Great American Bancorp, Inc.

Annual Report

2012

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McGladrey

Independent Auditor's Report

Board of Directors and Stockholders
Great American Bancorp, Inc.
Champaign, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Great American Bancorp, Inc. which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, stockholder's equity and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Great American Bancorp, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Champaign, Illinois
February 19, 2013

GREAT AMERICAN BANCORP, INC. AND SUBSIDIARY
Consolidated Balance Sheets
December 31, 2012 and 2011
(in thousands, except share data)

	2012	2011
Assets		
Cash and due from banks	**$ 4,491**	$ 4,670
Interest-bearing demand deposits	**64,726**	41,489
Cash and cash equivalents	**69,217**	46,159
Securities available for sale	**520**	604
Securities held to maturity (fair value approximates $47 in 2012 and $58 in 2011)	**46**	57
Federal Home Loan Bank stock, at cost	**704**	1,210
Loans held for sale	**270**	1,314
Loans, net of allowance for loan losses of $1,135 in 2012 and $982 in 2011	**90,019**	100,877
Premises and equipment, net	**4,843**	4,882
Goodwill	**485**	485
Other real estate owned	**1,951**	2,651
Prepaid FDIC insurance premiums	**127**	250
Other assets	**2,189**	1,806
Total assets	**$ 170,371**	$ 160,295
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing	**$ 20,371**	$ 18,044
Interest-bearing	**125,992**	119,112
Total deposits	**146,363**	137,156
Federal Home Loan Bank advances	**4,000**	4,000
Advances from borrowers for taxes and insurance	**144**	201
Other liabilities	**3,651**	3,188
Total liabilities	**154,158**	144,545
Commitments and contingencies (Notes 7, 11 and 12)		
Stockholders' Equity		
Preferred stock, $0.01 par value; 1,000,000 shares authorized; none issued	**--**	--
Common stock, $0.01 par value; 1,000,000 shares authorized and issued	**10**	10
Additional paid-in capital	**3,310**	3,310
Retained earnings	**30,071**	29,315
Accumulated other comprehensive loss	**(528)**	(258)
Common stock in treasury, at cost (2012 – 518,205 shares; 2011 – 517,555 shares)	**(16,650)**	(16,627)
Total stockholders' equity	**16,213**	15,750
Total liabilities and stockholders' equity	**$ 170,371**	$ 160,295

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

GREAT AMERICAN BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Income
Years Ended December 31, 2012 and 2011
(in thousands, except share data)

	2012	2011
Interest and Dividend Income		
Loans	$ 5,798	$ 6,321
Securities	16	19
Dividends on Federal Home Loan Bank stock	2	1
Deposits with financial institutions and other	117	87
Total interest and dividend income	5,933	6,428
Interest Expense		
Deposits	331	464
Federal Home Loan Bank advances	210	298
Other	8	8
Total interest expense	549	770
Net Interest Income	5,384	5,658
Provision for Loan Losses	245	30
Net Interest Income After Provision for Loan Losses	5,139	5,628
Noninterest Income		
Insurance sales commissions	1,325	1,270
Customer service fees	698	777
Other service charges and fees	401	393
Net gain on sales of loans	1,031	544
Loan servicing fees	214	208
Other	113	103
Total noninterest income	3,782	3,295
Noninterest Expense		
Salaries and employee benefits	4,431	4,281
Occupancy expense	623	610
Equipment expense	516	530
Professional fees	256	252
Marketing expense	189	208
Printing and office supplies	186	187
Directors and committee fees	160	153
Amortization of mortgage servicing rights	189	162
Other real estate owned expenses	(5)	38
FDIC deposit insurance expense	133	123
Other	547	637
Total noninterest expenses	7,225	7,181
Income Before Income Taxes	1,696	1,742
Income tax expenses	670	636
Net Income	$ 1,026	$ 1,106
Earnings per share, basic and diluted	$ 2.13	$ 2.28

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

GREAT AMERICAN BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2012 and 2011
(in thousands, except share data)

	2012	2011
Net Income	$ 1,026	$ 1,106
Other comprehensive loss, before tax:		
Unrealized holding gain on securities available for sale arising during the period	2	12
Net unrecognized postretirement obligation arising during the period	(455)	(409)
Other comprehensive loss, before tax	(453)	(397)
Income tax (benefit) expense related to items of other comprehensive loss:		
Unrealized holding gain on securities available for sale arising during the period	1	5
Net unrecognized postretirement obligation arising during the period	(184)	(165)
Total income tax benefit related to items of other comprehensive loss	(183)	(160)
Other comprehensive loss	(270)	(237)
Comprehensive income	$ 756	$ 869

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

GREAT AMERICAN BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2012 and 2011
(in thousands, except share data)

	Shares of Common Stock	*Common Stock*	*Additional Paid-in Capital*	*Retained Earnings*	*Accumulated Other Comprehensive Loss*	*Treasury Stock*	*Total*
Balance, December 31, 2010	486,945	$ 10	$ 3,310	$ 28,471	$ (21)	$ (16,460)	$ 15,310
Net income	--	--	--	1,106	--	--	1,106
Other comprehensive loss	--	--	--	--	(237)	--	(237)
Cash dividends declared ($0.56 per share)	--	--	--	(262)	--	--	(262)
Purchase of treasury stock	(4,500)	--	--	--	--	(167)	(167)
Balance, December 31, 2011	482,445	$ 10	$ 3,310	$ 29,315	$ (258)	$ (16,627)	$ 15,750
Net income	--	--	--	1,026	--	--	1,026
Other comprehensive loss	--	--	--	--	(270)	--	(270)
Cash dividends declared ($0.56 per share)	--	--	--	(270)	--	--	(270)
Purchase of treasury stock	(650)	--	--	--	--	(23)	(23)
Balance, December 31, 2012	**481,795**	**$ 10**	**$ 3,310**	**$ 30,071**	**$ (528)**	**$ (16,650)**	**$ 16,213**

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

GREAT AMERICAN BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011
(in thousands)

	2012	2011
Cash flows from operating activities:		
Net income	**$ 1,026**	$ 1,106
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	**245**	30
Depreciation	**320**	334
Net amortization of securities	**1**	--
Amortization of deferred loan fees (costs), net	**(20)**	13
Amortization of mortgage servicing rights	**189**	162
Deferred income tax benefit	**(223)**	(162)
Realized gain on sales of loans	**(1,031)**	(544)
Loans originated for sale	**(36,025)**	(25,463)
Proceeds from loan sales	**37,877**	24,923
Increase in fair value of foreclosed assets at acquisition date	**(203)**	--
Net (gain) loss on sales of other real estate owned properties	**83**	(16)
Changes in:		
Prepaid and other assets	**180**	779
Other liabilities	**77**	350
Net cash provided by operating activities	**2,496**	1,512
Cash flows from investing activities:		
Principal payments received on mortgage-backed securities available-for-sale	**85**	55
Principal payments received on mortgage-backed securities held-to-maturity	**11**	12
Loan originations and principal collections, net	**11,320**	524
Improvements to other real estate owned properties	**(131)**	(77)
Proceeds from sales of other real estate owned properties	**264**	--
Federal Home Loan Bank stock redeemed	**506**	--
Purchase of premises and equipment	**(281)**	(102)
Net cash provided by investing activities	**11,774**	412
Cash flows from financing activities		
Net increase in demand deposits, money market, NOW and savings accounts	**11,426**	5,423
Net decrease in certificates of deposit	**(2,219)**	(2,338)
Repayment of Federal Home Loan Bank advances	**--**	(2,000)
Purchase of treasury stock	**(23)**	(167)
Dividends paid	**(339)**	(263)
Net decrease in advances from borrowers for taxes and insurance	**(57)**	(48)
Net cash provided by financing activities	**8,788**	607
Increase in Cash and Cash Equivalents	**23,058**	2,531
Cash and Cash Equivalents, Beginning of Year	**46,159**	43,628
Cash and Cash Equivalents, End of Year	**$ 69,217**	$ 46,159
Supplemental cash flows information		
Other real estate acquired in settlement of loans	**$ 1,010**	$ 2,651
Loans originated to finance sale of real estate acquired in settlement of loan	**$ 1,697**	$ 985
Cash payments for:		
Interest paid on deposits and borrowed funds	**$ 549**	$ 778
Income taxes paid	**$ 955**	$ 698
Supplemental schedule of non-cash financing activities		
Dividends payable	**$ --**	$ 69

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

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Great American Bancorp, Inc. (the "Company") and First Federal Savings Bank of Champaign-Urbana, (the "Bank"), and the Bank's wholly-owned subsidiary, Park Avenue Service Corporation ("PASC"). All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Operations

The Company is a thrift holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, the Bank. The Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers in Champaign County, Illinois and surrounding counties. The Bank also provides full service brokerage activities through a third-party broker-dealer and engages in the sale of tax deferred annuities. The revenue generated from brokerage services is dependent upon maintaining relationships with the current brokerage providers. The Company and Bank are subject to competition from other financial institutions. The Company and Bank are subject to the regulation of certain federal agencies and undergo periodic examinations by those regulatory authorities.

The Bank's subsidiary, PASC, offers insurance services to customers located primarily in Illinois. GTPS Insurance Agency, (the "Agency") a division of PASC, sells a variety of insurance products to both individuals and businesses, including life, health, auto, property and casualty insurance. The revenue generated by PASC is dependent upon maintaining relationships with the current insurance providers.

Use of Estimates

In preparing consolidated financial statements in conformity with generally accepted accounting principles, management is required 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 balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include amounts due from correspondent banks, cash on hand, balances of interest bearing demand deposits, federal funds sold, and Federal Home Loan Bank term deposits that mature within three months or less.

Securities

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 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 (loss).

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of 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. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) whether management has the intent to sell the security and if it's *not* "more likely than not" that management will have to sell the security before recovery of its amortized cost basis. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Federal Home Loan Bank Stock

Federal Home Loan Bank stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment in the common stock is based on a predetermined formula. This investment is accounted for at cost.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by aggregate outstanding commitments from investors or current investor yield requirements. Net unrealized losses are recognized through a valuation allowance by charges to income.

Mortgage loans held for sale are generally sold with the mortgage servicing rights retained by the Company. The carrying value of mortgage loans sold is reduced by the cost allocated to the associated mortgage servicing rights. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold.

Loans

The Company grants mortgage, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by mortgage loans in Champaign County, Illinois. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff 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, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method over the contractual life of the loan.

The accrual of interest on mortgage and commercial loans is discontinued, and the loan is placed on non-accrual status at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Consumer loans are typically charged off no later than 180 days past due. 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.

Loans for which the terms have been modified as a result of the borrower's financial difficulties are considered troubled debt restructurings ("TDRs") and are classified as impaired loans. TDRs are measured for impairment based upon the present value of estimated future cash flows using the loan's existing rate at inception of the loan or the appraised value if the loan is collateral dependent.

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

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to 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.

When establishing the allowance for loan losses, management categorizes loans into risk categories generally based on the nature of the collateral and the basis of repayment. These risk categories and the relevant risk characteristics are as follows:

First mortgage loans

- 1-4 family residential real estate loans include loans to borrowers where the underlying collateral is the borrower's primary residence ("owner-occupied loans") and loans to borrowers where the property securing the loan is normally leased to an unrelated third party ("non owner-occupied loans"). Owner-occupied 1-4 family residential mortgage loans generally carry less risk than other loan types as they tend to be smaller balance loans without concentrations to a single borrower or group of borrowers. Repayment depends on the individual borrower's capacity. Non owner-occupied loans have a greater credit risk than owner-occupied loans because a borrower might have multiple non owner-occupied loans outstanding. The repayment of non owner-occupied loans is also dependent on the borrower's ability to lease the properties, collect sufficient rents, and provide adequate maintenance of the properties. Given the recent deterioration in the market value of residential real estate, there is now a greater risk of loss if actions such as foreclosure become necessary to collect the loan.

- Secured by other properties are generally loans secured by multi-family residential real estate, commercial properties or land. Multi-family real estate loans generally involve a greater degree of credit risk than 1-4 family residential mortgage loans due to the dependence on the successful operation of the project. Commercial real estate loans also generally have greater credit risks compared to 1-4 family residential real estate loans, as they usually involve larger loan balances secured by non-homogeneous or specific use properties. Repayment of both multi-family and commercial real estate loans typically rely on the successful operation of a business or the generation of lease income by the property and is therefore more sensitive to adverse conditions in the economy and real estate market. Loans secured by land are at greater risk than residential 1-4 family home loans due to the lack of cash flow and the reliance on the borrower's capacity for repayment.

- Construction loans, including 1-4 family, multi-family and commercial construction loans, generally have a greater credit risk than traditional 1-4 family residential real estate loans. The repayment of these loans can be dependent on the sale of the property to third parties or the successful completion of the improvements by the builder for the end user. In the event a loan is made on property that is not yet approved for the planned development, there is the risk that approvals will not be granted or will be delayed. Construction loans also run the risk that improvements will not be completed on time or in accordance with specifications and projected costs.

Other loans

- Commercial loans are secured by business assets or may be unsecured and repayment is directly dependent on the successful operation of the borrower's business and the borrower's ability to convert the assets to operating revenue and possess greater risk than most other types of loans should the repayment capacity of the borrower not be adequate.

- Consumer loans include home equity loans, auto and mobile home loans, and other secured and unsecured loans and lines of credit. Home equity loans are similar to 1-4 family owner-occupied residential loans and carry less risk than other loan types as they tend to be smaller balance loans without concentrations to a single borrower or group of borrowers. Auto loans and mobile home loans tend to be secured by depreciating collateral. Consumer loan collections are dependent on the borrower's continuing financial stability, and are more likely to be adversely affected by job loss, divorce, illness or personal bankruptcy.

The allowance consists of specific and general components. The specific component relates to loans that, based on payment status, collateral value and other current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. These loans are classified as impaired loans and the Company establishes a specific allowance 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. 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 1-4 family non owner-occupied residential real estate loans, mortgage loans secured by other properties, construction loans and commercial 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. Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and 1-4 family owner-occupied residential mortgage loans for impairment, unless such loans are the subject of a restructuring agreement.

The general component of the allowance covers unimpaired loans and is based on historical loss experience adjusted for qualitative factors. The loan portfolio is stratified into homogeneous groups of loans based on the risk categories as previously described and an appropriate loss ratio adjusted for other qualitative factors is applied to each group of loans to estimate the incurred losses in the portfolio.

The other qualitative factors considered by management include, but are not limited to, the following:

- Changes in loan policy or procedures
- Economic trends, both local and national
- Volume trends
- Management and staff of the Bank
- Non-performing and problem loan asset levels and trends
- Concentrations of credit
- External factors such as local competition and banking regulations
- Potential unidentified factors

During 2012, the Company adjusted the qualitative factor relating to external factors upward mostly due to continuing concerns related to new banking regulations. In addition, the Company adjusted the qualitative factor relating to potential unidentified factors upward due to concerns involving the Federal government's budgetary issues and uncertainty surrounding the ramifications of a potential increase in Federal income taxes and social security taxes. Each of these increases in the qualitative factors resulted in an overall increase of $43,000 in the general component of the allowance for loan losses at December 31, 2012 compared to the method used for December 31, 2011 for a total increase of $86,000.

During 2011, the Company adjusted the qualitative factor relating to non-performing and problem loan asset levels and trends upward as the Company had seen an increase in the trends of past due loans. In addition, the Company adjusted the qualitative factor relating to external factors upward due to increased local competition and also due to major new banking regulations. Each of these increases in the qualitative factors resulted in an overall increase of $51,000 in the general component of the allowance for loan losses at December 31, 2011 compared to the method used for December 31, 2010 for a total increase of $102,000.

Loans are charged off against the allowance for loan loss account when the following conditions are met:

- 1-4 family residential owner-occupied real estate loans are charged down by the expected loss amount at the time they become non-performing, which is generally 90 days past due.

- Loans secured by 1-4 family non owner-occupied real estate loans, mortgage loans secured by other properties, and construction loans typically have reserves established once a loan is classified as substandard unless the collateral is adequate to cover the balance of the loan plus selling costs. Generally, the specific reserve on a loan will be charged off once the property has been foreclosed and title to the property has been transferred to the Bank.

- Commercial loans secured by business assets, including inventory and receivables will typically have specific reserves established once a loan is classified as substandard. The specific reserve will be charged off once the outcomes of attempts to legally collect the collateral are known and have been exhausted.

- Consumer loans are charged-off, net of expected recovery when the loan becomes significantly past due over a range of up to 180 days, depending on the type of loan. Loans with non-real estate collateral are written down to the value of the collateral, less costs to sell, when repossession of the collateral has occurred.

Servicing

Servicing assets are recognized as separate assets when rights are acquired through the sale of financial assets. For sales of mortgage loans, a portion of the cost of originating the loan is allocated to the servicing right based on relative fair value. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Capitalized servicing rights are reported in other assets and are amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets.

Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights into tranches based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the capitalized amount for the tranche. If the Company later determines that all or a portion of the impairment no longer exists for a particular tranche, a reduction of the allowance may be recorded as an increase to income.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is included in noninterest expense.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Company 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.

Premises and Equipment

Land is carried at cost. Buildings and equipment are stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and depreciated using the straight-line method over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter. Estimated lives are thirty-nine years for building and improvements, fifteen years to twenty-five years for leasehold improvements, and three years to seven years for furniture and equipment.

Goodwill

The excess of cost over the fair value of assets acquired for transactions accounted for as a purchase is recorded as an asset by the Company. On a periodic basis, the Company reviews the goodwill for events or circumstances that may indicate a change in recoverability of the underlying basis. Management performs the annual impairment test on June 30th.

Other Real Estate Owned

Real estate properties and other loan collateral acquired through, or in lieu of, loan foreclosure are initially recorded at fair value, less costs to sell at the date of foreclosure, establishing a new cost basis. After acquisition, valuations are periodically performed by management and the real estate and other loan collateral is carried at the lower of carrying amount or fair value less cost to sell. Costs relating to the improvement of the property are capitalized. Subsequent write-downs estimated on the later valuations, gains or losses on sales, and revenue and expenses from operations are included in other real estate expenses on the income statement.

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 Company, (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 Company does not maintain effective control over the transferred assets through an agreement to repurchase them before maturity.

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. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized. The Company files consolidated income tax returns with its subsidiary.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority.

Company management believes that the Company maintains no uncertain tax positions for tax reporting purposes and accordingly, no liability is required to be recorded.

Interest and penalties associated with unrecognized tax benefits, if any, would be classified as additional income taxes in the statement of income.

The Company is subject to U.S. Federal income taxes as well as State of Illinois income taxes. Tax years ending December 31, 2009 through December 31, 2012 remain open to examination by these jurisdictions.

Insurance Sales Commissions

Insurance sales commissions are recognized at the time payment is received from customers billed directly by the Agency, net of an allowance for estimated policy cancellations. Contingent commissions and commissions on premiums billed directly by insurance companies are recorded at the time these commissions are received by the Agency. A contingent commission is a commission paid by an insurance company that is based on the overall profit and/or volume of business placed with that insurance company. Commissions on premiums billed by insurance companies primarily relate to a large number of small premium transactions, whereby the billing and policy insurance process is controlled entirely by the insurance company. The income effects of subsequent premium adjustments are recorded when the adjustments become known.

Treasury Stock

Treasury stock is stated at cost. Cost of treasury shares sold is determined by the first-in, first-out method.

Earnings Per Share

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during the period. The Company had no dilutive shares.

Earnings per common share have been computed based on the following:

	December 31,	
	2012	2011
Net income applicable to common stock	$ **1,026**	$ 1,106
Average number of common shares outstanding	**482,238**	485,372

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation. These reclassifications had no effect on net income.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on securities available for sale and unrecognized postretirement obligation, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Following are the components of accumulated other comprehensive income at December 31, 2012 and 2011:

	December 31,	
	2012	2011
Unrealized gain on securities available for sale, net of tax effect	$ **9**	$ 8
Net unrecognized postretirement obligation, net of tax effect	**(537)**	(266)
	$ **(528)**	$ (258)

Recent Accounting Pronouncements

In April 2011, the FASB issued Accounting Standards Update ("ASU) No. 2011-02, *"Receivables: A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring."* The amendments in this Update provide additional guidance to assist creditors in determining whether a restructuring of a receivable meets the criteria to be considered a troubled debt restructuring. The Update was effective for the Company's interim and annual periods ending on or after December 15, 2012. The adoption of this Update was to be applied retrospectively to restructurings occurring on or after the beginning of the year of adoption. The Update did not have a significant impact on the Company's consolidated financial statements.

In April 2011, the FASB issued ASU No. 2011-03, *"Transfers and Servicing (Topic 860): Reconsideration of Effective Control for Repurchase Agreements."* The amendments in this Update remove from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. The update was effective for the Company's interim and annual periods beginning on or after December 15, 2011. The adoption of this Update did not have a significant effect on the Company's consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *"Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs."* The amendments in this Update generally represent clarifications of Topic 820, but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This Update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and IFRSs. The update was effective for the Company's annual periods beginning after December 15, 2011. The adoption of this Update requires enhanced disclosures and did not have a significant effect on the Company's financial statements.

In June 2011, the FASB issued ASU No. 2011-05, *"Presentation of Comprehensive Income."* The amendments in this Update require all non-owner changes in stockholders' equity to be presented in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB issued ASU 2011-12, *"Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05."* The amendments in this Update defer the guidance in ASU 2011-05 for the presentation of reclassifications out of accumulated other comprehensive income to be consistent with the presentation requirements in effect for the Update. No other requirements are affected by the Update. These updates were effective for the annual period ending after December 15, 2012, and interim and annual periods thereafter. The adoption of these Updates resulted in a change to the presentation of comprehensive income in the Company's consolidated financial statements.

In September 2011, the FASB issued ASU No. 2011-08, *"Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment."* The amendments in this Update permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The update was effective for annual impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Update did not have a significant effect on the Company's consolidated financial statements.

Subsequent Events

The Company has evaluated subsequent events through February 19, 2013, the date on which the financial statements were issued.

Note 2: Restriction on Cash and Amounts Due from Banks

The Bank is required to maintain average balances on hand or with the Federal Reserve Bank. At December 31, 2012 and 2011, the reserve balance amounted to $1,105,000 and $1,050,000, respectively.

Note 3: Securities

The amortized cost and fair value of securities, with gross unrealized gains and losses, follows:

	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
Debt securities:				
Residential mortgage-backed - agency	$ 504	$ 16	$ --	$ 520
Securities held to maturity:				
Debt securities:				
Residential mortgage-backed - agency	$ 46	$ 1	$ --	$ 47

	December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
Debt securities:				
Residential mortgage-backed - agency	$ 590	$ 14	$ --	$ 604
Securities held to maturity:				
Debt securities:				
Residential mortgage-backed - agency	$ 57	$ 1	$ --	$ 58

The Company did not hold any securities of a single issuer, payable from and secured by the same source of revenue or taxing authority, the book value of which exceeded 10% of stockholders' equity at December 31, 2012.

Expected maturities may differ from contractual maturities in mortgage-backed securities because the mortgages underlying the securities may be prepaid without any penalties, therefore, these securities are not segregated into maturity categories.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Residential mortgage-backed - agency	$ 504	$ 520	$ 46	$ 47

At December 31, 2012 and 2011, there were no securities with unrealized losses.

Note 4: Loans

The following table presents a comparative composition of net loans as of December 31, 2012 and 2011:

	December 31, 2012	% of Total Loans	December 31, 2011	% of Total Loans
First mortgage loans				
Residential 1-4 family				
Owner-occupied	**$ 14,744**	**16.2%**	$ 17,230	16.9%
Non owner-occupied	**25,736**	**28.2**	25,356	24.9
Secured by other properties	**32,304**	**35.4**	35,420	34.8
Construction loans	**209**	**0.2**	2,732	2.7
Total first mortgage loans	**72,993**	**80.0**	80,738	79.3
Commercial	**7,614**	**8.4**	8,557	8.4
Consumer	**10,553**	**11.6**	12,574	12.3
Total loans	**91,160**	**100.0%**	101,869	100.0%
Less:				
Allowance for loan losses	**(1,135)**		(982)	
Net deferred loan fees	**(6)**		(10)	
Net loans	$ **90,019**		$ 100,877	

The following tables present the contractual aging of the recorded investment in past due loans by class of loans as of December 31, 2012 and 2011:

	December 31, 2012					
	Current	30-59 Days Past Due	60-89 Days Past Due	> 90 Days Past Due	Total Past Due	Total
First mortgage loans						
Residential 1-4 family						
Owner-occupied	$ 14,225	$ 198	$ --	$ 321	$ 519	$ 14,744
Non owner-occupied	25,214	--	168	354	522	25,736
Secured by other properties	31,610	--	653	41	694	32,304
Construction loans	209	--	--	--	--	209
Total first mortgage loans	71,258	198	821	716	1,735	72,993
Commercial	7,021	122	--	471	593	7,614
Consumer	10,325	130	--	98	228	10,553
Total loans	$ 88,604	$ 450	$ 821	$ 1,285	$ 2,556	$ 91,160

	December 31, 2011					
	Current	30-59 Days Past Due	60-89 Days Past Due	> 90 Days Past Due	Total Past Due	Total
First mortgage loans						
Residential 1-4 family						
Owner-occupied	$ 16,319	$ 494	$ 83	$ 334	$ 911	$ 17,230
Non owner-occupied	24,129	385	61	781	1,227	25,356
Secured by other properties	35,090	39	291	--	330	35,420
Construction loans	2,387	161	--	184	345	2,732
Total first mortgage loans	77,925	1,079	435	1,299	2,813	80,738
Commercial	8,442	115	--	--	115	8,557
Consumer	12,502	69	3	--	72	12,574
Total loans	$ 98,869	$ 1,263	$ 438	$ 1,299	$ 3,000	$101,869

The Company considers non-performing loans to be the total of loans on non-accrual and loans past due 90 days or more and still accruing. The following tables present performing and non-performing loans by class of loans as of December 31, 2012 and 2011:

	December 31, 2012		
	Performing	Non-performing	Total
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ 14,423	$ 321	$ 14,744
Non owner-occupied	25,382	354	25,736
Secured by other properties	32,263	41	32,304
Construction loans	209	--	209
Total first mortgage loans	72,277	716	72,993
Commercial	7,143	471	7,614
Consumer	10,455	98	10,553
Total loans	$ 89,875	$ 1,285	$ 91,160

	December 31, 2011		
	Performing	Non-performing	Total
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ 16,896	$ 334	$ 17,230
Non owner-occupied	24,197	1,159	25,356
Secured by other properties	35,420	--	35,420
Construction loans	2,387	345	2,732
Total first mortgage loans	78,900	1,838	80,738
Commercial	8,086	471	8,557
Consumer	12,574	--	12,574
Total loans	$ 99,560	$ 2,309	$ 101,869

The following tables present the recorded investment in non-accrual loans by class of loans as of December 31, 2012 and 2011:

	December 31, 2012	
	Non-accrual	Loans past due 90 days or more and still accruing
First mortgage loans		
Residential 1-4 family		
Owner-occupied	$ --	$ 321
Non owner-occupied	354	--
Secured by other properties	--	41
Construction loans	--	--
Total first mortgage loans	354	362
Commercial	471	--
Consumer	98	--
Total loans	$ 923	$ 362

	December 31, 2011	
	Non-accrual	Loans past due 90 days or more and still accruing
First mortgage loans		
Residential 1-4 family		
Owner-occupied	$ 130	$ 204
Non owner-occupied	629	530
Secured by other properties	--	--
Construction loans	345	--
Total first mortgage loans	1,104	734
Commercial	471	--
Consumer	--	--
Total loans	$ 1,575	$ 734

The Company utilizes an internal asset classification system in order to identify problem and potential problem loans. The loans selected for review under this rating system include 1-4 family non owner-occupied residential loans, mortgage loans secured by other properties, construction loans and commercial loans where the loan balance was $100,000 or greater when the loan was originated and 1-4 family owner-occupied residential loans and consumer loans where the loan balance was $250,000 or greater when the loan was originated. Under the risk rating system, the Company classifies problem and potential problem loans as “special mention”, “substandard”, and “doubtful” which correspond to risk ratings five, six and seven, respectively. Substandard loans that have a risk rating of six include those characterized by the distinct possibility the Company may sustain some loss if the deficiencies are not corrected. Loans classified as doubtful, or risk rated seven, have all the weaknesses inherent in those classified substandard with the added characteristic the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Loans that do not expose the Company to sufficient risk to warrant classification in one of the aforementioned categories, but possess weaknesses that deserve management’s close attention are deemed to be special mention, having a risk rating of five. Loans reviewed under the internal asset classification system which are not considered a problem or potential problem loan are classified as “pass” and are those loans with a risk rating of one, two, three or four. Risk ratings are updated any time the facts and circumstances warrant.

Loans with an original loan balance under the thresholds for selection for review under the internal asset classification system are also evaluated on a case-by-case basis and assigned to a classification (special mention, substandard or doubtful) when they become non-performing, which is generally 90 days past due.

The following tables present the risk category of those loans evaluated by internal asset classification based on the most recent analysis performed and the contractual aging as of December 31, 2012 and 2011:

	December 31, 2012					
	Pass	Special Mention	Sub-standard	Doubtful	Not Rated	Total
First mortgage loans						
Residential 1-4 family						
Owner-occupied	$ 1,757	$ 231	$ 90	$ --	$ 12,666	$ 14,744
Non owner-occupied	12,529	271	1,255	--	11,681	25,736
Secured by other properties	28,531	2,045	123	--	1,605	32,304
Construction loans	209	--	--	--	--	209
Total first mortgage loans	43,026	2,547	1,468	--	25,952	72,993
Commercial	5,702	--	710	--	1,202	7,614
Consumer	121	80	98	--	10,254	10,553
Total loans	$ 48,849	$ 2,627	$ 2,276	$ --	$ 37,408	$ 91,160

	December 31, 2011					
	Pass	Special Mention	Sub-standard	Doubtful	Not Rated	Total
First mortgage loans						
Residential 1-4 family						
Owner-occupied	$ 2,681	$ 227	$ 334	$ --	$ 13,988	$ 17,230
Non owner-occupied	12,325	211	1,321	--	11,499	25,356
Secured by other properties	32,804	1,414	125	--	1,077	35,420
Construction loans	1,571	--	1,064	--	97	2,732
Total first mortgage loans	49,381	1,852	2,844	--	26,661	80,738
Commercial	5,780	--	659	--	2,118	8,557
Consumer	305	71	145	--	12,053	12,574
Total loans	$ 55,466	$ 1,923	$ 3,648	$ --	$ 40,832	$101,869

Activity in the allowance for loan losses for the years ended December 31, 2012 and December 31, 2011 was as follows:

December 31, 2012	Beginning Balance	Charge-offs	Recoveries	Provisions	Ending Balance
First mortgage loans					
Residential 1-4 family					
Owner-occupied	$ 100	$ --	$ --	$ 50	$ 150
Non owner-occupied	279	(160)	62	99	280
Secured by other properties	368	--	4	(30)	342
Construction loans	--	--	--	--	--
Total first mortgage loans	747	(160)	66	119	772
Commercial	100	--	2	132	234
Consumer	135	--	--	(6)	129
Total loans	$ 982	$ (160)	$ 68	$ 245	$ 1,135

December 31, 2011	Beginning Balance	Charge-offs	Recoveries	Provisions	Ending Balance
First mortgage loans					
Residential 1-4 family					
Owner-occupied	$ 100	$ --	$ --	$ --	$ 100
Non owner-occupied	159	--	--	120	279
Secured by other properties	409	--	--	(41)	368
Construction loans	--	--	--	--	--
Total first mortgage loans	668	--	--	79	747
Commercial	110	--	1	(11)	100
Consumer	173	--	--	(38)	135
Total loans	$ 951	$ --	$ 1	$ 30	$ 982

The following table presents ending balances for the allowance for loan losses and loans based on impairment method as of December 31, 2012:

	December 31, 2012		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total Ending Balance
Allowance for loan losses:			
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ 5	$ 145	$ 150
Non owner-occupied	3	277	280
Secured by other properties	--	342	342
Construction loans	--	--	--
Total first mortgage loans	8	764	772
Commercial	162	72	234
Consumer	22	107	129
Total loans	$ 192	$ 943	$ 1,135
Loans:			
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ 321	$ 14,423	$ 14,744
Non owner-occupied	1,526	24,210	25,736
Secured by other properties	2,168	30,136	32,304
Construction loans	--	209	209
Total first mortgage loans	4,015	68,978	72,993
Commercial	710	6,904	7,614
Consumer	178	10,375	10,553
Total loans	$ 4,903	$ 86,257	$ 91,160

The following table presents ending balances for the allowance for loan losses and loans based on impairment method as of December 31, 2011:

	December 31, 2011		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total Ending Balance
Allowance for loan losses:			
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ --	$ 100	$ 100
Non owner-occupied	40	239	279
Secured by other properties	--	368	368
Construction loans	--	--	--
Total first mortgage loans	40	707	747
Commercial	85	15	100
Consumer	15	120	135
Total loans	$ 140	$ 842	$ 982
Loans:			
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ 130	$ 17,100	$ 17,230
Non owner-occupied	1,159	24,197	25,356
Secured by other properties	125	35,295	35,420
Construction loans	345	2,387	2,732
Total first mortgage loans	1,759	78,979	80,738
Commercial	658	7,899	8,557
Consumer	90	12,484	12,574
Total loans	$ 2,507	$ 99,362	$ 101,869

The following table presents information about loans individually evaluated for impairment as of December 31, 2012:

	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no related allowance recorded:			
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ 316	$ 316	$ --
Non owner-occupied	1,462	1,462	--
Secured by other properties	2,168	2,168	--
Construction loans	--	--	--
Total first mortgage loans	3,946	3,946	--
Commercial	59	59	--
Consumer	80	80	--
Total loans	$ 4,085	$ 4,085	$ --
With an allowance recorded:			
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ 5	$ 5	$ 5
Non owner-occupied	64	64	3
Secured by other properties	--	--	--
Construction loans	--	--	--
Total first mortgage loans	69	69	8
Commercial	651	651	162
Consumer	98	98	22
Total loans	$ 818	$ 818	$ 192

The following table presents information about loans individually evaluated for impairment as of December 31, 2011:

	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no related allowance recorded:			
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ 130	$ 130	$ --
Non owner-occupied	633	633	--
Secured by other properties	125	125	--
Construction loans	345	345	--
Total first mortgage loans	1,233	1,233	--
Commercial	62	62	--
Consumer	--	--	--
Total loans	$ 1,295	$ 1,295	$ --
With an allowance recorded:			
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ --	$ --	$ --
Non owner-occupied	526	526	40
Secured by other properties	--	--	--
Construction loans	--	--	--
Total first mortgage loans	526	526	40
Commercial	596	596	85
Consumer	90	90	15
Total loans	$ 1,212	$ 1,212	$ 140

The following is a summary of additional information pertaining to loans individually evaluated for impairment during the years ended December 31, 2012 and 2011:

	December 31, 2012		
	Average Balance During the Period	Interest Income Recognized During the Period	Cash-basis Interest Income Recognized
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ 279	$ 27	$ 16
Non owner-occupied	988	41	9
Secured by other properties	396	23	--
Construction loans	199	39	33
Total first mortgage loans	1,862	130	58
Commercial	704	18	--
Consumer	150	4	--
Total loans	$ 2,716	$ 152	$ 58

	December 31, 2011		
	Average Balance During the Period	Interest Income Recognized During the Period	Cash-basis Interest Income Recognized
First mortgage loans			
Residential 1-4 family			
Owner-occupied	$ 119	$ --	$ --
Non owner-occupied	235	--	--
Secured by other properties	1	--	--
Construction loans	2	--	--
Total first mortgage loans	357	--	--
Commercial	4	--	--
Consumer	33	--	--
Total loans	$ 394	$ --	$ --

Impaired loans as of December 31, 2012 and 2011 included one consumer secured loan totaling $90,000 that was modified as a troubled debt restructuring ("TDR") during 2011. The loan was renewed during 2011 at a below market interest rate. The recorded investment of the loan did not change subsequent to the modification. There were no loans modified in a troubled debt restructuring during 2012 or 2011 that subsequently defaulted during the year ended December 31, 2012 and 2011, respectively.

Note 5: Servicing

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage loans serviced for others were approximately $87,872,000 and $82,655,000 at December 31, 2012 and 2011, respectively.

The aggregate carrying value of capitalized mortgage servicing rights approximated fair value at December 31, 2012 and 2011 and totaled $289,000 and $256,000, respectively.

Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in demand deposits, were approximately $270,000 and $201,000 at December 31, 2012 and 2011, respectively.

Note 6: Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment follows:

	December 31,	
	2012	2011
Land	**$ 1,545**	$ 1,545
Buildings and improvements	**5,801**	5,734
Leasehold improvements	**593**	586
Equipment	**3,954**	3,966
	11,893	11,831
Accumulated depreciation	**(7,050)**	(6,949)
Net premises and equipment	**$ 4,843**	$ 4,882

Depreciation expense for the years ended December 31, 2012 and 2011 amounted to $320,000 and $334,000, respectively.

Note 7: Leases

The Company leases the land for one branch office. This lease is a twenty-five year operating lease with three five-year options with escalating rental payments. The last option period expires in November 2019. Rental expense for this lease was $45,000 for each of the years ended December 31, 2012 and 2011.

Future minimum lease payments under the remaining operating lease are as follows:

	Lease Payments
2013	$ 45
2014	45
2015	50
2016	50
2017	50
Thereafter	96
Total	$ 336

Note 8: Deposits

Time deposits in denominations of $100,000 or more were $9,970,000 on December 31, 2012 and $10,372,000 on December 31, 2011.

At December 31, 2012, the scheduled maturities of time deposits are as follows:

2013	$ 21,509
2014	6,052
2015	1,008
2016	1,051
2017	7
Thereafter	--
	$ 29,627

Note 9: Federal Home Loan Bank Advances

Federal Home Loan Bank advances at December 31, 2012 and December 31, 2011 were comprised of one $4,000,000 advance at a fixed rate of 5.17% maturing in October 2016. Federal Home Loan Bank advances are secured by mortgage loans totaling $34,618,000 at December 31, 2012 and $39,563,000 at December 31, 2011. Advances are subject to restrictions or penalties in the event of prepayment.

Note 10: Income Taxes

Allocation of federal and state income taxes between current and deferred portions is as follows:

	Years Ended December 31,	
	2012	2011
Current tax provision:		
Federal	**$ 731**	$ 687
State	**162**	111
	893	798
Deferred tax benefit:		
Federal	**(170)**	(104)
State	**(53)**	(58)
	(223)	(162)
Income tax expense	**$ 670**	$ 636

The reasons for the differences between the statutory federal income tax rate and the effective tax rates are summarized as follows:

	Years Ended December 31,	
	2012	2011
Computed at the statutory rate (34%)	**$ 577**	$ 592
Increase resulting from		
State income taxes	**72**	35
Other	**21**	9
Actual tax expense	**$ 670**	$ 636

The components of the net deferred tax asset, included in other assets, are as follows:

	December 31,	
	2012	2011
Deferred tax assets		
Allowance for loan losses	**$ 457**	$ 395
Deferred compensation	**330**	325
Postretirement benefit obligation	**877**	623
Reserve for loss on unfunded commitments	**60**	71
Interest on nonaccrual loans	**35**	--
Deferred insurance agency commissions	**2**	2
Deferred loan fees	**2**	3
Other	**17**	18
	1,780	1,437
Deferred tax liabilities		
Federal Home Loan Bank stock	**(82)**	(153)
Depreciation	**(391)**	(394)
Mortgage servicing rights	**(116)**	(103)
Prepaid expenses	**(62)**	(65)
Unrealized gains on securities available for sale	**(7)**	(6)
	(658)	(721)
Net deferred tax asset	**$ 1,122**	$ 716

Retained earnings include approximately $4,300,000 for which no deferred income tax liability has been recognized. This amount represents an allocation of income to bad debt deductions as of December 31, 1987 for tax purposes only. Reduction of amounts so allocated for purposes other than tax bad debt losses or adjustments arising from carryback of net operating losses would create income for tax purposes only, which income would be subject to the then-current corporate income tax rate. The unrecorded deferred income tax liability on the above amount was approximately $1,732,000.

Note 11: Off-Balance Sheet Activities

Credit-Related Financial Instruments

The Company is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, 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 sheets.

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

At December 31, 2012 and 2011, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	2012	2011
Commitments to grant loans	**$ 3,035**	$ 1,808
Unfunded commitments under lines of credit	**7,784**	8,243
Standby letters of credit	**--**	323

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 Company, is based on management's credit evaluation of the customer. Loan commitments at fixed rates of interest amounted to $3,035,000 and $1,808,000 at December 31, 2012 and 2011, respectively. Mortgage loans in the process of origination are included in commitments to extend credit and represent amounts that the Bank plans to fund within a normal period of 60 to 90 days, and which are intended for sale to investors in the secondary market. Total mortgage loans held for sale amounted to $270,000 and $1,314,000 at December 31, 2012 and 2011, respectively.

Unfunded commitments under commercial lines-of-credit and revolving credit lines are commitments for possible future extensions of credit to existing customers. These lines-of-credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed. Total fixed rate unfunded lines of credit were $1,418,000 and $1,336,000 at December 31, 2012 and 2011, respectively.

Standby letters-of-credit are conditional lending commitments issued by the Company to guarantee performance of a customer to a third party. Those letters-of-credit are primarily issued to support public and private borrowing arrangements. Essentially all letters-of-credit issued have expiration dates within one year. The credit risk involved in issuing letters-of-credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments. The Company had no deferred revenue under standby letters of credit at December 31, 2012. At December 31, 2011, the Company's deferred revenue under standby letters of credit was approximately $2,000.

Other Credit Risks

The Company has a concentration of funds on deposit with the Federal Reserve Bank totaling $58,294,000 and $38,010,000 at December 31, 2012 and 2011, respectively. The Company also has a concentration of funds on deposit with the Federal Home Loan Bank totaling $7,942,000 and $6,424,000 at December 31, 2012 and 2011, respectively.

Note 12: 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 13: 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 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 the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the 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, 2012 and 2011, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2012, the most recent notification from the Comptroller of the Currency categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the following tables. There are no conditions or events since that notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios as of December 31, 2012 and 2011 are also presented in the table.

	Actual		Minimum Capital Requirement		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2012:						
Total Capital to Risk Weighted Assets	$ 16,452	22.6%	$ 5,827	8.0%	$ 7,284	10.0%
Tier 1 Capital to Risk Weighted Assets	15,537	21.3	2,914	4.0	4,370	6.0
Tier 1 Capital to Adjusted Total Assets	15,537	9.1	6,803	4.0	8,504	5.0
Tangible Capital to Adjusted Total Assets	15,537	9.1	2,551	1.5	N/A	

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2011 :						
Total Capital to Risk Weighted Assets	$ 15,645	18.8%	$ 6,651	8.0%	$ 8,314	10.0%
Tier 1 Capital to Risk Weighted Assets	14,803	17.8	3,326	4.0	4,988	6.0
Tier 1 Capital to Adjusted Total Assets	14,803	9.3	6,377	4.0	7,971	5.0
Tangible Capital to Adjusted Total Assets	14,803	9.3	2,391	1.5	N/A	

The Bank is subject to certain restrictions on the amount of dividends that it may declare without prior regulatory approval. At December 31, 2012, the Bank had $2,514,000 in retained earnings available for dividend declaration without prior regulatory approval.

Note 14: Employee Benefit Plans

KSOP Plan

The Company has a Savings and Employee Stock Ownership Plan ("KSOP") that covers substantially all Company employees. The plan contains 401(k) features that qualify the plan under Section 401(a) of the Internal Revenue Code and allows employees to contribute up to 75% of their salary on a pretax or after tax basis. The Company then makes a matching contribution of 100% on the first 3% of an employee's contribution and 50% on the next 2% of an employee's contribution. The Company also contributes an amount equal to 3% of each eligible participant's salary, even if an employee elects not to defer any of their own salary into the plan ("safe harbor contribution"). The Company can also elect to contribute discretionary amounts at any time. Each participant may direct the investment of their own contributions and the Company's contributions to a variety of mutual funds offered and maintained by the trustee of the plan, including a stock fund of the Company (the "employer stock fund"). The Company matching contributions, safe harbor contributions, and any discretionary contributions are initially invested in the employer stock fund.

At December 31, 2012 and 2011, 137,574 and 131,705 shares of the Company's stock were owned by the plan. The cost of the plan is borne by the Company through contributions to the KSOP trust in amounts determined by the Board of Directors. The Company's expense for the plan was $291,000 for 2012 and $280,000 for 2011.

In the event a terminated plan participant desires to sell shares of Company stock, the Company may be required to purchase the shares from the participant at the fair market value. At December 31, 2012, all 137,574 shares in the plan have been allocated to plan participants. The fair market value of those shares totaled approximately $4,418,000 as of December 31, 2012.

Deferred Compensation Plan

The Company also sponsors a deferred compensation plan for participating directors for the deferral of director fees. The interest accrued on the deferred compensation liability for the years ended December 31, 2012 and 2011 was $8,000 for each year. The deferred compensation liability was $819,000 at December 31, 2012 and $807,000 at December 31, 2011.

Note 15: Postretirement Plan

The Company has an unfunded noncontributory defined benefit postretirement health care plan covering all employees who meet the eligibility requirements. The Company's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Company may determine to be appropriate from time to time.

The Company uses a December 31 measurement date for the plan. Information about the plan's funded status and health care cost follows:

	2012	2011
Change in projected benefit obligation		
Beginning of year	**$ 1,549**	$ 1,020
Service cost	**101**	69
Interest cost	**73**	58
Actuarial loss	**477**	417
Benefits paid (included in salaries and benefits)	**(22)**	(15)
End of year	**$ 2,178**	$ 1,549
At December 31,		
Fair value of plan assets	**$ --**	$ --
Benefit obligation	**(2,178)**	(1,549)
Funded status at end of year	**$ (2,178)**	$ (1,549)

	2012	2011
Amounts recognized on balance sheet consist of:		
Accrued liability	**$ (2,178)**	$ (1,549)
Unrecognized net actuarial loss, net of tax	**$ 528**	$ 253
Unrecognized transition obligation, net of tax	**$ 9**	$ 13

The Company's assumptions used to determine the benefit obligation and benefit cost were:

	2012	2011
Discount rate	**4.00%**	4.75%
Medical trend rate	**7.50%**	7.50%
Ultimate medical trend rate	**4.50%**	4.50%

	2012	2011
Components of net periodic benefit cost		
Service cost	**$ 101**	$ 69
Interest cost	**73**	58
Amortization of transition obligation	**8**	8
Amortization of net loss	**14**	--
Net periodic benefit cost (included in salaries and benefits)	**$ 196**	$ 135

For measurement purposes, the annual rate of increase in the per capita cost of covered health care benefits was assumed to be 7.50% for 2012 and 2011. The rate was assumed to decrease gradually to 4.50% by the year 2016 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost components	$ 53	$ (39)
Effect on postretirement benefit obligation	634	(465)

At December 31, 2012, the projected benefits to be paid are as follows:

2013	$ 23
2014	30
2015	23
2016	33
2017	38
2018-2022	228

For the year ended December 31, 2013, the projected net periodic benefit cost is $273,000.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the “Act”) was signed into law. The Act introduces a prescription drug benefit under Medicare Part D, as well as a federal subsidy to sponsors of retiree health care benefit plans that provide benefits at least actuarially equivalent to Medicare Part D.

In accordance with ASC 715, *Employers’ Accounting for Postretirement Benefits Other Than Pensions,* the Company has not reflected the effects of the Act on the measurements of plan benefit obligations and periodic benefit costs and accompanying notes. Specific authoritative guidance on the accounting for the federal subsidy is pending and that guidance, when issued, may require the Company to change previously reported information.

Note 16: Related Party Transactions

At December 31, 2012 and 2011, the Company had loans outstanding to executive officers, directors, significant shareholders and their affiliates (related parties) in the amount of $1,274,000 and $2,147,000, respectively.

In management's opinion, such loans and other extensions of credit were made in the ordinary course of business and were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectibility or present other unfavorable features.

Note 17: Fair Value Measurements

The fair value standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The standard requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that 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, the standard 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 (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.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

<u>Securities available for sale (recurring)</u>: The fair value of the Company's securities available for sale are determined using Level 2 inputs, which are derived from readily available pricing sources and third-party pricing services for identical or comparable instruments, respectively. There were no transfers between Level 1 and Level 2.

<u>Impaired loans (non-recurring)</u>: Impaired loans are evaluated and valued at the time the loan is identified as impaired, at the lower of cost or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. Collateral may be real estate and/or business assets including equipment, inventory and/or accounts receivable. Appraised and reported values may be discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the customer and customer's business. When the fair value of the collateral is based on an observable market price, the Company records the impaired loan as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the impaired loan as nonrecurring Level 3.

Other real estate owned (non-recurring): Other real estate owned properties are adjusted to fair value upon transfer of the loans to foreclosed assets. Subsequently, foreclosed assets are carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price, the Company records the foreclosed asset as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the foreclosed asset as nonrecurring Level 3.

Assets at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

December 31, 2012	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Residential mortgage-backed securities – agency, available for sale	$ 520	$ --	$ 520	$ --

December 31, 2011	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Residential mortgage-backed securities – agency, available for sale	$ 604	$ --	$ 604	$ --

Assets Recorded at Fair Value on a Nonrecurring Basis

The Company may be required, from time to time, to measure certain assets and liabilities at fair value on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. These include assets that are measured at the lower of cost or market that were recognized at fair value below cost at the end of the period.

Assets measured at fair value on a nonrecurring basis are included in the table below.

December 31, 2012				
	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Impaired loans	$ 626	$ --	$ --	$ 626
Other real estate owned	1,951	--	--	1,951

December 31, 2011				
	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Impaired loans	$ 1,072	$ --	$ 650	$ 422

Note 18: Disclosures about Fair Values of Financial Instruments

The following table presents estimated fair values of the Company's financial instruments. Fair value is determined under the framework discussed in note 17. The fair values of certain of these instruments were calculated by discounting expected cash flows, which involves significant judgments by management and uncertainties. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Company does not know whether the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate.

	December 31, 2012		December 31, 2011	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	**$ 69,217**	**$ 69,217**	$ 46,159	$ 46,159
Securities available for sale	**520**	**520**	604	604
Securities held to maturity	**46**	**47**	57	58
Loans held for sale	**270**	**270**	1,314	1,314
Loans, net of allowance for loan losses	**90,019**	**95,033**	100,877	106,417
Federal Home Loan Bank stock	**704**	**704**	1,210	1,210
Interest receivable	**378**	**378**	480	480
Financial liabilities				
Deposits	**146,363**	**146,398**	137,156	137,226
Federal Home Loan Bank advances	**4,000**	**4,654**	4,000	4,789
Advances from borrowers for taxes and insurance	**144**	**144**	201	201
Interest payable	**19**	**19**	19	19
Unrecognized financial instruments (net of contract amount)				
Commitments to originate loans	**--**	**--**	--	--
Letters of credit	**--**	**--**	--	--
Lines of credit	**--**	**--**	--	--

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

Cash and Cash Equivalents and Federal Home Loan Bank Stock -- The carrying amount approximates fair value.

Securities Available for Sale and Securities Held to Maturity -- The fair value of the Company's securities available for sale and securities held to maturity are determined using Level 2 inputs, which are derived from readily available pricing sources and third-party pricing services for identical or comparable instruments, respectively.

Loans Held for Sale -- Loans held for sale are carried at the lower of cost or market value. The fair value of loans held for sale is based on what secondary markets are currently offering for portfolios with similar characteristics.

Loans -- The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Loans with similar characteristics were aggregated for purposes of the calculations. The carrying amount of accrued interest approximates its fair value.

Deposits -- Deposits include demand deposits, savings accounts, NOW accounts, and money market deposits. The carrying amount approximates fair value. The fair value of fixed-maturity time deposits is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities. The carrying amount of accrued interest payable approximates its fair value.

Advances from Borrowers for Taxes and Insurance -- The carrying amount approximates fair value.

Federal Home Loan Bank Advances – Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value of existing debt.

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

GREAT AMERICAN BANCORP, INC.
SHAREHOLDER INFORMATION

Stock Listing and Price Information

The Company's common stock is traded on the Over-the-Counter Bulletin Board under the symbol "GTPS.OB." At December 31, 2012, 481,795 shares of the Company's common stock were held of record by 188 persons or entities, not including the number of persons or entities holding stock in nominee or street name through various brokers or banks.

The following schedule shows the high and low bid prices for each of the quarters in the years ended December 31, 2012 and 2011:

Quarter Ended:	High	Low
March 31, 2011	42.50	37.00
June 30, 2011	37.50	37.00
September 30, 2011	37.00	37.00
December 31, 2011	39.00	37.00
March 31, 2012	37.00	35.50
June 30, 2012	40.00	36.55
September 30, 2012	39.00	35.00
December 31, 2012	37.00	32.00

At December 31, 2012 the closing price of a common share was $32.11. This information was provided by the Over-the-Counter Bulletin Board. Such prices do not necessarily reflect retail markups, markdowns, or commissions. During the years ended December 31, 2012 and 2011, the Company declared dividends as follows:

Date Declared	Record Date	Payable Date	Amount
February 14, 2011	March 15, 2011	April 1, 2011	.14
May 9, 2011	June 15, 2011	July 1, 2011	.14
August 15, 2011	September 15, 2011	October 3, 2011	.14
November 14, 2011	December 15, 2011	January 3, 2012	.14
February 13, 2012	March 15, 2012	April 2, 2012	.14
May 14, 2012	June 15, 2012	July 2, 2012	.14
August 13, 2012	September 14, 2012	October 1, 2012	.14
November 19, 2012	December 14, 2012	December 31, 2012	.14
			$ 1.12

Investor Information

Stockholders, investors and analysts interested in additional information may contact:

Jane F. Adams
Chief Financial Officer
Great American Bancorp, Inc.
1311 S. Neil Street
Champaign, IL 61820

Company website: www.greatamericanbancorp.com

Corporate Counsel

Locke Lord LLP
111 S. Wacker Drive
Chicago, IL 60606-4410

Independent Auditors

McGladrey LLP
1806 Fox Drive
Champaign, IL 61820

Annual Meeting of Stockholders

The Annual Meeting of Stockholders of Great American Bancorp, Inc. will be held at 9:30 a.m. Tuesday, April 24, 2012 at:

First Federal Savings Bank of Champaign-Urbana
1311 S. Neil Street
Champaign IL 61820

Shareholders are welcome to attend.

Stock Transfer Agent and Registrar

Inquiries regarding stock transfer, registration, lost certificates or changes in name and address should be directed to the transfer agent and registrar:

Computershare Trust Company, N.A.
P.O. Box 43070
Providence, RI 02940-3070
(800) 962-4284
http://www.Computershare.com

GREAT AMERICAN BANCORP, INC.
DIRECTORS AND EXECUTIVE OFFICERS

Great American Bancorp, Inc. Directors and Executive Officers

Ronald E. Guenther, Chairman of the Board of the Company
Consultant, Big 10 Conference

John Z. Hecker, Director
Partner, Stipes Publishing, LLC, book publishing.

Ronald L. Kiddoo, Director
Chairman of the Board and Chief Investment Officer, Cozad Asset Management, Inc., an investment advisory concern.

George R. Rouse, Director
President and Chief Executive Officer of the Company

Jack B. Troxell, Director
Realtor with Keller Williams Realty

Jane F. Adams
Chief Financial Officer, Secretary and Treasurer of the Company

First Federal Savings Bank Directors and Executive Officers

Jack B. Troxell, Director and Chairman of the Board of the Bank*
Realtor with Keller Williams Realty

Craig S. Bazzani, Director
Vice President Emeritus (Business and Finance), University of Illinois

Ronald E. Guenther, Director*
Consultant, Big 10 Conference

John Z. Hecker, Director
Partner, Stipes Publishing, LLC, book publishing.

Ronald L. Kiddoo, Director*
Chairman of the Board and Chief Investment Officer, Cozad Asset Management, Inc., an investment advisory concern.

Michael J. Martin, Director
Director of Residential Development, T.A.G. Residential, Inc. and Vice President of T.A.G. Ashland Park, both real estate development concerns.

First Federal Savings Bank Directors and Executive Officers, Continued

George R. Rouse, Director*
President and Chief Executive Officer of the Bank

Jane F. Adams
Senior Vice President - Finance, Secretary-Treasurer of the Bank

Ata M. Durukan
Senior Vice President - Human Resources and Marketing of the Bank

Jason C. Eyman
Senior Vice President - Lending of the Bank

Mark D. Piper
Senior Vice President - Operations of the Bank

Melinda K. Piper
Senior Vice President - Deposit Acquisitions of the Bank

Tyler R. Rouse
Senior Vice President - Administration of the Bank

Paul D. Wilson
Senior Vice President - Lending of the Bank

Larry Grill
Registered Representative
Securities America, Inc.
Member FINRA/SIPC

Park Avenue Service Corporation Officers

George R. Rouse
President

Jane F. Adams
Secretary and Treasurer

GTPS Insurance Agency Officers

Patrick L. Rouse*
President

Gerald Cox
Senior Vice President

* Also Director of Park Avenue Service Corporation.