FIRST MOUNTAIN BANK

Dear Shareholders:

During the quarter ended September 30, 2014, our management team and staff have continued to focus on operating the Bank in an efficient and profitable manner. We are pleased to report earnings of $141,276 for the quarter ended September 30, 2014, or $0.09 per basic share, and earnings of $433,452, or $0.28 per basic share, for the nine months ended September 30, 2014. Quarter-to-date and year-to-date earnings for the comparable periods of 2013 were $40,686 and $605,280, respectively. Earnings in 2013 included gains from the sale of the guaranteed portions of USDA and SBA loans in the amount of $792,459, compared to $217,300 of such gains for the first nine months of 2014. Although the gains from loan sales have declined between the two periods, the important news in these numbers is the fact that core earnings from continuing bank operations have improved dramatically in 2014 when compared to 2013.

On September 4, 2014, the Bank announced retirement plans for both Jack Briner and Dennis Saunders. Mr. Saunders will be retiring as of December 31, 2014. Mr. Briner will be retiring as CEO effective March 31, 2015, and will continue in a consulting role with the Bank providing marketing and board consulting advice until October 31, 2015. The Bank is conducting executive searches and will have new CEO and CFO candidates in place in time to facilitate smooth transitions and mentoring for each position.

As of September 30, 2014, total assets were $136,153,111; gross loans were $92,316,083; and total deposits were $122,574,027. The Bank's allowance for loan losses was $2,912,171 at quarter end and represented 3.15% of loans outstanding. This level is well above many of our peer banks and we believe the allowance provides an adequate reserve against potential losses that could arise in our loan portfolio in the future.

At September 30, 2014, total stockholders' equity stood at $12,576,864 and represented a Tier 1 capital ratio of 9.34%, which qualifies the Bank for a "Well Capitalized" designation under regulatory guidelines. At September 30, 2014, our book value per share was $8.04.

As we move through the year we are committed to maintaining the quality of service and deposit and loan products that have made us the bank of choice for many in our local communities. That commitment will not change. We invite any shareholder with questions about our financial results to contact either of us. We will gladly take your phone call or respond to emails or other inquiries. We appreciate your continued support.

John G. "Jack" Briner
Chief Executive Officer
909-878-1700
jbriner@firstmountainbank.com

Dennis R. Saunders
President and CFO
909-878-1701
dsaunders@firstmountainbank.com

STATEMENT OF CONDITION - *(Unaudited)*

	September 30, 2014	December 31, 2013
Assets		
Cash and due from banks	$ 26,860,373	$ 25,374,284
Fed funds	469,800	468,594
Investment securities	11,539,236	12,656,278
Gross loans	92,316,083	90,713,248
Less: Allowance for loan losses	(2,912,171)	(2,814,762)
Net loans	89,403,912	87,898,486
Bank premises and equipment	2,221,895	2,314,750
Other assets	5,657,895	5,684,778
Total Assets	$ 136,153,111	$ 134,397,170
Liabilities		
Noninterest-bearing deposits	$ 42,811,784	$ 40,505,902
Interest-bearing deposits	79,762,243	80,758,375
Total deposits	122,574,027	121,264,277
Other liabilities	1,002,220	1,073,831
Total Liabilities	123,576,247	122,338,108
Stockholders' Equity		
Common stock	12,061,115	12,081,356
Retained earnings	587,203	153,751
Accumulated other comprehensive income (loss)	(71,454)	(176,045)
Total Stockholders' Equity	12,576,864	12,059,062
Total Liabilities and Stockholders' Equity	$ 136,153,111	$ 134,397,170

STATEMENT OF INCOME - *(Unaudited)*

	For the three months ended		For the nine months ended	
	09/30/14	09/30/13	09/30/14	09/30/13
Interest income	$ 1,381,807	$ 1,321,068	$ 4,028,769	$ 4,117,816
Interest expense	78,554	74,252	228,591	238,033
Net interest income before provision for loan losses	1,303,253	1,246,816	3,800,178	3,879,783
Provision for loan losses	-	-	-	45,000
Net interest income	1,303,253	1,246,816	3,800,178	3,834,783
Other operating income	249,693	427,147	924,574	1,535,453
Operating expenses	1,411,670	1,633,277	4,291,300	4,764,956
Income before income taxes	141,276	40,686	433,452	605,280
Provision for income taxes	-	-	-	-
Net Income	$ 141,276	$ 40,686	$ 433,452	$ 605,280
Earnings per share - basic	$ 0.09	$ 0.03	$ 0.28	$ 0.39
Earnings per share - dilutive	$ 0.09	$ 0.03	$ 0.27	$ 0.38

SENIOR BANK OFFICERS

John G. (Jack) Briner
Chief Executive Officer

Dennis R. Saunders
President
Chief Financial Officer

Debbie M. Seaman
Executive Vice President
Chief Operating Officer

Michael J. Curran
Executive Vice President
Chief Credit Officer

FIRST MOUNTAIN BANK OFFICE LOCATIONS

MAIN OFFICE
40865 Big Bear Blvd.
P. O. Box 6868
Big Bear Lake, CA 92315
(909) 866-5861

LUCERNE VALLEY OFFICE
32946 D Highway 18
P. O. Box 2100
Lucerne Valley, CA 92356
(760) 248-2717

RUNNING SPRINGS OFFICE
2625 Whispering Pines Dr.
P. O. Box 90
Running Springs, CA 92382
(909) 867-4242

Member FDIC

EQUAL HOUSING LENDER

FIRST MOUNTAIN BANK

FINANCIAL HIGHLIGHTS

THIRD QUARTER 2014