

GUARANTY FEDERAL BANCSHARES INC
Form DEF 14A
April 27, 2015

United States

Securities and Exchange Commission

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. __)

Filed by the registrant [X]

Filed by a party other than the registrant []

Check the appropriate box:

[] Preliminary Proxy Statement

[] Confidential, for use of the Commission

Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Under Rule 14a-12

Guaranty Federal Bancshares, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

GUARANTY FEDERAL BANCSHARES, INC.

**1341 WEST BATTLEFIELD
SPRINGFIELD, MO 65807-4181
(417) 520-4333**

NOTICE OF MEETING OF STOCKHOLDERS

To Be Held on May 27, 2015

Notice is hereby given that an annual meeting of the stockholders (the "Meeting") of Guaranty Federal Bancshares, Inc. (the "Company") will be held at the Guaranty Bank Operations Center, 1414 W. Elfindale Street, Springfield, Missouri, on May 27, 2015, at 6:00 p.m., local time. Stockholders of record at the close of business on April 6, 2015 are the stockholders entitled to vote at the Meeting.

A Proxy Card and a Proxy Statement for the Meeting are enclosed.

The Meeting is being held for the purpose of considering and acting upon:

1. The election of three directors.
2. The advisory (non-binding) vote to approve executive compensation.
3. The approval of the Guaranty Federal Bancshares, Inc. 2015 Equity Plan.
4. The ratification of BKD, LLP as Independent Registered Public Accounting Firm to the Company for the fiscal year ending December 31, 2015.
5. Such other matters as may come properly before the Meeting or any adjournments thereof. Except with respect to procedural matters incident to the conduct of the Meeting, the Board of Directors is not aware of any other business

to come before the Meeting.

Important Notice Regarding the Availability of Proxy Materials for the 2015 Annual Stockholders' Meeting to be Held on May 27, 2015. Pursuant to the rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials both by: (i) sending you this full set of proxy materials, including a proxy card; and (ii) notifying you of the availability of our proxy materials on the internet. **This Notice and Proxy Statement and our 2014 Annual Report may be accessed at www.gbankmo.com.**

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Don M. Gibson

Don M. Gibson
Chairman of the Board

Springfield, Missouri
April 27, 2015

THE BOARD OF DIRECTORS URGES YOU TO SIGN, DATE AND RETURN YOUR PROXY CARD AS SOON AS POSSIBLE, EVEN IF YOU CURRENTLY PLAN TO ATTEND THE ANNUAL MEETING. THIS WILL NOT PREVENT YOU FROM VOTING IN PERSON AT THE ANNUAL MEETING IF YOU DESIRE, AND YOU MAY REVOKE YOUR PROXY BY WRITTEN INSTRUMENT AT ANY TIME PRIOR TO THE VOTE AT THE ANNUAL MEETING. IF YOU ARE A STOCKHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME, YOU WILL NEED ADDITIONAL DOCUMENTATION FROM YOUR RECORD HOLDER TO VOTE PERSONALLY AT THE MEETING.

1341 W. Battlefield Springfield, MO 65807
417-520-4333 www.gbankmo.com

April 27, 2015

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of Guaranty Federal Bancshares, Inc., I cordially invite you to attend the 2015 Annual Meeting of Stockholders to be held at the Guaranty Bank Operations Center, 1414 W. Elfindale Street, Springfield, Missouri, on Wednesday, May 27, 2015 at 6:00 p.m., local time. The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe the formal business to be transacted at the meeting. Following the formal meeting, I will report on the operations of the Company. Directors and officers of the Company, as well as representatives of BKD, LLP, our independent registered public accounting firm, will be present to respond to any questions that stockholders may have.

Whether or not you plan to attend the meeting, please sign and date the enclosed proxy card and return it in the accompanying postage-paid return envelope as soon as possible. This will not prevent you from voting in person at the meeting but will assure that your vote is counted if you are unable to attend the meeting.

Respectfully,

/s/ Shaun A. Burke

Shaun A. Burke
President and CEO

GUARANTY FEDERAL BANCSHARES, INC.
1341 WEST BATTLEFIELD
SPRINGFIELD, MISSOURI 65807-4181

PROXY STATEMENT

This Proxy Statement has been prepared in connection with the solicitation of proxies by the Board of Directors of Guaranty Federal Bancshares, Inc. (the “Company”) for use at the annual meeting of stockholders to be held on May 27, 2015 (the “Annual Meeting”), and at any adjournment(s) thereof. The Annual Meeting will be held at 6:00 p.m., local time, at the Guaranty Bank Operations Center, 1414 W. Elfindale Street, Springfield, Missouri. It is anticipated that this Proxy Statement will be mailed to stockholders on or about April 27, 2015.

RECORD DATE--VOTING--VOTE REQUIRED FOR APPROVAL

All persons who were holders of record of the common stock, par value \$0.10 per share (“Common Stock”) of the Company at the close of business on April 6, 2015 (“Record Date”) will be entitled to cast votes at the Annual Meeting. Voting may be by proxy or in person. As of the Record Date, the Company had 4,375,969 shares of Common Stock issued and outstanding.

Holders of a majority of the outstanding shares of Common Stock entitled to vote, represented in person or by proxy, will constitute a quorum for purposes of transacting business at the Annual Meeting.

Stockholders are urged to indicate their vote in the appropriate spaces on the proxy card. Each proxy solicited hereby, if properly executed, duly returned to the Board of Directors of the Company (the “Board of Directors” or the “Board”) and not revoked prior to the Annual Meeting, will be voted at the Annual Meeting in accordance with the stockholder’s instructions indicated thereon. Where no instructions are indicated, proxies will be voted by those named in the proxies FOR the approval of the specific proposals presented in this Proxy Statement and on the proxy card and in discretion of those named in the proxies upon any other business that may properly come before the Annual Meeting or any adjournment thereof. Each stockholder shall have one vote for each share of Common Stock owned. No appraisal or dissenters’ rights exist for any action to be taken at the Annual Meeting.

A stockholder giving a proxy has the power to revoke the proxy at any time before it is exercised by filing with the Secretary of the Company written instructions revoking the proxy. A duly executed proxy bearing a later date will be sufficient to revoke an earlier proxy. The proxy executed by a stockholder who attends the Annual Meeting will be revoked only if that stockholder files the proper written instrument with the Secretary prior to the end of the voting at the Annual Meeting.

To the extent necessary to assure sufficient representation at the Annual Meeting, proxies may be solicited by officers, directors and regular employees of the Company personally, by telephone, by internet or by further correspondence. Officers, directors and regular employees of the Company will not be compensated for their solicitation efforts. The cost of soliciting proxies from stockholders will be borne by the Company. The Company will also reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Common Stock.

Regardless of the number of shares of the Company's Common Stock owned, it is important that stockholders be represented by proxy or be present in person at the Annual Meeting. In order for any proposals considered at the Annual Meeting to be approved by the Company's stockholders, a quorum must be present. Stockholders are requested to vote by completing the enclosed proxy card and returning it signed and dated in the enclosed postage-paid envelope.

Proxies marked as abstentions and broker non-votes (as defined below) will be treated as shares present for purposes of determining whether a quorum is present. Proxies marked as abstentions will not be counted as votes cast and will not affect the election of directors, advisory approval of executive compensation, approval of the 2015 Equity Plan, or ratification of BKD, LLP as the independent registered public accounting firm. Brokers are entitled to vote the shares they hold for their customers in “street name” on routine matters when the customers (i.e. the “beneficial owners”) do not instruct the brokers how to vote the customer’s shares. Only Proposal Four, regarding the ratification of BKD, LLP as Independent Registered Public Accounting Firm, is deemed to be a routine matter. Brokers will be entitled to vote shares of Common Stock they hold in street name on Proposal Four in the absence of instructions on how to vote by the beneficial owners. Proposals One, Two and Three are not deemed to be routine matters and, as such, brokers are not entitled to vote shares of Common Stock they hold in street name on Proposals One, Two and Three in the absence of instructions on how to vote from the beneficial owners. These are referred to as “broker non-votes.” Broker non-votes will not be counted as votes cast, and therefore will not affect the election of directors, advisory approval of executive compensation or approval of the Guaranty Federal Bancshares, Inc. 2015 Equity Plan.

Directors are elected by a plurality of votes of the shares represented in person or by proxy at the Annual Meeting. The proposals to approve executive compensation (advisory), to approve the 2015 Equity Plan and to ratify the selection of the independent registered public accounting firm require the affirmative vote of a majority of the votes cast on such matter.

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND management

Persons and groups owning in excess of 5% of the Common Stock are required to file certain reports regarding such ownership pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Certificate of Incorporation of the Company restricts the voting by persons who beneficially own in excess of 10% of the outstanding shares of Common Stock. This restriction does not apply to employee benefit plans of the Company. The following table sets forth, as of the Record Date, persons or groups who are known by the Company to beneficially own more than 5% of the Common Stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Total Outstanding Common Shares
Castle Creek Capital Partners V, LLC 6051 El Tordo Racho Santa Fe, CA 92067	425,500 (1)	9.72%
FJ Capital Management, LLC 1313 Dolley Madison Blvd, Ste 306 McLean, VA 22101	281,533 (2)	6.43%
Banc Funds Co LLC. 20 North Wacker Drive, Suite 3300 Chicago, IL 60606	225,000 (3)	5.14%

Information based on a joint schedule 13G filed with the Securities and Exchange Commission on December 8, (1)2014 by Castle Creek Capital Partners V, LP as the "Reporting Persons". The Schedule 13G reports sole voting and investment power over 425,500 shares beneficially owned.

Information based on a joint schedule 13G filed with the Securities and Exchange Commission on February 17, (2)2015 by FJ Capital Management, LLC as the "Reporting Persons". The Schedule 13G reports shared voting power over 281,533 shares beneficially owned.

Information based on a joint schedule 13G filed with the Securities and Exchange Commission on February 17, (3)2015 by Banc Funds Co, LLC as the "Reporting Persons". The Schedule 13G reports sole voting and investment power over 225,000 shares beneficially owned.

The following table sets forth certain information as of the Record Date, with respect to the shares of the Company's Common Stock beneficially owned by each of the directors, nominees for director and Named Executive Officers (see section titled "Summary Compensation Table") of the Company, and the total shares beneficially owned by directors and executive officers as a group. The Company's policy is for each director to own a minimum of 2,500 shares, exclusive of stock grants and non-exercised stock options. Directors with less than 5 years of experience on the Board are required to own a minimum of 500 shares for each full year of service on the Board, up to 2,500 shares. Less than 1% stock ownership is shown below with an asterisk (*).

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Total Outstanding Common Shares
Don Gibson	92,239 (2)	2.0%
Shaun A. Burke	77,431 (3)	1.7%
Kurt Hellweg	56,701 (4)	1.3%
Tim Rosenbury	27,599 (5)	*
Jamie Sivils, III	24,440 (6)	*
James Batten	48,395 (7)	1.1%
John Griesemer	88,503	2.0%
David Moore	1,183	*
Carter Peters	36,260 (8)	*
H. Michael Mattson	44,080 (9)	1.0%
Sheri Biser	12,700 (10)	*
Robin Robeson	5,446	*
Total owned by all directors and executive officers as a group (twelve persons)	514,977 (11)	11.4%

(1) Amounts may include shares held directly, as well as shares held jointly with family members, in retirement accounts, in a fiduciary capacity, by certain family members, by certain related

entities or by trusts of which the directors and executive officers are trustees or substantial beneficiaries, with respect to which shares the respective director or executive officer may be deemed to have sole or shared voting and/or investment powers. Due to the rules for determining beneficial ownership, the same securities may be attributed as being beneficially owned by more than one person. The holders may disclaim beneficial ownership of the included shares which are owned by or with family members, trust or other entities.

- (2) Includes 7,500 shares that may be

- acquired
within 60
days of the
Record Date
through the
exercise of
options.
Includes
30,000 shares
that may be
acquired
- (3) within 60
days of the
Record Date
through the
exercise of
options.
Includes
7,500 shares
that may be
acquired
- (4) within 60
days of the
Record Date
through the
exercise of
options.
Includes
7,500 shares
that may be
acquired
- (5) within 60
days of the
Record Date
through the
exercise of
options.
Includes
7,500 shares
that may be
acquired
- (6) within 60
days of the
Record Date
through the
exercise of
options.
- (7) Includes
32,500 shares
that may be
acquired

- within 60 days of the Record Date through the exercise of options. Includes 25,000 shares that may be acquired
- (8) within 60 days of the Record Date through the exercise of options. Includes 15,000 shares that may be acquired
- (9) within 60 days of the Record Date through the exercise of options. Includes 6,500 shares that may be acquired
- (10) within 60 days of the Record Date through the exercise of options. Includes 139,000 shares that may be acquired
- (11) within 60 days of the Record Date through the exercise of options.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who own more than ten percent of the Common Stock, to file reports detailing their ownership and changes of ownership in the Common Stock with the Securities and Exchange Commission ("SEC") and to furnish the Company with copies of all such ownership reports. Based solely on the Company's review of the copies of the ownership reports furnished to the Company, and written representations relative to the filing of certain forms, the Company believes that all Section 16(a) filing requirements applicable to its officers and directors, and persons who own more than ten percent of the Common Stock, were complied with during the 2014 fiscal year.

FIRST PROPOSAL: ELECTION OF DIRECTORS

The number of directors constituting the Board is currently eight, with one director position currently vacant. The Board is divided into three classes. The term of office of one class of directors expires each year in rotation so that the class up for election at each annual meeting of stockholders has served for a three-year term. The terms of three of the present directors (Messrs. Burke, Hellweg and Batten) are expiring at the Annual Meeting.

Messrs. Burke, Hellweg and Batten have been nominated, upon the recommendation of the Nominating Committee of the Board, by the Board and, upon election at the Annual Meeting, will hold office for a three-year term expiring in 2018 or until their successors are elected and qualified. Each nominee has indicated that he is willing and able to serve as a director if elected and has consented to being named as a nominee in this Proxy Statement.

Unless otherwise specified on the proxies received by the Company, it is intended that proxies received in response to this solicitation will be voted in favor of the election of each person named in the following table to be a director of the Company for the term as indicated, or until his successor is elected and qualified. There are no arrangements or understandings between the nominees or directors and any other person pursuant to which any such person was or is selected as a director or nominee.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE FOLLOWING NOMINEES.

Nominees for Three-Year Terms Expiring 2018

Name	Age (1)	Director Since	Current Term Expires
Shaun A. Burke	51	2004	2015
Kurt D. Hellweg	57	2000	2015
James R. Batten	52	2006	2015

In addition to the three nominees proposed to serve on the Board as described above, the following individuals are also directors of the Company, each serving for the current term indicated.

**Directors Who Are Not Nominees
Who Will Continue in Office After the Annual Meeting**

Name	Age (1)	Director Since	Current Term Expires
Don M. Gibson	71	2002	2016
Tim Rosenbury	58	2002	2016
John F. Griesemer	47	2008	2017
James L. Sivils, III	50	2002	2017
David T. Moore	44	2014	2017

(1) As of the Record Date

Biographical Information

Set forth below are brief summaries of the background and business experience, including principal occupation, of each nominee and director currently serving on the Board of Directors of the Company.

James R. Batten, CPA, has been a management consultant serving businesses and non-profit organizations. Mr. Batten was the Executive Vice President of Convoy of Hope, an international nonprofit relief organization from April 2009 through February 2014. Mr. Batten served as Chief Operations Officer and Executive Vice President of AG Financial Solutions from September 2007 through March 2009. Mr. Batten served as the Executive Vice President of Finance, Chief Financial Officer and Treasurer of O'Reilly Automotive, Inc. (NASDAQ: ORLY) from January 1993 through March 2007. Prior to joining O'Reilly, Mr. Batten was employed by the accounting firms of Whitlock, Selim & Keehn, from 1986 to 1993 and Deloitte, Haskins & Sells from 1984 until 1986. Mr. Batten is a member of the board of AG Financial Solutions, Foundation Capital Resources and Treasurer of Hope Church. Mr. Batten is a former member of the NASDAQ Issuer Affairs Committee. He has also served on a number of other professional and civic boards including the Springfield Area Chamber of Commerce, Big Brothers Big Sisters of the Ozarks and New Covenant Academy. Mr. Batten's accounting expertise, public company background and community involvement make him a valuable resource to the Board.

Shaun A. Burke joined the Bank in March 2004 as President and Chief Executive Officer and was appointed President and Chief Executive Officer of the Company on February 28, 2005. He has over 30 years of banking experience. Mr. Burke received a Bachelor of Science Degree from Missouri State University and is a graduate of the Graduate School of Banking of Colorado. For the past three years he was a Board Member of the Springfield Area Chamber of Commerce serving as Vice Chairman of Economic Development in 2014. From 2009 through 2014 he was a board member of the Springfield Business Development Corporation, the economic development subsidiary of the Springfield Area Chamber of Commerce serving as President in 2012. Mr. Burke served on the board of the Missouri Bankers Association and was Chairman of Audit Committee and is currently the Vice Chairman of the Legislative Affairs Committee. In 2014, he was named to the Community Bankers Counsel of the American Bankers Association. He is also a past Member of the United Way Allocations and Agency Relations Executive Committee, Salvation Army Board, and Big Brothers Big Sisters Board.

Kurt D. Hellweg is the Chairman of the Board and Chief Executive Officer of International Dehydrated Foods, Inc. ("IDF") and American Dehydrated Foods, Inc. ("ADF"). IDF and ADF are privately held companies that manufacture and market ingredients for both the food and feed industries. Mr. Hellweg has previously served as Vice President of Sales, Senior Vice President of Operations, and President/COO of ADF and IDF. Prior to joining ADF, Mr. Hellweg

was an officer in the U.S. Navy from 1980 to 1987. During that time, he served tours as a helicopter pilot in the Atlantic Fleet and as an instructor pilot. Mr. Hellweg holds a B.S. degree in Engineering from the University of Nebraska. He is a past member of the Board of the Springfield Area Chamber of Commerce, the Springfield Area Arts Council, and the Springfield Symphony. Mr. Hellweg brings to the Board strong organizational and leadership skills, a strong managerial experience and knowledge and deep ties in the local community.

John F. Griesemer is Executive Vice President, Chief Operations Officer and member of the Board of Directors of Springfield Underground, Inc. Springfield Underground, Inc. is a privately held construction materials supplier and real estate developer in the Springfield, Missouri area. Mr. Griesemer also serves as President of Joplin Stone Company, Joplin, Missouri and Cold Zone, Inc. both wholly owned subsidiaries of Springfield Underground, Inc. He previously served as an Area Manager and General Manager of Springfield Underground, Inc. related companies and as a management trainee with Vulcan Materials Company in Northern Virginia. Mr. Griesemer holds a B.S. degree in Industrial Management and Engineering from Purdue University. He is the Chairman of the Board of Mercy Hospital of Springfield and a member of the Mercy Children's Hospital board. He is a past Member of the Board of Catholic Campus Ministries, Missouri Limestone Producers, Junior Achievement of the Ozarks, Springfield Business and Development Corporation and Ozark Technical Community College Foundation. Mr. Griesemer brings to the Board a strong organizational and leadership background, management experience and deep ties in the local community.

James L. Sivils, III, JD, is the CEO of Environmental Works, Inc. a Springfield Missouri based environmental consulting firm. Mr. Sivils worked as an attorney from 1990-1993 and as a Real Estate Developer and Broker from 1993 to date. Mr. Sivils holds a J.D. degree from the University of Missouri – Kansas City Law School and a B.A. degree from the University of Missouri – Columbia. Mr. Sivils is a member and past Chapter Chair of the Ozarks Chapter of the Young Presidents Organization. Mr. Sivils legal background and knowledge and experience with real estate matters make him a valuable resource to the Board.

David T. Moore is President, Chief Executive Officer, and member of the Board of Directors of Paul Mueller Company. Paul Mueller Company is a publicly held manufacturer of milk cooling equipment and processing equipment headquartered in Springfield, Missouri. Mr. Moore has worked at Paul Mueller Company since 2002, serving as the President since 2011. Additionally, he has been a member of the company's Board of Directors since 1997. Prior to joining Paul Mueller Company, Mr. Moore was Vice President of Product Development at Corporate Document Systems, a computer software company, for six years. Mr. Moore holds an MBA from The University of Chicago - Booth School of Business and a B.A. from Middlebury College. Mr. Moore is a valuable asset to the Board due to his significant experience in public company management, corporate governance, business acquisition and integration, and information and technology development. In addition, Mr. Moore has long-term personal and business ties to the local community.

Don M. Gibson was elected as President and Chief Executive Officer of the Company in January 2002 and served in such capacities until his retirement at the end of February 2005. Mr. Gibson also served as President and Chief Executive Officer of the Bank from January 2002 until the appointment of Shaun A. Burke on March 9, 2004 to serve in such capacity. Mr. Gibson has served as Chairman of the Board for the Company and the Bank since March 2005. Prior to joining the Company, Mr. Gibson was a retired banking executive. From March 2000 to July 2000 Mr. Gibson was President of Sinclair National Bank, Gravette, Arkansas. Prior to that, Mr. Gibson was at Great Southern Bank, a subsidiary of Great Southern Bancorp, Inc., Springfield, Missouri, holding various positions since September 1975 with his last being Vice Chairman. Mr. Gibson's 54 plus years of banking industry experience, knowledge of public company organizational issues and his community and civic experience make him a valuable resource to the Board.

Tim Rosenbury, AIA, is Executive Vice President and Chairman of Butler, Rosenbury & Partners, Inc., an architecture, engineering, and planning firm in Springfield, Missouri, and he has held these positions since 1997. Mr. Rosenbury joined the firm in 1984 after practicing in Memphis, Tennessee. He graduated with a B.Arch. from Mississippi State University in 1980, which in 1999 awarded him the designation of Alumni Fellow. He is a member of a number of professional and civic organizations, for many of which he has held leadership positions, including Chairman of the Springfield Area Chamber of Commerce and currently, Vice President of the Board of Education for Springfield Public Schools. Mr. Rosenbury brings to the Board strong community leadership and significant experience in general business and real estate management.

Director Independence

The Board has determined that all of the directors, except for Mr. Burke who is an executive officer of the Company, are “independent directors” as that term is defined in Rule 5605(a) (2) of the Marketplace Rules of The Nasdaq Stock Market (“Nasdaq”). These directors constitute a majority of the Board.

Board Leadership Structure

Throughout its history, the Company has kept the positions of Chairman of the Board and Chief Executive Officer separate. Currently, Mr. Gibson holds the position of Chairman of the Board and Mr. Burke holds the position of Chief Executive Officer. Mr. Gibson is considered to be “independent” according to NASDAQ listing requirements.

The Board believes that having separate positions and having an independent outside director serve as Chairman is the appropriate leadership structure for the Company at this time and demonstrates our commitment to good corporate governance. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairman to lead the Board in its fundamental role of providing advice to and independent oversight of management. We believe that having an independent Chairman eliminates the conflicts of interest that may arise when the positions are held by one person. In addition, this leadership structure allows the Board to more effectively monitor and evaluate the performance of our Chief Executive Officer.

Board’s Role in Risk Oversight

It is necessary to effectively manage risk when managing and operating every financial institution. We face a number of risks, including but not limited to, general economic risks, credit risks, regulatory risks, audit risks, reputational risks, and business competition. Management is responsible for the day-to-day management of risks the Company faces, while the Board, as a whole and through its committees, has responsibility for the general oversight of risk management. In its role of risk oversight, the Board has the responsibility to satisfy itself that the risk management processes and procedures designed and implemented by management are appropriate and functioning as designed.

While the full Board is charged with ultimate oversight responsibility for risk management, various committees of the Board and members of management also have specific responsibilities with respect to our risk oversight. Each Board committee has been assigned oversight responsibility for specific areas of risk and risk management, and each committee considers risks within its areas of responsibility. Each of these committees receives regular reports from management regarding our risks and reports regularly to the Board concerning risk.

We believe that providing for full and open communication between management and the Board is essential for effective risk management and oversight. Certain senior management personnel, consistent with their specific areas of responsibility, attend Board meetings and/or Board committee meetings on a regular and consistent basis. We have regular and ongoing reporting and communication mechanisms in place to ensure that oversight is effective.

Meetings and Committees of the Board of Directors

The business of the Company is conducted at regular and special meetings of the full Board of Directors and its standing committees. The standing committees consist of the Executive, Audit, Compensation, Investment, Nominating and Special. During the twelve months ended December 31, 2014, the Board held twelve regular meetings and one special meeting. No director attended less than 75% of those meetings and the meetings held by all committees of the Board of Directors on which he served.

Although the Company does not have a formal policy regarding director attendance at the Company's annual stockholders meeting, all directors are expected to attend these annual meetings absent extenuating circumstances. All current directors attended the Company's annual meeting of stockholders held on May 28, 2014.

Stockholder Communications with Directors

Stockholders and other interested persons who wish to communicate with the board of directors of the Company, or any individual director, should send their written correspondence by mail to: Don M. Gibson, Chairman of the Board, Guaranty Federal Bancshares, Inc., 1341 West Battlefield, Springfield, Missouri 65807.

Audit Committee

The Company has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee of the Board currently consists of five directors: Messrs. Batten, Hellweg, Rosenbury, Moore and Sivils, each of whom is an "independent director" as defined under the NASDAQ listing standards and the criteria for independence set forth in Rule 10A-3 of the Securities Exchange Act of 1934. The Board has determined that Mr. Batten qualifies as an Audit Committee Financial Expert, as defined in the rules and regulations of the SEC. This standing committee, among other things, (i) regularly meets with the internal auditor to review audit programs and the results of audits of specific areas as well as other regulatory compliance issues, (ii) meets at least annually in executive session with the Company's independent auditors to review the results of the annual audit and other related matters, and (iii) meets quarterly with management and the independent auditors to review the Company's financial statements and significant findings based on the independent auditor's review. The Audit Committee is responsible for hiring, retaining, compensating and terminating the Company's independent auditors. The Audit Committee operates under a written charter adopted by the Company's Board of Directors. A copy of the Audit Committee Charter is included as Appendix B to this Proxy Statement.

During the twelve months ended December 31, 2014, the Audit Committee met six times.

Nominating Committee

The Nominating Committee of the Board is composed of four or more directors as appointed by the Board, each of whom are required to be an “independent director” as defined under the NASDAQ listing standards. Currently, the Nominating Committee consists of four directors, Messrs. Rosenbury, Sivils, Moore and Gibson, each of whom is an “independent director.” During the twelve months ended December 31, 2014, the Nominating Committee met three times. The Nominating Committee operates under a formal written charter adopted by the Board of Directors. A copy of the Nominating Committee Charter was included as Appendix A to the Proxy Statement prepared in connection with the annual meeting of stockholders held on May 28, 2014.

The Nominating Committee is responsible for identifying individuals qualified to serve as members of the Board and recommending to the Board the director nominees for election and appointment to the Board, as well as director nominees for each of the committees of the Board. In accordance with its charter, the Nominating Committee recommends candidates (including incumbent nominees) based on the following criteria: business experience, education, integrity and reputation, independence, conflicts of interest, diversity, age, number of other directorships and commitments (including charitable obligations), tenure on the Board, attendance at Board and committee meetings, stock ownership, specialized knowledge (such as an understanding of banking, accounting, marketing, finance, regulation and public policy) and a commitment to the Company’s communities and shared values, as well as overall experience in the context of the needs of the Board as a whole. The Committee monitors the mix of skills and experience of its directors and committee members in order to assess whether the Board has the appropriate tools to perform its oversight function effectively. While we do not have a separate diversity policy, the Nominating Committee does consider the diversity of its directors and nominees in terms of knowledge, experience, skills, expertise, and other demographics which may contribute to the Board.

With respect to nominating existing directors, the Nominating Committee reviews relevant information available to it and assesses their continued ability and willingness to serve as a director. The Nominating Committee will also assess such person's contribution in light of the mix of skills and experience the Nominating Committee has deemed appropriate for the Board as a whole. With respect to nominations of new directors, the Nominating Committee will conduct a thorough search to identify candidates based upon criteria the Nominating Committee deems appropriate and considering the mix of skills and experience necessary to complement existing members of the Board. The Nominating Committee will then review selected candidates and make its recommendation to the Board.

Nominations by a stockholder will be considered by the Nominating Committee if such nomination is written and delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Company between 30 and 60 days prior to the meeting at which such nominee may be considered. However, if less than 31 days' notice of the meeting is given by the Company to stockholders, written notice of the stockholder nomination must be given to the Secretary of the Company as provided above no later than the tenth day after notice of the meeting was mailed to stockholders. A nomination must set forth, with respect to the nominee, (i) name, age, and addresses, (ii) principal occupation or employment, (iii) Common Stock beneficially owned, and (iv) other information that would be required in a proxy statement. The stockholder giving notice must list his or her name and address, as they appear on the Company's books, and the amount of Common Stock beneficially owned by him or her. In addition, the stockholder making such nomination must promptly provide to the Company any other information reasonably requested by the Company. Nominations from stockholders will be considered and evaluated using the same criteria as all other nominations.

Compensation Committee

The Board of Directors of the Company and the Board of Directors of the Bank are comprised of the same persons. The Compensation Committee of the Bank's Board of Directors, which consists solely of non-employee directors of the Bank, is comprised of Messrs. Hellweg, Batten, Moore and Griesemer. As indicated above, each of these committee members is an "independent director" as defined under the NASDAQ listing standards. The Company has no employees and relies on employees of the Bank for the limited services received by the Company. All compensation paid to executive officers of the Company is paid by the Bank.

The Compensation Committee, together with the full Board, is responsible for designing the compensation and benefit plans for all employees, executive officers and directors of the Company and the Bank, including the Chief Executive Officer, based on its review of performance measures, industry salary surveys and the recommendations of management concerning compensation (See "Report on Executive Compensation"). The Compensation Committee recommends adjustments to the compensation of the Chief Executive Officer and the other Named Executive Officers of the Company based upon its assessment of individual performance and the Bank's performance, and makes other

recommendations, when appropriate, to the full Board of Directors. Independent consultants may be engaged directly by the Compensation Committee to evaluate the Company's executive compensation. The Compensation Committee, together with the full Board, determines the compensation of all other officers. The Compensation Committee may delegate its authority to a subcommittee of the Compensation Committee.

During the twelve months ended December 31, 2014, the Compensation Committee met three times. The Compensation Committee operates under a formal written charter adopted by the Company's Board of Directors. A copy of the Compensation Committee Charter was included as Appendix B to the Proxy Statement prepared in connection with the annual meeting of stockholders held on May 28, 2014.

REPORT OF THE COMPENSATION COMMITTEE

Compensation Committee Interlocks and Insider Participation

Since August 2002, the Compensation Committee of the Board has consisted of non-employee directors of the Bank. Prior to March 2005, Mr. Gibson served as the President and Chief Executive Officer of the Company and the Bank, but during 2014 he was not a member of the Compensation Committee. In addition, Mr. Burke, the current President and Chief Executive Officer of the Company and the Bank, did not serve as a member of the Compensation Committee during 2014. No executive officer of the Company served on the compensation committee or board of directors of any company that employed any member of the Company's Compensation Committee or Board of Directors.

COMPENSATION DISCUSSION AND ANALYSIS

Overall Compensation Philosophy and Objectives

The Compensation Committee, together with the full Board, has designed the compensation and benefit plans for all employees, executive officers and directors in order to attract and retain individuals who have the skills, experience and work ethic to provide a coordinated work force that will effectively and efficiently carry out the policies adopted by the Board and to manage the Company and the Bank to meet the Company's mission, goals and objectives.

To determine the compensation of executive officers and directors, the Compensation Committee reviews industry compensation statistics based on our asset size, makes cost of living adjustments, and establishes salary ranges for each executive officer and fees for the Board. The Compensation Committee then reviews (i) the financial performance of the Bank over the most recently completed fiscal year (including Return on Assets, Return on Equity, asset quality, etc.) compared to results at comparable companies within the industry, and (ii) the responsibilities and performance of each executive officer and the salary compensation levels of each executive officer compared to like positions at comparable companies within the industry. The Compensation Committee evaluates all factors subjectively in the sense that they do not attempt to tie any factors to a specific level of compensation.

The Compensation Committee offers long-term incentives for executive officers and other management personnel primarily in the form of stock option and restricted stock awards. We believe that our stock award programs are an important component of compensation to attract and retain talented executives, provide an incentive for long-term corporate performance, and to align the long-term interests of executives and stockholders.

All executive officers may participate on an equal, non-discriminatory basis in the Bank's contributory 401(k) tax-deferred savings plan, medical insurance plan, long-term disability plan and group life insurance plan. The Compensation Committee of the Bank recommends all compensation and benefit plans to the full Board for approval annually.

Executive Compensation Philosophy and Objectives

The Compensation Committee is guided by the following four key principles in determining the compensation of the Company's executive officers:

Competition. The Committee believes that compensation should reflect the competitive marketplace, so the Company can attract, retain and motivate talented personnel.

Accountability for Business Performance. Compensation should be tied in part to the Company's financial performance, so that executives are held accountable through their compensation for the performance of the Company.

Accountability for Individual Performance. Compensation should be tied in part to the individual's performance to reflect individual contributions to the Company's performance.

Alignment with Stockholder Interests. Compensation should be tied in part to the Company's stock performance through long-term incentives such as restricted stock and the ESOP, to align the executive's interests with those of the Company's stockholders.

Report of Executive Compensation

The compensation of the Chief Executive Officer (the "CEO") and other Named Executive Officers (or "NEOs") is recommended by the Compensation Committee with final approval from the full Board. The CEO is not a member of the Compensation Committee and does not attend any Compensation Committee meetings unless specifically requested to do so by the Chairman of the Compensation Committee. The CEO may act as a key discussion partner with the Compensation Committee members to provide information regarding business context, the market environment and our strategic direction. The CEO also provides recommendations to the Compensation Committee on individual performance evaluations and compensation for the NEOs, other than himself. The Compensation Committee strives to provide total compensation that is aligned and competitive with compensation data compiled by its compensation consultant based on a peer group of selected publicly-traded companies within the banking industry, a similar geographic location and with comparable financial performance. The peer group provides a reference point when making pay decisions and benchmarking short-term and long-term incentive plan awards and mechanics. The compensation packages reflect a range based on this analysis, augmented by the performance of the individual executive officer and the Company. Grants under the various equity plans described below provide long-term incentive to stay with the Company, but should not replace, or override, maintenance of the compensation range established from the peer group.

ChaseCompGroup, LLC ("Chase") served as the Compensation Committee's independent compensation consultant during 2014. They report directly to the Compensation Committee and do not provide services to, or on behalf of, any other part of the Company's business. Major services provided by Chase included: (1) assisting in the development of the Bank's peer group; (2) evaluating executive officer compensation to like positions in the peer group, providing analysis on the data, and recommending compensation elements, including overall compensation philosophy, base salary, annual incentive compensation, long-term incentives and perquisites; (3) providing peer data analysis for director compensation; and (4) providing regulatory updates. Other than as described herein, the Bank did not give any specific direction to the compensation consultant about the peer group or the results reported.

The Compensation Committee has reviewed all components of the CEO's and the other NEOs compensation, including salary, bonus, accumulated and realized and unrealized stock options and compensation under the Company's ESOP. Based on this review, the Committee finds the CEO's and other NEOs total compensation in the aggregate to be reasonable and not excessive. It should be noted that when the Compensation Committee considers any component of the CEO's and NEOs total compensation, the aggregate amounts and mix of all the components,

including accumulated and realized and unrealized stock options and compensation under the Company's ESOP, are taken into consideration in the Committee's decisions.

COMPENSATION COMMITTEE REPORT

The Compensation Committee reviewed and discussed the Compensation Discussion and Analysis included in this Statement with management. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Statement for filing with the SEC.

In view of the current economic and financial environment, , the Compensation Committee of the Board of Directors has reviewed the design and operation of the Company's incentive compensation arrangements, including the performance objectives and target levels used in connection with incentive awards and evaluated the relationship between the Company's risk management policies and practices and these arrangements. The Compensation Committee's review was designed to assess whether any aspect of the compensation program would encourage any of the Company's executives to take any unnecessary or inappropriate risks that could threaten the value of the Company or the Bank.

The Committee members identified the risks that the Company faces that could threaten its value. These risks include but are not limited to the following:

- Credit risk
- Liquidity risk
- Interest rate risk
- Market risk
- Operation/transactional risk
- Fiduciary/litigation risk
- Compliance risk
- Environmental risk
- Reputation risk
- Financial risk
- Fraud risk

The Compensation Committee also reviewed and discussed materials on compensation risk assessment, including information on executive compensation design and administrative features that could induce excessive risk taking. In this regard, the performance objectives contained in our annual incentive compensation plan have been balanced with those contained in our long-term incentive compensation plan to ensure that both are aligned and consistent with our long-term business plan, our mix of equity-based awards has been allocated to ensure an appropriate combination of incentive and retention objectives, and our stock ownership guidelines have been established to ensure that the interests of our Senior Executive Officers have been aligned with the interests of our stockholders.

THE COMPENSATION COMMITTEE

James R. Batten Kurt D. Hellweg

John F. Griesemer David T. Moore

Summary Compensation Table

The following table sets forth information with respect to the compensation awarded to, paid to or earned for the periods indicated by the CEO, the Chief Financial Officer (“CFO”), the Chief Lending Officer (“CLO”), the Chief Credit Officer (“CCO”) and the Chief Operating Officer (“COO”). These executive officers are collectively referred to as the NEOs. During the fiscal year ended December 31, 2014, no other person served as the CEO or CFO of the Company, and no other executive officer received annual compensation that exceeded \$100,000. Ms. Robin Robeson, the Bank’s Chief Operating Officer, began her employment on July 30, 2012 and thus, only a partial year is presented.

Name and Principal Position	Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option Awards	Non-Equity Nonqualified All Incentive Plan Deferred Other Compensation Compensation Compensation			
Shaun A. Burke	2014	\$ 300,600	\$ 31,796	\$ 60,422	\$ -	\$ -	-	\$ 19,152	(4)
President/CEO	2013	300,600	-	-	-	-	-	14,536	(4)
	2012	300,600	-	47,635	-	-	-	19,998	(4)
Carter Peters	2014	180,000	17,990	21,006	-	-	-	12,266	(5)
EVP/CFO	2013	180,000	10,503	-	-	-	-	11,714	(5)
	2012	179,583	-	23,795	-	-	-	16,625	(5)
H.Michael Mattson	2014	164,625	10,235	26,937	-	-	-	11,316	(6)
EVP/CLO	2013	159,958	13,469	-	-	-	-	11,631	(6)
	2012	153,667	-	20,644	-	-	-	13,112	(6)
Sheri Biser	2014	149,638	10,196	24,496	-	-	-	5,986	(7)
EVP/CCO	2013	145,263	12,248	-	-	-	-	5,811	(7)
	2012	140,708	-	18,924	-	-	-	9,142	(7)
Robin Robeson	2014	176,583	23,580	32,116	-	-	-	7,063	(8)
EVP/COO	2013	171,833	16,058	-	-	-	-	6,873	(8)
	2012	72,024	-	17,675	-	-	-	1,700	(8)

(1) No director fees were paid to Mr. Burke for any of the years presented.

(2) Cash bonuses were awarded to NEOs for 2014 and 2012 in accordance with established Executive Incentive Compensation Annual Plans.

(3)

This column represents compensation related to restricted stock awards granted in 2014 and 2012. Amounts for 2012 represent the aggregate grant date fair value computed in accordance with Accounting Standards Codification Topic 718 (“ASC Topic 718”) of time-vested restricted stock granted. No assumptions were necessary to determine the fair value. The number of shares and grant price of restricted stock awarded to each of the executives was as follows: Mr. Burke: 2014 – 5,543 shares at a per share grant price of \$10.90; 2012 - 5,427 and 1,006 shares at a per share grant price of \$7.25 and \$8.24, respectively; Mr. Peters: 2014 – 1,927 shares at a per share grant price of \$10.90; 2012 - 3,282 shares at a per share grant price of \$7.25; Mr. Mattson: 2014 – 2,471 shares at a per share grant price of \$10.90; 2012 - 2,419 and 377 shares at a per share grant price of \$7.25 and \$8.24, respectively; Ms. Biser: 2014 – 2,247 shares at a per share grant price of \$10.90; 2012 - 2,217 and 346 shares at a per share grant price of \$7.25 and \$8.24, respectively; and Ms. Robeson: 2014 – 2,946 shares at a per share grant price of \$10.90; 2012 - 2,500 shares at a per share grant price of \$7.07. The 2014 restricted stock grants cliff vest three years after the grant date. The 2012 restricted stock grants cliff vest two years after the grant date, except for the grants to Mr. Burke, which cliff vest three years after the grant date.

(4) Amount includes payments of \$9,148, \$8,948 and \$8,470 in 2014, 2013 and 2012, respectively, to Mr. Burke for the Company’s 401(k) matching contribution and payments of \$10,004, \$5,588 and \$5,513, respectively, for country club dues. It also includes contributions of Company shares of Common Stock allocated under the ESOP to Mr. Burke in 2012; 873 shares at a per share price of \$6.89.

(5) Amount includes payments of \$7,620, \$7,200 and \$7,501 in 2014, 2013 and 2012, respectively, to Mr. Peters for the Company’s 401(k) matching contribution and payments of \$4,646, \$4,514 and \$4,439, respectively, for country club dues. It also includes contributions of Company shares of Common Stock allocated under the ESOP to Mr. Peters in 2012; 680 shares at a per share price of \$6.89.

(6) Amount includes payments of \$6,585, \$6,398 and \$4,732 in 2014, 2013 and 2012, respectively, to Mr. Mattson for the Company’s 401(k) matching contribution and payments of \$4,731, \$5,233 and \$4,542, respectively, for country club dues. It also includes contributions of Company shares of Common Stock allocated under the ESOP to Mr. Mattson in 2012; 557 shares at a per share price of \$6.89.

(7) Amount includes payments of \$5,986, \$5,811 and \$5,628 in 2014, 2013 and 2012, respectively, to Ms. Biser for the Company’s 401(k) matching contribution. It also includes contributions of Company shares of Common Stock allocated under the ESOP to Ms. Biser in 2012; 510 shares at a per share price of \$6.89.

(8) Amount includes payments to Ms. Robeson of \$7,063, \$6,873 and \$1,700 in 2014, 2013 and 2012, respectively, for the Company’s 401(k) matching contribution.

Employment Agreements, Potential Payments Upon Termination or Change-in-Control

On March 24, 2014, the Company entered into Employment Agreements with the NEOs. Each employment agreement has a term of one year, unless further extended or earlier terminated pursuant to its terms, and sets forth a minimum base salary payable to the officer and provides that the officer is eligible to participate in the Company's bonus, incentive, retirement, health and other insurance benefit plans made available to executive-level employees.

Each employment agreement obligates the Company to pay the officer severance in the event the officer's employment is terminated by the Company without cause. In the event of the officer's involuntary termination without cause prior to a change in control of the Company (as defined in the employment agreement), each officer other than Mr. Burke would receive 6 months base pay. Mr. Burke would receive 12 months base pay. Such severance would be made in periodic installments and is conditioned upon the officer executing a release and waiver of claims in favor of the Company.

In the event of involuntary termination without cause within 12 months after a change in control of the Company, each officer other than Mr. Burke would receive 12 months base pay. Mr. Burke would receive 24 months base pay. Such severance would be made in a single lump sum and is conditioned upon the officer executing a release and waiver of claims in favor of the Company.

As a condition of entering into the employment agreement, each officer has agreed not to divulge any confidential information during his or her employment or to solicit the Company's employees or customers for a period of 12 months (24 months in the case of Mr. Burke) following the officer's termination of employment.

Additionally, on March 2, 2015, the Company entered into incentive compensation arrangements with respect to bonuses payable in 2015 for the NEOs, which are further discussed below.

The Compensation Committee approved an incentive compensation plan for Mr. Burke, for 2015. Pursuant to this plan, a maximum amount of 50% of base pay may be paid to Mr. Burke, with the amount of bonus being based on three possible levels of incentive awards: threshold (25%); target (50%); and maximum (100%). Fifty percent of the bonus amount will be paid in cash and fifty percent will be paid in the form of restricted stock grants subject to a three year vesting period. For any amount to be paid, the threshold level of performance must be achieved. The four performance measurements of the Company (and the weight given to each measurement) applicable to each award level are as follows: (i) revenue growth (20%); (ii) net interest margin (20%); (iii) pre-tax net income (40%); and (iv) non-performing assets to average total assets (20%). Certain criteria, however, must be satisfied before an award is paid under this plan.

The Compensation Committee approved an incentive compensation arrangement with respect to Mr. Peters, the Company's Chief Financial Officer, for 2015. Pursuant to this plan, a maximum amount of 40% of base pay may be paid to Mr. Peters, with the amount of bonus being based on three possible levels of incentive awards: threshold (25%); target (50%); and maximum (100%). Fifty percent of the bonus amount will be paid in cash and fifty percent will be paid in the form of restricted stock grants subject to a three year vesting period. For any amount to be paid under this plan, the threshold level of performance must be achieved. The four performance measurements of the Company (and the weight given to each measurement) applicable to each award level are as follows: (i) revenue growth (30%); (ii) net interest margin (20%); (iii) efficiency ratio (20%); and (iv) pre-tax net income (30%). Certain criteria, however, must be satisfied before an award is paid under this plan.

The Compensation Committee approved an incentive compensation arrangement with respect to Ms. Robeson, the Company's Chief Operating Officer, for 2015. Pursuant to this plan, a maximum amount of 40% of base pay may be paid to Ms. Robeson, with the amount of bonus being based on three possible levels of incentive awards: threshold (25%); target (50%); and maximum (100%). Fifty percent of the bonus amount will be paid in cash and fifty percent will be paid in the form of restricted stock grants subject to a three year vesting period. For any amount to be paid under this plan, the threshold level of performance must be achieved. The four performance measurements of the Company (and the weight given to each measurement) applicable to each award level are as follows: (i) revenue growth (30%); (ii) net interest margin (20%); (iii) efficiency ratio (20%); and (iv) pre-tax net income (30%). Certain criteria, however, must be satisfied before an award is paid under this plan.

The Compensation Committee approved an incentive compensation arrangement with respect to Mr. Mattson, the Company's Chief Lending Officer, for 2015. Pursuant to this plan, a maximum amount of 40% of base pay may be paid to Mr. Mattson, with the amount of bonus being based on three possible levels of incentive awards: threshold (25%); target (50%); and maximum (100%). Fifty percent of the bonus amount will be paid in cash and fifty percent will be paid in the form of restricted stock grants subject to a three year vesting period. For any amount to be paid under this plan, the threshold level of performance must be achieved. The four performance measurements of the Company (and the weight given to each measurement) applicable to each award level are as follows: (i) revenue growth (20%); (ii) net interest margin (20%); (iii) pre-tax net income (30%), and (iv) non-performing assets to average total assets (30%). Certain criteria, however, must be satisfied before an award is paid under this plan.

The Compensation Committee approved an incentive compensation arrangement with respect to Ms. Biser, the Company's Chief Credit Officer, for 2015. Pursuant to this plan, a maximum amount of 40% of base pay may be paid to Ms. Biser, with the amount of bonus being based on three possible levels of incentive awards: threshold (25%); target (50%); and maximum (100%). Fifty percent of the bonus amount will be paid in cash and fifty percent will be paid in the form of restricted stock grants subject to a three year vesting period. For any amount to be paid under this plan, the threshold level of performance must be achieved. The four performance measurements of the Company (and the weight given to each measurement) applicable to each award level are as follows: (i) revenue growth (20%); (ii) net interest margin (20%); (iii) pre-tax net income (30%); and (iv) non-performing assets to average total assets (30%). Certain criteria, however, must be satisfied before an award is paid under this plan.

Outstanding Equity Awards at Fiscal Year End 2014

The following table summarizes the option and stock awards the Company has made to the NEOs which were outstanding as of December 31, 2014.

Name and Principal Position	OPTION AWARDS			STOCK AWARDS				
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Option Exercise Price	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value Unearned of Shares, Units or Other Rights That Have Not Vested (\$)(10)
Shaun A. Burke President/CEO(4)	10,000	-	-	\$ 23.20	3/17/2015	11,976 (5)	\$ 157,724	
	10,000	-	-	28.12	12/22/2015			
	10,000	-	-	28.43	1/3/2017			
	10,000	-	-	28.78	1/2/2018			
Carter Peters EVP/CFO	10,000	-	-	25.59	8/8/2015	1,927 (6)	\$ 25,379	
	5,000	-	-	28.78	1/2/2018			
	5,000	-	-	5.30	1/2/2019			
	4,000	1,000	(1)	5.08	1/4/2020			
H. Michael Mattson	10,000	-	-	28.00	6/27/2016	2,471 (7)	\$ 32,543	

EVP/CLO	5,000	-	-	28.78	1/2/2018			
	-	1,000	(2)	5.08	1/4/2020			
Sheri Biser	1,500	-	-	5.40	2/9/2019	2,247	(8)	\$ 29,593
EVP/CCO	4,000	1,000	(3)	5.08	1/4/2020			
Robin Robeson	-	-	-	-	-	2,946	(9)	\$ 38,799
EVP/COO								

(1) Unexercisable options vest as follows: 1,000 - 1/4/15

(2) Unexercisable options vest as follows: 1,000 - 1/4/15

(3) Unexercisable options vest as follows: 1,000 - 1/4/15

Shares of stock purchased pursuant to options granted to Mr. Burke in 2005 (20,000 shares) are subject to a 5-year (4) holding period upon vesting and exercise, unless the employment relationship between the Company and him is terminated.

(5) Restricted stock awards vest as follows: 5,427 – 1/27/15; 1,006 – 4/26/15; 5,543 – 2/3/17

(6) Restricted stock awards vest as follows: 1,927 – 2/3/17

(7) Restricted stock awards vest as follows: 2,471 – 2/3/17

(8) Restricted stock awards vest as follows: 2,247 – 2/3/17

(9) Restricted stock awards vest as follows: 2,946 – 2/3/17

(10) Represents aggregate unvested stock awards at a per share price of \$13.17

Directors' Compensation

During 2014, each non-employee member of the Board received cash compensation from the Bank of \$750 per each Bank board meeting attended, payable monthly. In addition to the cash compensation, each non-employee member of the Board receives equity compensation from the Company. Directors will receive fees for committee memberships or attendance at committee meetings comprised of \$200 per meeting for the Executive, Audit and Compensation Committees and \$125 per meeting for any other committee. The Chairman of the Board, Executive, Audit and Compensation Committees receives an additional \$170 monthly fee in addition to the regular per meeting fee.

Directors can participate in the Company's 2010 Equity Plan. During fiscal years 2014, 2013 and 2012, restricted stock awards of 1,606, 2,072, and 2,315, respectively, were granted to each independent, non-employee director to provide equity compensation from the Company. Annual equity compensation is determined at the discretion of the Compensation Committee.

The following table sets forth information with respect to the compensation received in fiscal years 2014, 2013, and 2012 for serving as a director of the Company and the Bank.

Name	Year	Fees		Total Compensation
		Earned	Stock Awards	
	or Paid in	Cash (\$)	(\$)(1)	(\$)
Don Gibson	2014	\$11,615	\$17,505	\$ 29,120
	2013	12,535	14,504	27,039
	2012	9,905	13,751	23,656
Jack Barham	2014	875	-	875
	2013	13,250	14,504	27,754
	2012	12,000	13,751	25,751
James Batten	2014	12,640	17,505	30,145
	2013	14,270	14,504	28,774