FPB FINANCIAL CORP.
AND SUBSIDIARIES

Audits of Consolidated Financial Statements

December 31, 2013 and 2012

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

LAPORTE
CPAs & BUSINESS ADVISORS

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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, 2013 and 2012, 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 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, 2013 and 2012, 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 1, 2014

FPB FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2013 and 2012

	2013	2012
Assets		
Cash and Cash Equivalents		
Cash and Noninterest-Earning Deposits	**$ 5,672,583**	$ 5,648,027
Interest-Earning Deposits in Other Depository Institutions	**1,713,251**	6,026,497
Total Cash and Cash Equivalents	**7,385,834**	11,674,524
Certificates of Deposit	**747,000**	4,235,000
Investment Securities		
Available for Sale, at Fair Value	**60,180,050**	47,445,662
Held to Maturity, at Amortized Cost	**4,556,671**	1,081,508
Trading Securities, at Fair Value	**193,680**	189,937
Federal Home Loan Bank Stock, at Cost	**940,400**	999,300
Loans Held for Sale	**1,075,902**	3,008,862
Loans, Net of Allowance for Loan Losses of $3,003,947 in 2013 and $3,208,815 in 2012	**114,907,545**	116,748,217
Accrued Interest Receivable	**878,523**	796,447
Premises and Equipment, Net	**9,072,061**	9,052,566
Foreclosed Assets	**578,068**	1,043,322
Deferred Tax Asset	**363,223**	78,622
Investment in Bank Owned Life Insurance	**4,011,118**	-
Other Assets	**1,023,287**	1,500,929
Total Assets	**$ 205,913,362**	$ 197,854,896

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

FPB FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
December 31, 2013 and 2012

	2013	2012
Liabilities and Stockholders' Equity		
Deposits		
Deposits - Noninterest-Bearing	**$ 36,759,002**	$ 36,086,790
Deposits - Interest-Bearing	**85,630,870**	81,641,901
Time Deposits - $100,000 and Over	**24,688,368**	25,694,289
Other Time Deposits	**15,289,812**	17,240,175
Total Deposits	**162,368,052**	160,663,155
Accrued Interest Payable	**39,073**	47,987
Federal Home Loan Bank Advances	**19,391,500**	15,591,803
Subordinated Debentures/Trust Preferred Securities	**3,093,000**	3,093,000
Other Liabilities	**591,049**	746,379
Total Liabilities	**185,482,674**	180,142,324
Stockholders' Equity		
Common Stock - $.01 Par Value, 5,000,000 Shares Authorized, 1,236,990 Shares Issued at December 31, 2013 and 1,103,865 Shares Issued at December 31, 2012	**13,127**	11,796
Additional Paid-In Capital	**8,404,084**	6,327,663
Unearned MRP Trust Stock	**(7,481)**	(12,909)
Treasury Stock, at Cost - 75,698 Shares at December 31, 2013 and December 31, 2012	**(1,783,468)**	(1,783,468)
Retained Earnings	**14,652,139**	12,974,449
Accumulated Other Comprehensive Income	**(847,713)**	195,041
Total Stockholders' Equity	**20,430,688**	17,712,572
Total Liabilities and Stockholders' Equity	**$ 205,913,362**	$ 197,854,896

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, 2013 and 2012

	2013	2012
Interest and Dividend Income		
Interest and Fees on Loans	$ 8,955,500	$ 9,537,476
Interest and Dividends on Investment Securities and Other Interest-Earning Deposits	886,116	681,064
Total Interest and Dividend Income	9,841,616	10,218,540
Interest Expense		
Interest on Deposits	665,604	915,270
Interest on Borrowings	313,128	487,226
Interest on Subordinated Debentures	106,087	112,292
Total Interest Expense	1,084,819	1,514,788
Net Interest Income	8,756,797	8,703,752
Provision for Loan Losses	(206,000)	(897,000)
Net Interest Income After Provision for Loan Losses	8,550,797	7,806,752
Non-Interest Income		
(Loss) Gain on Sale of Investments	(34,748)	229,443
Gain (Loss) on Trading Securities	24,523	(8,686)
Service Charges on Deposits	906,885	735,137
Mortgage Banking Fees	628,752	754,185
Other Income	801,288	824,323
Total Non-Interest Income	2,326,700	2,534,402
Non-Interest Expense		
Compensation and Employee Benefits	4,478,346	4,306,195
Occupancy and Equipment	912,501	844,084
Technology and Information Processing	770,411	599,143
Professional Fees	278,567	302,972
Regulatory Fees	294,162	327,912
Other General and Administrative	1,219,025	1,176,022
Total Non-Interest Expense	7,953,012	7,556,328
Income Before Income Taxes	2,924,485	2,784,826
Income Tax Expense	935,273	928,042
Net Income	$ 1,989,212	$ 1,856,784
Earnings Per Share - Basic *	$ 1.82	$ 1.76
Earnings Per Share - Diluted *	$ 1.81	$ 1.75

* 2012 amounts restated to reflect impact of 3-for-1 stock split.

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, 2013 and 2012

	2013	2012
Net Income	**$ 1,989,212**	$ 1,856,784
Other Comprehensive Income, Net of Tax		
Unrealized Holding (Losses) Gains Arising During the Period	**(1,019,820)**	114,835
Reclassification Adjustment for Losses Included in Net Income	**(22,934)**	(151,432)
Total Other Comprehensive Loss	**(1,042,754)**	(36,597)
Comprehensive Income	**$ 946,458**	$ 1,820,187

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, 2013 and 2012

	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, 2012	$ -	$ -	$ 11,778	$ 6,267,594	$ (19,974)	$ (1,783,468)	$ 11,424,555	$ 231,638	$ 16,132,123
Net Income	-	-	-	-	-	-	1,856,784	-	1,856,784
Option Exercised	-	-	18	10,632	-	-	-	-	10,650
Distribution of Stock for Management	-	-	-	49,437	7,065	-	-	-	56,502
Other Comprehensive Income, Net of Tax Unrealized Loss on Investment Securities - Available-for-Sale	-	-	-	-	-	-	-	(36,597)	(36,597)
Dividends Paid on Common Stock	-	-	-	-	-	-	(306,890)	-	(306,890)
Balance - December 31, 2012	-	-	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 Income, Net of Tax Unrealized Loss on Investment Securities - Available-for-Sale	-	-	-	-	-	-	-	(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

* Amounts restated to reflect impact of 3-for-1 stock split.

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, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Net Income	**$ 1,989,212**	$ 1,856,784
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	**419,774**	390,640
Net Gain on Sale of Foreclosed Assets	**(90,879)**	(64,277)
Charge Down on Other Real Estate	**135,984**	255,780
Provision for Loan Losses	**206,000**	897,000
Amortization of Investment Security Premiums	**1,127,150**	704,683
Loss (Gain) on Sale of Investments	**34,748**	(229,443)
Loss on Sale of Premises and Equipment	**25,065**	-
Deferred Tax Provision	**252,575**	70,569
Increase in Cash Surrender Value of Bank Owned Life Insurance	**(11,118)**	-
Management Recognition and Retention Plan Expense	**52,690**	56,502
Stock Dividends on Federal Home Loan Bank Stock	**(2,900)**	(4,200)
Changes in Operating Assets and Liabilities		
Accrued Interest Receivable	**(82,076)**	(173,672)
Trading Securities	**(3,743)**	53,132
Loans Held for Sale	**1,932,960**	(1,584,252)
Other Assets	**477,642**	(281,104)
Accrued Interest Payable	**(8,914)**	16,953
Other Liabilities	**(155,330)**	99,937
Deferred Loan Origination and Commitment Costs	**81,781**	2,969
Net Cash Provided by Operating Activities	**6,380,621**	2,068,001
Cash Flows from Investing Activities		
Loan Originations and Principal Collections, Net	**291,240**	5,461,881
Proceeds from Sale of Premises and Equipment	**18,639**	-
Purchase of Premises and Equipment	**(482,973)**	(1,573,154)
Proceeds from Sale of Foreclosed Assets	**1,681,800**	1,073,347
Purchase of Federal Home Loan Bank Stock	**(358,400)**	(168,300)
Decrease in Certificates of Deposit	**3,488,000**	1,004,000
Proceeds from Sale of Federal Home Loan Bank Stock	**420,200**	457,000
Purchase of Held to Maturity Securities	**(2,500,000)**	(1,081,508)
Purchase of Investment Securities - Available-for-Sale	**(32,775,250)**	(45,883,571)
Proceeds from Sale of Investment Securities - Available-for-Sale	**5,446,965**	11,731,785
Maturities of Investment Securities - Available-for-Sale	**-**	224,127
Principal Payments from Investment Securities - Available-for-Sale	**10,876,906**	10,403,428
Purchase of Bank Owned Life Insurance	**(4,000,000)**	-
Net Cash Used in Investing Activities	**(17,892,873)**	(18,350,965)

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, 2013 and 2012

	2013	2012
Cash Flows from Financing Activities		
Proceeds from Stock Options Exercised	**29,702**	10,650
Net Increase in Deposits	**1,704,897**	31,327,601
Repayment of Federal Home Loan Bank Advances	**(84,433,471)**	(86,066,324)
Advances from Federal Home Loan Bank	**88,233,168**	76,296,500
Proceeds from Sale of Common Stock	**2,000,788**	-
Dividends Paid on Common Stock	**(311,522)**	(306,890)
Net Cash Provided by Financing Activities	**7,223,562**	21,261,537
Net (Decrease) Increase in Cash and Cash Equivalents	**(4,288,690)**	4,978,573
Cash and Cash Equivalents, Beginning of Year	**11,674,524**	6,695,951
Cash and Cash Equivalents, End of Year	**$ 7,385,834**	$ 11,674,524
Supplemental Disclosures of Cash Flow Information		
Cash Paid for:		
Interest	**$ 1,093,733**	$ 1,497,835
Income Taxes	**$ 360,000**	$ 1,162,451
Market Value Adjustment for Loss on Securities - Available-for-Sale	**$ (1,579,930)**	$ (55,451)
Supplemental Disclosure of Noncash Investing and Financing Activities		
Transfers of Loans to Foreclosed Assets	**$ 1,261,651**	$ 1,774,784

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, 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 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.

For 2013, the Bank is required to maintain cash in reserve accounts with the Federal Reserve Bank of Atlanta. For the reserve maintenance period ended December 31, 2013, the reserve requirement was $2,670,000.

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 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed. As of December 31, 2013, 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, 2013 and 2012, respectively, nor any amount of interest and/or penalties payable that were recognized in the consolidated balance sheets as of December 31, 2013 or 2012, 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 2013 and 2012 were considered to be immaterial for financial reporting purposes.

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs were \$122,545 and \$137,637, for the years ended December 31, 2013 and 2012, 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 July 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-10, *Inclusion of the Fed Funds Effective Swap Rate as a Benchmark Interest Rate for Hedge Accounting Purposes*, in order to permit the Fed Funds Effective Swap Rate to be used as a U.S. benchmark interest rate for hedge accounting purposes under ASC Topic 815. ASU 2013-10 also removes the restriction on using different benchmark rates for similar hedges. The amendments were effective for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. The adoption of this guidance had no impact on the Company's financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

In July 2013, the FASB issued ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforwrard Exists*, in order to eliminate diversity in the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The amendments within ASU 2013-11 are effective for public entities for fiscal years beginning after December 15, 2013. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2014. The adoption of this guidance is not expected to have a significant impact on the Company's financial statements.

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 recognizes 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.

In January 2014, the FASB issued ASU 2014-02, *Accounting for Goodwill*. ASU 2014-02 allows for an accounting alternative for the subsequent measurement of goodwill for all entities except for public business entities and not-for-profit entities as defined in the *Master Glossary of the Accounting Standards Codification*. An entity within the scope that elects the accounting alternative within ASU 2014-02 shall 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. This update, if elected, shall be applied prospectively to goodwill existing as of the beginning of the period of adoption and new goodwill recognized in annual periods beginning after December 15, 2014. The provisions of this guidance, if elected, are not expected to have a significant impact 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 2014-04, *Reclassification of Residential Real Estate - Collateralized Consumer Mortgage Loans upon Foreclosure*. The amendments within ASU 2014-04 clarify 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 (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure, or (2) 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 agreement. ASU 2014-04 is effective for public business entities for annual periods beginning after December 15, 2014. For entities other than public business entities, the amendments of ASU 2014-04 are effective for annual periods beginning after December 15, 2014. The provisions of this guidance are not expected to have a significant impact on the Bank's financial statements.

In September 2013, the Internal Revenue Service released the final tangible property regulations for Sections 162(a) and 263(a) of the Internal Revenue Code, regarding the deduction and capitalization of amounts paid to acquire, produce, or improve tangible property. The final regulations replace temporary regulations that were issued in December 2011 and are effective for tax years beginning January 1, 2014. The application of the final regulations is not expected to have a material impact on the Bank's financial statements.

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 retrospectively.

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, 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	$ 61,464,465	$ 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

Note 4. Investment Securities (Continued)

	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Securities Available-for-Sale				
U.S. Government Agency Mortgage - Backed Securities	$ 24,165,192	$ 269,419	$ 49,971	$ 24,384,640
U.S. Government Agency Notes	2,010,080	10,967	-	2,021,047
State and Municipal Obligations	4,213,175	-	72,664	4,140,511
U.S. Agency - SBA Loan Pool	16,761,699	176,918	39,153	16,899,464
Total Securities Available-for-Sale	$ 47,150,146	$ 457,304	$ 161,788	$ 47,445,662
Securities Held-to-Maturity				
U.S. Agency - SBA Loan Pool	$ 1,081,508	$ 29,088	$ -	$ 1,110,596
Total Securities Held-to-Maturity	$ 1,081,508	$ 29,088	$ -	$ 1,110,596

At December 31, 2013 and 2012, investments with a total market value of $7,125,488 and $8,742,609, 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, 2013, 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	2,959,288	2,952,949	-	-
Five to Ten Years	18,645,104	18,486,937	2,500,000	2,345,551
Over Ten Years	39,860,073	38,740,164	2,056,671	1,891,141
	$ 61,464,465	$ 60,180,050	$ 4,556,671	$ 4,236,692

Proceeds from sales of available-for-sale securities during years 2013 and 2012 were $5,446,965 and $11,731,785, respectively. Gross realized gains and losses on sales during years 2013 and 2012 were a loss of $34,748 and a gain of $229,443, respectively. No held-to-maturity securities were sold during 2013 or 2012.

At December 31, 2013 and 2012, none of the Company's investment securities had been in loss positions for greater than 12 months. The unrealized losses on the Company's investments at December 31, 2013 and 2012, 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, 2013.

Note 5. Loans and Allowances for Loan Losses

The summary of the balances of loans follows:

	December 31, 2013	December 31, 2012
Real Estate Loans		
Residential		
One-to-Four Family Residences and Home Equity Loans	**$ 40,254,310**	$ 44,372,499
Multi-Family	**5,823,188**	6,926,057
Second Mortgages	**3,753,985**	4,439,787
Construction for One-to-Four Family Residences	**6,728,592**	6,085,921
Total Residential Real Estate Loans	**56,560,075**	61,824,264
Commercial		
Construction for Commercial Real Estate	**1,684,561**	118,171
Commercial Real Estate	**29,622,777**	29,378,611
Total Commercial Real Estate Loans	**31,307,338**	29,496,782
Other		
Land	**15,535,614**	16,472,489
Total Real Estate Loans	**103,403,027**	107,793,535
Consumer Loans		
Secured		
Loans Secured by Certificates of Deposit	**1,605,389**	1,663,535
Automobile	**1,414,146**	1,694,645
Secured - Other	**1,416,030**	1,343,996
Unsecured		
Unsecured - Other	**2,619,758**	2,141,952
Bankcards	**1,135,809**	1,004,372
Total Consumer Loans	**8,191,132**	7,848,500
Commerical Loans		
Secured, Other than Mortgages	**3,678,930**	2,375,542
Unsecured	**2,665,094**	1,884,365
Total Commercial Loans	**6,344,024**	4,259,907
Total Loans	**117,938,183**	119,901,942
Allowance for Loan Losses	**(3,003,948)**	(3,208,815)
Net Deferred Loan Origination (Fees) Costs	**(26,690)**	55,090
Loans, Net	**$ 114,907,545**	$ 116,748,217

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, 2013	December 31, 2012
Balance, Beginning of Year	**$ 3,208,815**	$ 2,976,683
Provision Charged to Operations	**206,000**	897,000
Loans Charged-Off	**(640,956)**	(829,585)
Recoveries Credited to Allowance	**230,089**	108,117
Reclassification of Specific Valuation Allowance	**-**	56,600
Balance, End of Year	**$ 3,003,948**	$ 3,208,815

The following presents by portfolio segment the activity in the allowance for the year ended December 31, 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, 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

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

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.

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.

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

Credit Quality Indicators (Continued)

The following presents by class and by credit quality indicator, the recorded investment in the Bank's loans as of 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.

Impaired Loans

The following presents by class, information related to impaired loans as of and for the year ended 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, 2013 and 2012 was approximately $29,887 and $133,000, 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, 2013.

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, 2013:

Real Estate Loans - Residential	$	366,580
Real Estate Loans - Commercial		192,714
Real Estate Loans - Other		16,033
Consumer Loans		-
Commercial Loans		-
Total	$	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, 2013:

			Greater than 90 Days				
	30-59 Days Past Due	60-89 Days Past Due	Nonaccrual	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

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.

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

Troubled Debt Restructurings (Continued)

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

	Number of Contracts	Pre-Modification Recorded Investment	Post-Modification Recorded Investment
Real Estate Loans - Residential	4	$ 242,914	$ 242,914
Real Estate Loans - Commercial	1	388,603	388,603
Real Estate Loans - Other	1	16,309	16,309
Commercial Loans	0	-	-
Consumer Loans	2	7,682	7,682
Total		$ 655,508	$ 655,508

TDR's modified within the previous twelve months that have subsequently redefaulted during the year ended December 31, 2013 include four loans which totaled $194,223 that transferred to nonaccrual status and two loans which totaled $7,682 which were fully charged off.

At December 31, 2013, there are no commitments to lend additional funds to any borrower whose loan terms have been modified in a troubled debt restructuring.

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:

Balance, Beginning of Year	$ 1,085,470
Additions	425,404
Payments and Renewals	(197,777)
Balance, End of Year	$ 1,313,097

Note 6. Accrued Interest Receivable

Accrued interest receivable consists of the following:

	December 31, 2013	December 31, 2012
Loans Receivable	**$ 452,486**	$ 491,202
Securities	**426,037**	305,245
Total	**$ 878,523**	$ 796,447

Note 7. Premises and Equipment

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

	December 31, 2013	December 31, 2012
Land	**$ 2,261,972**	$ 2,261,972
Building	**6,819,653**	6,563,514
Furniture and Equipment	**2,375,726**	2,391,600
Construction in Progress	**27,855**	-
	11,485,206	11,217,086
Less: Accumulated Depreciation	**(2,413,145)**	(2,164,520)
Net Book Value	**$ 9,072,061**	$ 9,052,566

Depreciation expense for the years ended December 31, 2013 and 2012, was $419,774 and $390,640, respectively.

Note 8. Deposits

Interest and Noninterest-Bearing Deposits

The amount of noninterest-bearing demand deposits was $36,759,002 and $36,086,790, at December 31, 2013 and 2012, respectively.

Interest-bearing demand deposits were as follows:

	December 31,	
	2013	2012
NOW Accounts	**$ 57,730,984**	$ 44,112,646
Savings Accounts	**9,671,420**	8,011,567
Money Market Accounts	**17,858,435**	29,122,166
IRA Accounts	**370,031**	395,522
Total	**$ 85,630,870**	$ 81,641,901

Certificates of Deposit

Certificates of deposit with a minimum denomination of $100,000 were $24,688,368 and $25,694,289, at December 31, 2013 and 2012, respectively. At December 31, 2013, scheduled maturities of time deposits are as follows:

Year Ended December 31,	**Amount**
2014	$ 26,517,220
2015	8,681,579
2016	1,429,542
2017	2,036,985
2018	1,304,274
Thereafter	8,580
Total	$ 39,978,180

Deposits with Related Parties

The Bank held deposits of $6,001,363 and $6,170,522 for officers, directors, and entities for which they have significant ownership or management position at December 31, 2013 and 2012, respectively.

Overdrafts

At December 31, 2013 and 2012, the Bank had deposit accounts in an overdraft position totaling $208,230 and $143,282, 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 2013 and 2012, was $313,128 and $487,226, respectively.

Advances consisted of the following at December 31, 2013 and 2012, respectively:

	Advance Total	
Contract Rate	**2013**	2012
0.00% to 1.99%	**$ 10,600,000**	$ 6,200,000
2.00% to 2.99%	**5,650,000**	5,650,000
3.00% to 3.99%	**3,000,000**	3,000,000
4.00% to 4.99%	**141,500**	141,500
5.00% to 5.99%	**-**	600,303
Total	**$ 19,391,500**	$ 15,591,803

Contractual maturities of advances at December 31, 2013, are as follows:

Year Ended December 31,	**Amount**
2014	$ 11,273,500
2015	6,600,000
2016	18,000
2017	-
2018	500,000
After 2018	1,000,000
Total	$ 19,391,500

Note 10. Income Taxes

The provision for income taxes for 2013 and 2012, consists of the following:

	2013	2012
Current	**$ 913,023**	$ 857,473
Deferred	**22,250**	70,569
	$ 935,273	$ 928,042

Note 10. Income Taxes (Continued)

The components of the net deferred tax asset at December 31, 2013 and 2012, are as follows:

	2013	2012
Deferred Tax Assets:		
Capital Loss - ARM Fund	**$ 194,107**	$ 217,999
Allowance for Loan Losses	**1,021,342**	1,090,997
Deferred Income	**5,440**	5,440
Foreclosed Assets Charge Offs	**5,855**	7,511
Deferred Loan Costs/Fees	**9,075**	-
Net Unrealized Loss on Securities Available-for-Sale	**436,701**	-
Other	**30,592**	39,614
Total Deferred Tax Assets	**1,703,112**	1,361,561
Valuation Allowance	**(194,107)**	(217,999)
Net Deferred Tax Asset	**1,509,005**	1,143,562
Deferred Tax Liabilities:		
FHLB Stock Dividends	**(22,824)**	(45,730)
Deferred Loan Costs/Fees	**-**	(18,731)
Net Unrealized Gain on Securities Available-for-Sale	**-**	(100,475)
Fixed Assets	**(1,070,696)**	(874,842)
Prepaid Expenses	**(52,262)**	(25,162)
Total Deferred Tax Liabilities	**(1,145,782)**	(1,064,940)
Net Deferred Tax Asset	**$ 363,223**	$ 78,622

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

	Years Ended December 31,			
	2013		2012	
	Amount	**Effective Rate %**	Amount	Effective Rate %
Tax at Statutory Rate	**$ 994,333**	**34.00**	$ 946,841	34.00
Other	**(59,060)**	**(2.02)**	(18,799)	(1.01)
	$ 935,273	**31.98**	$ 928,042	32.99

Note 10. Income Taxes (Continued)

Included in retained earnings at December 31, 2013 and 2012, 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, 2013 and 2012, 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, 2013 and 2012, the following financial instruments were outstanding whose contract amounts represent credit risk:

	December 31,	
	2013	2012
	(in thousands)	
Commitments to Extend Credit	**$ 19,461**	$ 16,549
Standby Letters-of-Credit	**626**	552

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 2013 and 2012. The components of comprehensive income and related tax effects are as follows:

	2013	2012
Gross Unrealized Holding Gains Arising During the Period	**$ (1,545,182)**	$ 173,993
Tax Benefit (Expense)	**525,362**	(59,158)
Total	**(1,019,820)**	114,835
Reclassification Adjustment for Losses Included in Net Income	**(34,748)**	(229,443)
Tax Benefit	**11,814**	78,011
Total	**(22,934)**	(151,432)
Net Unrealized Holding Losses Arising During the Period	**$ (1,042,754)**	$ (36,597)

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, 2013, 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, 2013 and 2012, 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, 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%
December 31, 2012						
Total Risk-Based Capital (to risk-weighted assets)	$ 20,075	17.57%	$ 9,142	8.00%	$ 11,427	10.00%
Tier 1 Capital (to risk-weighted assets)	$ 18,625	16.30%	$ 4,571	4.00%	$ 6,856	6.00%
Tier 1 Capital (to adjusted total assets)	$ 18,625	9.45%	$ 5,915	3.00%	$ 9,859	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, 2012	1,098	4,080
Earned and Issued	-	(1,860)
Balance at December 31, 2012	1,098	2,220
Earned and Issued	-	(1,410)
Balance at December 31, 2013	1,098	810

* Amounts restated to reflect impact of 3-for-1 stock split.

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, 2012	26,100	16,095
Issued for Plan	-	-
Granted	(600)	600
Forfeited	360	(360)
Earned and Issued	-	(3,885)
Balance at December 31, 2012	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

* Amounts restated to reflect impact of 3-for-1 stock split.

For the years ended December 31, 2013 and 2012, compensation expense pertaining to the 2000 and 2008 Plans was $52,690 and $56,502, 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, 2013 and 2012, and changes during the years ending on those dates is presented below:

Fixed Options	Shares *	Average Exercise Price *	Shares *	Average Exercise Price *
Outstanding at Beginning of Year	**11,550**	**$ 7.77**	13,350	$ 7.52
Granted	**-**	**-**	-	-
Exercised	**(4,050)**	**7.34**	(1,800)	5.92
Forfeited	**-**	**-**	-	-
Outstanding at End of Year	**7,500**	**$ 8.00**	11,550	$ 7.77

* Amounts restated to reflect impact of 3-for-1 stock split.

The aggregate intrinsic value of options outstanding as of December 31, 2013 and 2012 totaled $62,250 and $45,045, respectively

The following table summarizes information about fixed stock options outstanding at December 31, 2013:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices *	Number Outstanding at 12/31/13 *	Remaining Contractual Life	Weighted-Average Exercise Price *	Number Exercisable at 12/31/13 *	Weighted-Average Exercise Price *
$8.00	7,500	1.5 Years	$8.00	7,500	$8.00

* Amounts restated to reflect impact of 3-for-1 stock split.

Note 16. Commitments and Contingencies

Employment Contracts

Two employees of the Company serve under employment contracts that are due to expire on September 30, 2016. The contracts cover 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.

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

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

	As of December 31,			
	2013		2012	
	Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
Financial Assets:				
Cash and Noninterest-Earning Deposits	**$ 5,673**	**$ 5,673**	$ 5,648	$ 5,648
Interest-Earning Deposits in Other Depository Institutions	**1,713**	**1,713**	6,026	6,026
Certificates of Deposit	**747**	**747**	4,235	4,235
Available-for-Sale Securities	**60,180**	**60,180**	47,446	47,446
Trading Securities	**194**	**194**	190	190
Held to Maturity Security	**4,557**	**4,237**	1,082	1,111
Loans Receivable, Net	**114,908**	**115,780**	116,748	116,633
Loans Held for Sale	**1,076**	**1,076**	3,009	3,009
Federal Home Loan Bank Stock	**940**	**940**	999	999
Accrued Interest Receivable	**878**	**878**	796	796
Financial Liabilities:				
Deposits	**$ 162,368**	**$ 161,788**	$ 160,663	$ 158,563
Advances from FHLB	**19,391**	**19,888**	15,592	16,242
Accrued Interest Payable	**39**	**39**	48	48

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

Cash and Short-Term Investments
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.

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.

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

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.

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 Payable
The carrying amount of accrued interest payable approximates its fair value.

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, 2013 and 2012. 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, 2013 and 2012:

	2013	2012
Weighted Average Common Shares Issued	**1,209,947**	1,178,524
Weighted Average Treasury Shares Held	**(75,698)**	(75,698)
Weighted Average Unearned MRP Trust Shares	**(41,055)**	(46,780)
Weighted Average Number of Common Shares Used in Basic EPS	**1,093,194**	1,056,046
Effect of Dilutive Securities		
Stock Options	**4,992**	4,116
Weighted Average Number of Common Shares and Dilutive Potential Common Stock Used in Dilutive EPS	**1,098,186**	1,060,162

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.

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

		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	**$61,449,632**	**$ 1,269,582**	**$ 60,180,050**	**$ -**

Note 19. Fair Value Measurements (Continued)

		Fair Value Measurements at Reporting Date Using		
December 31, 2012	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	$ 24,384,640	$ -	$ 24,384,640	$ -
U.S. Government Agency Notes	2,021,047	-	2,021,047	-
State and Municipal Obligations	4,140,511	-	4,140,511	-
U.S. Agency - SBA Loan Pool	16,899,464	-	16,899,464	-
Trading Securities				
Equity Securities	189,937	189,937	-	-
Loans Held for Sale	3,008,862	3,008,862	-	-
Total	$ 50,644,461	$ 3,198,799	$ 47,445,662	$ -

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, 2013 or 2012.

The following table presents the Company's assets and liabilities measured at fair value on a non-recurring basis at December 31, 2013 and 2012:

		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	**$ 4,791,902**	**$ -**	**$ -**	**$ 4,791,902**
Foreclosed Assets	**578,068**	**-**	**578,068**	**-**
Total	**$ 5,369,970**	**$ -**	**$ 578,068**	**$ 4,791,902**

		Fair Value Measurements at Reporting Date Using		
December 31, 2012	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired Loans	$ 6,382,842	$ -	$ -	$ 6,382,842
Foreclosed Assets	1,043,322	-	1,043,322	-
Total	$ 7,426,164	$ -	$ 1,043,322	$ 6,382,842

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, 2013 and 2012

	2013	2012
Assets		
Cash	$ 3,116	$ 1,509
Trading Securities	193	190
Investment in Florida Parishes Bank	19,964	18,820
Investment in FPB Financial Statutory Trust I	93	93
Property and Equipment, Net	65	65
Deferred Tax Asset	28	40
Due from Subsidiary Bank	102	108
Total Assets	$ 23,561	$ 20,825
Liabilities and Stockholders' Equity		
Liabilities		
Due to FPB Financial Statutory Trust	$ 3,093	$ 3,093
Other Liabilities	38	20
Total Liabilities	3,131	3,113
Stockholders' Equity	20,430	17,712
Total Liabilities and Stockholders' Equity	$ 23,561	$ 20,825

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, 2013 and 2012

	2013	2012
Income		
Interest on Securities	**$ 3**	$ 2
Dividend from Florida Parishes Bank	**-**	1,000
Other Income	**28**	18
Total Income	**31**	1,020
Operating Expenses	**319**	336
(Loss) Income Before Equity in Undistributed Net Income of Florida Parishes Bank	**(288)**	684
Equity in Undistributed Net Income of Florida Parishes Bank	**2,187**	1,077
Net Income Before Income Taxes	**1,899**	1,761
Income Tax Benefit	**90**	96
Net Income	**$ 1,989**	$ 1,857

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, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Net Income	**$ 1,989**	$ 1,857
Adjustments to Reconcile Net Income to Net Cash (Used in) Provided by Operating Activities		
Equity in Undistributed Net Income of Subsidiary	**(2,187)**	(1,077)
Trading Securities, Net	**(3)**	53
Gain on Sale of Investments	**-**	(24)
Decrease in Deferred Tax Asset	**12**	12
Decrease in Due from Florida Parishes Bank	**6**	2
Increase in Other Liabilities	**18**	14
Net Cash (Used in) Provided by Operating Activities	**(165)**	837
Cash Flows from Investing Activities		
Investment in Subsidiary	**-**	(1,000)
Proceeds from Sale of Investment Securities - Available-for-Sale	**-**	133
Net Cash Used in Investing Activities	**-**	(867)
Cash Flows from Financing Activities		
Proceeds Received from Subsidiary on MRP Stock Distribution	**53**	57
Proceeds Received from Options Exercised	**30**	11
Proceeds from Sale of Common Stock	**2,001**	-
Dividends Paid on Common Stock	**(312)**	(307)
Net Cash Provided by (Used in) Financing Activities	**1,772**	(239)
Net Increase (Decrease) in Cash and Cash Equivalents	**1,607**	(269)
Cash and Cash Equivalents, Beginning of Year	**1,509**	1,778
Cash and Cash Equivalents, End of Year	**$ 3,116**	$ 1,509

Note 21. Evaluation of Subsequent Events

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Company evaluated subsequent events through March 1, 2014, 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.