FPB FINANCIAL CORP.
AND SUBSIDIARIES

Audits of Consolidated Financial Statements

December 31, 2014 and 2013

Contents

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Independent Auditor's Report

To the Board of Directors
FPB Financial Corp. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of FPB Financial Corp. and Subsidiaries (the Company) which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FPB Financial Corp. and Subsidiaries as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

LaPorte

A Professional Accounting Corporation

Metairie, LA
March 9, 2015

FPB FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2014 and 2013

	2014	2013
Assets		
Cash and Cash Equivalents		
Cash and Noninterest-Earning Deposits	$ 5,817,306	$ 5,672,583
Interest-Earning Deposits in Other Depository Institutions	4,759,095	1,713,251
Total Cash and Cash Equivalents	10,576,401	7,385,834
Certificates of Deposit	-	747,000
Investment Securities		
Available for Sale, at Fair Value	56,494,516	60,180,050
Held to Maturity, at Amortized Cost	5,689,479	4,556,671
Trading Securities, at Fair Value	149,909	193,680
Federal Home Loan Bank Stock, at Cost	1,040,600	940,400
First National Bankers Bank, at Cost	300,000	-
Loans Held for Sale	1,315,345	1,075,902
Loans, Net of Allowance for Loan Losses of $2,901,886 in 2014 and $3,003,948 in 2013	135,306,962	114,907,545
Accrued Interest Receivable	888,513	878,523
Premises and Equipment, Net	9,254,094	9,072,061
Foreclosed Assets	76,000	578,068
Deferred Tax Asset	-	363,223
Investment in Bank Owned Life Insurance	4,155,978	4,011,118
Other Assets	1,380,281	1,023,287
Total Assets	$ 226,628,078	$ 205,913,362

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

FPB FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
December 31, 2014 and 2013

	2014	2013
Liabilities and Stockholders' Equity		
Deposits		
Deposits - Noninterest-Bearing	**$ 44,399,160**	$ 36,759,002
Deposits - Interest-Bearing	**89,255,828**	85,260,839
Time Deposits - $100,000 and Over	**26,727,292**	24,688,368
Other Time Deposits	**16,504,766**	15,659,843
Total Deposits	**176,887,046**	162,368,052
Accrued Interest Payable	**21,544**	39,073
Federal Home Loan Bank Advances	**22,501,000**	19,391,500
Subordinated Debentures/Trust Preferred Securities	**3,093,000**	3,093,000
Deferred Tax Liability	**312,410**	-
Other Liabilities	**522,015**	591,049
Total Liabilities	**203,337,015**	185,482,674
Stockholders' Equity		
Common Stock - $.01 Par Value, 5,000,000 Shares Authorized, 1,236,990 Shares Issued at December 31, 2014 and December 31, 2013	**13,127**	13,127
Additional Paid-In Capital	**8,470,021**	8,404,084
Unearned MRP Trust Stock	**(4,341)**	(7,481)
Treasury Stock, at Cost - 75,698 Shares at December 31, 2014 and December 31, 2013	**(1,783,468)**	(1,783,468)
Retained Earnings	**16,378,755**	14,652,139
Accumulated Other Comprehensive Income (Loss)	**216,969**	(847,713)
Total Stockholders' Equity	**23,291,063**	20,430,688
Total Liabilities and Stockholders' Equity	**$ 226,628,078**	$ 205,913,362

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

FPB FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Income
For the Years Ended December 31, 2014 and 2013

	2014	2013
Interest and Dividend Income		
Interest and Fees on Loans	**$ 9,307,301**	$ 8,955,500
Interest and Dividends on Investment Securities and Other Interest-Earning Deposits	**1,178,988**	886,116
Total Interest and Dividend Income	**10,486,289**	9,841,616
Interest Expense		
Interest on Deposits	**625,771**	665,604
Interest on Borrowings	**268,833**	313,128
Interest on Subordinated Debentures	**104,741**	106,087
Total Interest Expense	**999,345**	1,084,819
Net Interest Income	**9,486,944**	8,756,797
Provision for Loan Losses	**235,000**	206,000
Net Interest Income After Provision for Loan Losses	**9,251,944**	8,550,797
Non-Interest Income		
Gain (Loss) on Sale of Investments	**26,223**	(34,748)
(Loss) Gain on Trading Securities	**(43,770)**	24,523
Investment Impairment Loss	**(20,390)**	-
Service Charges on Deposits	**811,527**	906,885
Mortgage Banking Fees	**532,527**	628,752
Other Income	**1,149,668**	801,288
Total Non-Interest Income	**2,455,785**	2,326,700
Non-Interest Expense		
Compensation and Employee Benefits	**5,035,515**	4,478,346
Occupancy and Equipment	**1,115,035**	912,501
Technology and Information Processing	**806,170**	770,411
Professional Fees	**261,661**	278,567
Regulatory Fees	**280,025**	294,162
Other General and Administrative	**1,343,605**	1,219,025
Total Non-Interest Expense	**8,842,011**	7,953,012
Income Before Income Taxes	**2,865,718**	2,924,485
Income Tax Expense	**802,390**	935,273
Net Income	**$ 2,063,328**	$ 1,989,212
Earnings Per Share - Basic	**$ 1.72**	$ 1.82
Earnings Per Share - Diluted	**$ 1.71**	$ 1.81

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

FPB FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2014 and 2013

	2014	2013
Net Income	**$ 2,063,328**	$ 1,989,212
Other Comprehensive Income (Loss), Net of Tax		
Unrealized Holding Gains (Losses) Arising During the Period	**1,081,989**	(1,065,687)
Reclassification Adjustment for (Gains) Losses Included in Net Income	**(17,307)**	22,934
Total Other Comprehensive Income (Loss)	**1,064,682**	(1,042,754)
Comprehensive Income	**$ 3,128,010**	$ 946,458

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

FPB FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2014 and 2013

	Preferred Stock A	Preferred Stock B	Common Stock	Additional Paid-In Capital	Unearned MRP Trust Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance - January 1, 2013	$ -	$ -	$ 11,796	$ 6,327,663	$ (12,909)	$ (1,783,468)	$ 12,974,449	$ 195,041	$ 17,712,572
Net Income	-	-	-	-	-	-	1,989,212	-	1,989,212
Sale of Common Stock	-	-	1,290	1,999,498	-	-	-	-	2,000,788
Option Exercised	-	-	41	29,661	-	-	-	-	29,702
Distribution of Stock for Management	-	-	-	47,262	5,428	-	-	-	52,690
Other Comprehensive Loss, Net of Tax	-	-	-	-	-	-	-	(1,042,754)	(1,042,754)
Dividends Paid on Common Stock	-	-	-	-	-	-	(311,522)	-	(311,522)
Balance - December 31, 2013	-	-	13,127	8,404,084	(7,481)	(1,783,468)	14,652,139	(847,713)	20,430,688
Net Income	-	-	-	-	-	-	2,063,328	-	2,063,328
Distribution of Stock for Management	-	-	-	65,937	3,140	-	-	-	69,077
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	1,064,682	1,064,682
Dividends Paid on Common Stock	-	-	-	-	-	-	(336,712)	-	(336,712)
Balance - December 31, 2014	$ -	$ -	$ 13,127	$ 8,470,021	$ (4,341)	$ (1,783,468)	$ 16,378,755	$ 216,969	$ 23,291,063

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

FPB FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Net Income	**$ 2,063,328**	$ 1,989,212
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	**468,984**	419,774
Net Gain on Sale of Foreclosed Assets	**(45,621)**	(90,879)
Charge Down on Other Real Estate	**-**	135,984
Provision for Loan Losses	**235,000**	206,000
Amortization of Investment Security Premiums	**1,041,917**	1,127,150
(Gain) Loss on Sale of Investments	**(26,223)**	34,748
Loss on Sale of Premises and Equipment	**4,437**	25,065
Deferred Tax Provision	**127,160**	252,575
Increase in Cash Surrender Value of Bank Owned Life Insurance	**(144,860)**	(11,118)
Management Recognition and Retention Plan Expense	**69,077**	52,690
Stock Dividends on Federal Home Loan Bank Stock	**(3,800)**	(2,900)
Changes in Operating Assets and Liabilities		
Accrued Interest Receivable	**(9,990)**	(82,076)
Trading Securities	**43,771**	(3,743)
Loans Held for Sale	**(239,443)**	1,932,960
Other Assets	**(356,994)**	477,642
Accrued Interest Payable	**(17,529)**	(8,914)
Other Liabilities	**(69,034)**	(155,330)
Deferred Loan Origination and Commitment Costs	**(12,797)**	81,781
Net Cash Provided by Operating Activities	**3,127,383**	6,380,621
Cash Flows from Investing Activities		
Loan Originations and Principal Collections, Net	**(20,944,120)**	291,240
Proceeds from Sale of Premises and Equipment	**-**	18,639
Purchase of Premises and Equipment	**(655,454)**	(482,973)
Proceeds from Sale of Foreclosed Assets	**870,189**	1,681,800
Purchase of Federal Home Loan Bank Stock	**(2,061,300)**	(358,400)
Proceeds from Sale of Federal Home Loan Bank Stock	**1,964,900**	420,200
Purchase of First National Bankers Bank Stock	**(300,000)**	-
Decrease in Certificates of Deposit	**747,000**	3,488,000
Purchase of Held to Maturity Securities	**(1,200,000)**	(2,500,000)
Purchase of Investment Securities - Available-for-Sale	**(10,028,829)**	(32,775,250)
Proceeds from Sale of Investment Securities - Available-for-Sale	**5,737,184**	5,446,965
Principal Payments from Investment Securities - Available-for-Sale	**8,641,832**	10,876,906
Purchase of Bank Owned Life Insurance	**-**	(4,000,000)
Net Cash Used in Investing Activities	**(17,228,598)**	(17,892,873)

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

FPB FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Financing Activities		
Proceeds from Stock Options Exercised	**-**	29,702
Net Increase in Deposits	**14,518,994**	1,704,897
Repayment of Federal Home Loan Bank Advances	**(497,806,517)**	(84,433,471)
Advances from Federal Home Loan Bank	**500,916,017**	88,233,168
Proceeds from Sale of Common Stock	**-**	2,000,788
Dividends Paid on Common Stock	**(336,712)**	(311,522)
Net Cash Provided by Financing Activities	**17,291,782**	7,223,562
Net Increase (Decrease) Cash and Cash Equivalents	**3,190,567**	(4,288,690)
Cash and Cash Equivalents, Beginning of Year	**7,385,834**	11,674,524
Cash and Cash Equivalents, End of Year	**$ 10,576,401**	$ 7,385,834
Supplemental Disclosures of Cash Flow Information		
Cash Paid for:		
Interest	**$ 1,016,874**	$ 1,093,733
Income Taxes	**$ 986,000**	$ 360,000
Market Value Adjustment for Loss on Securities - Available-for-Sale	**$ 1,613,155**	$ 1,579,930
Supplemental Disclosure of Noncash Investing and Financing Activities		
Transfers of Loans to Foreclosed Assets	**$ 322,500**	$ 1,261,651

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

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of FPB Financial Corp. and Subsidiaries conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry. The following is a description of the more significant policies.

Nature of Operations
FPB Financial Corp. (Company) is a Louisiana thrift holding company in Hammond, Louisiana. The Company's subsidiary is Florida Parishes Bank (Bank), which has been in continuous operation since 1922, and represents virtually all of the operations and net income of the Company. During 2000, the Bank established and incorporated FPB Insurance and Investments, Inc. (FPBII), which is wholly-owned by the Bank.

The Bank provides a variety of deposit products and a mixture of fixed and adjustable rate mortgages, primarily first mortgages on single-family residences, various types of consumer loans, and lines of credit. It operates from locations in Hammond, Ponchatoula, Covington and Amite, Louisiana, and all of its mortgages are secured by properties located primarily in Tangipahoa Parish and the surrounding areas.

FPBII was created to conduct securities brokerage and investment advisor activities and insurance activities through a contractual agreement with a third-party financial services corporation.

On June 28, 2003, FPB Financial Statutory Trust I was formed as a subsidiary of the Company to issue mandatorily redeemable capital securities to the public (see Note 2). The Company applies the provisions of U.S. Generally Accepted Accounting Principles (GAAP) requiring the deconsolidation of certain entities. In accordance with these provisions, the consolidated financial statements do not include the accounts of FPB Financial Statutory Trust I.

Basis of Presentation and Consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Florida Parishes Bank. All significant intercompany balances and transactions have been eliminated. Certain prior year amounts have been reclassified to conform to presentation in the current year.

Use of Estimates
In preparing consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

Use of Estimates (Continued)

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of estimated losses on loans, management obtains independent appraisals for significant collateral.

The Bank's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Bank has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks, federal funds sold and securities purchased under agreements to resell, all of which have an original maturity within ninety days.

The Bank is subject to the reserve requirements of the Board of Governors of the Federal Reserve System (the Federal Reserve Board) as codified in Regulation D. Regulation D defines institutions that are subject to the reserve requirement; the liabilities that are reservable; and the reporting, reserve calculation and maintenance requirements. For the reserve maintenance period ended December 31, 2014, the reserve requirement was $4,406,000.

Securities

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

Purchase premiums and discounts are recognized in interest income over the terms of the securities. Gains and losses on the sale of investment securities are recorded on the trade date and are determined using first-in, first-out or weighted average methods.

Note 1. Summary of Significant Accounting Policies (Continued)

Loans

The Company, through its subsidiary bank, grants mortgage, commercial, and consumer loans, and lines of credit to customers. A substantial portion of the loan portfolio is represented by mortgage loans throughout Tangipahoa Parish. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans are reported at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for loan losses. Any deferred fees or costs on origination and commitment fees, as well as certain direct origination costs, are deferred and amortized as a yield adjustment over the lives of the related loans using the level yield method. Amortization of net deferred loan fees or costs is discontinued when a loan is placed on nonaccrual status.

The accrual of interest income on loans is discontinued at the time the loan becomes 90 days past due. At that time, uncollected interest previously recorded is reversed. If the delinquent interest is subsequently collected, it is credited to income in the period collected. Interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value. Mortgage loans held for sale are sold with the mortgage servicing rights released by the Company.

Gains and losses on the sale of loans are accounted for by imputing gain or loss by charging a varying premium and servicing fee to the buyer. The gain or loss is increased or reduced by the amount of fees carried on the loan. Such gains and losses are recognized as loan fees in the consolidated financial statements for the year of sale.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Interest payments received on impaired loans are recorded as interest income unless collection of the remaining recorded investment is doubtful, at which time payments received are recorded as reductions of principal.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the Bank's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to pay, the estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Note 1. Summary of Significant Accounting Policies (Continued)

Allowance for Loan Losses (Continued)

A loan is considered impaired when, based on current information and events, it is probable the Bank will be unable to collect the scheduled payment of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Impairment is measured on a loan by loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation computed on the straight-line and accelerated methods over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are initially recorded at the lower of the related loan balance or fair value less estimated cost to sell at the date of foreclosure, establishing a new cost basis. Management periodically performs valuations, and the assets are carried at the lower of carrying amount or fair value less cost to sell. Costs related to improvement of the property are capitalized, whereas costs related to holding the property are charged to operations.

Bank Owned Life Insurance

The Bank purchased single-premium life insurance on certain employees of the Bank. Appreciation in value of the insurance policies is classified as noninterest income.

Income Taxes

The Company and its wholly-owned subsidiary, Florida Parishes Bank, file a consolidated Federal income tax return. Each entity pays its pro rata share of income taxes in accordance with a written tax-sharing agreement.

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

All tax returns have been appropriately filed by the Company. The Company's tax filings are subject to audit by various taxing authorities. The Company's Federal tax returns for 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed. As of December 31, 2014, management evaluated the Company's tax position and concluded that the Company has taken no uncertain tax positions that require adjustment to the consolidated financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Company had no amount of interest and/or penalties recognized in the consolidated statements of income for neither the years ended December 31, 2014 and 2013, respectively, nor any amount of interest and/or penalties payable that were recognized in the consolidated balance sheets as of December 31, 2014 or 2013, in relation to its income tax returns.

Off-Balance Sheet Financial Statements

In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit, commercial letters-of-credit and standby letters-of-credit. Such financial instruments are recorded in the financial statements when they become payable.

Stock Compensation Plans

ASC 718 *Stock Compensation* requires the Company to recognize in the income statement the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The amount of expense associated with options which vested during 2014 and 2013 were considered to be immaterial for financial reporting purposes.

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs were $188,954 and $122,545, for the years ended December 31, 2014 and 2013, respectively.

Comprehensive Income

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

Recent Accounting Pronouncements

In January 2014, the FASB issued ASU 2014-01, *Investments-Equity Method and Joint Ventures – Accounting for Investments in Qualified Affordable Housing Projects*. This guidance permits reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognize the net investment performance in the income statement as a component of income tax expense (benefit). For those investments in qualified affordable housing projects not accounted for using the proportional amortization method, the investment should be accounted for as an equity method investment or a cost method investment. This guidance is effective for annual periods beginning after December 15, 2014. The adoption of this guidance is not expected to have a material effect on the Company's financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

In January 2014, the FASB issued ASU 2014-02, *Accounting for Goodwill*. ASU 2014-02 allows private companies an accounting alternative for the subsequent measurement of goodwill. An entity within the scope of this guidance may elect to amortize goodwill on a straight-line basis over 10 years, or less than 10 years if the entity demonstrates that another useful life is more appropriate. An entity that elects the accounting alternative is further required to make an accounting policy election to test goodwill for impairment for either the entity level or the reporting unit level. Goodwill should be tested for impairment when a triggering event occurs that indicates that the fair value of an entity (or a reporting unit) may be below its carrying amount. Under this accounting alternative, the goodwill impairment amount, if any, would be the excess of the entity's (or the reporting unit's) carrying amount over its fair value. The provisions of this guidance did not have a material effect on the Company's financial statements.

In January 2014, the FASB issued ASU 2014-04, *Reclassification of Residential Real Estate - Collateralized Consumer Mortgage Loans upon Foreclosure*. The guidance within ASU 2014-04 clarifies that an in-substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (a) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure, or (b) the borrower conveying all interest in the residential real estate property to the creditor to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (a) the amount of foreclosed residential real estate property held by the creditor and (b) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The amendments of ASU 2014-04 are effective for annual periods beginning after December 15, 2015. The adoption of this of this guidance is not expected to have a material effect on the Company's financial statements.

In March 2014, the FASB issued ASU 2014-07, Consolidation (Topic 810): *Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*. The amendments in ASU 2014-07 permit a private company lessee to elect an alternative not to apply Variable Interest Entity guidance to a lessor entity if certain criteria are met. The alternative will be effective for annual periods beginning after December 15, 2014, and interim periods with annual periods beginning after December 15, 2015. Private companies may elect to apply the alternative earlier than the effective date, including for any period for which the entity's annual or internal financial statements have not yet been made available for issuance. Private companies electing the alternative are required to apply it retrospectively to all periods presented.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606): *Revenue from Contracts with Customers*. The amendments in ASU 2014-09 supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance. The general principle of ASU 2014-09 requires an entity to recognize revenue upon the transfer of promised 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. The guidance sets forth a five step approach to be utilized for revenue recognition. The amendments are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Management is currently assessing the impact to the Company's consolidated financial statements.

In June 2014, the FASB issued ASU 2014-11, Transfers and Servicing (Topic 860): *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures*. The amendments in ASU 2014-11 require repurchase-to-maturity transactions to be recorded and accounted for as secured borrowings. Amendments to Topic 860 also require separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which will result in secured borrowing accounting for the repurchase agreement, as well as additional disclosures. The accounting amendments and disclosures are effective for interim and annual periods beginning after December 15, 2014. The disclosures for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings are required to be presented for annual periods beginning after December 15, 2014, and for interim periods beginning after March 15, 2015. The adoption of this of this guidance is not expected to have a material effect on the Company's financial statements.

In June 2014, the FASB issued ASU 2014-12, Compensation – Stock Compensation (Topic 718): *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*. The amendments of ASU 2014-12 require that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. Specifically, if the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The amendments are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. The adoption of this of this guidance is not expected to have a material effect on the Company's financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

In August 2014, the FASB issued ASU 2014-13, Consolidation (Topic 810): *Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity*. The amendments of ASU 2014-13 allow for a reporting entity that consolidates a collateralized financing entity within the scope of the guidance to elect to measure the financial assets and the financial liabilities of that collateralized financing entity using the measurement alternative. Under the measurement alternative, the reporting entity should measure both the financial assets and the financial liabilities of that collateralized financing entity in its consolidated financial statements using the more observable of the fair value of the financial assets and the fair value of the financial liabilities. The amendments are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. The adoption of this of this guidance is not expected to have a material effect on the Company's financial statements.

In August 2014, the FASB issued ASU 2014-14, Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40): *Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure.* The amendments of ASU 2014-14 require a mortgage loan to be derecognized and a separate receivable to be recognized upon foreclosure if the loan has a government guarantee that is non-separable from the loan before foreclosure, the creditor has the ability and intent to convey the real estate property to the guarantor, and any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Additionally, the separate other receivable should be measured based on the amount of the loan balance expected to be recovered from the guarantor upon foreclosure. The amendments are effective for annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015.

In January 2015, the FASB issued ASU 2015-01, Income Statement – Extraordinary and Unusual Items (Subtopic 225-20): *Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. The amendments of ASU 2015-01 eliminate from Generally Accepted Accounting Principles the concept of extraordinary items. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015.

Note 2. Significant Stock Transactions

On August 19, 2013, the directors of the Company declared a three-for-one stock split of the Company's common stock. This declaration was announced through wire services on August 20, 2013. All stockholders of record on September 11, 2013 received two additional shares of the Company's common stock for each share held on that date. The additional shares of common stock were distributed to stockholders of record in the form of a stock dividend on September 27, 2013. All share and per share amounts in the accompanying consolidated financial statements and notes to the consolidated financial statements have been adjusted to apply the effect of the stock split.

Note 3. Subordinated Debentures/Trust Preferred Securities

In June 2003, the Company, through its wholly-owned subsidiary FPB Financial Statutory Trust I, issued mandatorily redeemable capital securities to the public. The capital securities consisted of 3,000 Capital Securities with a $1,000 liquidation amount for each capital security, for total gross proceeds of $3,000,000. The capital securities are fully guaranteed by the Company. Through June 26, 2008, each capital security paid a quarterly interest payment at the annual rate of 5.55%. Subsequent to June 26, 2008, each capital security pays a quarterly interest payment at a rate equal to the three-month LIBOR plus 3.10%. Each capital security represents an undivided preferred beneficial interest in the assets of FPB Financial Statutory Trust I. FPB Financial Statutory Trust I used the proceeds of the above sale and the proceeds of its issuance of common securities to the Company to buy $3,093,000 of subordinated debentures issued by the Company. These subordinated debentures have the same interest rate structure as do the capital securities. The subordinated debentures have a stated term of 30 years and have the same financial terms as the capital securities.

The Company's obligations under the subordinated debentures are unsecured and rank junior to all of the Company's other borrowings, except borrowings that by their terms rank equal or junior to the subordinated debentures. The Company has guaranteed the payment by FPB Financial Statutory Trust I of the amounts that are required to be paid on the capital securities, to the extent that FPB Financial Statutory Trust I has funds available for such payments.

Note 4. Investment Securities

The amortized costs and fair values of securities available-for-sale and held-to-maturity, with gross unrealized gains and losses, follow:

	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Securities Available-for-Sale				
U.S. Government Agency Mortgage - Backed Securities	$ 23,115,458	$ 226,785	$ 76,348	$ 23,265,895
U.S. Government Agency Notes	2,063,068	16,483	1,177	2,078,374
State and Municipal Obligations	8,830,273	83,867	55,166	8,858,974
U.S. Agency - SBA Loan Pool	22,156,976	271,609	137,312	22,291,273
Total Securities Available-for-Sale	$ 56,165,775	$ 598,744	$ 270,003	$ 56,494,516
Securities Held-to-Maturity				
U.S. Agency - SBA Loan Pool	$ 1,004,768	$ -	$ 20,772	$ 983,996
U.S. Government Agency Notes	4,684,711	11,986	57,132	4,639,565
Total Securities Held-to-Maturity	$ 5,689,479	$ 11,986	$ 77,904	$ 5,623,561

Note 4. Investment Securities (Continued)

	December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Securities Available-for-Sale				
U.S. Government Agency Mortgage - Backed Securities	$ 26,386,557	$ 171,541	$ 330,077	$ 26,228,021
U.S. Government Agency Notes	3,162,246	2,326	48,793	3,115,779
State and Municipal Obligations	9,253,256	371	639,182	8,614,445
U.S. Agency - SBA Loan Pool	22,662,405	156,964	597,564	22,221,805
Total Securities Available-for-Sale	$ 61,464,464	$ 331,202	$ 1,615,616	$ 60,180,050
Securities Held-to-Maturity				
U.S. Agency - SBA Loan Pool	$ 1,056,671	$ -	$ 60,954	$ 995,717
U.S. Government Agency Notes	3,500,000	-	259,025	3,240,975
Total Securities Held-to-Maturity	$ 4,556,671	$ -	$ 319,979	$ 4,236,692

At December 31, 2014 and 2013, investments with a total market value of $9,885,420 and $7,125,488, respectively, were pledged to secure public deposits.

The amortized cost and fair value of debt securities available-for-sale and held-to-maturity by contractual maturity at December 31, 2014, follows:

	Available-for-Sale		**Held-to-Maturity**	
	Amortized Cost	**Fair Value**	**Amortized Cost**	**Fair Value**
Amounts Maturing in:				
Within One Year	$ -	$ -	$ -	$ -
One to Five Years	8,217,845	8,307,028	1,000,000	980,181
Five to Ten Years	11,707,233	11,761,989	1,990,017	1,967,414
Over Ten Years	36,240,697	36,425,499	2,699,462	2,675,966
	$ 56,165,775	$ 56,494,516	$ 5,689,479	$ 5,623,561

Proceeds from sales of available-for-sale securities during years 2014 and 2013 were $5,737,184 and $5,446,965, respectively. Gross realized gains and losses on sales during years 2014 and 2013 were a gain of $26,223 and a loss of $34,748, respectively. No held-to-maturity securities were sold during 2014 or 2013.

Note 4. Investment Securities (Continued)

The following presents by type, the securities which were in a loss position for greater than twelve months:

December 31, 2014	Less Than 12 Months Fair Value	Less Than 12 Months Gross Unrealized Losses	12 Months or More Fair Value	12 Months or More Gross Unrealized Losses	Total Fair Value	Total Gross Unrealized Losses
Securities Available-for-Sale:						
U.S. Government Agency Mortgage - Backed Securities	$ 3,711,798	$ (18,145)	$ 5,709,328	$ (58,203)	$ 9,421,126	$ (76,348)
U.S. Government Agency Notes	384,628	(1,177)	-	-	384,628	(1,177)
State and Municipal Obligations	-	-	4,269,276	(55,166)	4,269,276	(55,166)
U.S. Agency - SBA Loan Pool	1,520,550	(3,742)	9,887,513	(133,570)	11,408,063	(137,312)
Securities Held-to-Maturity:						
U.S. Agency - SBA Loan Pool	983,996	(20,772)		-	983,996	(20,772)
U.S. Government Agency Notes	-	-	3,442,870	(57,132)	3,442,870	(57,132)
	6,600,972	(43,836)	23,308,987	(304,071)	29,909,959	(347,907)

These unrealized losses on the Company's investments were caused by interest rate increases. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost of the Company's investment. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2014.

At December 31, 2014, one state and municipal obligation was in a loss position for greater than 12 month and was determined by management to be other-than-temporarily impaired. As a result, impairment losses totaling $20,390 were recognized for the year ended December 31, 2014. The following table rolls forward the other-than-temporary impairment (OTTI) recognized in earnings on the above mentioned debt security held by the Company for the years ended December 31, 2014 and 2013.

	Year Ended December 31, 2014	Year Ended December 31, 2013
Balance, Beginning of Year	**$ -**	$ -
Reductions from Sales	**-**	-
Credit Losses Not Previously Recognized	**20,390**	-
Additional Credit Losses	**-**	-
Balance, End of Year	**$ 20,390**	$ -

Note 5. Loans and Allowances for Loan Losses

The summary of the balances of loans follows:

	December 31, 2014	December 31, 2013
Real Estate Loans		
Residential		
One-to-Four Family Residences and Home Equity Loans	**$ 43,701,145**	$ 40,254,310
Multi-Family	**4,750,571**	5,823,188
Second Mortgages	**2,965,166**	3,753,985
Construction for One-to-Four Family Residences	**13,895,008**	6,728,592
Construction for Multi-Family Residences	**369,603**	-
Total Residential Real Estate Loans	**65,681,493**	56,560,075
Commercial		
Construction for Commercial Real Estate	**2,409,196**	1,684,561
Commercial Real Estate	**37,251,166**	29,622,777
Total Commercial Real Estate Loans	**39,660,362**	31,307,338
Other		
Land	**16,881,187**	15,535,614
Total Real Estate Loans	**122,223,042**	103,403,027
Consumer Loans		
Secured		
Loans Secured by Certificates of Deposit	**2,073,993**	1,605,389
Automobile	**1,464,750**	1,414,146
Secured - Other	**806,693**	1,416,030
Unsecured		
Unsecured - Other	**2,274,474**	2,619,758
Bankcards	**1,093,086**	1,135,809
Total Consumer Loans	**7,712,996**	8,191,132
Commercial Loans		
Secured, Other than Mortgages	**5,601,946**	3,678,930
Unsecured	**2,684,757**	2,665,094
Total Commercial Loans	**8,286,703**	6,344,024
Total Loans	**138,222,741**	117,938,183
Allowance for Loan Losses	**(2,901,886)**	(3,003,948)
Net Deferred Loan Origination (Fees) Costs	**(13,893)**	(26,690)
Loans, Net	**$ 135,306,962**	$ 114,907,545

Note 5. Loans and Allowances for Loan Losses (Continued)

An analysis of the allowance for loan losses for the years ended December 31st follows:

	December 31, 2014	December 31, 2013
Balance, Beginning of Year	**$ 3,003,948**	$ 3,208,815
Provision Charged to Operations	**235,000**	206,000
Loans Charged-Off	**(402,969)**	(640,956)
Recoveries Credited to Allowance	**65,907**	230,089
Balance, End of Year	**$ 2,901,886**	$ 3,003,948

The following presents by portfolio segment the activity in the allowance for the year ended December 31, 2014 and 2013. The following also presents by portfolio segment the balance in the allowance disaggregated on the basis of the Bank's impairment measurement method and the related recorded investment in loans as of December 31, 2014 and 2013.

December 31, 2014	Real Estate Loans - Residential	Real Estate Loans - Commercial	Real Estate Loans - Other	Consumer Loans	Commercial Loans	Total
Allowance for Loan Losses:						
Beginning Balances	$ 1,064,785	$ 639,910	$ 481,303	$ 223,127	$ 594,823	$ 3,003,948
Charge-Offs	(82,649)	(129,351)	(9,223)	(149,833)	(31,913)	(402,969)
Recoveries	24,851	200	1,282	33,173	6,401	65,907
Current Provision	83,299	50,060	37,653	17,455	46,533	235,000
Reclassification of Specific Valuation Allowance	-	-	-	-	-	-
Ending Balances	$ 1,090,286	$ 560,819	$ 511,015	$ 123,922	$ 615,844	$ 2,901,886
Ending Balance Allocated to:						
Individually Evaluated for Impairment	$ 297,449	$ 434,309	$ 231,434	$ 36,874	$ 39,703	$ 1,039,769
Collectively Evaluated for Impairment	792,837	126,510	279,581	87,048	576,141	1,862,117
	$ 1,090,286	$ 560,819	$ 511,015	$ 123,922	$ 615,844	$ 2,901,886
Ending Loans Receivable						
Disaggregated by Evaluation Method:						
Ending Balances:						
Individually Evaluated for Impairment	$ 2,384,384	$ 811,846	$ 473,800	$ 39,452	$ 135,528	$ 3,845,010
Collectively Evaluated for Impairment	63,297,109	38,848,516	16,407,387	7,673,544	8,151,175	134,377,731
Ending Balance - Total	$ 65,681,493	$ 39,660,362	$ 16,881,187	$ 7,712,996	$ 8,286,703	$ 138,222,741

Note 5. Loans and Allowances for Loan Losses (Continued)

December 31, 2013	Real Estate Loans - Residential	Real Estate Loans - Commercial	Real Estate Loans - Other	Consumer Loans	Commercial Loans	Total
Allowance for Loan Losses:						
Beginning Balances	$ 1,322,348	$ 753,557	$ 388,481	$ 211,229	$ 533,200	$ 3,208,815
Charge-Offs	(284,773)	(245,604)	-	-	(110,579)	(640,956)
Recoveries	27,210	16,945	1,834	11,898	172,202	230,089
Current Provision	-	115,012	90,988	-	-	206,000
Reclassification of Specific Valuation Allowance	-	-	-	-	-	-
Ending Balances	$ 1,064,785	$ 639,910	$ 481,303	$ 223,127	$ 594,823	$ 3,003,948
Ending Balance Allocated to:						
Individually Evaluated for Impairment	$ 338,078	$ 414,308	$ 231,433	$ 36,877	$ 84,193	$ 1,104,889
Collectively Evaluated for Impairment	726,707	225,602	249,870	186,250	510,630	1,899,059
	$ 1,064,785	$ 639,910	$ 481,303	$ 223,127	$ 594,823	$ 3,003,948
Ending Loans Receivable						
Disaggregated by Evaluation Method:						
Ending Balances:						
Individually Evaluated for Impairment	$ 2,497,116	$ 1,270,443	$ 752,040	$ 84,247	$ 188,056	$ 4,791,902
Collectively Evaluated for Impairment	54,062,959	30,036,895	14,783,574	8,106,885	6,155,968	113,146,281
Ending Balance - Total	$ 56,560,075	$ 31,307,338	$ 15,535,614	$ 8,191,132	$ 6,344,024	$ 117,938,183

Credit Quality Indicators

The Bank uses several credit quality indicators to manage credit risk in an ongoing manner. The Bank's primary credit quality indicators are to use an internal credit risk rating system that categorizes loans into pass, special mention, substandard, or doubtful categories. Credit risk ratings are applied individually to those classes of loans that have significant or unique credit characteristics that benefit from a case-by-case evaluation. Groups of loans and leases that are underwritten and structured using standardized criteria and characteristics, such as statistical models (e.g., credit scoring or payment performance), are typically risk rated and monitored collectively.

The following are the definitions of the Bank's credit quality indicators:

Pass: Loans that comply in all material respects with the Bank's loan policies are adequately secured with conforming collateral and are extended to borrowers with documented cash flow and/or liquidity to safely cover their total debt service requirements.

Pass/Watch: Loans that represent an acceptable level of loss exposure to the Bank. A definite possibility of rapid financial deterioration exists if adverse factors prevail. The Bank remains protected by sound, but less liquid net worth of the borrower. Unsecured loans lacking definite and specific repayment plans, but with identified sources of repayment, may also fall into this category.

Note 5. Loans and Allowances for Loan Losses (Continued)

Credit Quality Indicators (Continued)

Special Mention: Loans that have potential weaknesses that, if left uncorrected, may result in deterioration of repayment prospects for the asset or in the Bank's credit position at some future date. These assets are not adversely classified and do not expose the Bank to sufficient risk to warrant adverse classification. Performing loans with a collateral agreement not properly executed may also fall into this category.

Substandard: Loans that are inadequately protected by the current net worth and paying capacity of the obligor or the by the collateral pledged. These assets have a well defined weakness or weaknesses. The Bank has a distinct possibility to sustain some loss if the deficiencies are not corrected.

Doubtful: Loans that have the weaknesses of those classified Substandard, with the added characteristic that the weaknesses make the collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The likelihood of a loss on an asset is high.

The following presents by class and by credit quality indicator, the recorded investment in the Bank's loans as of December 31, 2014 and 2013:

December 31, 2014	Pass	Pass/Watch	Special Mention	Substandard	Doubtful	Total
Real Estate Loans - Residential	$ 60,993,148	$ 2,729,898	$ 401,462	$ 1,556,985	$ -	$ 65,681,493
Real Estate Loans - Commercial	36,459,122	2,659,687	275,492	266,061	-	39,660,362
Real Estate Loans - Other	13,652,519	2,288,489	554,049	386,130	-	16,881,187
Consumer Loans	7,465,325	124,196	75,918	47,557	-	7,712,996
Commercial Loans	8,160,420	69,540	12,001	44,742	-	8,286,703
Total	$ 126,730,534	$ 7,871,810	$ 1,318,922	$ 2,301,475	$ -	$ 138,222,741

December 31, 2013	Pass	Pass/Watch	Special Mention	Substandard	Doubtful	Total
Real Estate Loans - Residential	$ 50,437,734	$ 3,161,910	$ 1,440,628	$ 1,519,803	$ -	$ 56,560,075
Real Estate Loans - Commercial	29,204,207	546,786	594,799	834,331	127,215	31,307,338
Real Estate Loans - Other	12,135,424	1,303,805	1,380,995	715,390	-	15,535,614
Consumer Loans	8,076,650	29,995	10,553	73,934	-	8,191,132
Commercial Loans	6,083,077	40,960	111,785	108,202	-	6,344,024
Total	$ 105,937,092	$ 5,083,456	$ 3,538,760	$ 3,251,660	$ 127,215	$ 117,938,183

The Bank's credit quality indicators are periodically updated on a case-by-case basis.

Note 5. Loans and Allowances for Loan Losses (Continued)

Impaired Loans

The following presents by class, information related to impaired loans as of and for the year ended December 31, 2014 and 2013:

December 31, 2014	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
Real Estate Loans - Residential	$ 2,384,384	$ 1,425,521	$ 958,863	$ 2,384,384	$ 297,449	$ 2,690,330
Real Estate Loans - Commercial	811,846	545,784	266,062	811,846	434,309	863,099
Real Estate Loans - Other	473,800	293,780	180,020	473,800	231,434	601,054
Consumer Loans	39,452	17,239	22,213	39,452	39,703	66,270
Commercial Loans	135,528	87,971	47,557	135,528	36,874	139,617
Total	$ 3,845,010	$ 2,370,295	$ 1,474,715	$ 3,845,010	$ 1,039,769	$ 4,360,370

December 31, 2013	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
Real Estate Loans - Residential	$ 2,497,116	$ 1,355,054	$ 1,142,062	$ 2,497,116	$ 338,078	$ 2,300,996
Real Estate Loans - Commercial	1,270,443	373,518	896,925	1,270,443	414,308	1,385,995
Real Estate Loans - Other	752,040	239,646	512,394	752,040	231,433	726,240
Consumer Loans	84,247	29,056	55,191	84,247	36,877	88,164
Commercial Loans	188,056	79,854	108,202	188,056	84,193	159,465
Total	$ 4,791,902	$ 2,077,128	$ 2,714,774	$ 4,791,902	$ 1,104,889	$ 4,660,860

The amount of interest income that would have been recorded on impaired loans for the years ended December 31, 2014 and 2013, was approximately $61,118 and $29,887, respectively.

The Bank is not committed to lend additional funds to debtors whose loans are on nonaccrual status, or loans that have been modified in troubled debt restructurings, at December 31, 2014.

Note 5. Loans and Allowances for Loan Losses (Continued)

Non-Accrual Loans

The following presents by class, the recorded investment in loans on non-accrual status as of December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Real Estate Loans - Residential	**$ 813,571**	$ 366,580
Real Estate Loans - Commercial	**-**	192,714
Real Estate Loans - Other	**12,722**	16,033
Consumer Loans	**7,028**	-
Commercial Loans	**-**	-
Total	**$ 833,321**	$ 575,327

Aging Analysis of Past Due Loans

The following presents by class, an aging analysis and the recorded investment in loans as of December 31, 2014 and 2013:

December 31, 2014	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days: Nonaccrual	Greater than 90 Days: Recorded Investment > 90 Days and Accruing	Total Past Due	Current	Total Loans Receivable
Real Estate Loans - Residential	$ 357,964	$ -	$ 813,571	$ -	$ 1,171,535	$ 64,509,958	$ 65,681,493
Real Estate Loans - Commercial	72,962	-	-	-	72,962	39,587,400	39,660,362
Real Estate Loans - Other	195,382	-	12,722	-	208,104	16,673,083	16,881,187
Consumer Loans	26,420	-	7,028	-	33,448	7,679,548	7,712,996
Commercial Loans	-	-	-	-	-	8,286,703	8,286,703
Total	$ 652,728	$ -	$ 833,321	$ -	$ 1,486,049	$136,736,692	$138,222,741

December 31, 2013	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days: Nonaccrual	Greater than 90 Days: Recorded Investment > 90 Days and Accruing	Total Past Due	Current	Total Loans Receivable
Real Estate Loans - Residential	$ 1,060,572	$ 522,317	$ 366,580	$ -	$ 1,949,469	$ 54,610,606	$ 56,560,075
Real Estate Loans - Commercial	-	-	192,714	-	192,714	31,114,624	31,307,338
Real Estate Loans - Other	-	-	16,033	-	16,033	15,519,581	15,535,614
Consumer Loans	18,819	45,008	-	-	63,827	8,127,305	8,191,132
Commercial Loans	14,360	14,707	-	-	29,067	6,314,957	6,344,024
Total	$ 1,093,751	$ 582,032	$ 575,327	$ -	$ 2,251,110	$115,687,073	$117,938,183

Note 5. Loans and Allowances for Loan Losses (Continued)

Troubled Debt Restructurings

Troubled debt restructurings (TDR's) are modified loans in which a concession is provided to a borrower experiencing financial difficulties. Loan modifications are considered TDR's when the concessions provided are not available to the borrower through either normal channels or other sources. However, not all loan modifications are TDR's.

Each potential loan modification is reviewed individually and the terms of the loan are modified to meet a borrower's specific circumstances at a point in time. The types of concessions provided to borrowers include interest rate adjustment or extension of the maturity date. All TDR's in each portfolio segment are placed on the watch list and evaluated individually for any potential loss and the allowance is adjusted accordingly.

The following table presents TDR's modified during the year ended December 31, 2014 and 2013:

	December 31, 2014			December 31, 2013		
	Number of Contracts	Pre-Modification Recorded Investment	Post-Modification Recorded Investment	Number of Contracts	Pre-Modification Recorded Investment	Post-Modification Recorded Investment
Real Estate Loans - Residential	8	$ 1,118,512	$ 1,118,512	4	$ 242,914	$ 242,914
Real Estate Loans - Commercial	1	266,061	266,061	1	388,603	388,603
Real Estate Loans - Other	2	87,643	87,643	1	16,309	16,309
Commercial Loans	1	20,050	20,050	0	-	-
Consumer Loans	1	1,321	1,321	2	7,682	7,682
Total		$ 1,493,587	$ 1,493,587		$ 655,508	$ 655,508

There have been no TDR's modified within the previous twelve months that have subsequently redefaulted during the year ended December 31, 2014. The TDR's modified during the year include two loans which totaled $199,539 that paid off as agreed, and two loans which totaled $171,963 that were on non-accrual during modification and have remained on non-accrual status. The remaining nine loans are performing in accordance with the modified terms.

At December 31, 2014, there are no commitments to lend additional funds to any borrower whose loan terms have been modified in a troubled debt restructuring.

Note 5. Loans and Allowances for Loan Losses (Continued)

Related Party Loans

In the ordinary course of business, the Bank has granted loans to principal officers and directors and entities for which they have significant ownership or management position. An analysis of the changes in loans to such borrowers follows:

	Year Ended December 31, 2014	2013
Balance, Beginning of Year	**$ 1,313,097**	$ 1,085,470
Additions	**403,848**	425,404
Payments and Renewals	**(865,792)**	(197,777)
Balance, End of Year	**$ 851,153**	$ 1,313,097

Note 6. Accrued Interest Receivable

Accrued interest receivable consists of the following:

	December 31, 2014	2013
Loans Receivable	**$ 479,142**	$ 452,486
Securities	**409,371**	426,037
Total	**$ 888,513**	$ 878,523

Note 7. Premises and Equipment

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

	December 31, 2014	2013
Land	**$ 2,261,972**	$ 2,261,972
Building	**7,052,956**	6,819,653
Furniture and Equipment	**2,762,526**	2,375,726
Construction in Progress	**-**	27,855
	12,077,454	11,485,206
Less: Accumulated Depreciation	**(2,823,360)**	(2,413,145)
Net Book Value	**$ 9,254,094**	$ 9,072,061

Depreciation expense for the years ended December 31, 2014 and 2013, was $468,984 and $419,774, respectively.

Note 8. Deposits

Interest-Bearing Deposits

Interest-bearing demand deposits were as follows:

	December 31, 2014	December 31, 2013
NOW Accounts	**$ 68,132,546**	$ 57,730,984
Savings Accounts	**10,712,505**	9,671,420
Money Market Accounts	**10,410,777**	17,858,435
Total	**$ 89,255,828**	$ 85,260,839

Time Deposits

Time deposits with a minimum denomination of $100,000 were $26,727,292 and $24,688,368, at December 31, 2014 and 2013, respectively. At December 31, 2014, scheduled maturities of time deposits are as follows:

Year Ended December 31,	Amount
2015	$ 34,014,682
2016	5,961,575
2017	1,522,979
2018	751,126
2019	939,582
Thereafter	42,114
Total	$ 43,232,058

Deposits with Related Parties

The Bank held deposits of $6,279,522 and $6,001,363 for officers, directors, and entities for which they have significant ownership or management position at December 31, 2014 and 2013, respectively.

Overdrafts

At December 31, 2014 and 2013, the Bank had deposit accounts in an overdraft position totaling $153,100 and $208,230, respectively. For financial reporting purposes, these amounts were reclassified as loans receivable.

Note 9. Borrowings

Pursuant to collateral agreements with the Federal Home Loan Bank (FHLB), advances are secured by a blanket floating lien on first mortgage loans. Total interest expense recognized in 2014 and 2013, was $268,833 and $313,128, respectively.

Advances consisted of the following at December 31, 2014 and 2013, respectively:

	Advance Total	
Contract Rate	**2014**	2013
0.00% to 1.99%	**$ 16,383,000**	$ 10,600,000
2.00% to 2.99%	**3,600,000**	5,650,000
3.00% to 3.99%	**2,500,000**	3,000,000
4.00% to 4.99%	**18,000**	141,500
Total	**$ 22,501,000**	$ 19,391,500

Contractual maturities of advances at December 31, 2014, are as follows:

Year Ended December 31,	**Amount**
2015	$ 18,183,000
2016	768,000
2017	1,600,000
2018	700,000
2019	250,000
After 2020	1,000,000
Total	$ 22,501,000

Note 10. Income Taxes

The provision for income taxes for 2014 and 2013 consists of the following:

	2014	2013
Current	**$ 700,230**	$ 913,023
Deferred	**102,160**	22,250
	$ 802,390	$ 935,273

Note 10. Income Taxes (Continued)

The components of the net deferred tax asset at December 31, 2014 and 2013, are as follows:

	2014	2013
Deferred Tax Assets:		
Capital Loss - ARM Fund	$ 175,564	$ 194,107
Allowance for Loan Losses	986,641	1,021,342
Deferred Income	5,440	5,440
Foreclosed Assets Charge Offs	-	5,855
Deferred Loan Costs/Fees	-	9,075
Net Unrealized Loss on Securities Available-for-Sale	-	436,701
Other	67,412	30,592
Total Deferred Tax Assets	1,235,057	1,703,112
Valuation Allowance	(175,564)	(194,107)
Net Deferred Tax Asset	1,059,493	1,509,005
Deferred Tax Liabilities:		
FHLB Stock Dividends	(2,989)	(22,824)
Deferred Loan Costs/Fees	(51,880)	-
Net Unrealized Gain on Securities Available-for-Sale	(111,772)	-
Fixed Assets	(1,176,742)	(1,070,696)
Prepaid Expenses	(28,520)	(52,262)
Total Deferred Tax Liabilities	(1,371,903)	(1,145,782)
Net Deferred Tax (Liability) Asset	$ (312,410)	$ 363,223

The provision for Federal income taxes differs from that computed at the statutory 34% corporate tax rate, as follows:

	Years Ended December 31,			
	2014		2013	
	Amount	Effective Rate %	Amount	Effective Rate %
Tax at Statutory Rate	$ 974,344	34.00	$ 994,333	34.00
Other	(171,954)	(6.00)	(59,060)	(2.02)
	$ 802,390	28.00	$ 935,273	31.98

Note 10. Income Taxes (Continued)

Included in retained earnings at December 31, 2014 and 2013, is $502,946 in bad debt reserves for which no deferred Federal income tax liability has been recorded. These amounts represent allocations of income to bad debt deductions for tax purposes only. Reduction of these reserves for purposes other than tax bad debt losses or adjustments arising from carryback of net operating losses would create income for tax purposes, which would be subject to the then-current income tax rate. The unrecorded deferred liability on these amounts was approximately $171,000 at December 31, 2014 and 2013, respectively.

Note 11. Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments consist of commitments to extend credit, standby letters-of-credit, and undisbursed lines-of-credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the Company's balance sheets.

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

At December 31, 2014 and 2013, the following financial instruments were outstanding whose contract amounts represent credit risk:

	December 31,	
	2014	2013
	(in thousands)	
Commitments to Extend Credit	**$ 20,579**	$ 19,461
Standby Letters-of-Credit	**263**	626

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract, and include amounts available to be drawn down against construction loans and unfunded commitments under lines-of-credit. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Standby letters-of-credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters-of-credit are primarily issued to support private borrowing arrangements. Essentially all letters-of-credit issued have expiration dates within one year. The credit risk involved in issuing letters-of-credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

Note 12. Comprehensive Income

Comprehensive income was comprised of changes in the Company's unrealized holding gains and losses on securities available-for-sale during 2014 and 2013. The components of comprehensive income and related tax effects are as follows:

	2014	2013
Gross Unrealized Holding Gains (Losses) Arising During the Period	**$ 1,639,378**	$ (1,614,678)
Tax Benefit (Expense)	**(557,389)**	548,991
Total	**1,081,989**	(1,065,687)
Less: Reclassification Adjustment for (Gains) Losses Included in Net Income	**(26,223)**	34,748
Tax Benefit (Expense)	**8,916**	(11,814)
Total	**(17,307)**	22,934
Total Other Comprehensive Income (Loss)	**$ 1,064,682**	$ (1,042,754)

Note 13. Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by its primary federal regulator, the Office of the Comptroller of the Currency. Failure to meet the minimum regulatory capital requirements can initiate certain mandatory, and possible additional discretionary actions by regulators, which, if undertaken, could have a direct material effect on the Bank and the financial statements. Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines involving quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification under the prompt corrective action guidelines are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of: total risk-based capital and Tier I capital to risk-weighted assets (as defined in the regulations), Tier I capital to adjusted total assets (as defined), tangible capital to adjusted total assets (as defined), and tangible equity to adjusted total assets (as defined). As of December 31, 2014, the Bank meets all of the capital requirements to which it is subject and is deemed to be well capitalized.

Note 13. Regulatory Matters (Continued)

The actual and required capital amounts and ratios applicable to the Bank for the years ended December 31, 2014 and 2013, are presented in the following tables.

	Actual		Minumum for Adequacy Purposes		Minimum to be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in Thousands)			
December 31, 2014						
Total Risk-Based Capital (to risk-weighted assets)	$ 24,906	17.53%	$ 11,367	8.00%	$ 14,209	10.00%
Tier 1 Capital (to risk-weighted assets)	$ 23,116	16.27%	$ 5,684	4.00%	$ 8,525	6.00%
Tier 1 Capital (to adjusted total assets)	$ 23,116	10.23%	$ 6,780	3.00%	$ 11,300	5.00%
December 31, 2013						
Total Risk-Based Capital (to risk-weighted assets)	$ 22,373	18.13%	$ 9,873	8.00%	$ 12,341	10.00%
Tier 1 Capital (to risk-weighted assets)	$ 20,812	16.86%	$ 4,936	4.00%	$ 7,405	6.00%
Tier 1 Capital (to adjusted total assets)	$ 20,812	10.06%	$ 6,205	3.00%	$ 10,341	5.00%

In July 2013, the federal banking regulatory agencies issued a final rule which revises the regulatory capital framework for financial institutions. The final rule covers a number of aspects pertaining to capital requirements. These include:

- Prompt Corrective Action (PCA) Capital Category Thresholds – The following thresholds have been established for an institution to be deemed adequately capitalized:

Total Risk Based Capital Ratio	8.0%
Tier 1 Risk Based Capital Ratio	6.0%
Common Equity Tier 1 Capital Ratio	4.5%
Tier 1 Leverage Ratio	4.0%

- Establishment of a Capital Conservation Buffer – The Capital Conservation Buffer is phased in through 2019

- Changes in risk-weighting of assets

- Opt-out Election for Accumulated Other Comprehensive Income from Common Equity Tier 1 Capital

Financial institutions become subject to the final rule on January 1, 2015.

Note 14. Management Recognition and Retention Plan

On April 25, 2000, the shareholders of the Company approved the establishment of the Management Recognition and Retention Plan (the "2000 Plan") as an incentive to retain personnel of experience and ability in key positions. As shares were acquired for the 2000 Plan, the purchase price of these shares was recorded as a contra equity account. As the shares are distributed, the contra equity account is reduced.

2000 Plan shares are earned by recipients at a rate of 20% of the aggregate number of shares granted under the 2000 Plan, with the first 20% to be vested on the one-year anniversary of the date of the grant. If the employment of an employee or service as a non-employee director is terminated prior to the fifth anniversary of the date of the grant of the 2000 Plan share award for any reason, the recipient shall forfeit the right to any shares subject to the award that have not been earned. The cost associated with the 2000 Plan is based on the market price of the stock as of the date on which the 2000 Plan shares were granted. This cost is being recognized over the five-year vesting schedule.

As of April 2010, no further shares can be granted to employees or non-employee directors from the 2000 Plan.

A summary of the changes in stock pertaining to the 2000 Plan follows:

	Unawarded Shares	Awarded Shares
Balance at January 1, 2013	1,098	2,220
Earned and Issued	-	(1,410)
Balance at December 31, 2013	1,098	810
Earned and Issued	-	(810)
Balance at December 31, 2014	1,098	-

On April 23, 2008, the shareholders of the Company approved the establishment of a new Management Recognition and Retention Plan (the "2008 Plan") as an incentive to retain personnel of experience and ability in key positions. The 2008 Plan is substantially similar to the Company's 2000 Management and Retention Plan previously approved by stockholders, except the 2008 Plan does not require a minimum five-year vesting period, does not impose limits on the number of shares that may be granted to any director, executive officer or all directors as a group, and provides for accelerated vesting of all outstanding awards upon a change in control of the Company or the Bank. Under the terms of the 2008 Plan agreement, the Company may purchase shares as they are issued to recipients.

Note 14. Management Recognition and Retention Plan (Continued)

A summary of the changes in stock pertaining to the 2008 Plan follows:

	Unawarded Shares	Awarded Shares
Balance at January 1, 2013	25,860	12,450
Issued for Plan	-	-
Granted	(2,325)	2,325
Forfeited	45	(45)
Earned and Issued	-	(3,990)
Balance at December 31, 2013	23,580	10,740
Issued for Plan	-	-
Granted	(1,920)	1,920
Forfeited	-	-
Earned and Issued	-	(5,375)
Balance at December 31, 2014	21,660	7,285

For the years ended December 31, 2014 and 2013, compensation expense pertaining to the 2000 and 2008 Plans was $69,077 and $52,690, respectively.

Note 15. Stock Option Plan

During 2000, the Company adopted a stock option plan for the benefit of directors, officers, and other key employees. The number of shares of common stock reserved for issuance under the stock option plan was 33,134 shares, which is equivalent to 10% of the total number of shares of common stock sold in the Company's initial public offering of its common stock. Both incentive stock options and non-qualified stock options were able to be granted under the plan, but as of 2010 no additional stock options can be granted under this plan. The exercise price of each option cannot be less than the fair value of the underlying common stock as of the date the option is granted. Incentive stock options and non-qualified stock options granted under this plan become vested and exercisable at the rate of 20% per year over five years, commencing one year from the date of the grant with an additional 20% vesting on each successive annual anniversary of the date the option was granted.

Note 15. Stock Option Plan (Continued)

A summary of the status of the Company's stock option plan as of December 31, 2014 and 2013, and changes during the years ending on those dates is presented below:

Fixed Options	2014 Shares	2014 Weighted-Average Exercise Price	2013 Shares	2013 Weighted-Average Exercise Price
Outstanding at Beginning of Year	**7,500**	**$ 8.00**	11,550	$ 7.77
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	(4,050)	7.34
Forfeited	**-**	**-**	-	-
Outstanding at End of Year	**7,500**	**$ 8.00**	7,500	$ 8.00

The aggregate intrinsic value of options outstanding as of December 31, 2014 and 2013, totaled $60,000 and $62,250, respectively

The following table summarizes information about fixed stock options outstanding at December 31, 2014:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	**Number Outstanding at 12/31/14**	**Remaining Contractual Life**	**Weighted-Average Exercise Price**	**Number Exercisable at 12/31/14**	**Weighted-Average Exercise Price**
$8.00	7,500	0.5 Years	$8.00	7,500	$8.00

Note 16. Commitments and Contingencies

Employment and Retirement Contracts

One employee of the Company serves under a retirement and transition contract that is due to expire on June 30, 2017. The contract covers the services to be provided, compensation and termination.

One employee of the Company serves under an employment contract that is due to expire on September 30, 2017. The contract covers compensation and termination.

Other Matters

As part of its operations, the Bank sells to third-party investors certain mortgage loans it initially underwrites and funds. Under arrangements with these third-party investors, the Bank may be required to indemnify and possibly repurchase loans that were sold if certain criteria are met. These criteria include, but are not limited to, the following:

- A material breach of representation or warranty to a particular loan
- A material breach of terms or conditions of the agreement between the Bank and the third-party investor
- Improper or incomplete documentation
- Fraud on the part of the Bank, or of the borrower for which the loan was sold

Note 17. Estimated Fair Value of Financial Instruments

The following disclosure is made in accordance with the requirements of ASC 825, *Financial Instruments.* Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash. In cases where quoted market prices are not available, fair values have been estimated using the present value of future cash flows or other valuation techniques. The results of these techniques are highly sensitive to the assumptions used, such as those concerning appropriate discount rates and estimates of future cash flows, which require considerable judgment. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current settlement of the underlying financial instruments. ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. These disclosures should not be interpreted as representing an aggregate measure of the underlying value of the Company.

The estimated fair values of financial instruments are as follows (in thousands):

	As of December 31,			
	2014		2013	
	Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
Financial Assets:				
Cash and Noninterest-Earning Deposits	**$ 5,878**	**$ 5,878**	$ 5,673	$ 5,673
Interest-Earning Deposits in Other Depository Institutions	**4,759**	**4,759**	1,713	1,713
Certificates of Deposit	**-**	**-**	747	747
Available-for-Sale Securities	**56,495**	**56,495**	60,180	60,180
Trading Securities	**150**	**150**	194	194
Held to Maturity Security	**5,689**	**5,624**	4,557	4,237
Loans Receivable, Net	**135,307**	**135,802**	114,908	115,780
Loans Held for Sale	**1,315**	**1,315**	1,076	1,076
Federal Home Loan Bank Stock	**1,041**	**1,041**	940	940
First National Bankers Bank Stock	**300**	**300**	-	-
Accrued Interest Receivable	**889**	**889**	878	878
Financial Liabilities:				
Deposits	**$ 176,887**	**$ 174,702**	$ 162,368	$ 161,788
Advances from FHLB	**22,501**	**22,875**	19,391	19,888
Accrued Interest Payable	**22**	**22**	39	39

The following significant methods and assumptions were used by the Company in estimating the fair value of financial instruments:

<u>Cash and Short-Term Investments</u>

The carrying value of highly liquid instruments, such as cash on hand and amounts due from depository institutions, and interest-earning deposits in other institutions, provides a reasonable estimate of their fair value.

Note 17. Estimated Fair Value of Financial Instruments (Continued)

Securities
Fair value estimates for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The carrying amount of accrued interest on securities approximates its fair value.

Loans Receivable, Net
The fair value for loans is estimated through discounted cash flow analysis, using current rates at which loans with similar terms would be made to borrowers of similar credit quality. Appropriate adjustments are made to reflect probable credit losses. The carrying amount of accrued interest on loans approximated its fair value.

Loans Held for Sale
The fair value for loans held for sale is estimated using discounted cash flow analysis, using current rates at which loans with similar terms would be valued in the secondary market.

Federal Home Loan Bank Stock
The value of Federal Home Loan Bank Stock is set by the FHLB at $100 per share.

First National Bankers Bank Stock
The value of First National Bankers Bank Stock is based on the current book value per common share of stock. At December 31, 2014, each share is valued at $400.94.

Deposit Liabilities
ASC 825 specifies that the fair value of deposit liabilities with no defined maturity is the amount payable on demand at the reporting date, i.e., their carrying or book value. The fair value of fixed-rate certificates of deposit is estimated using a discounted cash flow calculation that applies interest rates currently offered on certificates of similar remaining maturities to a schedule of aggregate expected cash flows on time deposits.

Advances from Federal Home Loan Bank
The fair value of fixed rate borrowings is estimated using discounted cash flows, based on current incremental borrowing rates for similar types of borrowing arrangements.

Accrued Interest Receivable/Payable
The carrying amount of accrued interest receivable/payable approximates its fair value.

Note 17. Estimated Fair Value of Financial Instruments (Continued)

Off-Balance Sheet Instruments

Off-balance sheet financial instruments include commitments to extend credit and undisbursed lines of credit. The fair value of such instruments is estimated using fees currently charged for similar arrangements in the marketplace, adjusted for changes in terms and credit risk as appropriate. The estimated fair value for these instruments was not significant at December 31, 2014 and 2013. The contract or notional amounts of the Company's financial instruments with off-balance sheet risk are disclosed in Note 10.

Note 18. Earnings per Share

The following table presents the components of average outstanding shares for each of the years ended December 31, 2014 and 2013:

	2014	2013
Weighted Average Common Shares Issued	**1,312,688**	1,209,947
Weighted Average Treasury Shares Held	**(75,698)**	(75,698)
Weighted Average Unearned MRP Trust Shares	**(35,467)**	(41,055)
Weighted Average Number of Common Shares Used in Basic EPS	**1,201,523**	1,093,194
Effect of Dilutive Securities		
Stock Options	**3,734**	4,992
Weighted Average Number of Common Shares and Dilutive Potential Common Stock Used in Dilutive EPS	**1,205,257**	1,098,186

Note 19. Fair Value Measurements

The Company follows FASB ASC Topic 820, *Fair Value Measurement*. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority. The Company uses appropriate valuation techniques based on the available inputs to measure the fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Note 19. Fair Value Measurements (Continued)

The Company's investments are reported at fair value in the accompanying schedule:

		Fair Value Measurements at Reporting Date Using		
December 31, 2014	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Available-for-Sale Securities				
Mortgage-Backed Securities	**$ 23,265,895**	**$ -**	**$ 23,265,895**	**$ -**
U.S. Government Agency Notes	**2,078,374**	**-**	**2,078,374**	**-**
State and Municipal Obligations	**8,858,974**	**-**	**8,858,974**	**-**
U.S. Agency - SBA Loan Pool	**22,291,273**	**-**	**22,291,273**	**-**
Trading Securities				
Equity Securities	**149,909**	**149,909**	**-**	**-**
Loans Held for Sale	**1,315,345**	**-**	**1,315,345**	**-**
Total	**$ 57,959,770**	**$ 149,909**	**$ 57,809,861**	**$ -**

		Fair Value Measurements at Reporting Date Using		
December 31, 2013	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-Sale Securities				
Mortgage-Backed Securities	$ 26,228,021	$ -	$ 26,228,021	$ -
U.S. Government Agency Notes	3,115,779	-	3,115,779	-
State and Municipal Obligations	8,614,445	-	8,614,445	-
U.S. Agency - SBA Loan Pool	22,221,805	-	22,221,805	-
Trading Securities				
Equity Securities	193,680	193,680	-	-
Loans Held for Sale	1,075,902	-	1,075,902	-
Total	$ 61,449,632	$ 193,680	$ 61,255,952	$ -

The Company did not record any liabilities at fair market value for which measurement of the fair value was made on a recurring basis at December 31, 2014 or 2013.

Note 19. Fair Value Measurements (Continued)

The following table presents the Company's assets and liabilities measured at fair value on a non-recurring basis at December 31, 2014 and 2013:

	Fair Value Measurements at Reporting Date Using			
December 31, 2014	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Impaired Loans, Net of Allowance	**$ 2,805,241**	**$ -**	**$ -**	**$ 2,805,241**
Foreclosed Assets	**76,000**	**-**	**76,000**	**-**
Total	**$ 2,881,241**	**$ -**	**$ 76,000**	**$ 2,805,241**

	Fair Value Measurements at Reporting Date Using			
December 31, 2013	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired Loans, Net of Allowance	$ 3,687,013	$ -	$ -	$ 3,687,013
Foreclosed Assets	578,068	-	578,068	-
Total	$ 5,369,970	$ -	$ 578,068	$ 4,791,902

Note 20. Summarized Financial Information of Parent Company

Summarized financial information of FPB Financial Corp., Parent Company only, follows:

FPB FINANCIAL CORP.
Condensed Statement of Financial Condition
(Dollars in Thousands)
December 31, 2014 and 2013

	2014	2013
Assets		
Cash	**$ 2,591**	$ 3,116
Trading Securities	**150**	193
Investment in Florida Parishes Bank	**23,333**	19,964
Investment in FPB Financial Statutory Trust I	**93**	93
Property and Equipment, Net	**65**	65
Deferred Tax Asset	**34**	28
Due from Subsidiary Bank	**119**	102
Total Assets	**$ 26,385**	$ 23,561
Liabilities and Stockholders' Equity		
Liabilities		
Due to FPB Financial Statutory Trust	**$ 3,093**	$ 3,093
Other Liabilities	**2**	38
Total Liabilities	**3,095**	3,131
Stockholders' Equity	**23,290**	20,430
Total Liabilities and Stockholders' Equity	**$ 26,385**	$ 23,561

Note 20. Summarized Financial Information of Parent Company (Continued)

FPB FINANCIAL CORP.
Condensed Statements of Operations
(Dollars in Thousands)
For the Years Ended December 31, 2014 and 2013

	2014	2013
Income		
Interest on Securities	**$ 5**	$ 3
Other Income	**3**	28
Total Income	**8**	31
Operating Expenses	**376**	319
Loss Before Equity in Undistributed Net Income of Florida Parishes Bank	**(368)**	(288)
Equity in Undistributed Net Income of Florida Parishes Bank	**2,305**	2,187
Net Income Before Income Taxes	**1,937**	1,899
Income Tax Benefit	**126**	90
Net Income	**$ 2,063**	$ 1,989

Note 20. Summarized Financial Information of Parent Company (Continued)

FPB FINANCIAL CORP.
Condensed Statements of Cash Flows
(Dollars in Thousands)
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Net Income	$ 2,063	$ 1,989
Adjustments to Reconcile Net Income to Net		
Cash Used in Operating Activities		
Equity in Undistributed Net Income of Subsidiary	(2,305)	(2,187)
Trading Securities, Net	43	(3)
(Increase) Decrease in Deferred Tax Asset	(6)	12
(Increase) Decrease in Due from Florida Parishes Bank	(17)	6
(Decrease) Increase in Other Liabilities	(36)	18
Net Cash Used in Operating Activities	(258)	(165)
Cash Flows from Financing Activities		
Proceeds Received from Subsidiary on MRP Stock Distribution	70	53
Proceeds Received from Options Exercised	-	30
Proceeds from Sale of Common Stock	-	2,001
Dividends Paid on Common Stock	(337)	(312)
Net Cash (Used in) Provided by Financing Activities	(267)	1,772
Net (Decrease) Increase in Cash and Cash Equivalents	(525)	1,607
Cash and Cash Equivalents, Beginning of Year	3,116	1,509
Cash and Cash Equivalents, End of Year	$ 2,591	$ 3,116

Note 21. Evaluation of Subsequent Events

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Company evaluated subsequent events through March 9, 2015, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.