 – 4 family real estate loans are appraised by either staff appraisers or fee appraisers, both of which are independent of the loan origination function and have been approved by the Board of Directors. The loan-to-value ratios normally do not exceed 80% without credit enhancements such as mortgage insurance. The Bank will lend up to 100% of the lesser of the appraised value or purchase price for conventional 1 – 4 family real estate loans, provided private mortgage insurance is obtained. The underwriting standards for consumer loans include a determination of the applicant's payment history on other debts and an assessment of their ability to meet existing obligations and payments on the proposed loan. To monitor and manage loan risk, policies and procedures are developed and modified, as needed by management. This activity, coupled with smaller loan amounts that are spread across many individual borrowers, minimizes risk. Additionally, market conditions are reviewed by management on a regular basis. The Bank's 1 – 4 family real estate loans are secured primarily by properties located in its primary market area.

Commercial and agricultural real estate loans are subject to underwriting standards and processes similar to commercial and agricultural operating loans, in addition to those unique to real estate loans. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial and agricultural real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Loan to value is generally 75% of the cost or value of the assets. Appraisals on properties securing these loans are generally performed by fee appraisers approved by the Board of Directors. Because payments on commercial and agricultural real estate loans are often dependent on the successful operation or management of the properties, repayment of such loans may be subject to adverse conditions in the real estate market or the economy. Management monitors and evaluates commercial and agricultural real estate loans based on collateral and risk rating criteria. The Bank may require guarantees on these loans. The Bank's commercial and agricultural real estate loans are secured primarily by properties located in its primary market area.

NOTE 3 - LOANS (CONTINUED)

Commercial and agricultural operating loans are underwritten based on the Bank's examination of current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. This underwriting includes the evaluation of cash flows of the borrower, underlying collateral, if applicable, and the borrower's ability to manage its business activities. The cash flows of borrowers and the collateral securing these loans may fluctuate in value after the initial evaluation. A first priority lien on the general assets of the business normally secures these types of loans. Loan to value limits vary and are dependent upon the nature and type of the underlying collateral and the financial strength of the borrower. Crop and hail insurance is required for most agricultural borrowers. Loans are generally guaranteed by the principal(s). The Bank's commercial and agricultural operating lending is principally in its primary market area.

The Bank has an internal credit analyst who reviews and validates credit risk on a periodic basis, as well as an external loan review performed annually or semi-annually. Results of the credit analyst and external loan reviews are presented to management and the Audit Committee. The credit analyst and loan review processes compliment and reinforce the risk identification and assessment decisions made by lenders and credit personnel, as well as the Bank's policies and procedures.

The following table presents loans individually evaluated for impairment by class of loans as of December 31, 2014 and 2013:

	2014		2013	
	Unpaid principal balance	Allowance for loan losses allocated	Unpaid principal balance	Allowance for loan losses allocated
With an allowance recorded:				
Real estate:				
Commercial	$ 753,832	$ 20,866	$ 799,087	$ 129,137
With no related allowance recorded:				
Real estate:				
Commercial	1,403,377	-	1,422,637	-
Residential	170,783	-	210,872	-
Commercial	46,568	-	50,000	-
Total	$ 2,374,560	$ 20,866	$ 2,482,596	$ 129,137

No additional funds are committed to be advanced in connection with impaired loans at December 31, 2014 and 2013.

NOTE 3 - LOANS (CONTINUED)

The following is a summary of information for the years ended December 31, 2014 and 2013 pertaining to impaired loans:

	2014	2013
Average investment in impaired loans	$ 2,274,161	$ 1,435,869
Interest income recognized on impaired loans	40,419	36,977
Interest income recognized on a cash basis on impaired loans	40,419	36,977

Included in impaired loans at December 31, 2014 and 2013 were commercial real estate loans with outstanding balances aggregating $2,203,777 and $2,271,724, respectively, which have been modified in troubled debt restructurings. The Corporation has allocated specific reserves of $20,866 and $129,137 at December 31, 2014 and 2013, respectively, to these loans. The Corporation intends to lend no additional amounts to these customers. There were no new TDRs occurring during 2014.

The following table presents the aging of the recorded investment in past due and nonaccrual loans for the years ended December 31, 2014 and 2013 by class of loans:

	Loans past due accruing interest						
	30 – 59 days	60 – 89 days	Over 90 days	Total	Loans on non-accrual	Loans not past due or on non-accrual	Total
2014							
Commercial	$ -	$ 67,641	$163,094	$ 230,735	$ 36,180	$ 15,172,786	$ 15,439,701
Real estate:							
Commercial	-	-	71,555	71,555	899,523	42,801,560	43,772,638
Home equity	87,715	-	143,676	231,391	-	9,889,678	10,121,069
Residential	335,219	40,357	162,380	537,956	170,783	23,326,082	24,034,821
Consumer	27,125	14,212	1,459	42,796	-	3,238,204	3,281,000
Total	$ 450,059	$ 122,210	$542,164	$1,114,433	$1,106,486	$ 94,428,310	$ 96,649,229
2013							
Commercial	$ -	$ -	$ -	$ -	$ -	$ 19,864,723	$ 19,864,723
Real estate:							
Commercial	97,363	-	-	97,363	901,188	47,746,984	48,745,535
Home equity	-	-	-	-	-	8,978,220	8,978,220
Residential	-	-	-	-	210,872	11,871,169	12,082,041
Consumer	11,941	8,144	-	20,085	-	3,080,897	3,100,982
Total	$ 109,304	$ 8,144	$ -	$ 117,448	$1,112,060	$ 91,541,993	$ 92,771,501

NOTE 3 - LOANS (CONTINUED)

Credit Quality Indicators:

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as: 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 all loans from the commercial loan department. This analysis is performed at least annually. The Company uses the following definitions for risk ratings:

- **Pass:** Loans classified as pass have no existing or known potential weaknesses requiring management's close attention.

- **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 Company'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 Company 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.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans.

As of December 31, 2014 and 2013, based on the most recent analysis performed, the risk category of loans by class of loans was as follows:

2014	Pass	Special mention	Substandard	Doubtful	Total
Commercial	$ 15,216,865	$ -	$ 222,836	$ -	$ 15,439,701
Real estate:					
Commercial	40,851,175	-	2,921,463	-	43,772,638
Home equity	9,907,774	-	213,295	-	10,121,069
Residential	23,633,229	-	401,592	-	24,034,821
Consumer	3,279,541	-	1,459	-	3,281,000
Total	$ 92,888,584	$ -	$ 3,760,645	$ -	$ 96,649,229

NOTE 3 - LOANS (CONTINUED)

2013	Pass	Special mention	Substandard	Doubtful	Total
Commercial	$ 19,607,761	$ -	$ 256,962	$ -	$ 19,864,723
Real estate:					
Commercial	45,524,281	-	3,221,254	-	48,745,535
Home equity	8,819,031	-	159,189	-	8,978,220
Residential	11,586,735	-	495,306	-	12,082,041
Consumer	3,093,394	-	7,588	-	3,100,982
Total	$ 88,631,202	$ -	$ 4,140,299	$ -	$ 92,771,501

Newly classified troubled debt restructurings during the year ended December 31, 2013 (there were none during the year ended December 31, 2014) consisted of the following:

	Number of loans	Recorded balance
Commercial	1	$ 50,000
Commercial real estate	4	1,320,536
Total		$ 1,370,536

The pre and post-modification recorded balances for these loans were the same. There were no loans that were modified in troubled debt restructurings and impaired during 2014 and 2013.

The troubled debt restructurings described above resulted in no increase to the allowance for loan losses and resulted in no charge-offs during the years ended December 31, 2014 and 2013. The newly restructured loans referenced above were modified with a reduced interest rate, interest-only payment terms, and/or a modification to other repayment terms.

NOTE 4 - PREMISES AND EQUIPMENT

A summary of the cost and accumulated depreciation of premises and equipment consists of the following at December 31, 2014 and 2013:

	2014	2013
Land	$ 1,084,023	$ 1,084,023
Buildings and building improvements	4,914,872	4,796,421
Furniture, fixtures, and equipment	1,148,309	1,158,798
Total cost	7,147,204	7,039,242
Less accumulated depreciation	3,164,674	3,059,393
Net premises and equipment	$ 3,982,530	$ 3,979,849

Depreciation of premises and equipment for the years ended December 31, 2014 and 2013 amounted to $226,157 and $211,602, respectively.

NOTE 4 - PREMISES AND EQUIPMENT (CONTINUED)

The Company has entered into an agreement to lease the land serving as the site for its Findlay East branch. Rent expense under the lease, which expires December 31, 2020, amounted to $20,000 in 2014 and 2013. Future commitments at December 31, 2014 under the lease aggregated $120,000 with $20,000 payable annually through 2020. The Company has renewal options to extend the lease through December 31, 2050.

NOTE 5 - SECONDARY MARKET LENDING

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balance of mortgage loans serviced for others approximated $79,100,700 and $81,024,000 at December 31, 2014 and 2013, respectively.

The balance of capitalized servicing rights included in other assets amounted to $441,565 and $543,484 at December 31, 2014 and 2013, respectively.

During the years ended December 31, 2014 and 2013, the Bank capitalized $69,362 and $149,860, respectively, of servicing rights and such amounts are included in gain on sale of loans. Amortization of mortgage servicing rights amounted to $171,281 in 2014 and $172,117 in 2013.

NOTE 6 - DEPOSITS

The aggregate amount of time deposits in denominations of $250,000 or more at December 31, 2014 and $100,000 or more at December 31, 2013 approximated $12,219,000 and $21,804,000, respectively. Interest expense on these deposits amounted to $36,034 in 2014 and $139,951 in 2013.

At December 31, 2014, the scheduled maturities of time deposits are as follows:

2015	$ 29,045,969
2016	10,345,443
2017	4,075,934
2018	3,020,659
2019	1,189,403
Thereafter	48,466
Total	$ 47,725,874

NOTE 7 - FEDERAL HOME LOAN BANK BORROWINGS

Federal Home Loan Bank borrowings consist of the following at December 31, 2014 and 2013:

	2014	2013
Secured note, with interest at .92%, due October 2014	$ -	$ 1,500,000
Secured note, with interest at 2.82%, due January 2015	1,000,000	1,000,000
Advances secured by individual residential mortgages under blanket agreement	2,537,358	3,023,170
Total Federal Home Loan Bank borrowings	$ 3,537,358	$ 5,523,170

Interest on advances outstanding at December 31, 2014 secured by individual mortgages under blanket agreement ranged from 1.08% to 6.05%, with interest payable monthly and maturities ranging through August 2028. The weighted average interest rate of Federal Home Loan Bank borrowings outstanding at December 31, 2014 and 2013 was 1.94% and 1.64%, respectively. Borrowings are secured by mortgage loans approximating $15,469,000 as of December 31, 2014. Advances are subject to prepayment penalties and the provisions and conditions of the credit policy of the Federal Home Loan Bank.

Future maturities of Federal Home Loan Bank borrowings at December 31, 2014, are as follows:

2015	$ 1,429,260
2016	359,109
2017	310,553
2018	266,741
2019	228,440
Thereafter	943,255
Total	$ 3,537,358

NOTE 8 - INCOME TAXES

The provision for income taxes for the years ended December 31, 2014 and 2013 consist of the following:

	2014	2013
Current provision	$ 113,272	$ 220,079
Deferred provision (credit)	63,128	(76,379)
Total provision for income taxes	$ 176,400	$ 143,700

NOTE 8 - INCOME TAXES (CONTINUED)

The income tax provision attributable to income from operations differed from the amounts computed by applying the U.S. federal income tax rate of 34% to income before income taxes as a result of the following:

	2014	2013
Expected tax using statutory tax rate of 34%	$ 273,200	$ 227,900
Increase (decrease) resulting from:		
Tax-exempt interest income, net of interest expense associated with cost to carry	(71,000)	(64,700)
Tax-exempt income on life insurance policies, net of premiums paid	(30,000)	(24,400)
Other, net	4,200	4,900
Total provision for income taxes	$ 176,400	$ 143,700

The deferred income tax provision of $63,128 in 2014 and credit of $76,379 in 2013 resulted from the tax effects of temporary differences. There was no impact for changes in tax laws and rates or changes in the valuation allowance for deferred tax assets.

The components of deferred tax assets and liabilities consist of the following at December 31, 2014 and 2013:

	2014	2013
Deferred tax assets:		
Net unrealized loss on securities available-for-sale	$ -	$ 37,757
Allowance for loan losses	407,000	445,800
Accrued employee benefits	248,000	246,900
Other	-	36,543
Total deferred tax assets	655,000	767,000
Deferred tax liabilities:		
Net unrealized gain on securities available-for-sale	80,515	-
Federal Home Loan Bank stock dividends	146,900	146,900
Depreciation	113,500	87,000
Mortgage servicing rights	150,100	184,800
Other	22,385	25,200
Total deferred tax liabilities	513,400	443,900
Net deferred tax assets	$ 141,600	$ 323,100

Net deferred tax assets are included in other assets in the accompanying consolidated balance sheets.

The federal income tax returns of the Corporation that remain open and subject to examination at December 31, 2014 are years 2011 – 2014. Management does not believe the Corporation has any significant uncertain tax positions at December 31, 2014.

Management believes it is more likely than not that the benefit of deferred tax assets will be realized. Therefore, no valuation allowance for deferred tax assets is deemed necessary as of December 31, 2014 and 2013.

NOTE 9 - EMPLOYEE BENEFIT PLANS

The Corporation sponsors a defined contribution 401(k) plan for the benefit of eligible employees. Substantially all employees participate in the plan. Employer contributions are discretionary as determined by the Board of Directors and may be basic, optional, and/or matching in nature. Basic and optional contributions are allocated to participants based on the relative compensation of each participant. Matching contributions are determined as a percentage of participating employee contributions. Participants are immediately vested in employer basic and matching contributions. Employer matching contributions amounted to $46,516 in 2014 and $48,708 in 2013. There were no basic or optional employer contributions made during 2014 or 2013.

Under an employee stock purchase plan, eligible employees may defer a portion of their compensation and use the proceeds to purchase stock of the Corporation at a discount determined by the Board of Directors as stipulated in the plan. The Corporation sold from treasury 237 shares of stock in 2014 and 267 shares in 2013 under the plan.

The Bank has entered into various agreements with certain directors to provide for supplemental retirement benefits under deferred board of director fees, as specified by the individuals. The agreements provide for monthly retirement benefits based on the value of the individual's deferred compensation account. As of December 31, 2014 and 2013, the Bank's liability for such deferred compensation payments amounted to $527,496 and $512,782, respectively. The Bank has also entered into agreements with certain officers and directors to provide for supplemental retirement benefits. The Bank has provided a liability for estimated accumulated supplemental retirement benefits of $156,705 at December 31, 2014 and $150,997 at December 31, 2013. The Bank has established a non-qualified deferred compensation plan for four senior officers which provides for deferred compensation benefits in the event the individuals attain certain annual goals established in the plan. The Bank has provided a liability for accumulated deferred compensation benefits under the plan amounting to $34,772 and $51,221, respectively, as of December 31, 2014 and 2013.

The Bank has purchased life insurance policies on such individuals, as well as certain previously terminated participants, to assist in funding future deferred compensation obligations. The aggregate cash surrender value of life insurance policies amounted to $3,266,015 and $3,123,798 at December 31, 2014 and 2013, respectively.

NOTE 10 - STOCK OPTIONS

Under the Corporation's Stock Option Plan, the Corporation may grant options to its directors, officers, and employees for up to 30,551 shares of common stock, 23,752 of which have been granted and exercised as of December 31, 2014. Both incentive stock options and nonqualified stock options may be granted under the plan. The exercise price of each option equals the market price of the Corporation's stock on the date of grant, and an option's maximum term is 10 years.

NOTE 10 - STOCK OPTIONS (CONTINUED)

A summary of activity in the plan for the years ended December 31, 2014 and 2013 is as follows:

	2014		2013	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Outstanding at beginning of year	3,567	$ 57.84	7,400	$ 60.99
Exercised	(2,500)	(57.98)	(1,433)	(58.76)
Forfeited	-	-	(2,400)	(67.00)
Outstanding at end of year	1,067	$ 57.50	3,567	$ 57.84
Options exercisable at end of year	1,067	$ 57.50	3,527	$ 57.81

Additional information pertaining to options outstanding at December 31, 2014 is as follows:

	Outstanding		Exercisable	
Exercise Price	Number	Weighted Average Remaining Contractual Life	Number	Weighted Average Exercise Price
$ 57.50	1,067	.1	1,067	$ 57.50
Total	1,067	.1	1,067	$ 57.50

NOTE 11 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit, and commercial letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet. The Bank's exposure to credit loss is represented by the contractual amount of these commitments. The Bank follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

	December 31, contract amount	
	2014	2013
Commitments to extend credit, including unfunded commitments under lines of credit	$ 14,547,000	$ 14,131,000
Commercial and standby letters of credit	517,000	433,000

NOTE 11 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (CONTINUED)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Bank, is based on management's credit evaluation of the customer.

Unfunded commitments under commercial lines of credit, revolving credit lines, and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are collateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed.

Commercial and standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are used primarily to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved is extending loan facilities to customers. The Bank generally holds collateral supporting those commitments if deemed necessary. The amount and nature of the collateral obtained are based on the Bank's credit evaluation of the customer. Collateral held varies but may include cash, securities, accounts receivable, inventory, property, plant, and equipment, and real estate.

NOTE 12 - REGULATORY MATTERS

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 Corporation's and Bank's 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 its assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

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

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

NOTE 12 - REGULATORY MATTERS (CONTINUED)

The actual capital amounts and ratios of the Bank as of December 31, 2014 and 2013 are presented in the following table:

	Actual		Minimum capital requirement		Minimum to be "well capitalized" under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(thousands of dollars)			
As of December 31, 2014						
Total Capital (to Risk-Weighted Assets)	$ 13,467	12.3%	$ 8,792	≥ 8.0%	$10,990	≥ 10.0%
Tier I Capital (to Risk-Weighted Assets)	$ 12,092	11.0%	$ 4,396	≥ 4.0%	$ 6,594	≥ 6.0%
Tier I Capital (to Average Assets)	$ 12,092	8.4%	$ 5,751	≥ 4.0%	$ 7,188	≥ 5.0%
As of December 31, 2013						
Total Capital (to Risk-Weighted Assets)	$ 13,006	12.5%	$ 8,332	≥ 8.0%	$10,415	≥ 10.0%
Tier I Capital (to Risk-Weighted Assets)	$ 11,701	11.2%	$ 4,166	≥ 4.0%	$ 6,249	≥ 6.0%
Tier I Capital (to Average Assets)	$ 11,701	8.1%	$ 5,765	≥ 4.0%	$ 7,206	≥ 5.0%

On a parent company only basis, the Corporation's primary source of funds is dividends paid by the Bank. The ability of the Bank to pay dividends is subject to limitations under various laws and regulations, and to prudent and sound banking principles. Generally, subject to certain minimum capital requirements, the Bank may declare dividends without the approval of the Office of the Comptroller of the Currency, unless the total dividends in a calendar year exceed the total of the Bank's net profits for the year combined with its retained profits of the two preceding years.

The Board of Governors of the Federal Reserve System generally considers it to be an unsafe and unsound banking practice for a bank holding company to pay dividends except out of current operating income, although other factors such as overall capital adequacy and projected income may also be relevant in determining whether dividends should be paid.

NOTE 13 - FAIR VALUE MEASUREMENTS

FASB ASC 820-10, *Fair Value Measurements*, requires the use of valuation techniques that should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820-10 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 – Quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs 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; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect the Corporation’s own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which might include the Corporation’s own financial data such as internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes financial assets (there were no financial liabilities) measured at fair value as of December 31, 2014 and 2013, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total fair value
2014				
Recurring – securities available-for-sale:				
U.S. Treasury bonds	$ 2,094,688	$ -	$ -	$ 2,094,688
U.S. Government and federal agency obligations	10,104,763	-	-	10,104,763
Obligations of state and political subdivisions	-	12,859,271	-	12,859,271
Mortgage-backed	-	7,218,891	-	7,218,891
Bank certificates of deposit	-	746,254	-	746,254
Total recurring	$ 12,199,451	$ 20,824,416	$ -	$ 33,023,867
Nonrecurring:				
Other real estate owned	$ -	$ -	$ 158,625	$ 158,625
Impaired loans	-	-	2,353,694	2,353,694
Total nonrecurring	$ -	$ -	$ 2,512,319	$ 2,512,319
2013				
Recurring – securities available-for-sale:				
U.S. Treasury bonds	$ 1,052,500	$ -	$ -	$ 1,052,500
U.S. Government and federal agency obligations	10,596,646	-	-	10,596,646
Obligations of state and political subdivisions	-	13,530,929	-	13,530,929
Mortgage-backed	-	8,789,057	-	8,789,057
Bank certificates of deposit	-	1,488,252	-	1,488,252
Total recurring	$ 11,649,146	$ 23,808,238	$ -	$ 35,457,384
Nonrecurring:				
Impaired loans	$ -	$ -	$ 2,353,459	$ 2,353,459

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

Impaired loans are reported net of an allowance for loan losses of $20,866 in 2014 and $129,137 in 2013.

There were no financial instruments measured at fair value that moved to a lower level in the fair value hierarchy during 2014 and 2013 due to the lack of observable quotes in inactive markets for those instruments at December 31, 2014 and 2013.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, follows.

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, the Corporation's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Corporation'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 Corporation'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.

Securities Available-for-Sale

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities typically include U.S. treasury bonds. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include municipal bonds, agency and mortgage-backed securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. The Corporation did not have any available-for-sale securities classified as Level 3 as of and for the years ended December 31, 2014 and 2013.

Impaired Loans

The Corporation does not record impaired loans at fair value on a recurring basis. However, periodically, a loan is considered impaired and is reported at the fair value of the underlying collateral, less estimated costs to sell, if repayment is expected solely from the collateral. Collateral values are estimated using Level 2 inputs, including recent appraisals and Level 3 inputs based on customized discounting criteria. Due to the significance of the Level 3 inputs, impaired loans fair values have been classified as Level 3.

NOTE 13 - FAIR VALUE MEASUREMENTS (CONTINUED)

Other Real Estate Owned

The Bank values other real estate owned at the estimated fair value of the underlying collateral less expected selling costs. Such values are estimated primarily using appraisals and reflect a market value approach. Due to the significance of the Level 3 inputs, other real estate owned has been classified as Level 3.

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring 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. Financial assets and financial liabilities, excluding impaired loans and other real estate owned, measured at fair value on a nonrecurring basis were not significant at December 31, 2014 and 2013.

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated carrying amounts and related fair values of financial instruments at December 31, 2014 and 2013, are as follows:

	2014		2013	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial assets:				
Cash and cash equivalents	$ 9,877,030	$ 9,877,030	$ 9,817,227	$ 9,817,227
Securities, including restricted stock	34,002,917	34,002,917	36,436,434	36,436,434
Loans, net (including loans held for sale)	95,738,096	99,353,000	91,473,280	95,173,000
Accrued interest receivable	681,097	681,097	633,179	633,179
Financial liabilities:				
Deposits	130,949,886	131,150,000	127,592,612	127,926,000
FHLB borrowings	3,537,358	3,409,000	5,523,170	5,299,000
Accrued interest payable	24,700	24,700	27,006	27,006

The above summary does not include mortgage servicing rights, cash surrender value of life insurance and other liabilities which are also considered financial instruments. The estimated fair value of such items is considered to closely approximate their carrying amounts.

There are also unrecognized financial instruments at December 31, 2014 and 2013 which relate to commitments to extend credit and letters of credit. The contract amount of such financial instruments amounts to $15,064,000 at December 31, 2014 and $14,564,000 at December 31, 2013. Such amounts are also considered to be the estimated fair values.

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments shown above:

Cash and cash equivalents:

Fair value is determined to be the carrying amount for these items because they represent cash or mature in 90 days or less and do not represent unanticipated credit concerns.

Securities:

Fair value is determined based on quoted market prices of the individual securities or, if not available, estimated fair value was obtained by comparison to other known securities with similar risk and maturity characteristics. Such value does not consider possible tax ramifications or estimated transaction costs. The carrying value of restricted stock approximates fair value based on the redemption provisions of the entities.

Loans:

Fair value was estimated for portfolios of loans with similar financial characteristics. For adjustable rate loans, which re-price at least annually and generally possess low risk characteristics, the carrying amount is believed to be a reasonable estimate of fair value. For fixed rate loans the fair value is estimated based on a discounted cash flow analysis, considering weighted average rates and terms of the portfolio, adjusted for credit and interest rate risk inherent in the loans. Fair value for nonperforming loans is based on recent appraisals or estimated discounted cash flows. The estimated value of credit card loans is based on existing loans and does not include the value that relates to estimated cash flows from new loans generated from existing cardholders over the remaining life of the portfolio.

Deposit liabilities:

The fair value of core deposits, including demand deposits, savings accounts, and certain money market deposits, is the amount payable on demand. The fair value of fixed-maturity certificates of deposit is estimated using the rates offered at year end for deposits of similar remaining maturities. The estimated fair value does not include the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the marketplace.

Other financial instruments:

The fair value of commitments to extend credit and letters of credit is determined to be the contract amount, since these financial instruments generally represent commitments at existing rates. The fair value of other borrowings is determined based on a discounted cash flow analysis using current interest rates.

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair value estimates of financial instruments are made at a specific point in time based on relevant market information. These estimates do not reflect any premium or discount that could result from offering for sale at one time the entire holdings of a particular financial instrument over the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Since no ready market exists for a significant portion of the financial instruments, fair value estimates are largely based on judgments after considering such factors as future expected credit losses, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

NOTE 15 - CONTINGENT LIABILITIES

In the normal course of business, the Corporation and Bank may be involved in various legal actions, but in the opinion of management and legal counsel, the ultimate disposition of such matters is not expected to have a material adverse effect on the consolidated financial statements.

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENT

In January 2014, the FASB issued ASU 2014-04, *Receivables – Troubled Debt Restructurings by Creditors* to reduce diversity by clarifying when an in-substance repossession or foreclosure occurs. That is, when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan receivable should be derecognized and the real property recognized. The amendments in ASU 2014-04 are effective for annual periods, and interim periods beginning after December 15, 2014. The Corporation does not expect the provisions of ASU 2014-04 will have a material impact on future consolidated financial statements.

Directors

Charles Niswander, Chairman; retired from Blanchard Valley Health System
Donald Dreisbach, Vice Chairman; retired Vice President of Sky Bank
David Rodabaugh, Secretary and Treasurer; Attorney at Law
Todd A. Mason, President and Chief Executive Officer
Martin Terry, Vice President, Business Affairs, University of Findlay
J. Peter Suter, Local Business Owner
Jared Lehman, Executive Director Otterbein Cridersville
Randal J. Verhoff, CPA, Verhoff & Company, LLC

Executive Officer of Pandora Bancshares, Inc.

Todd A. Mason, President and Chief Executive Officer

Executive Officers of First National Bank of Pandora

Todd A. Mason, President and Chief Executive Officer
Larry E. Hoffman, Senior Vice President and Chief Financial Officer
Mark DePue, Senior Vice President
Brendon Matthews, Senior Vice President

Annual Meeting
April 25, 2015 – 10:00 a.m.
Findlay Country Club
1500 Country Club Drive
Findlay, OH 45840

Investor Information:
Investors, analysts and others seeking financial information may contact:

Todd A. Mason, CEO
Pandora Bancshares, Inc.
102 E. Main St.
Pandora, Ohio 45877

Bank Locations:

102 E. Main St.
Pandora, OH 45877
419-384-3221

112 Cherry St.
Bluffton, OH 45817
419-358-5500

1630 Tiffin Ave.
Findlay, OH 45840
419-429-6000

1114 Trenton Ave,
Findlay, OH 45840
419-425-2500

855 N. Locust St.
Ottawa, OH 45875
419-523-5500

Officers and Employees
As of December 31, 2014

Todd A. Mason	President and Chief Executive Officer
Larry E. Hoffman	Senior Vice President/CFO
Mark DePue	Senior Vice President
Brendon Matthews	Senior Vice President
Nita Crawford	Vice President/Human Resources
Patricia Garlock	Vice President
Susan Pancake	Vice President/Operations
Doug Shaneyfelt	Vice President/IT
Vanessa Greer	Assistant Vice President
Janet Kingen	Assistant Vice President
Kris Lowry	Assistant Vice President
Shari Schwab	Assistant Vice President
Amy Searfoss	Assistant Vice President

Heidi Allen
Michelle Brandt
Shane Bugner
Sally Burris
Deborah Diller
Elizabeth Ditto
Chris Eaton
Devin Ellerbrock
Linda Fleming
Amy Groves
David Harris
Gen Hernandez
Ciara Hovest
Kara Leonard
Abbie Loy
Alice Maag
Debra Mack
Kelly McCluer
Jennifer Mershman
Angie Morman
Rachel Mummert
Brenda Palovcik
Jessica Parker
Victoria Parsons
Barbara Ranes
Taylor Ross
Ben Schrock
Terry Sears
Laci Stewart
Stacy Stumbaugh
David Walter
Tammy Walter
Adrienne Warren

Directors of the First National Bank of Pandora and Pandora Bancshares, Inc.

P. D. Bixel, MD
1919, 1934 – 1937
Carl Grismore
1919
J. A. Huffman
1919 – 1924
Noah Schumacher
1919 - 1933
C. Henry Smith*
1919 – 1948
P.C. Steiner
1919 – 1933
M. I. Trostle*
1919 – 1957
Louis Basinger
1920 – 1922
Otto McDowell
1920 – 1922
Elmer Campbell
1923 – 1924
J.A. Schutz
1923 – 1937
P.A. Suter
1923 – 1933
C.C. Wehly *
1923 – 1956
L. Shirl Hatfield*
1934 - 1954
Peter Hilty
1934 – 1952
Julian Kempf
1934 – 1952
Wilmer D. Niswander*
1938 – 1955, 1958 – 1961
Clifford Pierman
1949 – 1955

Irwin Hilty
1953 – 1968
Francis C. Marshall*
1953 – 1973
John H. Styer
1955 – 1969
Randall C. Etling
1956 – 1973
Lowell E. Hatfield*
1956 – 1961, 1964 – 1986
Francis Kempf
1957 – 1963
Milo B. Rice, MD*
1962-1973
Edward E. Schutz
1962
Warren Bridenbaugh*
1963 – 1979
Daniel W. Cook
1969 – 1984
Grover Geiger, Jr.*
1970 – 1986, 1988 – 1993
William Cupp
1974 – 1976
Robert R. Reese
1974 – 1986
Russell Suter
1974 – 1984
Daryl E. Amstutz
1977 – 1993
Robert Rice
1980 – 1986
Paul Bixel
1985 – 1986, 1988 – 1995
Lois Rodabaugh
1985 – 1989

Burnette Powell
1986 – 1987
Malcolm Basinger
1987 – 1999
David Emans
1988 – 2008
Mary S. Amstutz
1989 – 2001
Harold Van Scoder
1990 – 1996
Douglas Edinger
1994 – 2006
Paul Freeman*
1992 – 2002
David Rodabaugh
1994 – Present
James Stechschulte
1995 – 2003
Charles Niswander
1997 – Present
Donald Dreisbach
2003 – Present
G.W. Holden*
2003 – 2004
Martin Terry
2003 – Present
James A. Downhower*
2004 - 2005
F. Alan Blackburn*
2005 –2007
J. Peter Suter
2006 - Present
John Arnold
2007- 2009
Todd A. Mason*
2007- Present
Jared Lehman
2011 - Present
Randal Verhoff
2013 - Present

*Designates CEO

We wish to express our appreciation to the late Mr. Lowell Hatfield for his assistance compiling the above list. We appreciate the many years of service he and his family contributed to The First National Bank of Pandora.

We welcome your additions and corrections so that we may properly recognize those who have served our company. Please contact Liz Ditto at (419) 384-3221, Extension 1104.