CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

BANKERS' BANK OF THE WEST BANCORP, INC.
AND SUBSIDIARIES

December 31, 2014 and 2013

FORTNER, BAYENS, LEVKULICH
&
GARRISON, P.C.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Bankers' Bank of the West Bancorp, Inc.
Denver, Colorado

We have audited the accompanying consolidated financial statements of Bankers' Bank of the West Bancorp, Inc. and Subsidiaries, which are comprised of the consolidated balance sheets as of December 31, 2014 and 2013 and the related consolidated statements of income, comprehensive income, 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 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bankers' Bank of the West Bancorp, 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.

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Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the 2014 and 2013 consolidated financial statements as a whole. The accompanying consolidating schedules on pages 37 and 38 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and are not a required part of the consolidated financial statements. The supplemental consolidating schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental consolidating schedules have been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting records used to prepare the consolidated financial statements and 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 supplemental consolidating schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Fortner, Bayens, Levkulich + Garrison, P.C.

Denver, Colorado
February 20, 2015

Bankers' Bank of the West Bancorp, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
	(in thousands)	
ASSETS		
Cash and due from banks	$ 9,223	$ 10,368
Interest-bearing deposits	61,445	39,450
Federal funds sold	23,134	45,670
Cash and cash equivalents	93,802	95,488
Securities available for sale	47,056	50,750
Securities held to maturity	1,565	2,259
Nonmarketable equity securities	834	884
Loans and leases	193,206	155,518
Less allowance for loan and lease losses	4,448	5,381
	188,758	150,137
Leasehold improvements and equipment, net	458	101
Accrued interest receivable	888	992
Company owned life insurance	8,104	8,522
Other real estate owned, net	3,409	2,226
Other assets	6,030	5,609
	$ 350,904	$ 316,968
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Noninterest-bearing	$ 153,463	$ 136,486
Interest-bearing	140,219	123,929
Total deposits	293,682	260,415
Accrued interest payable	53	42
Other liabilities	11,829	13,910
Total liabilities	305,564	274,367
Commitments and contingencies (notes I, J, and N)		
Stockholders' equity		
Preferred stock - $20 par value, 5% cumulative 250,000 shares authorized, 13,271 shares issued and outstanding aggregate liquidation preference $1,000 per share	13,271	13,260
Common stock - $10 par value, 750,000 shares authorized, 213,625 and 217,525 shares issued and outstanding in 2014 and 2013, respectively	2,136	2,175
Capital surplus	13,987	14,152
Retained earnings	15,848	13,045
Accumulated other comprehensive income (loss)	98	(31)
Total stockholders' equity	45,340	42,601
	$ 350,904	$ 316,968

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

Bankers' Bank of the West Bancorp, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

	Years ended December 31, 2014	Years ended December 31, 2013
	(in thousands)	
Interest income		
Interest and fees on loans and leases	$ 8,115	$ 7,430
Interest on taxable investment securities	476	584
Interest on tax-exempt investment securities	9	19
Interest on deposits and federal funds sold	333	363
Total interest income	8,933	8,396
Interest expense		
Deposits	923	804
Federal funds purchased and other borrowings	-	-
Total interest expense	923	804
Net interest income	8,010	7,592
Credit for loan and lease losses	(750)	(1,000)
Net interest income after credit for loan and lease losses	8,760	8,592
Noninterest income		
Service charges on deposit accounts	1,211	1,249
Commissions and fees	9,399	8,797
Total noninterest income	10,610	10,046
Noninterest expenses		
Salaries and employee benefits	5,291	4,914
Occupancy expense of premises	687	619
Furniture and equipment expense	210	244
Service charges	1,085	1,133
Net losses and writedowns of other real estate owned	130	512
Other expenses	7,581	7,113
Total noninterest expenses	14,984	14,535
Income before income taxes	4,386	4,103
Income tax expense (benefit)	(278)	(310)
NET INCOME	$ 4,664	$ 4,413

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

Bankers' Bank of the West Bancorp, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years ended December 31, 2014	2013
	(in thousands)	
Net income	$ 4,664	$ 4,413
Other comprehensive income (loss)		
Gross unrealized gains (losses) on securities available for sale	206	(299)
Reclassification adjustment for net losses realized in income	-	34
Net unrealized income (loss)	206	(265)
Tax effect	(77)	98
Total other comprehensive income (loss)	129	(167)
TOTAL COMPREHENSIVE INCOME	$ 4,793	$ 4,246

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

Bankers' Bank of the West Bancorp, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2014 and 2013

	Shares of preferred stock	Preferred stock	Shares of common stock	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Total
	(in thousands, except share data)							
Balance at December 31, 2012	13,271	$ 13,134	217,525	$ 2,175	$ 14,152	$ 9,448	$ 136	$ 39,045
Net income	-	-	-	-	-	4,413	-	4,413
Other comprehensive loss	-	-	-	-	-	-	(167)	(167)
Cash dividends paid on preferred stock	-	-	-	-	-	(690)	-	(690)
Accretion of preferred stock	-	126	-	-	-	(126)	-	-
Balance at December 31, 2013	13,271	13,260	217,525	2,175	14,152	13,045	(31)	42,601
Net income	-	-	-	-	-	4,664	-	4,664
Other comprehensive income	-	-	-	-	-	-	129	129
Cash dividends paid on preferred stock	-	-	-	-	-	(1,068)	-	(1,068)
Cash dividends paid on common stock	-	-	-	-	-	(435)	-	(435)
Purchase of common stock	-	-	(6,362)	(64)	(490)	(347)	-	(901)
Issuance of common stock	-	-	2,462	25	325	-	-	350
Accretion of preferred stock	-	11	-	-	-	(11)	-	-
Balance at December 31, 2014	13,271	$ 13,271	213,625	$ 2,136	$ 13,987	$ 15,848	$ 98	$ 45,340

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

Bankers' Bank of the West Bancorp, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS CASH FLOWS

	Years ended December 31, 2014	2013
	(dollars in thousands)	
Cash flows from operating activities		
Net income	$ 4,664	$ 4,413
Adjustments to reconcile net income to net cash provided by operating activities		
Credit for loan and lease losses	(750)	(1,000)
Depreciation and amortization on leasehold improvements and equipment	69	103
Net amortization on securities	79	107
Net loss on sale of investment securities	-	34
Net loss on sale and writedowns of other real estate owned	130	512
Net gain on sale of leasehold improvements and equipment	-	13
Earnings on company owned life insurance	(208)	(236)
Deferred income tax benefit	(382)	(400)
Changes in accruals and deferrals		
Interest receivable	104	(183)
Other assets	(116)	174
Interest payable	11	1
Other liabilities	(2,081)	4,552
Net cash provided by operating activities	1,520	8,090
Cash flows from investing activities		
Loan originations and principal collections, net	(39,904)	5,072
Purchase of securities available for sale	(3,767)	(7,077)
Proceeds from sale of securities available for sale	-	2,000
Maturities and calls on available for sale securities	-	6,000
Purchase of nonmarketable equity securities	-	(369)
Proceeds from sale of nonmarketable equity securities	50	-
Proceeds from principal payments on securities available for sale	7,600	12,499
Proceeds from principal payments on securities held to maturity	467	702
Maturities and calls on held to maturity securities	215	224
Proceeds from sales of other real estate owned	720	2,440
Redemption of company owned life insurance	626	-
Expenditures for leasehold improvements and equipment	(426)	(82)
Net cash (used in) provided by investing activities	(34,419)	21,409
Cash flows from financing activities		
Net change in deposits	33,267	(60,146)
Dividends paid on preferred stock	(1,068)	(690)
Dividends paid on common stock	(435)	-
Purchase of common stock	(901)	-
Proceeds from the issuance of common stock	350	-
Net cash provided by (used in) financing activities	31,213	(60,836)
Net change in cash and cash equivalents	(1,686)	(31,337)
Cash and cash equivalents at beginning of year	95,488	126,825
Cash and cash equivalents at end of year	$ 93,802	$ 95,488
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest paid	$ 912	$ 803
Income taxes paid	102	89
Supplemental noncash disclosures:		
Transfer from loans to other real estate owned	2,033	-

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

NOTE A - SUMMARY OF ACCOUNTING POLICIES

Basis of Financial Statement Presentation

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ significantly from those estimates. The consolidated financial statements include the accounts of the Bankers' Bank of the West Bancorp, Inc. and its wholly-owned subsidiaries Bankers' Bank of the West (the Bank) and Western States Holding, Inc. (WSH). The entities collectively referred to as "the Company." All significant intercompany transactions and balances have been eliminated.

Nature of Operations

Bankers' Bank of the West Bancorp, Inc. and subsidiaries, with main offices in Denver, Colorado and an office in Lincoln, Nebraska, provide banking services to financial institutions principally in the Rocky Mountain and Great Plains area. Although the Company has a diversified loan portfolio, a substantial portion of its borrowers' abilities to honor their loans are dependent upon the continued economic viability of the Rocky Mountain and Great Plains geographic area. The Company is subject to regulation by certain governmental agencies and undergoes periodic examinations by those regulatory agencies.

Western States Holding, Inc. (WSH) was organized for the purpose of acquiring foreclosed real estate from Bankers' Bank of the West.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. The most significant estimates made by management that are particularly susceptible to significant change in the near term, relate to the determination of the allowance for loan losses, the valuation of foreclosed real estate, valuation of deferred tax assets, and the fair value of financial instruments. Actual results could differ significantly from these estimates.

In connection with the determination of the allowance for loan losses, management assesses estimated future cash flows from borrowers' operations and the liquidation of loan collateral. Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, changes in economic conditions may necessitate revisions in future years. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. 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 Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks, and federal funds sold.

Investment Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Securities not classified as held to maturity or trading, including equity securities with readily determinable fair values, are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in fair value of held to maturity and available for sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Management evaluates securities for other-than-temporary impairment ("OTTI") at least on an annual basis, and more frequently when economic or market conditions warrant such an evaluation.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees and origination costs are recognized as incurred based upon management's determination that the deferral of these items over the life of the loan would have an immaterial impact to earnings for any given period.

Past due loans are any loans for which payments of interest, principal or both have not been received within the timeframes designated by the loan agreements. Loans with payments in arrears but for which borrowers have resumed making scheduled payments are considered past due until arrearages are brought current. Loans that experience insignificant payment delays or payment shortfalls generally are not considered past due. 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.

The accrual of interest on all loans is discontinued at the time a loan is 90 days delinquent unless the loan is well secured and in process of collection. Additionally, loans are placed on nonaccrual at an earlier date if collection of principal or interest is considered doubtful. When placing a loan on nonaccrual status, interest accrued to date is generally reversed and is charged against the current year's interest income. Payments received on a loan on nonaccrual status are applied against the balance of the loan. A loan is returned to accrual status when principal and interest are no longer past due and collectability is no longer doubtful.

Troubled debt restructurings are loans for which concessions in terms have been made as a result of the borrower experiencing financial difficulty. Generally, concessions granted to customers include lower interest rates and modification of the payment stream to lower or defer payments. Interest on troubled debt restructurings is accrued under the new terms if the loans are performing and full collection of principal and interest is expected. However, interest accruals are discontinued on troubled debt restructurings that meet the Company's nonaccrual criteria.

Generally, loans are charged off in whole or in part no later than 120 days after they become past due unless the loan is in the process of restructuring or collection. Charge off amounts are determined based upon the carrying amount of loans and the amount estimated to be collectible as determined by analyses of expected future cash flows and the liquidation of loan collateral.

Allowance for Loan and Lease Losses

The allowance for loan and lease losses is a valuation allowance for probable incurred credit losses, and is established through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance consists of specific and general components as follows:

> The specific component relates to loans that are considered impaired, and is comprised of valuation allowances calculated on a loan-by-loan basis. Impaired loans are all specifically identified loans for which it is probable that the Company will not collect all amounts due according to the contractual terms of the loan agreement. Factors considered by management in determining whether a loan is impaired include payment status, collateral value, the borrower's financial condition and overall loan quality as determined by an internal loan grading system. Included in impaired loans are all nonaccrual loans and all accruing troubled debt restructurings. Loans that experience insignificant payment delays or payment shortfalls generally are not considered impaired. For impaired loans for which repayment is expected solely from the collateral, impairment is measured based on the fair value of the collateral. For other impaired loans, impairment may be measured based on the fair value of the collateral or on the present value of expected future cash flows discounted at the loan's original effective interest rate. When the measure of the impaired loan is less than the recorded investment in the loan, the impairment is recorded through a valuation allowance.
>
> The general component relates to non-impaired loans, and is based on historical loss experience adjusted for the effects of qualitative factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio's historical loss experience. Qualitative factors include the following: economic conditions; industry conditions; changes in lending policies and procedures; trends in the volume and terms of loans; the experience, ability and depth of lending staff; levels and trends in delinquencies; levels and trends in charge-off and recovery activity; levels and trends of loan quality as determined by an internal loan grading system; portfolio concentrations.

Although the allowance contains a specific component, the entire allowance is available for any loan that, in management's judgment, should be charged-off.

On a quarterly basis, management estimates the allowance balance required using the criteria identified above in relation to the relevant risks for each of the Company's major loan segments. Significant overall risk factors for both the Company's real estate, commercial and consumer portfolios include the strength of the real estate market and the strength of the economy in the Company's lending area.

The quality of the Company's loan portfolio is assessed as a function of the levels of past due loans and impaired loans, and internal credit quality ratings which are updated monthly by management. The ratings on the Company's internal credit scale are broadly grouped into the categories "non-classified" and "classified." Non-classified loans are those loans with minimal identified credit risk, as well as loans with potential credit weaknesses which deserve management's attention but for which full collection of contractual principal and interest is not significantly at risk. Classified loans are those loans that have well-defined weakness that put full collection of contractual principal or interest at risk, and classified loans for which it is probable that the Company will not collect all contractual principal or interest are also considered impaired. The credit quality ratings are an important part of the Company's overall credit risk management process and are considered in the determination of the allowance for loan losses.

Determination of the allowance is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance. 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.

Leasehold Improvements and Equipment

Company leasehold improvements and equipment are stated at cost, less accumulated depreciation. Depreciation on furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets. Depreciation on leasehold improvements is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the term of the lease including renewal options.

Other Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure. 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 are included in "other expenses" on the Consolidated Statements of Income.

Company Owned Life Insurance

The Company has purchased life insurance policies on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Accounting guidance requires the recognition of a liability and related compensation expense for split-dollar life insurance policies that provide a benefit to an employee that extends to post-retirement periods. Life insurance policies purchased for the purpose of providing such benefits do not effectively settle an entity's obligation to the employee. Accordingly, the Company must recognize a liability and related compensation expense during the employee's active service period based on the future cost of insurance to be incurred during the employee's retirement.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. As disclosed in Note G, a valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

The Company is no longer subject to income tax examinations by tax authorities for years before 2011.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be relinquished when the assets have been isolated from the Company, 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 the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale which are also recognized as separate components of equity.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, excluding transaction costs. When measuring fair value, entities should maximize the use of observable inputs and minimize the use of unobservable inputs. The following describes the three levels of inputs that may be used to measure fair value:

- *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*— Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- *Level 3 Inputs*—Unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Subsequent Events

Management evaluates events occurring subsequent to the balance sheet date, through the date the financial statements are eligible to be issued, to determine whether the events require recognition or disclosure in the financial statements. With respect to the December 31, 2014 consolidated financial statements, Management has considered subsequent events through February 20, 2015.

Reclassifications

Certain reclassifications have been made to 2013 amounts to conform to the current year's presentation.

NOTE B - INVESTMENT SECURITIES

The Company had investment securities as shown below with the following amortized cost and fair values:

	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Securities available for sale				
U.S. Government and federal agency	$ 11,135	$ 14	$ (34)	$ 11,115
Mortgage backed securities	1,822	65	-	1,887
Collateralized mortgage obligations	30,976	133	-	31,109
Mutual fund	2,967	-	(22)	2,945
Total	$ 46,900	$ 212	$ (56)	$ 47,056
Securities held to maturity				
Mortgage backed securities	$ 1,565	$ 93	$ -	$ 1,658
Total	$ 1,565	$ 93	$ -	$ 1,658

	December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Securities available for sale				
U.S. Government and federal agency	$ 11,179	$ 6	$ (105)	$ 11,080
Mortgage backed securities	2,096	58	-	2,154
Collateralized mortgage obligations	34,616	77	(37)	34,656
Mutual fund	2,908	-	(48)	2,860
Total	$ 50,799	$ 141	$ (190)	$ 50,750
Securities held to maturity				
Mortgage backed securities	$ 2,044	$ 107	$ -	$ 2,151
State and municipal	215	2	-	217
Total	$ 2,259	$ 109	$ -	$ 2,368

At December 31, 2014 and 2013, debt securities with a carrying value of $100,000 and $4,259,000, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

Gross gains and gross losses on sale of securities were as follows:

	Years ended December 31, 2014	Years ended December 31, 2013
	(in thousands)	
Gross realized gains	$ -	$ -
Gross realized losses	-	(34)

The carrying value and estimated market value of investment 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 without call or prepayment penalties. The amortized cost and fair value of available for sale and held to maturity debt securities by contractual maturity at December 31, 2014 follows:

	Amortized Cost	Fair Value
	(in thousands)	
Securities available for sale		
Within one year	$ 2,000	$ 2,003
After one year through five years	9,135	9,112
After five years through ten years	-	-
Over ten years	-	-
	11,135	11,115
Mortgage backed securities	1,822	1,887
Collateralized mortgage obligations	30,976	31,109
	$ 43,933	$ 44,111
Securities held to maturity		
Within one year	$ -	$ -
After one year through five years	-	-
After five years through ten years	-	-
Over ten years	-	-
	-	-
Mortgage backed securities	1,565	1,658
	$ 1,565	$ 1,658

Information pertaining to debt securities with gross unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	December 31, 2014			
	Less than 12 months		Over 12 months	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in thousands)			
Securities available for sale				
U.S. Government and federal agency	$ -	$ -	$ 7,100	$ 34
Mutual fund	-	-	2,945	22
Total	$ -	$ -	$ 10,045	$ 56

	December 31, 2013			
	Less than 12 months		Over 12 months	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in thousands)			
Securities available for sale				
Mortgage backed securities	$ 9,074	$ 105	$ -	$ -
Collateralized mortgage obligations	20,918	32	784	5
Mutual fund	2,860	48	-	-
Total	$ 32,852	$ 185	$ 784	$ 5

Management evaluates securities for other-than-temporary impairment at least on an annual 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.

NOTE C - NONMARKETABLE EQUITY SECURITIES

The components of nonmarketable equity securities at December 31 are as follows:

	2014	2013
	(in thousands)	
Federal Reserve Bank of Kansas City	$490	$490
Data Center, Inc.	25	25
Federal Home Loan Bank of Topeka	319	369
	$834	$884

NOTE D - LOANS

Major classifications of loans at December 31 are as follows:

	2014	2013
	(in thousands)	
Commercial	$ 49,023	$ 45,310
Real estate		
Residential	3,715	2,087
Commercial	76,057	61,107
Construction	31,252	17,754
Agriculture	33,004	29,023
Revolving and consumer	155	237
Total loans	$ 193,206	$ 155,518

Transactions in the allowance for loan losses are as follows:

	For the years ended December 31, 2014 and 2013						
	Conventional 1-4 Family	Raw Land Commercial and Residential	Commercial and Commercial Construction	Ag and Farm Land	Commercial and Industrial, Other	Bank Stock	Total
	(in thousands)						
Balance at December 31, 2012	$ 86	$ 948	$ 1,707	$ 774	$ 984	$ 1,380	$ 5,879
(Credit) provision for loan losses	-	(700)	-	-	(75)	(225)	(1,000)
Charge-offs	(14)	-	(392)	-	-	-	(406)
Recoveries	1	-	874	-	31	2	908
Net (charge-offs) recoveries	(13)	-	482	-	31	2	502
Balance at December 31, 2013	73	248	2,189	774	940	1,157	5,381
Credit for loan losses	(25)	(25)	(250)	(150)	(200)	(100)	(750)
Charge-offs	-	-	(263)	-	-	-	(263)
Recoveries	-	-	66	-	14	-	80
Net (charge-offs) recoveries	-	-	(197)	-	14	-	(183)
Balance at December 31, 2014	$ 48	$ 223	$ 1,742	$ 624	$ 754	$ 1,057	$ 4,448

Components of the allowance for loan losses, and the related carrying amount of loans for which the allowance is determined are as follows:

	December 31, 2014						
	Conventional 1-4 Family	Raw Land Commercial and Residential	Commercial and Commercial Construction	Ag and Farm Land	Commercial and Industrial, Other	Bank Stock	Total
	(in thousands)						
Allocation of Allowance To:							
Impaired loans - evaluated individually	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Impaired loans - evaluated collectively	-	-	-	-	-	-	-
Total impaired loans	-	-	-	-	-	-	-
Unimpaired loans - evaluated collectively	48	223	1,742	624	754	1,057	4,448
	$ 48	$ 223	$ 1,742	$ 624	$ 754	$ 1,057	$ 4,448
Recorded Investment In:							
Impaired loans - evaluated individually	$ 75	$ -	$ -	$ -	$ -	$ 23	$ 98
Impaired loans - evaluated collectively	-	-	-	-	-	-	-
Total impaired loans	75	-	-	-	-	23	98
Unimpaired loans - evaluated collectively	3,640	10,495	87,952	41,865	32,310	16,846	193,108
	$ 3,715	$ 10,495	$ 87,952	$ 41,865	$ 32,310	$ 16,869	$ 193,206

	December 31, 2013						
	Conventional 1-4 Family	Raw Land Commercial and Residential	Commercial and Commercial Construction	Ag and Farm Land	Commercial and Industrial, Other	Bank Stock	Total
	(in thousands)						
Allocation of Allowance To:							
Impaired loans - evaluated individually	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Impaired loans - evaluated collectively	-	-	-	-	-	-	-
Total impaired loans	-	-	-	-	-	-	-
Unimpaired loans - evaluated collectively	73	248	2,189	774	940	1,157	5,381
	$ 73	$ 248	$ 2,189	$ 774	$ 940	$ 1,157	$ 5,381
Recorded Investment In:							
Impaired loans - evaluated individually	$ 83	$ -	$ 266	$ -	$ -	$ 25	$ 374
Impaired loans - evaluated collectively	-	-	-	-	-	-	-
Total impaired loans	83	-	266	-	-	25	374
Unimpaired loans - evaluated collectively	1,760	6,358	64,853	36,555	21,887	23,731	155,144
	$ 1,843	$ 6,358	$ 65,119	$ 36,555	$ 21,887	$ 23,756	$ 155,518

Information relative to impaired loans is as follows:

	As of and for the year ended December 31, 2014						
	Recorded Investment In Impaired Loans With No Valuation Allowance	Recorded Investment In Impaired Loans With A Valuation Allowance	Total Impaired Loans	Valuation Allowance On Impaired Loans	Contractual Principal Of Impaired Loans	Commitments To Extend Credit On Impaired Loans	Average Impaired Loans
				(in thousands)			
Conventional 1-4 Family	$ 75	$ -	$ 75	$ -	$ 75	$ -	$ 78
Raw Land Commercial and Residential	-	-	-	-	-	-	-
Commercial and Commercial Construction	-	-	-	-	-	-	863
Ag and Farm Land	-	-	-	-	-	-	-
Commercial and Industrial, Other	-	-	-	-	-	-	-
Bank Stock	23	-	23	-	23	-	23
	$ 98	$ -	$ 98	$ -	$ 98	$ -	$ 964

	As of and for the year ended December 31, 2013						
	Recorded Investment In Impaired Loans With No Valuation Allowance	Recorded Investment In Impaired Loans With A Valuation Allowance	Total Impaired Loans	Valuation Allowance On Impaired Loans	Contractual Principal Of Impaired Loans	Commitments To Extend Credit On Impaired Loans	Average Impaired Loans
				(in thousands)			
Conventional 1-4 Family	$ 83	$ -	$ 83	$ -	$ 83	$ -	$ 1,455
Raw Land Commercial and Residential	-	-	-	-	-	-	63
Commercial and Commercial Construction	266	-	266	-	266	-	747
Ag and Farm Land	-	-	-	-	-	-	-
Commercial and Industrial, Other	-	-	-	-	-	-	4
Bank Stock	25	-	25	-	25	-	26
	$ 374	$ -	$ 374	$ -	$ 374	$ -	$ 2,295

Interest income recognized on impaired loans for the years ended December 31, 2014 and 2013 was immaterial.

The carrying amount of loans by performance status and credit quality indicator are as follows:

	December 31, 2014							
	Loans By Past Due and Performance Status					Loans By Credit Quality Indicator		
	Accruing Loans						Classified	
	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual Loans	Total Loans	Non-classified	Unimpaired	Impaired
	(in thousands)							
Conventional 1-4 Family	$ 3,640	$ -	$ -	$ 75	$ 3,715	$ 3,640	$ -	$ 75
Raw Land Commercial and Residential	10,495	-	-	-	10,495	9,711	784	-
Commercial and Commercial Construction	87,952	-	-	-	87,952	87,440	512	-
Ag and Farm Land	41,865	-	-	-	41,865	41,865	-	-
Commercial and Industrial, Other	32,311	-	-	-	32,311	32,311	-	-
Bank Stock	16,845	-	-	23	16,868	15,966	879	23
	$ 193,108	$ -	$ -	$ 98	$ 193,206	$ 190,933	$ 2,175	$ 98

	December 31, 2013							
	Loans By Past Due and Performance Status					Loans By Credit Quality Indicator		
	Accruing Loans						Classified	
	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual Loans	Total Loans	Non-classified	Unimpaired	Impaired
	(in thousands)							
Conventional 1-4 Family	$ 1,760	$ -	$ -	$ 83	$ 1,843	$ 1,760	$ -	$ 83
Raw Land Commercial and Residential	6,358	-	-	-	6,358	4,358	2,000	-
Commercial and Commercial Construction	63,702	1,151	-	266	65,119	58,966	5,887	266
Ag and Farm Land	34,555	2,000	-	-	36,555	36,555	-	-
Commercial and Industrial, Other	21,887	-	-	-	21,887	21,887	-	-
Bank Stock	23,731	-	-	25	23,756	23,606	125	25
	$ 151,993	$ 3,151	$ -	$ 374	$ 155,518	$ 147,132	$ 8,012	$ 374

The company had no troubled debt restructurings (TDRs) for the year ended December 31, 2014. TDRs included in impaired loans, and the related valuation allowance thereon, for the year ended December 31, 2013 are as follows:

	December 31, 2013	
	TDRs - included in impaired loans	Valuation Allowance
	(in thousands)	
Conventional 1-4 Family	$ -	$ -
Raw Land Commercial and Residential	-	-
Commercial and Commercial Construction	-	-
Ag and Farm Land	266	-
Commercial and Industrial, Other	-	-
Bank Stock	-	-
	$ 266	$ -

NOTE E - LEASEHOLD IMPROVEMENTS AND EQUIPMENT

At December 31, leasehold improvements and equipment, less accumulated depreciation and amortization, consisted of the following:

	2014	2013
	(in thousands)	
Leasehold improvements	$ 100	$ 209
Furniture and equipment	754	600
	854	809
Accumulated depreciation and amortization	(396)	(708)
Total leasehold improvements and equipment	$ 458	$ 101

NOTE F – DEPOSITS

The aggregate amount of time deposits in denominations of $250,000 or more December 31, 2014 and 2013 was $15,750,000 and $20,619,000, respectively. At December 31, 2014 and 2013, brokered time deposits totaled $44,277,000 and $30,288,000, respectively.

	(in thousands)
2015	$ 72,878
2016	25,716
2017	21,424
2018	13,960
2019	6,241
Thereafter	-
	$ 140,219

NOTE G - INCOME TAXES

Following is an analysis of income taxes included in the consolidated statements of income:

	Years ended December 31, 2014	Years ended December 31, 2013
	(in thousands)	
Current tax provision		
Federal	$ 63	$ 27
State	41	63
	104	90
Deferred tax provision (benefit)		
Federal	(342)	(354)
State	(40)	(46)
	(382)	(400)
	$ (278)	$ (310)

A deferred tax asset or liability is recognized for the tax consequences of temporary differences in the recognition of revenue and expense for financial reporting and tax purposes. Listed below are the components of the net deferred tax asset at December 31:

	2014	2013
	(in thousands)	
Deferred tax assets		
Allowance for loan and lease losses	$ -	$ 44
Deferred compensation	174	224
Salary continuation plan	722	656
Split-dollar life insurance benefit	317	282
Other real estate owned	437	651
Depreciation and amortization	9	65
Net operating loss	2,912	3,278
Alternative minimum tax credit	145	82
Net unrealized loss on available for sale securities	-	18
Other	181	180
	4,897	5,480
Deferred tax liabilities		
Allowance for loan and lease losses	(767)	
Net unrealized gain on available for sale securities	(58)	-
	(825)	-
Deferred tax asset	4,072	5,480
Valuation allowance	-	(1,713)
Net deferred tax asset	$ 4,072	$ 3,767

The Company periodically reviews the need for a valuation allowance against deferred tax assets and recognized these deferred tax assets to the extent that realization is more likely than not. Based on a review of future taxable income, the Company eliminated the valuation allowance in 2014.

The reasons for the differences between the statutory federal income tax rate and effective tax rates for the years ended December 31, 2014 and 2013 are primarily due to state income taxes and the changes in valuation allowance for deferred income taxes.

NOTE H – AVAILABLE BORROWINGS

The Company has federal funds lines with its correspondent banks and access to the Federal Reserve's Discount Window with an aggregate credit limit of $83,496,000 at December 31, 2014. The Company had no outstanding borrowings under these lines at December 31, 2014. The federal funds lines are discretionary, and funding requests made by the Company are subject to the lending institutions' approval and funding availability at the time of request.

NOTE I - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Company 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 and stand-by letters of credit.

Those instruments involve, to a varying degree, elements of credit risk in excess of the amount recognized in the statement of financial position. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and stand-by letters of credit is represented by the contractual notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Financial instruments whose contract amounts represent credit risk are as follows as of December 31:

	2014	2013
	(in thousands)	
Commitments to extend credit	$ 75,891	$ 73,974

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. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit-worthiness 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.

NOTE J - LEASE AND PROCESSING COMMITMENTS

The Company leases certain facilities under operating lease agreements. The terms of these leases include various renewal options. Future minimum rent commitments under these leases are as follows:

	Leases for premises	Agreements for processing
	(in thousands)	
2015	$ 646	$ 99
2016	661	98
2017	675	-
2018	690	-
2019	667	-
	$ 3,339	$ 197

Total expense for these commitments was $682,000 and $572,000 in 2014 and 2013, respectively.

NOTE K - EMPLOYEE BENEFIT PLANS

The Company provides a 401(k) plan which covers substantially all of its employees who are eligible to age and length of service. The Company may make matching contributions of 100% of the first 3% of a participant's compensation plus 50% of the next 2% of compensation. The Company also provides a noncontributory profit sharing plan. The amount of the contribution to the noncontributory plan may equal up to 5% of compensation and the amount of the contribution is determined annually at the discretion of the Board of Directors. Vesting occurs over various periods with full vesting after six years. The Company's expense related to these plans was $237,000 and $208,000 in 2014 and 2013, respectively.

The Company has a deferred compensation plan for certain employees. Employees of the plan annually elect to defer a portion of their salaries. These funds, totaling $469,000 and $606,000 at December 31, 2014 and 2013, respectively, are in a Grantor trust and are included in other assets. A like amount is included in other liabilities for the corresponding accrual of compensation.

The Company also has deferred compensation agreements with key employees. Vesting is based upon age and years of service. Life insurance contracts have been purchased which may be used to fund these agreements. The charges to expense were $293,000 in 2014 and $434,000 in 2013.

NOTE L - RELATED PARTIES

At December 31, 2014 and 2013, respectively, the Company had $500,000 and $633,000 in loans receivable from directors, officers and principal owners of the Company and their related business interests.

NOTE M – DIVIDEND RESTRICTIONS

Various restrictions limit the extent to which dividends may be paid by the Company's subsidiary bank. Under Colorado law, regulatory approval is required for the Bank to pay dividends in any calendar year which exceed the subsidiary bank's net profit for that year combined with its retained profits for the preceding two years.

NOTE N – LEGAL CONTINGENCIES

Various legal claims also arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Company's consolidated financial statements.

NOTE O – FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

Securities: The fair values of trading account securities and securities available for sale are determined by quoted prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). Discounted cash flows are calculated using spread to yield curves that are updated to incorporate loss severities, volatility, credit spread and optionality. During times when trading is more liquid, broker quotes are used (if available) to validate the model. Rating agency and industry research reports as well as defaults and deferrals on individual securities are reviewed and incorporated into the calculations.

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of inputs for determining fair value.

Other Real Estate Owned: Nonrecurring adjustments to certain commercial and residential real estate properties classified as foreclosed real estate are measured at the lower of carrying amount or fair value, less costs to sell. Fair values are generally based on third party appraisals of the property, resulting in Level 3 classification. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets measured at fair value on a recurring basis				
Securities available for sale				
U.S. Government and federal agency	$ -	$ 11,115	$ -	$ 11,115
Mortgage backed securities	-	1,887	-	1,887
Collateralized mortgage obligations	-	31,109	-	31,109
Mutual fund	-	2,945	-	2,945
Total securities available for sale	$ -	$ 47,056	$ -	$ 47,056
Assets measured at fair value on a non-recurring basis				
Impaired loans	$ -	$ -	$ -	$ -
Other real estate owned	$ -	$ -	$ 3,409	$ 3,409

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets measured at fair value on a recurring basis				
Securities available for sale				
U.S. Government and federal agency	$ -	$ 11,080	$ -	$ 11,080
Mortgage backed securities	-	2,154	-	2,154
Collateralized mortgage obligations	-	34,656	-	34,656
Mutual fund	-	2,860	-	2,860
Total securities available for sale	$ -	$ 50,750	$ -	$ 50,750
Assets measured at fair value on a non-recurring basis				
Impaired loans	$ -	$ -	$ -	$ -
Other real estate owned	$ -	$ -	$ 2,226	$ 2,226

At December 31, 2014 and 2013 there were no impaired loans with a valuation allowance.

Real estate owned which is measured at the lower of carrying or fair value less costs to sell, had a carrying amount of $3,409,000 and $2,226,000 at December 31, 2014 and 2013, respectively, which is made up of the outstanding balance of $5,041,000 and $3,981,000 respectively, net of a valuation allowance of $1,632,000 and $1,755,000 at December 31, 2014 and 2013, respectively, resulting in a write-down of $160,000 and $445,000 respectively, for the years ended December 31, 2014 and 2013.

Fair Value of Financial Instruments

The following summary presents the methodologies and assumptions used to estimate the fair value of the Company's financial instruments. The Company operates as a going concern and, except for its investment portfolio; no active market exists for its financial instruments. Much of the information used to determine fair value is highly subjective and judgmental in nature and, therefore, the results may not be precise. The subjective factors include, among other things, estimates of cash flows, risk characteristics, credit quality and interest rates, all of which are subject to change. Since the fair value is estimated as of the balance sheet date, the amounts which will actually be realized or paid upon settlement or maturity of the various financial instruments could be significantly different.

Cash and Cash Equivalents

For these short-term instruments, the carrying amount approximates fair value.

Investments

For 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.

Nonmarketable Equity Securities

The carrying amount of nonmarketable equity securities approximates fair value based on their redemption provisions.

Loans

The fair value of fixed rate 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. For variable rate loans, the carrying amount is a reasonable estimate of fair value. For loans where collection of principal is in doubt, an allowance for losses has been estimated. Loans with similar characteristics were aggregated for purposes of the calculations.

Company Owned Life Insurance

For this investment, the carrying amount approximates fair value.

Deposits

The fair value of demand deposits is the collected amount payable on demand at the reporting date (i.e., their carrying amount).

Accrued Interest

The carrying amount of accrued interest approximates fair value.

Off-balance Sheet Instruments

Off-balance sheet commitments are not addressed for fair value disclosure considerations. Because of the difficulty in assessing and valuing the likelihood of advancing the proceeds of letters of credit and unadvanced commitments, management believes it is not feasible or practicable to fairly and accurately disclose a fair value of off-balance sheet commitments.

The following table presents estimated fair values of the Company's financial instruments as of December 31:

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Financial assets				
Cash and cash equivalents	$ 93,802	$ 93,802	$ 95,488	$ 95,488
Securities available for sale	47,056	47,056	50,750	50,750
Securities held to maturity	1,565	1,658	2,259	2,259
Nonmarketable equity securities	834	834	884	884
Loans and leases, net	188,758	187,213	150,137	149,180
Accrued interest receivable	888	888	992	992
Company owned life insurance	8,104	8,104	8,522	8,522
Financial liabilities				
Deposits	$ 293,682	$ 290,665	$ 260,415	$ 255,203
Accrued interest payable	53	53	42	42

NOTE P – MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's 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 their assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

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 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2014 and 2013, that the Bank met all capital adequacy requirements to which they are subject.

As of December 31, 2014, the most recent notification from the Bank's regulator categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following tables. There are no conditions or events since the notification that management believes have changed the Bank's category.

The Bank’s actual capital amounts and ratios as of December 31, 2014 and 2013 are also presented in the table.

	Actual		Minimum Capital Requirement		Minimum to be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
As of December 31, 2014						
Total capital to risk-weighted assets						
Bank	$ 44,752	20.3%	$ 17,615	8.0%	$ 22,019	10.0%
Tier 1 capital to risk-weighted assets						
Bank	41,979	19.1%	8,808	4.0%	13,211	6.0%
Tier 1 capital to average assets						
Bank	41,979	11.7%	14,299	4.0%	17,874	5.0%
As of December 31, 2013						
Total capital to risk-weighted assets						
Bank	$ 40,852	21.5%	$ 17,615	8.0%	$ 22,019	10.0%
Tier 1 capital to risk-weighted assets						
Bank	38,435	20.2%	8,808	4.0%	13,211	6.0%
Tier 1 capital to average assets						
Bank	38,435	11.7%	14,299	4.0%	17,874	5.0%

NOTE Q – PREFERRED STOCK

The Series B Preferred Stock qualifies as Tier 1 capital and paid cumulative dividends at a rate of 5% per annum for the first five years, and 9% per annum beginning in 2014. The Series C Preferred Stock qualifies as Tier 1 capital and will pay cumulative dividends at a rate of 9% per annum. As of December 31, 2014 all preferred stock is redeemable at the Company’s option.

Pursuant to the terms of the Purchase Agreement, the ability of the Company to declare or pay dividends or distributions on, or purchase, redeem or otherwise acquire for consideration, shares of its Common Stock was subject to restrictions, including a restriction against increasing dividends. The redemption, purchase or other acquisition of trust preferred securities of the Company or its affiliates also was restricted. These restrictions terminated in April 2014 when all of the Preferred Stock was transferred from the U.S. Treasury to third parties.

NOTE R – SUBSEQUENT EVENTS

On January 16, 2015, the Company declared a dividend of $2.25 per share to shareholders of record and the quarterly dividend on the Perpetual Preferred Series B and C stock. The dividend of $480,656 and $298,598, respectively, was paid on February 15, 2015.

Bankers’ Bank of the West Bancorp, Inc. and Subsidiaries

CONSOLIDATING SCHEDULE – BALANCE SHEET INFORMATION

December 31,

	Bankers' Bank of the West Bancorp, Inc.		Bankers' Bank of the West		Western States Holding, Inc.		Reclassifications and Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
					(dollars in thousands)					
ASSETS										
Cash and due from banks	$ 628	$ 1,660	$ 9,223	$ 10,368	$ -	$ 51	$ (628)	$ (1,711)	$ 9,223	$ 10,368
Interest-bearing deposits	-	-	61,445	39,450	-	-	-	-	61,445	39,450
Federal funds sold	-	-	23,134	45,670	-	-	-	-	23,134	45,670
Cash and cash equivalents	628	1,660	93,802	95,488	-	51	(628)	(1,711)	93,802	95,488
Investment securities										
Available for sale	-	-	47,056	50,750	-	-	-	-	47,056	50,750
Held to maturity	-	-	1,565	2,259	-	-	-	-	1,565	2,259
Nonmarketable equity securities	-	-	834	884	-	-	-	-	834	884
Loans and leases	-	-	193,206	155,518	-	-	-	-	193,206	155,518
Allowance for loan and lease losses	-	-	4,448	5,381	-	-	-	-	4,448	5,381
Net loans	-	-	188,758	150,137	-	-	-	-	188,758	150,137
Leasehold improvements and equipment, net	-	-	458	101	-	-	-	-	458	101
Accrued interest receivable	-	-	888	992	-	-	-	-	888	992
Cash surrender value of life insurance	-	-	8,104	8,522	-	-	-	-	8,104	8,522
Real estate owned, net	-	-	3,409	2,226	-	-	-	-	3,409	2,226
Other assets	1,743	-	4,287	5,354	-	255	-	-	6,030	5,609
Investment in Bankers' Bank of the West	42,969	40,635	-	-	-	-	(42,969)	(40,635)	-	-
Investment in Western States Holding, Inc.	-	306	-	-	-	-	-	(306)	-	-
TOTAL ASSETS	$ 45,340	$ 42,601	$ 349,161	$ 316,713	$ -	$ 306	$ (43,597)	$ (42,652)	$ 350,904	$ 316,968
LIABILITIES										
Deposits										
Noninterest-bearing	$ -	$ -	$ 154,091	$ 138,197	$ -	$ -	$ (628)	$ (1,711)	$ 153,463	$ 136,486
Interest-bearing	-	-	140,219	123,929	-	-	-	-	140,219	123,929
Total deposits	-	-	294,310	262,126	-	-	(628)	(1,711)	293,682	260,415
Accrued interest payable	-	-	53	42	-	-	-	-	53	42
Other liabilities	-	-	11,829	13,910	-	-	-	-	11,829	13,910
Total Liabilities	-	-	306,192	276,078	-	-	(628)	(1,711)	305,564	274,367
STOCKHOLDERS' EQUITY										
Preferred stock	13,271	13,260	-	-	-	-	-	-	13,271	13,260
Common stock	2,136	2,175	1,234	1,234	-	-	(1,234)	(1,234)	2,136	2,175
Capital surplus	13,987	14,152	15,091	15,091	3,320	4,944	(18,411)	(20,035)	13,987	14,152
Retained earnings	15,848	13,045	26,546	24,341	(3,320)	(4,638)	(23,226)	(19,703)	15,848	13,045
Accumulated other comprehensive income (loss)	98	(31)	98	(31)	-	-	(98)	31	98	(31)
Total stockholders' equity	45,340	42,601	42,969	40,635	-	306	(42,969)	(40,941)	45,340	42,601
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 45,340	$ 42,601	$ 349,161	$ 316,713	$ -	$ 306	$ (43,597)	$ (42,652)	$ 350,904	$ 316,968

Bankers' Bank of the West Bancorp, Inc. and Subsidiaries

CONSOLIDATING SCHEDULE – STATEMENT OF INCOME INFORMATION

Years ended December 31,

(dollars in thousands)

	Bankers' Bank of the West Bancorp, Inc.		Bankers' Bank of the West		Western States Holding, Inc.		Reclassifications and Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
INTEREST INCOME										
Interest and fees on loans and leases	$ -	$ -	$ 8,115	$ 7,430	$ -	$ -	$ -	$ -	$ 8,115	$ 7,430
Interest on taxable investment securities	-	-	476	584	-	-	-	-	476	584
Interest on tax-exempt investment securities	-	-	9	19	-	-	-	-	9	19
Interest on deposits and federal funds sold	-	-	333	363	-	-	-	-	333	363
Total interest income	-	-	8,933	8,396	-	-	-	-	8,933	8,396
INTEREST EXPENSE										
Deposits	-	-	923	804	-	-	-	-	923	804
Federal funds and other borrowings	-	-	-	-	-	-	-	-	-	-
Total interest expense	-	-	923	804	-	-	-	-	923	804
Net interest income (loss) before credit for loan losses	-	-	8,010	7,592	-	-	-	-	8,010	7,592
Credit for loan and lease losses	-	-	(750)	(1,000)	-	-	-	-	(750)	(1,000)
Net interest income (loss) after credit for loan losses	-	-	8,760	8,592	-	-	-	-	8,760	8,592
Equity in earnings of subsidiaries	4,522	4,435	-	-	-	-	(4,522)	(4,435)	-	-
NONINTEREST INCOME										
Service charges on deposit accounts	-	-	1,211	1,249	-	-	-	-	1,211	1,249
Commissions and fees	-	-	9,399	8,797	-	-	-	-	9,399	8,797
Total noninterest income	-	-	10,610	10,046	-	-	-	-	10,610	10,046
NONINTEREST EXPENSE										
Salaries and employee benefits	-	-	5,291	4,914	-	-	-	-	5,291	4,914
Occupancy expense of premises	-	-	687	619	-	-	-	-	687	619
Furniture and equipment expense	-	-	210	244	-	-	-	-	210	244
Service charges	-	-	1,085	1,133	-	-	-	-	1,085	1,133
Net losses and writedowns of other real estate owned	-	-	163	600	(33)	(88)	-	-	130	512
Other expenses	67	22	7,514	7,078	-	13	-	-	7,581	7,113
Total noninterest expenses	67	22	14,950	14,588	(33)	(75)	-	-	14,984	14,535
Income (loss) before income taxes	4,455	4,413	4,420	4,050	33	75	(4,522)	(4,435)	4,386	4,103
Income tax expense (benefit)	(209)	-	1,216	(310)	(1,285)	-	-	-	(278)	(310)
NET INCOME (LOSS)	$ 4,664	$ 4,413	$ 3,204	$ 4,360	$ 1,318	$ 75	$ (4,522)	$ (4,435)	$ 4,664	$ 4,413