CONSUMERS BANCORP INC /OH/
Form 10-Q
February 17, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15 (d) or the Securities Exchange Act of 1934

For the quarterly period ended December 31, 2014

Or

¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the transition period from To

Commission File No. 033-79130

CONSUMERS BANCORP, INC.

(Exact name of registrant as specified in its charter)

OHIO (State or other jurisdiction of incorporation or organization)	34-1771400 (I.R.S. Employer Identification No.)
614 East Lincoln Way, P.O. Box 256, Minerva, Ohio (Address of principal executive offices)	44657 (Zip Code)

(330) 868-7701

(Registrant's telephone number)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, no par value	Outstanding at February 13, 2015
	2,731,612 Common Shares

CONSUMERS BANCORP, INC.

FORM 10-Q

QUARTER ENDED December 31, 2014

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PART I – FINANCIAL INFORMATION

Item 1 – Financial Statements

CONSUMERS BANCORP, INC.

CONSOLIDATED BALANCE SHEETS (Unaudited)

(Dollars in thousands, except per share data)	December 31, 2014	June 30, 2014
ASSETS		
Cash on hand and noninterest-bearing deposits in financial institutions	$ 8,487	$9,049
Federal funds sold and interest-bearing deposits in financial institutions	3,543	2,076
Total cash and cash equivalents	12,030	11,125
Certificates of deposit in other financial institutions	5,456	2,703
Securities, available-for-sale	132,342	126,393
Securities, held-to-maturity (fair value of $3,726 at December 31, 2014 and $3,040 at June 30, 2014)	3,690	3,000
Federal bank and other restricted stocks, at cost	1,396	1,396
Loans held for sale	625	559
Total loans	228,074	224,966
Less allowance for loan losses	(2,452)	(2,405)
Net loans	225,622	222,561
Cash surrender value of life insurance	6,531	5,967
Premises and equipment, net	9,112	6,713
Other real estate owned	54	204
Accrued interest receivable and other assets	1,489	1,856
Total assets	$ 398,347	$382,477
LIABILITIES		
Deposits		
Non-interest bearing demand	$ 83,635	$75,353
Interest bearing demand	44,572	42,718
Savings	128,498	125,151
Time	67,933	70,675
Total deposits	324,638	313,897
Short-term borrowings	16,435	19,489
Federal Home Loan Bank advances	12,768	6,296
Accrued interest and other liabilities	3,185	2,592
Total liabilities	357,026	342,274
Commitments and contingent liabilities	—	—
SHAREHOLDERS' EQUITY		
Preferred stock (no par value, 350,000 shares authorized, none outstanding)	—	—
	14,630	14,630

Common stock (no par value, 3,500,000 shares authorized; 2,854,133 shares issued as of December 31, 2014 and June 30, 2014)		
Retained earnings	26,850	25,940
Treasury stock, at cost (122,521 and 129,875 common shares as of December 31, 2014 and June 30, 2014, respectively)	(1,652)	(1,650)
Accumulated other comprehensive income	1,493	1,283
Total shareholders' equity	41,321	40,203
Total liabilities and shareholders' equity	$ 398,347	$382,477

See accompanying notes to consolidated financial statements

CONSUMERS BANCORP, INC.

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands, except per share amounts)	Three Months ended December 31, 2014	2013	Six Months ended December 31, 2014	2013
Interest income				
Loans, including fees	$ 2,728	$ 2,645	$ 5,432	$ 5,312
Securities, taxable	496	413	959	694
Securities, tax-exempt	342	344	694	672
Federal funds sold and other interest bearing deposits	19	9	33	21
Total interest income	3,585	3,411	7,118	6,699
Interest expense				
Deposits	182	199	372	398
Short-term borrowings	8	6	15	12
Federal Home Loan Bank advances	47	41	95	91
Total interest expense	237	246	482	501
Net interest income	3,348	3,165	6,636	6,198
Provision for loan losses	57	35	124	168
Net interest income after provision for loan losses	3,291	3,130	6,512	6,030
Non-interest income				
Service charges on deposit accounts	320	336	640	699
Debit card interchange income	230	225	459	439
Bank owned life insurance income	44	45	88	91
Securities gains, net	85	32	122	32
Gain on disposition of other real estate owned	—	—	22	—
Other	114	99	253	171
Total non-interest income	793	737	1,584	1,432
Non-interest expenses				
Salaries and employee benefits	1,699	1,569	3,416	3,129
Occupancy and equipment	367	328	735	644
Data processing expenses	141	139	283	277
Professional and director fees	121	130	218	241
FDIC assessments	56	55	116	106
Franchise taxes	72	76	149	151
Marketing and advertising	54	67	120	132
Telephone and network communications	65	69	137	142
Debit card processing expenses	123	103	237	214
Other	363	388	722	737
Total non-interest expenses	3,061	2,924	6,133	5,773
Income before income taxes	1,023	943	1,963	1,689
Income tax expense	215	188	399	313

Net income	$ 808	$ 755	$ 1,564	$ 1,376
Basic and diluted earnings per share	$ 0.30	$ 0.28	$ 0.57	$ 0.51

See accompanying notes to consolidated financial statements

CONSUMERS BANCORP, INC.

Consolidated statements of comprehensive income (LOSS)

(Unaudited)

(Dollars in thousands)

	Three Months ended December 31,		Six Months ended December 31,	
	2014	2013	2014	2013
Net income	$ 808	$ 755	$ 1,564	$ 1,376
Other comprehensive income (loss), net of tax:				
Net change in unrealized gains (losses):				
Unrealized gains (losses) arising during the period	531	(595)	440	(293)
Reclassification adjustment for gains included in income	(85)	(32)	(122)	(32)
Net unrealized gain (losses)	446	(627)	318	(325)
Income tax effect	151	(214)	108	(111)
Other comprehensive income (loss)	295	(413)	210	(214)
Total comprehensive income	$ 1,103	$ 342	$ 1,774	$ 1,162

See accompanying notes to consolidated financial statements.

CONSUMERS BANCORP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Dollars in thousands, except per share data)

	Three Months ended December 31,		Six Months ended December 31,	
	2014	2013	2014	2013
Balance at beginning of period	$40,546	$37,872	$40,203	$28,143
Net income	808	755	1,564	1,376
Other comprehensive income (loss)	295	(413)	210	(214)
Issuance of 655,668 shares for rights and public offering, net of offering costs of $762	—	—	—	9,237
1,254 and 1,384 Dividend reinvestment plan shares associated with forfeited and expired restricted stock awards retired to treasury stock during the three and six months ended December 31, 2014, respectively	—	—	—	—
Common cash dividends	(328)	(328)	(656)	(656)
Balance at the end of the period	$41,321	$37,886	$41,321	$37,886
Common cash dividends per share	$0.12	$0.12	$0.24	$0.24

See accompanying notes to consolidated financial statements.

CONSUMERS BANCORP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in thousands)	Six Months Ended December 31,	
	2014	2013
Cash flows from operating activities		
Net cash from operating activities	$3,034	$2,495
Cash flow from investing activities		
Securities available-for-sale		
Purchases	(28,920)	(31,918)
Maturities, calls and principal pay downs	9,912	8,993
Proceeds from sales of available-for-sale securities	13,044	2,765
Securities held-to-maturity		
Purchases	(780)	—
Principal pay downs	90	—
Net (increase) decrease in certificates of deposits in other financial institutions	(2,753)	2,447
Net increase in loans	(3,185)	(3,660)
Purchase of Bank owned life insurance	(476)	—
Acquisition of premises and equipment	(2,698)	(869)
Disposal of premises and equipment	6	—
Proceeds from sale of other real estate owned	128	1
Net cash from investing activities	(15,632)	(22,241)
Cash flow from financing activities		
Net increase in deposit accounts	10,741	5,485
Net change in short-term borrowings	(3,054)	2,967
Net proceeds from rights and public offering	—	9,237
Proceeds from Federal Home Loan Bank advances	8,500	2,500
Repayments of Federal Home Loan Bank advances	(2,028)	(36)
Dividends paid	(656)	(656)
Net cash from financing activities	13,503	19,497
Increase (decrease) in cash or cash equivalents	905	(249)
Cash and cash equivalents, beginning of period	11,125	9,356
Cash and cash equivalents, end of period	$12,030	$9,107
Supplemental disclosure of cash flow information:		
Cash paid during the period:		
Interest	$480	$499
Federal income taxes	375	510

Non-cash items:		
Transfer from loans to repossessed assets	—	709
Expired and forfeited dividend reinvestment plan shares associated with restricted stock awards that were retired to treasury stock	2	—

See accompanying notes to consolidated financial statements.

Note 1 – Summary of Significant Accounting Policies:

Nature of Operations: Consumers Bancorp, Inc. (the Corporation) is a bank holding company headquartered in Minerva, Ohio that provides, through its banking subsidiary, Consumers National Bank (the Bank), a broad array of products and services throughout its primary market area of Stark, Columbiana, Carroll and contiguous counties in Ohio. The Bank's business involves attracting deposits from businesses and individual customers and using such deposits to originate commercial, mortgage and consumer loans in its primary market area.

Basis of Presentation: The consolidated financial statements for interim periods are unaudited and reflect all adjustments (consisting of only normal recurring adjustments), which, in the opinion of management, are necessary to present fairly the financial position and results of operations and cash flows for the periods presented. The unaudited financial statements are presented in accordance with the requirements of Form 10-Q and do not include all disclosures normally required by accounting principles generally accepted in the United States of America. The financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Corporation's Form 10-K for the year ended June 30, 2014. The results of operations for the interim period disclosed herein are not necessarily indicative of the results that may be expected for a full year.

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

Segment Information: The Corporation is a bank holding company engaged in the business of commercial and retail banking, which accounts for substantially all of the revenues, operating income, and assets. Accordingly, all of its operations are recorded in one segment, banking.

Reclassifications: Certain items in prior financial statements have been reclassified to conform to the current presentation. Any reclassifications had no impact on prior year net income or shareholders' equity.

Recently Issued Accounting Pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (a new revenue recognition standard)*. The Update's core principle is that a company will recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, this Update specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands disclosure requirements for revenue recognition. This Update is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Corporation is evaluating the effect of adopting this new accounting Update.

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CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Note 2 – Securities

Available –for-Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2014				
Obligations of U.S. government-sponsored entities and agencies	$ 17,384	$ 152	$ (24)	$ 17,512
Obligations of state and political subdivisions	44,930	1,071	(111)	45,890
Mortgage-backed securities – residential	63,129	957	(124)	63,962
Collateralized mortgage obligations	4,439	26	(3)	4,462
Trust preferred security	198	318	—	516
Total available-for-sale securities	$ 130,080	$ 2,524	$ (262)	$ 132,342

Held-to-Maturity	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
December 31, 2014				
Obligations of state and political subdivisions	$ 3,690	$ 36	$ —	$ 3,726

Available–for-Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2014				
Obligations of U.S. government-sponsored entities and agencies	$ 18,345	$ 126	$ (35)	$ 18,436
Obligations of state and political subdivisions	44,645	1,124	(257)	45,512
Mortgage-backed securities – residential	57,370	965	(231)	58,104
Collateralized mortgage obligations	3,887	42	—	3,929
Trust preferred security	202	210	—	412
Total available-for-sale securities	$ 124,449	$ 2,467	$ (523)	$ 126,393

Held-to-Maturity

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
June 30, 2014				
Obligations of state and political subdivisions	$3,000	$ 40	$ —	$3,040

Proceeds from the sales and calls of available-for-sale securities were as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Proceeds	$ 8,672	$ 2,765	$13,044	$2,765
Gross realized gains	154	33	191	33
Gross realized losses	69	1	69	1

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The income tax provision applicable to these net realized gains and losses was $29 and $42 for the three and six months ended December 31, 2014, respectively and $11 for the three and six months ended December 31, 2013.

The amortized cost and fair values of debt securities at December 31, 2014, by expected maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date, primarily mortgage-backed securities, collateralized mortgage obligations and the trust preferred security are shown separately.

Available-for-Sale	Amortized Cost	Fair Value
Due in one year or less	$3,309	$3,317
Due after one year through five years	10,534	10,612
Due after five years through ten years	32,514	33,114
Due after ten years	15,957	16,359
Total	62,314	63,402
Mortgage-backed securities – residential	63,129	63,962
Collateralized mortgage obligations	4,439	4,462
Trust preferred security	198	516
Total available-for-sale securities	$130,080	$132,342
Held-to-Maturity		
Due after five years through ten years	780	780
Due after ten years	2,910	2,946
Total held-to-maturity securities	$3,690	$3,726

The following table summarizes the securities with unrealized losses at December 31, 2014 and June 30, 2014, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

Available-for-sale	Less than 12 Months Fair Value	Less than 12 Months Unrealized Loss	12 Months or more Fair Value	12 Months or more Unrealized Loss	Total Fair Value	Total Unrealized Loss
December 31, 2014						
Obligations of U.S. government- sponsored entities and agencies	$ 5,460	$ (24)	$ —	$ —	$ 5,460	$ (24)
Obligations of states and political subdivisions	5,646	(41)	4,910	(70)	10,556	(111)
Mortgage-backed securities – residential	8,437	(25)	6,669	(99)	15,106	(124)
Collateralized mortgage obligations	1,263	(3)	—	—	1,263	(3)
Total temporarily impaired	$ 20,806	$ (93)	$ 11,579	$ (169)	$ 32,385	$ (262)

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Available-for-sale	Less than 12 Months		12 Months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
June 30, 2014						
Obligation of U.S. government- sponsored entities and agencies	$ 1,492	$ (7)	$ 5,411	$ (28)	$ 6,903	$ (35)
Obligations of states and political subdivisions	9,929	(223)	3,719	(34)	13,648	(257)
Mortgage-backed securities - residential	10,403	(210)	2,342	(21)	12,745	(231)
Total temporarily impaired	$ 21,824	$ (440)	$ 11,472	$ (83)	$ 33,296	$ (523)

Management evaluates securities for other-than-temporary impairment (OTTI) on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. The securities portfolio is evaluated for OTTI by segregating the portfolio into two general segments and applying the appropriate OTTI model. Investment securities are generally evaluated for OTTI under FASB ASC Topic 320, *Accounting for Certain Investments in Debt and Equity Securities*.

In determining OTTI under the ASC Topic 320 model, management considers many factors, including: (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, (3) whether the market decline was affected by macroeconomic conditions, and (4) whether the entity has the intent to sell the debt security or more likely than not will be required to sell the debt security before its anticipated recovery. The assessment of whether an other-than-temporary decline exists involves a high degree of subjectivity and judgment and is based on the information available to management at a certain point in time.

The unrealized losses within the securities portfolio as of December 31, 2014 have not been recognized into income because the decline in fair value is not attributed to credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery. The decline in fair value of the residential mortgage-backed securities, obligations of state and political subdivisions and obligations of U.S. government-sponsored entities and agencies is largely due to changes in interest rates. The fair value is expected to recover as the securities approach maturity.

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CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Note 3 – Loans

Major classifications of loans were as follows:

	December 31, 2014	June 30, 2014
Commercial	$ 32,079	$33,809
Commercial real estate:		
Construction	6,868	3,688
Other	135,176	131,518
1 – 4 Family residential real estate:		
Owner occupied	29,779	31,044
Non-owner occupied	15,541	16,505
Construction	814	186
Consumer	8,224	8,604
Subtotal	228,481	225,354
Less: Net deferred loan fees	(407)	(388)
Allowance for loan losses	(2,452)	(2,405)
Net Loans	$ 225,622	$222,561

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ending December 31, 2014:

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Beginning balance	$ 300	$ 1,455	$ 289	$ 375	$2,419
Provision for loan losses	11	38	(2)	10	57
Loans charged-off	—	—	—	(35)	(35)
Recoveries	—	—	1	10	11
Total ending allowance balance	$ 311	$ 1,493	$ 288	$ 360	$2,452

The following table presents the activity in the allowance for loan losses by portfolio segment for the six months ending December 31, 2014:

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Beginning balance	$ 307	$ 1,440	$ 294	$ 364	$2,405
Provision for loan losses	4	53	25	42	124
Loans charged-off	—	—	(33)	(68)	(101)
Recoveries	—	—	2	22	24
Total ending allowance balance	$ 311	$ 1,493	$ 288	$ 360	$2,452

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CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ending December 31, 2013:

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Beginning balance	$ 150	$ 1,499	$ 500	$ 337	$2,486
Provision for loan losses	26	3	(49)	55	35
Loans charged-off	(17)	(1)	—	(54)	(72)
Recoveries	—	—	—	38	38
Total ending allowance balance	$ 159	$ 1,501	$ 451	$ 376	$2,487

The following table presents the activity in the allowance for loan losses by portfolio segment for the six months ending December 31, 2013:

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Beginning balance	$ 161	$ 1,471	$ 614	$ 250	$2,496
Provision for loan losses	15	31	(109)	231	168
Loans charged-off	(17)	(1)	(61)	(153)	(232)
Recoveries	—	—	7	48	55
Total ending allowance balance	$ 159	$ 1,501	$ 451	$ 376	$2,487

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CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2014. Included in the recorded investment in loans is $506 of accrued interest receivable net of deferred loan fees of $407.

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Ending allowance balance attributable to loans:					
Individually evaluated for impairment	$ —	$ 106	$ 18	$ —	$124
Collectively evaluated for impairment	311	1,387	270	360	2,328
Total ending allowance balance	$ 311	$ 1,493	$ 288	$ 360	$2,452
Recorded investment in loans:					
Loans individually evaluated for impairment	$ —	$ 3,736	$ 781	$ —	$4,517
Loans collectively evaluated for impairment	32,134	138,245	45,442	8,242	224,063
Total ending loans balance	$ 32,134	$ 141,981	$ 46,223	$ 8,242	$228,580

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of June 30, 2014. Included in the recorded investment in loans is $491 of accrued interest receivable net of deferred loan fees of $388.

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Ending allowance balance attributable to loans:					
Individually evaluated for impairment	$ —	$ 110	$ 8	$ —	$118
Collectively evaluated for impairment	307	1,330	286	364	2,287
Total ending allowance balance	$ 307	$ 1,440	$ 294	$ 364	$2,405
Recorded investment in loans:					
Loans individually evaluated for impairment	$ —	$ 2,404	$ 798	$ —	$3,202
Loans collectively evaluated for impairment	33,855	132,760	47,019	8,621	222,255
Total ending loans balance	$ 33,855	$ 135,164	$ 47,817	$ 8,621	$225,457

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents information related to average recorded investment and interest income associated with loans individually evaluated for impairment by class of loans as of December 31, 2014 and for the six months ended December 31, 2014:

	As of December 31, 2014			Six Months ended December 31, 2014		
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With no related allowance recorded:						
Commercial real estate:						
Other	$ 2,973	$ 2,973	$ —	$ 1,426	$ —	$ —
1-4 Family residential real estate:						
Owner occupied	119	119	—	120	—	—
Non-owner occupied	74	74	—	37	—	—
With an allowance recorded:						
Commercial real estate:						
Other	762	762	106	763	18	18
1-4 Family residential real estate:						
Owner occupied	125	125	4	126	4	4
Non-owner occupied	464	463	14	505	10	10
Total	$ 4,517	$ 4,516	$ 124	$ 2,977	$ 32	$ 32

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents information related to average recorded investment and interest income associated with loans individually evaluated for impairment by class of loans for the three months ended December 31, 2014:

	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With no related allowance recorded:			
Commercial real estate:			
Other	$ 1,502	$ —	$ —
1-4 Family residential real estate:			
Owner occupied	120	—	—
Non-owner occupied	74	—	—
With an allowance recorded:			
Commercial real estate:			
Other	760	9	9
1-4 Family residential real estate:			
Owner occupied	125	2	2
Non-owner occupied	465	5	5
Total	$ 3,046	$ 16	$ 16

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents information related to loans individually evaluated for impairment by class of loans as of June 30, 2014 and for the six months ended December 31, 2013:

	As of June 30, 2014			Six Months ended December 31, 2013		
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With no related allowance recorded:						
Commercial	$—	$ —	$ —	$ 3	$ —	$ —
Commercial real estate:						
Other	1,642	1,635	—	1,009	—	—
1-4 Family residential real estate:						
Owner occupied	121	121	—	124	—	—
Non-owner occupied	472	472	—	132	2	2
With an allowance recorded:						
Commercial	—	—	—	15	3	3
Commercial real estate:						
Other	768	769	110	787	10	10
1-4 Family residential real estate:						
Owner occupied	127	127	4	280	—	—
Non-owner occupied	78	78	4	690	9	9
Total	$3,208	$ 3,202	$ 118	$ 3,040	$ 24	$ 24

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents information related to average recorded investment and interest income associated with loans individually evaluated for impairment by class of loans for the three months ended December 31, 2013:

	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With no related allowance recorded:			
Commercial	$ 3	$ —	$ —
Commercial real estate:			
Other	1,480	—	—
1-4 Family residential real estate:			
Owner occupied	123	—	—
Non-owner occupied	121	1	1
With an allowance recorded:			
Commercial	—	—	
Commercial real estate:			
Other	784	5	5
1-4 Family residential real estate:			
Owner occupied	279	—	—
Non-owner occupied	541	3	3
Total	$ 3,331	$ 9	$ 9

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the recorded investment in non-accrual and loans past due over 90 days still on accrual by class of loans as of December 31, 2014 and June 30, 2014:

	December 31, 2014		June 30, 2014	
	Non-accrual	Loans Past Due Over 90 Days Still Accruing	Non-accrual	Loans Past Due Over 90 Days Still Accruing
Commercial	$ —	$ —	$ —	$ —
Commercial real estate:				
Other	811	—	1,683	—
1 – 4 Family residential:				
Owner occupied	289	—	276	—
Non-owner occupied	—	—	—	—
Consumer	—	—	—	—
Total	$ 1,100	$ —	$ 1,959	$ —

Non-accrual loans include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the aging of the recorded investment in past due loans as of December 31, 2014 by class of loans:

	Days Past Due					
	30 - 59 Days	60 - 89 Days	90 Days or Greater	Total Past Due	Loans Not Past Due	Total
Commercial	$—	$ —	$ —	$ —	$ 32,134	$ 32,134
Commercial real estate:						
Construction	—	—	—	—	6,844	6,844
Other	—	—	756	756	134,381	135,137
1-4 Family residential:						
Owner occupied	72	69	223	364	29,504	29,868
Non-owner occupied	—	—	—	—	15,535	15,535
Construction	—	—	—	—	820	820
Consumer	58	43	—	101	8,141	8,242
Total	$ 130	$ 112	$ 979	$ 1,221	$ 227,359	$ 228,580

The above table of past due loans includes the recorded investment in non-accrual loans of $56 in the 60-89 days category, $979 in the 90 days or greater category and $65 in the loans not past due category.

The following table presents the aging of the recorded investment in past due loans as of June 30, 2014 by class of loans:

	Days Past Due					
	30 - 59 Days	60 – 89 Days	90 Days or Greater	Total Past Due	Loans Not Past Due	Total
Commercial	$ 66	$ —	$ —	$ 66	$ 33,789	$ 33,855
Commercial real estate:						
Construction	—	—	—	—	3,679	3,679
Other	—	—	1,625	1,625	129,860	131,485

1-4 Family residential:						
Owner occupied	111	122	81	314	30,817	31,131
Non-owner occupied	—	39	—	39	16,462	16,501
Construction	—	—	—	—	185	185
Consumer	106	—	—	106	8,515	8,621
Total	$283	$ 161	$ 1,706	$ 2,150	$ 223,307	$225,457

The above table of past due loans includes the recorded investment in non-accrual loans of $40 in the 30-59 days past due category, $122 in the 60-90 days past due category, $1,706 in the 90 days or greater and $91 in the loans not past due category.

Troubled Debt Restructurings:

As of December 31, 2014, the recorded investment of loans classified as troubled debt restructurings was $1,507 with $124 of specific reserves allocated to these loans. As of June 30, 2014, the recorded investment of loans classified as troubled debt restructurings was $1,528 with $118 of specific reserves allocated to these loans. As of December 31, 2014 and June 30, 2014, the Corporation had not committed to lend any additional amounts to customers with outstanding loans that are classified as troubled debt restructurings.

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

During the three and six months ended December 31, 2014 and 2013 there were no loan modifications completed that were classified as troubled debt restructurings. There were no charge offs from troubled debt restructurings during the three and six month periods ended December 31, 2014 and 2013.

There were no loans classified as troubled debt restructurings for which there was a payment default during the three or six month periods ending December 31, 2014 or 2013. A loan is considered to be in payment default once it is 90 days contractually past due under the modified terms.

Credit Quality Indicators:

The Corporation categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, current economic trends and other relevant information. The Corporation analyzes loans individually by classifying the loans as to credit risk. This analysis includes loans with a total outstanding loan relationship greater than $100 and non-homogeneous loans, such as commercial and commercial real estate loans. Management monitors the loans on an ongoing basis for any changes in the borrower’s ability to service their debt and affirm the risk ratings for the loans and leases in their respective portfolio on an annual basis. The Corporation uses the following definitions for risk ratings:

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

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

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

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. Loans listed as not rated are either less than $100 or are included in groups of homogeneous loans. These loans are evaluated based on delinquency status, which are disclosed in the previous table within this footnote. Based on the most recent analysis performed, the recorded investment by risk category of loans by class of loans was as follows:

	As of December 31, 2014				
	Pass	Special Mention	Substandard	Doubtful	Not Rated
Commercial	$27,297	$ 3,830	$ 126	$ —	$881
Commercial real estate:					
Construction	6,791	—	53	—	—
Other	124,291	2,636	5,614	1,526	1,070
1-4 Family residential real estate:					
Owner occupied	4,315	—	—	244	25,309
Non-owner occupied	13,682	500	582	537	234
Construction	716	—	—	—	104
Consumer	—	—	—	—	8,242
Total	$177,092	$ 6,966	$ 6,375	$ 2,307	$35,840

	As of June 30, 2014				
	Pass	Special Mention	Substandard	Doubtful	Not Rated
Commercial	$29,337	$ 3,503	$ 62	$ —	$953
Commercial real estate:					
Construction	3,619	—	60	—	—
Other	121,659	3,040	3,526	2,404	856
1-4 Family residential real estate:					
Owner occupied	3,959	—	—	248	26,924
Non-owner occupied	14,632	565	599	550	155
Construction	—	—	—	—	185
Consumer	—	—	—	—	8,621
Total	$173,206	$ 7,108	$ 4,247	$ 3,202	$37,694

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CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Note 4 - Fair Value

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

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

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

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

Financial assets and financial liabilities measured at fair value on a recurring basis include the following:

Securities available-for-sale: When available, the fair values of available-for-sale securities are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). For securities where quoted market prices are not available, fair values are calculated based on market prices of similar securities (Level 2 inputs). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3 inputs).

Assets and liabilities measured at fair value on a recurring basis are summarized below, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

		Fair Value Measurements at December 31, 2014 Using		
	Balance at December 31, 2014	Level 1	Level 2	Level 3
Assets:				
Obligations of U.S. government-sponsored entities and agencies	$ 17,512	$ —	$ 17,512	$ —
Obligations of states and political subdivisions	45,890	—	45,890	—
Mortgage-backed securities – residential	63,962	—	63,962	—
Collateralized mortgage obligations	4,462	—	4,462	—
Trust preferred security	516	—	516	—

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

	Balance at June 30, 2014	Fair Value Measurements at June 30, 2014 Using Level 1	Level 2	Level 3
Assets:				
Obligations of U.S. government-sponsored entities and agencies	$ 18,436	$ —	$ 18,436	$ —
Obligations of states and political subdivisions	45,512	—	45,512	—
Mortgage-backed securities - residential	58,104	—	58,104	—
Collateralized mortgage obligations	3,929	—	3,929	—
Trust preferred security	412	—	412	—

There were no transfers between Level 1 and Level 2 during the six month periods ended December 31, 2014 or 2013.

Certain financial assets and financial liabilities are measured at fair value on a non-recurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. Financial assets and financial liabilities measured at fair value on a non-recurring basis include the following:

Impaired Loans: At the time a loan is considered impaired, it is valued at the lower of cost or fair value. Impaired loans carried at fair value generally receive specific allocations of the allowance for loan losses. For collateral dependent loans, fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

Financial assets and financial liabilities measured at fair value on a non-recurring basis are summarized below:

		Fair Value Measurements at December 31, 2014 Using		
	Balance at December 31, 2014	Level 1	Level 2	Level 3
Impaired loans:				
Commercial Real Estate - Other	$ 101	$ —	$ —	$ 101

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

	Balance at June 30, 2014	Fair Value Measurements at June 30, 2014 Using Level 1	Level 2	Level 3
Impaired loans:				
Commercial Real Estate - Other	$ 101	$ —	$ —	$ 101

Impaired loans included in the tables above are measured for impairment using the fair value of the collateral and had a carrying amount of $101, with no valuation allowance at December 31, 2014 and June 30, 2014. The resulting impact to the provision for loan losses was an increase of $25 being recorded for the three month period ended December 31, 2013 and a reduction of $63 being recorded for the six month period ended December 31, 2013. There was no provision for loan loss recorded related to impaired loans measured at fair value for the three or six month periods ended December 31, 2014.

The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2014 and June 30, 2014:

	Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average
Impaired loans:					
Commercial Real Estate - Other	$ 101	Sales comparison approach	Adjustment for differences between comparable sales	-14.00% to 31.90%	22.52 %

The valuation technique used by an independent third party appraiser in the fair value measurement of collateral for collateral-dependent commercial real estate impaired loans consisted of the sales comparison approach. The significant unobservable inputs used in the fair value measurement relate to any adjustment made to the value set forth in the appraisal due to a distressed sale situation.

The following table shows the estimated fair values of financial instruments that are reported at amortized cost in the Corporation’s consolidated balance sheets, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

	December 31, 2014		June 30, 2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial Assets:				
Level 1 inputs:				
Cash and cash equivalents	$12,030	$12,030	$11,125	$11,125
Level 2 inputs:				
Certificates of deposits in other financial institutions	5,456	5,456	2,703	2,703
Loans held for sale	625	635	559	570
Accrued interest receivable	1,059	1,059	1,048	1,048
Level 3 inputs:				
Securities held-to-maturity	3,690	3,726	3,000	3,040
Loans, net	225,622	226,567	222,561	223,128
Financial Liabilities:				
Level 2 inputs:				
Demand and savings deposits	256,705	256,705	243,222	243,222
Time deposits	67,933	68,050	70,675	70,583
Short-term borrowings	16,435	16,435	19,489	19,489
Federal Home Loan Bank advances	12,768	13,022	6,296	6,655
Accrued interest payable	46	46	44	44

The assumptions used to estimate fair value are described as follows:

Cash and cash equivalents: The carrying value of cash, deposits in other financial institutions and federal funds sold were considered to approximate fair value resulting in a Level 1 classification.

Certificates of deposits in other financial institutions, accrued interest receivable and payable, demand and savings deposits and short-term borrowings: The carrying value of certificates of deposits in other financial institutions, accrued interest receivable and payable, demand and savings deposits and short-term borrowings were considered to approximate fair value due to their short-term duration resulting in a Level 2 classification.

Loans held for sale: The fair value of loans held for sale is estimated based upon binding contracts and quotes from third party investors resulting in a Level 2 classification.

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Loans: Fair value for loans was estimated for portfolios of loans with similar financial characteristics. For adjustable rate loans that reprice at least annually and for fixed rate commercial loans with maturities of six months or less which possess normal risk characteristics, carrying value was determined to be fair value. Fair value of other types of loans (including adjustable rate loans which reprice less frequently than annually and fixed rate term loans or loans which possess higher risk characteristics) was estimated by discounting future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for similar anticipated maturities resulting in a Level 3 classification. The methods utilized to estimate the fair value of loans do not necessarily represent an exit price.

Securities held-to-maturity: The held-to-maturity security is a revenue bond made to a local municipality. The fair value of this security is calculated using a spread to the Bloomberg municipal fair market health care curve resulting in a Level 3 classification.

Time deposits: Fair value of fixed-maturity certificates of deposit was estimated using the rates offered at December 31, 2014 and June 30, 2014, for deposits of similar remaining maturities. Estimated fair value does not include the benefit that result from low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the market resulting in a Level 2 classification.

Federal Home Loan Bank advances: Fair value of Federal Home Loan Bank advances was estimated using current rates at December 31, 2014 and June 30, 2014 for similar financing resulting in a Level 2 classification.

Federal bank and other restricted stocks, at cost: Federal bank and other restricted stocks include stock acquired for regulatory purposes, such as Federal Home Loan Bank stock and Federal Reserve Bank stock that are accounted for at cost due to restrictions placed on their transferability; and therefore, are not subject to the fair value disclosure requirements.

Off-balance sheet commitments: The Corporation's lending commitments have variable interest rates and "escape" clauses if the customer's credit quality deteriorates. Therefore, the fair values of these items are not significant and are not included in the above table.

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Note 5 – Earnings Per Share

Basic earnings per share is the amount of earnings available to each share of common stock outstanding during the reporting period and is equal to net income divided by the weighted average number of shares outstanding during the period. Diluted earnings per share is the amount of earnings available to each share of common stock outstanding during the reporting period adjusted to include the effect of potentially dilutive common shares that may be issued upon the vesting of restricted stock awards. The following table details the calculation of basic and diluted earnings per share:

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2014	2013	2014	2013
Basic:				
Net income available to common shareholders	$808	$755	$1,564	$1,376
Weighted average common shares outstanding	2,728,686	2,726,687	2,728,114	2,674,816
Basic income per share	$0.30	$0.28	$0.57	$0.51
Diluted:				
Net income available to common shareholders	$808	$755	$1,564	$1,376
Weighted average common shares outstanding	2,728,686	2,726,687	2,728,114	2,674,816
Dilutive effect of restricted stock	271	364	342	296
Total common shares and dilutive potential common shares	2,728,957	2,727,051	2,728,456	2,675,112
Dilutive income per share	$0.30	$0.28	$0.57	$0.51

CONSUMERS BANCORP, INC.

Notes to the Consolidated Financial Statements

(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Note 6 –Accumulated Other Comprehensive Income

The components of other comprehensive income related to unrealized gains and losses on available-for-sale securities for the three and six month periods ended December 31, 2014 and 2013, were as follows:

	Pretax	Tax Expense (Benefit)	After-tax	Affected Line Item in Consolidated Statements of Income
Balance as of September 30, 2014	$1,816	$ (618)	$ 1,198	
Unrealized holding gain on available-for-sale securities arising during the period	531	(180)	351	
Amounts reclassified from accumulated other comprehensive income	(85)	29	(56)	(a)(b)
Net current period other comprehensive income	446	(151)	295	
Balance as of December 31, 2014	$2,262	$ (769)	$ 1,493	
Balance as of September 30, 2013	$278	$ (95)	$ 183	
Net current period other comprehensive income	(627)	214	(413)	
Balance as of December 31, 2013	$(349)	$ 119	$ (230)	

	Pretax	Tax Expense (Benefit)	After-tax	Affected Line Item in Consolidated Statements of Income
Balance as of June 30, 2014	$1,944	$ (661)	$ 1,283	
Unrealized holding gain on available-for-sale securities arising during the period	440	(150)	290	
Amounts reclassified from accumulated other comprehensive income	(122)	42	(80)	(a)(b)
Net current period other comprehensive income	318	(108)	210	
Balance as of December 31, 2014	$2,262	$ (769)	$ 1,493	

Balance as of June 30, 2013	$(24)	$ 8	$ (16)
Net current period other comprehensive income	(325)	111	(214)
Balance as of December 31, 2013	$(349)	$ 119	$ (230)

(a) Securities gains, net

(b) Income tax expense

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in thousands, except per share data)

General

The following is management's analysis of the Corporation's results of operations for the three and six month periods ended December 31, 2014, compared to the same periods in 2013, and the consolidated balance sheet at December 31, 2014, compared to June 30, 2014. This discussion is designed to provide a more comprehensive review of the operating results and financial condition than could be obtained from an examination of the financial statements alone. This analysis should be read in conjunction with the consolidated financial statements and related footnotes and the selected financial data included elsewhere in this report.

Overview

Consumers Bancorp, Inc., a bank holding company incorporated under the laws of the State of Ohio (the Corporation), owns all of the issued and outstanding common shares of Consumers National Bank, a bank chartered under the laws of the United States of America (the Bank). The Corporation's activities have been limited primarily to holding the common shares of the Bank. The Bank's business involves attracting deposits from businesses and individual customers and using such deposits to originate commercial, mortgage and consumer loans in its market area, consisting primarily of Stark, Columbiana, Carroll, Summit and contiguous counties in Ohio. The Bank also invests in securities consisting primarily of U.S. government sponsored entities, municipal obligations, mortgage-backed and collateralized mortgage obligations issued by Fannie Mae, Freddie Mac and Ginnie Mae.

Results of Operations

Three and Six Months Ended December 31, 2014 and December 31, 2013

In the second quarter of fiscal year 2015, net income was $808, or $0.30 per common share, compared with $755, or $0.28 per common share, in the prior year period. The following are key highlights of our results of operations for the three months ending December 31, 2014:

- net interest income increased by $183, or by 5.8%, in the second quarter of fiscal year 2015 from the same prior year period;

noninterest income increased by $56 primarily as a result of a $53 increase from the gains on sale of securities and a $33 increase in gains from the sale of mortgage loans; and

- noninterest expenses increased by $137, or 4.7%, in the second quarter of fiscal year 2015 principally as a result of higher salary and employee benefits and occupancy expenses.

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

In the first six months of fiscal year 2015, net income was $1,564, or $0.57 per common share, compared with $1,376, or $0.51 per common share, in the prior year period. The following are key highlights of our results of operations for the six months ending December 31, 2014:

- net interest income increased by $438, or 7.1%, in fiscal year 2015 from the same prior year period;
- loan loss provision expense in fiscal year 2015 totaled $124 compared to $168 in the same prior year period;
- noninterest income increased by $152, or 10.6%, in fiscal year 2015 from the same prior year period mainly as a result of a $90 increase from the gains on sale of securities and a $75 increase in gains from the sale of mortgage loans; and
- noninterest expenses increased by $360, or 6.2%, in fiscal year 2015 principally as a result of higher salary and employee benefits due to staff hired in the lending area and an increase in occupancy expenses.

Return on average equity (ROE) and return on average assets (ROA) were 7.78% and 0.82%, respectively, for the second quarter of fiscal year 2015 compared to 7.87% and 0.82%, respectively, for the same prior year period. ROE and ROA were 7.59% and 0.80%, respectively, for the first six months of fiscal year 2015 compared to 7.36% and 0.76%, respectively, for the same prior year period.

Net Interest Income

Net interest income, the difference between interest income earned on interest-earning assets and interest expense incurred on interest-bearing liabilities, is the largest component of the Corporation’s earnings. Net interest income is affected by changes in the volumes, rates and composition of interest-earning assets and interest-bearing liabilities. Net interest margin is calculated by dividing net interest income on a fully tax equivalent basis (FTE) by total average interest-earning assets. FTE income includes tax-exempt income, restated to a pre-tax equivalent, based on the statutory federal income tax rate. All average balances are daily average balances. Non-accruing loans are included in average loan balances.

The Corporation’s net interest margin was 3.79% for the three month period ended December 31, 2014 compared with 3.85% for the same prior year period. Net interest income for the three months ended December 31, 2014 increased by

$183, or 5.8%, to $3,348 from $3,165 for the same year ago period. The increase in net interest income was primarily the result of an increase in average interest-earning assets.

Interest income for the three months ended December 31, 2014 increased by $174, or 5.1%, from the same year ago period. An increase of $26,498, or 7.7%, in average interest-earning assets from the same prior year period partially offset the impact the low interest rate environment has had on the yield of average interest-earning assets. Interest expense for the three months ended December 31, 2014 decreased by $9, or 3.7%, from the same year ago period. The Corporation’s cost of funds decreased to 0.35% for the three month period ended December 31, 2014 from 0.39% for the same year ago period.

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

The Corporation’s net interest margin for the six months ended December 31, 2014 was 3.79%, compared to 3.83% for the same year ago period. Net interest income for the six months ended December 31, 2014 increased by $438, or 7.1%, to $6,636 from $6,198 for the same year ago period. The increase in net interest income was primarily the result of an increase in average interest-earning assets.

Interest income for the six months ended December 31, 2014 increased by $419, or 6.3%, from the same year ago period. An increase of $28,504, or 8.4%, in average interest-earning assets more than offset the impact the low interest rate environment has had on the yield of average interest-earning assets. Interest expense for the six months ended December 31, 2014 decreased by $19, or 3.8%, from the same year ago period. The Corporation’s cost of funds decreased to 0.36% for the six month period ended December 31, 2014 from 0.40% for the same year ago period.

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

Average Balance Sheets and Analysis of Net Interest Income for the Three Months Ended December 31

(In thousands, except percentages)

	2014 Average Balance	Interest	Yield/ Rate	2013 Average Balance	Interest	Yield/ Rate
Interest-earning assets:						
Taxable securities	$86,743	$496	2.30 %	$75,455	$413	2.18 %
Nontaxable securities (1)	48,317	512	4.30	44,497	514	4.58
Loans receivable (1)	225,412	2,738	4.82	216,335	2,656	4.87
Interest bearing deposits and federal funds sold	10,596	19	0.71	8,283	9	0.43
Total interest-earning assets	371,068	3,765	4.05 %	344,570	3,592	4.14 %
Noninterest-earning assets	21,550			19,755		
Total Assets	$392,618			$364,325		
Interest-bearing liabilities:						
NOW	$45,572	$16	0.14 %	$39,670	$21	0.21 %
Savings	126,720	26	0.08	114,662	22	0.08
Time deposits	69,266	140	0.80	74,863	156	0.83
Short-term borrowings	18,567	8	0.17	15,690	6	0.15
Federal Home Loan Bank advances	6,801	47	2.74	6,477	41	2.51
Total interest-bearing liabilities	266,926	237	0.35 %	251,362	246	0.39 %
Noninterest-bearing liabilities:						
Noninterest-bearing checking accounts	81,216			72,473		
Other liabilities	3,296			2,374		
Total liabilities	351,438			326,209		
Shareholders’ equity	41,180			38,116		
Total liabilities and shareholders’ equity	$392,618			$364,325		

Net interest income, interest rate spread (1)	$3,528	3.70 %	$3,346	3.75 %
Net interest margin (net interest as a percent of average interest-earning assets) (1)		3.79 %		3.85 %
Federal tax exemption on non-taxable securities and loans included in interest income	$180		$181	
Average interest-earning assets to interest-bearing liabilities	139.02 %		137.08 %	

(1) calculated on a fully taxable equivalent basis

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

Average Balance Sheets and Analysis of Net Interest Income for the Six Months Ended December 31
(In thousands, except percentages)

	2014 Average Balance	Interest	Yield/ Rate	2013 Average Balance	Interest	Yield/ Rate
Interest-earning assets:						
Taxable securities	$84,954	$959	2.27 %	$70,703	$694	1.95 %
Nontaxable securities (1)	48,380	1,038	4.34	43,470	1,003	4.56
Loans receivable (1)	225,053	5,453	4.81	216,256	5,334	4.89
Interest bearing deposits and federal funds sold	9,782	33	0.67	9,236	21	0.45
Total interest-earning assets	368,168	7,483	4.05 %	339,665	7,052	4.12 %
Noninterest-earning assets	20,858			19,554		
Total Assets	$389,027			$359,219		
Interest-bearing liabilities:						
NOW	$46,449	$38	0.16 %	$39,150	$40	0.20 %
Savings	125,965	51	0.08	112,129	43	0.08
Time deposits	69,448	283	0.81	76,415	315	0.82
Short-term borrowings	18,108	15	0.16	14,732	12	0.16
Federal Home Loan Bank advances	6,745	95	2.79	6,473	91	2.79
Total interest-bearing liabilities	266,715	482	0.36 %	248,899	501	0.40 %
Noninterest-bearing liabilities:						
Noninterest-bearing checking accounts	78,420			70,765		
Other liabilities	3,029			2,452		
Total liabilities	348,164			322,116		
Shareholders’ equity	40,863			37,103		
Total liabilities and shareholders’ equity	$389,027			$359,219		
Net interest income, interest rate spread (1)		$7,001	3.69 %		$6,551	3.72 %

Net interest margin (net interest as a percent of average interest-earning assets) (1)	3.79 %	3.83 %
Federal tax exemption on non-taxable securities and loans included in interest income	$365	$353
Average interest-earning assets to interest-bearing liabilities	138.04 %	136.47 %

(1) calculated on a fully taxable equivalent basis

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

Provision for Loan Losses

The provision for loan losses represents the charge to income necessary to adjust the allowance for loan losses to an amount that represents management's assessment of the estimated probable incurred credit losses in the Bank’s loan portfolio that have been incurred at each balance sheet date. For the three month period ended December 31, 2014, the provision for loan losses was $57 compared to $35 for the same prior year period. For the six month period ended December 31, 2014, the provision for loan losses was $124 compared to $168 for the same prior year period. For the six month period ended December 31, 2014, net charge-offs totaled $77, or an annualized net charge-offs to total loan ratio of 0.07%, compared with $177, or 0.16% of total loans, for the same period last year. The allowance for loan losses as a percentage of loans was 1.07% at December 31, 2014 and June 30, 2014.

Non-performing loans were $1,100 as of December 31, 2014 and represented 0.48% of total loans. This compared with $1,959, or 0.87%, at June 30, 2014 and $2,401, or 1.09%, at December 31, 2013. Non-performing loans and loans past due 90 days or greater declined from June 30, 2014 as a result of receiving proceeds from the private sale of a portion of the collateral securing a commercial real estate credit that was placed on non-accrual during the first quarter of fiscal year 2014. This commercial real estate credit has no specific reserve allocation since it is well secured. The allowance for loan losses to total non-performing loans at December 31, 2014 was 222.91% compared with 122.77% at June 30, 2014 and 103.58% at December 31, 2013. Impaired loans increased from $3,202 at June 30, 2014 to $4,517 as of December 31, 2014 as a result of the downgrade of a commercial real estate credit with an unpaid principal balance of $2,203 that is secured by two commercial real estate properties and a residential real estate property. As of December 31, 2014 the loan was not past due and payments were received in January and February 2015. However; subsequent to quarter end management became aware of legal difficulties the borrower is experiencing that could potentially result in foreclosure proceedings. In the event management pursues foreclosure, this credit will be placed on non-accrual which will result in the increase of non-performing loans. This commercial real estate credit has no specific reserve allocation since it appears to be well secured by underlying collateral comprised of residential real estate and two commercial business properties that remain operational.

The provision for loan losses for the period ending December 31, 2014 was considered sufficient by management for maintaining an appropriate allowance for loan losses for probable incurred credit losses.

Non-Interest Income

Non-interest income increased by $56 for the second quarter of fiscal year 2015 from the same period last year. Included in non-interest income for the second quarter of fiscal year 2015 was an $85 gain from the sale of securities compared with a $32 gain in the same prior year period. Excluding the securities gains, non-interest income increased to $708 for the three months ended December 31, 2014 from $705 during the same period last year.

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

Debit card interchange income increased by $5, or 2.2%, from the same period last year primarily due to an increase in debit card usage by our customers.

Service charges on deposit accounts decreased by $16, or 4.8%, for the three month period ended December 31, 2014 compared to the same period last year primarily as a result of a decline in overdraft fee income.

Non-interest income increased by $152, or 10.6%, to $1,584 for the first six months of fiscal year 2015, compared to $1,432 for the same period last year. Non-interest income for the first six months of fiscal year 2015 included a net gain from the sale of securities of $122 compared with a net gain of $32 recognized during the same prior year period.

Service charges on deposit accounts decreased by $59, or 8.4%, for the six month period ended December 31, 2014 compared to the same period last year primarily as a result of a decline in overdraft fee income.

Debit card interchange income increased by $20, or 4.6%, from the same period last year primarily due to an increase in debit card usage by our customers.

Other income increased by $82 from the same period last year primarily as a result of $75 increase in gains from the sale of mortgage loans.

Non-Interest Expenses

Total non-interest expenses increased to $3,061, or by 4.7%, during the second quarter of fiscal year 2015, compared with $2,924 during the same year ago period.

Salaries and employee benefits increased by $130, or 8.3%, during the second quarter of fiscal year 2015 primarily due to additional staff hired in the lending area and due to annual merit increases that went into effect on August 1, 2014.

Occupancy and equipment expenses increased by $39, or 11.9%, during the second quarter of fiscal year 2015 from the same period last year primarily as a result of investments in new computer and communication equipment.

Total non-interest expenses increased to $6,133, or by 6.2%, during the first six months of fiscal year 2015, compared with $5,773 during the same year ago period.

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

Salaries and employee benefits increased by $287, or 9.2%, during the first six months of fiscal year 2015 due to additional staff hired in the lending area, due to annual merit increases that went into effect on August 1, 2014 and increased expenses associated with employee insurance due to a higher level of employee enrollment.

Occupancy and equipment expenses increased by $91, or 14.1%, during the first six months of fiscal year 2015 from the same period last year primarily as a result of investments in new computer and communication equipment. In December 2014 a lease was signed for a loan production office in Stow, Ohio that will be opened during the third quarter of fiscal year 2015. Also, a new facility is being constructed at the Minerva, Ohio location to replace the existing branch and corporate headquarters. The remaining book value of the Minerva facility is being expensed over the estimated remaining useful life. The new facility is anticipated to be completed during the 2016 fiscal year and upon being placed into service, it is expected that occupancy expenses will increase.

Professional and director fees decreased by $23 or 9.5%, during the first six months of fiscal year 2015 from the same period last year primarily as a result of lower consulting fees.

Other expenses totaled $363 for the six months ended December 31, 2014 and included $52 of loan and collection expenses. Loan and collection expenses are anticipated to increase as a result of resolution efforts for the $2,203 commercial real estate credit previously mentioned.

Income Taxes

Income tax expense for the three month period ended December 31, 2014 increased by $27, to $215 from $188, compared to a year ago. The effective tax rate was 21.0% for the current quarter as compared to 19.9% for the same period last year.

Income tax expense for the six month period ended December 31, 2014 increased by $86, to $399 from $313, compared to a year ago. The effective tax rate was 20.3% for the current period as compared to 18.5% for the same period last year.

The effective tax rate differed from the federal statutory rate principally as a result of tax-exempt income from obligations of states and political subdivisions, loans and earnings on bank owned life insurance.

Financial Condition

Total assets at December 31, 2014 were $398,347 compared to $382,477 at June 30, 2014, an increase of $15,870, or an annualized 8.2%. Net premises and equipment increased by $2,399 from $6,713 at June 30, 2014 to $9,112 at December 31, 2014 as a result of payments toward the new facility that is being constructed at the Minerva, Ohio location to replace the existing branch and corporate headquarters.

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

Available-for-sale securities increased by $5,949 from $126,393 at June 30, 2014 to $132,342 at December 31, 2014. Total deposits increased by $10,741, or an annualized 6.8%, and loans increased by $3,108, or an annualized 2.7%, from June 30, 2014. Federal Home Loan Bank (FHLB) advances increased by $6,472 from $6,296 at June 30, 2014 to $12,768 at December 31, 2014 to meet short-term funding needs.

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

Non-Performing Assets

The following table presents the aggregate amounts of non-performing assets and respective ratios as of the dates indicated.

	December 31, 2014	June 30, 2014	December 31, 2013
Non-accrual loans	$ 1,100	$1,959	$ 2,401
Loans past due over 90 days and still accruing	—	—	—
Total non-performing loans	1,100	1,959	2,401
Other real estate owned	54	204	709
Total non-performing assets	$ 1,154	$2,163	$ 3,110
Non-performing loans to total loans	0.48 %	0.87 %	1.09 %
Allowance for loan losses to total non-performing loans	222.91 %	122.77%	103.58 %

As of December 31, 2014, impaired loans totaled $4,517, of which $883 are included in non-accrual loans. Commercial and commercial real estate loans are classified as impaired if management determines that full collection of principal and interest, in accordance with the terms of the loan documents, is not probable. Impaired loans and non-performing loans have been considered in management’s analysis of the appropriateness of the allowance for loan losses. Management and the Board of Directors are closely monitoring these loans and believe that the prospects for recovery of principal and interest, less identified specific reserves, are favorable.

Contractual Obligations, Commitments, Contingent Liabilities and Off-Balance Sheet Arrangements

Liquidity

The objective of liquidity management is to ensure adequate cash flows to accommodate the demands of our customers and provide adequate flexibility for the Corporation to take advantage of market opportunities under both

normal operating conditions and under unpredictable circumstances of industry or market stress. Cash is used to fund loans, purchase investments, fund the maturity of liabilities, and at times to fund deposit outflows and operating activities. The Corporation’s principal sources of funds are deposits; amortization and prepayments of loans; maturities, sales and principal receipts from securities; borrowings; and operations. Management considers the asset position of the Corporation to be sufficiently liquid to meet normal operating needs and conditions. The Corporation's earning assets are mainly comprised of loans and investment securities. Management continually strives to obtain the best mix of loans and investments to both maximize yield and insure the soundness of the portfolio, as well as to provide funding for loan demand as needed.

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

Net cash inflow from operating activities for the six month period ended December 31, 2014 was $3,034, net cash outflows from investing activities was $15,632 and net cash inflows from financing activities was $13,503. A major source of cash was $22,956 from sales, maturities, calls or principal pay downs on available-for-sale securities, a $10,741 increase in deposits and a net increase of $6,472 in Federal Home Loan Bank (FHLB) advances. A major use of cash included the $28,920 purchase of securities, $3,185 increase in loans and $2,698 acquisition of premises and equipment. Total cash and cash equivalents was $12,030 as of December 31, 2014 compared to $11,125 at June 30, 2014 and $9,107 at December 31, 2013.

The Bank offers several types of deposit products to its customers. The rates offered by the Bank and the fees charged for them are competitive with others currently available in the market area. Deposits totaled $324,638 at December 31, 2014 compared with $313,897 at June 30, 2014.

To provide an additional source of liquidity, the Corporation has entered into an agreement with the FHLB of Cincinnati. At December 31, 2014, FHLB advances totaled $12,768 as compared with $6,296 at June 30, 2014. As of December 31, 2014, the Bank had the ability to borrow an additional $11,598 from the FHLB based on a blanket pledge of qualifying first mortgage loans. The Corporation considers the FHLB to be a reliable source of liquidity funding, secondary to its deposit base.

Short-term borrowings consisted of repurchase agreements, which is a financing arrangement that matures daily and federal funds purchased from correspondent banks. The Bank pledges securities as collateral for the repurchase agreements. Short-term borrowings decreased to $16,435 at December 31, 2014 from $19,489 at June 30, 2014.

Jumbo time deposits (those with balances of $100 and over) totaled $27,344 at December 31, 2014 and $28,224 at June 30, 2014. These deposits are monitored closely by the Corporation and are mainly priced on an individual basis. When these deposits are from a municipality, certain bank-owned securities are pledged to guarantee the safety of these public fund deposits as required by Ohio law. The Corporation has the option to use a fee-paid broker to obtain deposits from outside its normal service area as an additional source of funding. The Corporation, however, does not rely upon these deposits as a primary source of funding and can foresee no dependence on these types of deposits in

the near term. The Corporation had no brokered deposits at December 31, 2014 or June 30, 2014. Although management monitors interest rates on an ongoing basis, a quarterly rate sensitivity report is used to determine the effect of interest rate changes on the financial statements. In the opinion of management, enough assets or liabilities could be repriced over the near term (up to three years) to compensate for such changes. The spread on interest rates, or the difference between the average earning assets and the average interest-bearing liabilities, is monitored quarterly.

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

Capital Resources

Total shareholders' equity increased by $1,118 to $41,321 as of December 31, 2014 from $40,203 as of June 30, 2014. The increase was primarily the result of $1,564 in net income for the current fiscal year which was partially offset by cash dividends paid of $656.

The Bank is subject to various regulatory capital requirements administered by federal regulatory agencies. Capital adequacy guidelines and prompt corrective-action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Failure to meet various capital requirements can initiate regulatory action that could have a direct material effect on the Corporation's financial statements.

The Bank's leverage and risk-based capital ratios as of December 31, 2014 were 9.7% and 15.3%, respectively. This compares to leverage and risk-based capital ratios of 9.8% and 15.3 %, respectively, as of June 30, 2014. The Bank exceeded minimum regulatory capital requirements to be considered well-capitalized for both periods. Management is not aware of any matters occurring subsequent to December 31, 2014 that would cause the Bank's capital category to change.

Critical Accounting Policies

The financial condition and results of operations for the Corporation presented in the Consolidated Financial Statements, accompanying notes to the Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations are, to a large degree, dependent upon the Corporation's accounting policies. The selection and application of these accounting policies involve judgments, estimates and uncertainties that are susceptible to change.

The Corporation has identified the appropriateness of the allowance for loan losses and the valuation of securities as critical accounting policies and an understanding of these policies are necessary to understand the financial

statements. Critical accounting policies are those policies that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Note one (Summary of Significant Accounting Policies - Securities and Allowance for Loan Losses), note two (Securities), note three (Loans) and Management's Discussion and Analysis of Financial Condition and Results of Operation (Critical Accounting Policies and Use of Significant Estimates) of the 2014 Form 10-K provide detail with regard to the Corporation's accounting for the allowance for loan losses and valuation of securities and other-than-temporary impairment. There have been no significant changes in the application of accounting policies since June 30, 2014.

CONSUMERS BANCORP, INC.

Management's Discussion and Analysis of Financial Condition

and Results of Operations (continued)

(Dollars in thousands, except per share data)

Forward-Looking Statements

When used in this report (including information incorporated by reference in this report), the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “believe” or similar expressions are intended to identify “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may involve risks and uncertainties that are difficult to predict, may be beyond the Corporation’s control, and could cause actual results to differ materially from those described in such statements. Any such forward-looking statements are made only as of the date of this report or the respective dates of the relevant incorporated documents, as the case may be, and, except as required by law, the Corporation undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances. Factors that could cause actual results for future periods to differ materially from those anticipated or projected include, but are not limited to:

- regional and national economic conditions becoming less favorable than expected, resulting in, among other things, a deterioration in credit quality of assets and the underlying value of collateral could prove to be less valuable than otherwise assumed;
- an extended period in which market levels of interest rates remain at historical low levels which could reduce, or put pressure on our ability to maintain, anticipated or actual margins;
- material unforeseen changes in the financial condition or results of Consumers National Bank’s customers;
- the economic impact from the oil and gas activity in the region could be less than expected or the timeline for development could be longer than anticipated;
- the nature, extent, and timing of government and regulatory actions;
- competitive pressures on product pricing and services; and
- a deterioration in market conditions causing debtors to be unable to meet their obligations.

The risks and uncertainties identified above are not the only risks the Corporation faces. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently believes to be immaterial also may adversely affect the Corporation. Should any known or unknown risks and uncertainties develop into actual events, those developments could have material adverse effects on the Corporation’s business, financial condition and results of operations.

CONSUMERS BANCORP, INC.

Item 4 – Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by the report, an evaluation was performed under the supervision and with the participation of the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15e. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation’s disclosure controls and procedures were effective as of December 31, 2014.

Changes in Internal Controls Over Financial Reporting

There have not been any changes in the Corporation's internal control over financial reporting that occurred during the Corporation's last quarter that have materially affected, or are reasonably likely to materially affect, the Corporation’s internal control over financial reporting.

CONSUMERS BANCORP, INC.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

None

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3 – Defaults Upon Senior Securities

None

Item 4 – Mine Safety Disclosures

Not Applicable

Item 5 – Other Information

None

Item 6 – Exhibits

Exhibit Number	Description
Exhibit 11	Statement regarding Computation of Per Share Earnings (included in Note 5 to the Consolidated Financial Statements).
	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

Exhibit 31.1	
Exhibit 31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
Exhibit 32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
Exhibit 101	The following materials from Consumers Bancorp, Inc.'s Form 10-Q Report for the quarterly period ended December 31, 2014, formatted in XBRL (Extensible Business Reporting Language) include: (1) Unaudited Consolidated Balance Sheets, (2) Unaudited Consolidated Statements of Income, (3) Unaudited Consolidated Statements of Comprehensive Income, (4) Unaudited Consolidated Statement of Changes in Shareholders' Equity, (5) Unaudited Condensed Consolidated Statements of Cash Flows, and (6) the Notes to Unaudited Condensed Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONSUMERS BANCORP, INC.
(Registrant)

Date: February 17, 2015 /s/ Ralph J. Lober
Ralph J. Lober, II
President & Chief Executive Officer
(principal executive officer)

Date: February 17, 2015 /s/ Renee K. Wood
Renee K. Wood
Chief Financial Officer & Treasurer
(principal financial officer)