FIRST HOME BANCORP, INC.
AND SUBSIDIARY

SEMINOLE, FLORIDA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
First Home Bancorp, Inc. and Subsidiary
Seminole, Florida

We have audited the accompanying consolidated financial statements of First Home Bancorp, Inc. and Subsidiary, which comprise the consolidated statements of financial condition as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive loss, 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 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from 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 First Home Bancorp, Inc. and Subsidiary as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Saltmarsh Cleaveland & Gund

Tampa, Florida
February 28, 2014

FIRST HOME BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2013 AND 2012

ASSETS

	2013	2012
Cash and due from banks	$ 9,720,729	$ 14,968,805
Interest-bearing deposits in banks	5,357,876	1,355,686
Cash and cash equivalents	15,078,605	16,324,491
Certificates of deposit	4,758,000	495,000
Securities available for sale	774,077	795,947
Securities held to maturity	110,980	237,006
Restricted equity securities, at cost	292,501	503,662
Loans receivable, net of allowance for loan losses of $1,464,130 in 2013 and $1,808,475 in 2012	51,238,930	54,045,964
Accrued interest receivable	179,606	203,742
Foreclosed real estate	1,256,939	449,251
Premises and equipment, net	1,720,516	1,812,173
Other assets	83,814	129,948
Total Assets	$ 75,493,968	$ 74,997,184

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:		
Noninterest-bearing demand deposits	$ 16,078,872	$ 16,248,307
Interest-bearing demand deposits	15,319,013	16,883,891
Savings deposits	11,040,980	11,566,321
Time deposits	24,307,335	21,941,159
Total deposits	66,746,200	66,639,678
Federal Home Loan Bank advances	4,500,000	4,500,000
Accrued interest payable	3,464	5,064
Accrued expenses and other liabilities	233,325	191,498
Total liabilities	71,482,989	71,336,240
Stockholders' Equity:		
Common stock, $1.00 par value; 1,000,000 shares authorized, 367,450 shares issued in 2013 and 342,350 shares issued in 2012	367,450	342,350
Additional paid-in capital	12,461,511	11,984,611
Accumulated deficit	(8,792,059)	(8,661,964)
Accumulated other comprehensive loss	(25,923)	(4,053)
Total stockholders' equity	4,010,979	3,660,944
Total Liabilities and Stockholders' Equity	$ 75,493,968	$ 74,997,184

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

FIRST HOME BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Interest Income:		
Loans receivable and fees on loans	$ 3,027,469	$ 3,350,654
Investment securities	12,869	16,378
Interest-bearing deposits in banks and other	34,015	26,183
Total interest income	3,074,353	3,393,215
Interest Expense:		
Deposits	271,274	323,833
Other	5,997	17,067
Total interest expense	277,271	340,900
Net interest income	2,797,082	3,052,315
Provision for Loan Losses	-0-	751,845
Net interest income after provision for loan losses	2,797,082	2,300,470
Noninterest Income:		
Service charges on deposit accounts	155,101	156,698
Other service charges and fees	153,032	137,221
Other income	193,553	192,147
Total noninterest income	501,686	486,066
Noninterest Expense:		
Salaries and employee benefits	1,740,963	1,646,489
Credit and collection expense	86,697	95,780
Professional fees	421,394	380,070
Occupancy expense	336,878	334,966
Equipment expense	86,221	128,304
Foreclosed real estate expenses	41,492	667,362
Regulatory assessments	197,999	355,267
Other than temporary impairment	192,361	-0-
Other expenses	324,858	300,509
Total noninterest expense	3,428,863	3,908,747
Net Loss	$ (130,095)	$ (1,122,211)

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

FIRST HOME BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Net Loss	$ (130,095)	$ (1,122,211)
Other Comprehensive Loss:		
Change in unrealized loss on securities available for sale	(21,870)	(4,649)
Total Comprehensive Loss	$ (151,965)	$ (1,126,860)

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

FIRST HOME BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2013 AND 2012

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance, January 1, 2012	$ 342,350	$ 11,984,611	$ (7,539,753)	$ 596	$ 4,787,804
Net loss			(1,122,211)		(1,122,211)
Other comprehensive loss				(4,649)	(4,649)
Balance, December 31, 2012	342,350	11,984,611	(8,661,964)	(4,053)	3,660,944
Net loss			(130,095)		(130,095)
Exercise of warrants	25,100	476,900			502,000
Other comprehensive loss				(21,870)	(21,870)
Balance, December 31, 2013	$ 367,450	$ 12,461,511	$ (8,792,059)	$ (25,923)	$ 4,010,979

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

FIRST HOME BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Cash Flows From Operating Activities:		
Net loss	$ (130,095)	$ (1,122,211)
Adjustments to reconcile net loss		
to net cash provided by operating activities -		
Depreciation and amortization	113,638	111,540
Write-downs on foreclosed real estate	3,000	105,257
Other than temporary impairment on restricted equity security	192,361	-0-
Net amortization of securities	3,552	5,784
Provision for loan losses	-0-	751,845
(Gain) loss on sales of foreclosed real estate	(35,273)	22,978
Changes in:		
Accrued interest receivable	24,136	6,041
Other assets	46,134	167,043
Accrued interest payable	(1,600)	(5,258)
Accrued expenses and other liabilities	41,827	50,215
Net cash provided by operating activities	257,680	93,234
Cash Flows From Investing Activities:		
(Purchase of) proceeds from matured certificates of deposit	(4,263,000)	396,000
Proceeds from calls and principal payments on securities held to maturity	122,474	165,855
Purchase of securities available for sale	-0-	(800,000)
Proceeds from calls of securities available for sale	-0-	600,000
Redemption of restricted equity securities	18,800	153,200
Net decrease in loans	1,996,346	1,106,219
Purchases of premises and equipment	(21,981)	(91,003)
Proceeds from disposition of foreclosed real estate	35,273	1,552,529
Net cash (used in) provided by investing activities	(2,112,088)	3,082,800
Cash Flows From Financing Activities:		
Net (decrease) increase in demand and savings deposits	(2,259,654)	8,730,298
Net increase (decrease) in time deposits	2,366,176	(5,884,363)
Net increase in Federal Home Loan Bank advances	-0-	750,000
Issuance of common stock, net of offering costs	502,000	-0-
Net cash provided by financing activities	608,522	3,595,935
Net Change in Cash and Cash Equivalents	(1,245,886)	6,771,969
Cash and Cash Equivalents, Beginning of Year	16,324,491	9,552,522
Cash and Cash Equivalents, End of Year	$ 15,078,605	$ 16,324,491
Supplemental Disclosures of Cash Flow Information:		
Interest paid on deposits and other	$ 278,871	$ 346,158
Noncash Transactions:		
Loans transferred to foreclosed real estate	$ 810,688	$ 418,891
Sales of foreclosed real estate financed by Bank	$ -0-	$ 1,110,250

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business:

First Home Bancorp, Inc. (the "Company") is a registered bank holding company, incorporated under the laws of the State of Florida on September 1, 2000, for the purpose of becoming a registered financial holding company under The Bank Holding Company Act of 1956, as amended. The Company owns all of the outstanding stock of First Home Bank (the "Bank"). A significant portion of the Company's assets and revenues are derived from the operations of the Bank.

The Bank is a Florida chartered commercial bank organized under the laws of the State of Florida on February 2, 1999, and provides a variety of community banking services in Seminole and Pinellas Park, Florida. The Bank's primary deposit products are demand deposits, NOW accounts, money market accounts, savings deposits and time deposits. The primary lending products are commercial business loans, real estate loans, and consumer loans. The Bank is the sole member of a limited liability company, Mill Hill Properties, LLC ("Mill Hill"), a limited liability company that was organized on March 31, 2009. The purpose of Mill Hill was to facilitate the disposition of assets obtained from the Bank related to foreclosure, but currently holds no assets.

The accounting and reporting policies of the Company, in general, conform to predominant practices in the banking industry and are based on accounting principles generally accepted in the United States of America.

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned Subsidiary. All material intercompany balances and transactions have been eliminated in consolidation.

Regulatory Oversight, Capital Adequacy, and Liquidity:

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Due to the Company's 2013 and 2012 financial results and the substantial uncertainty throughout the U.S. banking industry, the following matters should be considered:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Oversight. As described in Note 11 - Regulatory Matters, the State of Florida Office of Financial Regulation ("OFR") in conjunction with the Federal Deposit Insurance Company ("FDIC"), performed a safety and soundness examination of the Bank in 2010. The examination noted unsatisfactory conditions in a number of areas which, if not corrected, could worsen into a more severe situation. As a result, the Bank entered into a Consent Order with the FDIC and OFR. The Consent Order is a formal agreement for the Bank to take corrective actions, consistent with sound banking practices, to improve the unsatisfactory conditions, and to adopt appropriate procedures to ensure the Bank's future compliance with all applicable laws, rules, regulations, and regulatory policy statements. In addition, the Consent Order restricts the Bank's ability to declare or pay dividends or accept brokered deposits without prior written approval from supervisory authorities.

Capital Adequacy. In light of the current economic environment, management is pursuing and exploring options for raising additional capital.

Liquidity. The Bank continues to work to enhance its liquidity position. Based on current and expected liquidity needs and sources, management expects the Bank to be able to meet its obligations.

Accounting Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. These estimates include the allowance for loan loss, fair value of investment securities, and the carrying value of foreclosed real estate. Actual results could differ from those estimates.

While management uses available information to recognize losses on loans and to determine the carrying value of foreclosed real estate, further reductions in the carrying amounts of loans and foreclosed real estate 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 and the carrying value of foreclosed real estate. Such agencies may require the Bank to recognize additional losses or write-downs 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 and the carrying value of foreclosed real estate may change materially in the near term. However, the amount of the changes that are reasonably possible cannot be estimated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents:

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks and interest-bearing deposits in banks.

The Company is required to maintain a daily minimum reserve balance with the Federal Reserve Bank in the amount of $25,000.

Securities Available for Sale:

Securities classified as "available-for-sale" may be sold in response to changes in interest rates, liquidity needs and for other purposes. Available-for-sale securities are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the term of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Securities Held to Maturity:

Securities classified as "held-to-maturity" are securities that the Company has the positive intent and ability to hold to maturity. Securities classified as held-to-maturity are stated at cost adjusted for amortization of premiums and accretion of discounts.

Restricted Equity Securities:

Restricted equity securities consist of stock in the Federal Home Loan Bank ("FHLB") of Atlanta and Bankers' Bancorporation of Florida, Inc. ("IBB"), which are held in accordance with certain member requirements and are stated at cost, which approximates market value. During 2013, Management determined that the Bank should consider an other-than-temporary impairment in the carrying value of the IBB stock, and, accordingly, recorded an impairment of approximately $192,000, which is included in noninterest expense.

Loans Receivable:

The Bank grants real estate, commercial, and consumer loans to customers. A substantial portion of the loan portfolio is represented by real estate loans in Pinellas County, Florida. The ability of the Bank's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Receivable (Continued):

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay off generally are reported at their outstanding unpaid principal balances adjusted for charge offs and the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on real estate and commercial loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Other personal loans are typically charged off no later than 180 days past due. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. In addition, the Bank may return a loan to accrual status after a period of sustained performance where all payments during the nonaccrual period were applied to reduce the principal balance of the loan and future payments are reasonably assured. Upon return to accrual status the uncollected interest is accreted into interest income using the interest method as future payments are received.

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.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, 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 that the Bank will be unable to collect the scheduled payments of principal and 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. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for real estate and commercial loans 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.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify individual smaller balance consumer loans for impairment disclosures.

Foreclosed Real Estate:

Real estate properties acquired through or in lieu of loan foreclosure are initially recorded at fair value less estimated selling costs at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management and property held for sale is carried at the lower of the new cost basis or fair value less costs to sell. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. Valuations are periodically performed by management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less costs to sell.

Premises and Equipment:

Land is carried at cost. Bank premises, leasehold improvements, and furniture and equipment are carried at cost, less accumulated depreciation and amortization computed principally by the straight-line method over the estimated useful lives of the assets.

Advertising:

Advertising costs are expensed as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes:

The Company, by consent of its stockholders, has elected to be taxed as an S Corporation under the provisions of Section 1362 of the Internal Revenue Code. Under those provisions, the stockholders include the Company's income or loss in their individual federal income tax returns. Therefore, no provision for income taxes has been made in the financial statements. The Company is no longer subject to U.S. Federal and State income tax examinations for tax years before 2010.

Credit Related Financial Instruments:

In the ordinary course of business, the Bank has entered into commitments to extend credit and letters of credit. Such financial instruments are recorded when they are funded.

Subsequent Events:

Management has evaluated subsequent events through, February 28, 2014, the date which the financial statements were available for issue.

Recent Accounting Pronouncements:

In 2011 and 2012, the Financial Accounting Standards Board ("FASB") issued several Accounting Standards Updates ("ASU") relating to the measurement and disclosure requirements for fair value of certain assets and liabilities. ASU 2011-04, which applies to all reporting entities that are required or permitted to measure or disclose the fair value of an asset, a liability, or an instrument classified in a reporting entity's shareholders' equity in the financial statements, was expected to result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. This ASU clarifies the application of existing fair value measurement requirements, and makes certain changes, including the method of measuring the fair value of financial instruments that are managed within a portfolio, the application of premiums and discounts in a fair value measurement, and requires additional disclosures about fair value measurements. ASU 2011-04 became effective for nonpublic companies, for annual periods beginning after December 15, 2011. ASU 2012-04, "Technical Corrections and Improvements" clarified and corrected unintended application of the previous Fair Value measurement guidance, and requires additional disclosure related to the definition of fair value in an entity's disclosure. Those amendments to the transitional guidance become effective for nonpublic companies January 1, 2014. Management does not expect the adoption of these pronouncements related to Fair Value to have a significant impact on the Company's financial statements other than to increase financial disclosures already provided.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued):

During 2013, the FASB issued ASU 2013-03 - Financial Instruments (Topic 825): *Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities* which is effective upon issuance. The main objective of this ASU is to clarify the scope and applicability of a particular disclosure to nonpublic entities that resulted from the issuance of ASU No. 2011-04, Fair Value Measurement (Topic 820): *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. Contrary to the stated intent of ASU 2011-04 to exempt all nonpublic entities for a particular disclosure, that ASU's amendments to Topic 825 suggested that nonpublic entities that have total assets of $100 million or more or that have one or more derivative instruments would not qualify for the intended exemption. The amendments clarify that the requirement to disclose "the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2, or 3)" does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position but for which fair value is disclosed. Management does not expect adoption of this ASU to have a significant impact on the Company's financial statements.

Reclassifications:

Certain prior period amounts have been reclassified to conform to the current period presentation.

NOTE 2 - INVESTMENT SECURITIES

Investment securities have been classified in the consolidated statements of financial condition according to management's intent. The carrying amount of securities and their approximate fair values were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-For-Sale:				
December 31, 2013 - U.S. agency securities	$ 800,000	$ -0-	$ (25,923)	$ 774,077
December 31, 2012 - U.S. agency securities	$ 800,000	$ -0-	$ (4,053)	$ 795,947

NOTE 2 - INVESTMENT SECURITIES (Continued)

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held-To-Maturity:				
December 31, 2013 -				
U.S. agency securities	$ 110,980	$ -0-	$ (2,357)	$ 108,623
December 31, 2012 -				
Municipal securities	$ 55,000	$ 1,453	$ -0-	$ 56,453
U.S. agency securities	182,006	309	-0-	182,315
	$ 237,006	$ 1,762	$ -0-	$ 238,768

The scheduled maturities of securities based on the weighted-average lives of the underlying collateral at December 31, 2013, were as follows:

	Available-For-Sale		Held-To-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ -0-	$ -0-	$ -0-	$ -0-
Due from one to five years	800,000	774,077	-0-	-0-
Due from five to ten years	-0-	-0-	110,980	108,623
	$ 800,000	$ 774,077	$ 110,980	$ 108,623

For purposes of the maturity table, mortgage-backed securities included in the balance of U.S. agency securities, which are not due at a single maturity date, have been allocated over maturity groupings based on the estimated weighted-average lives of the underlying collateral. The mortgage-backed securities may mature earlier than their estimated weighted-average lives because of principal prepayments.

There were no realized gains or losses on sales of securities in 2013 or 2012.

Investment securities with a carrying value of approximately $774,000 and $796,000 at December 31, 2013 and 2012, respectively, were pledged to the Federal Reserve Bank of Atlanta.

NOTE 2 - INVESTMENT SECURITIES (Continued)

Information pertaining to securities with gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Available-For-Sale:				
December 31, 2013 -				
U.S. agency securities	$ -0-	$ -0-	$ (25,923)	$ 774,077
December 31, 2012 -				
U.S. agency securities	$ (4,053)	$ 795,947	$ -0-	$ -0-

As of December 31, 2013 and 2012, there were no held-to-maturity securities in a continuous loss position over twelve months.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At December 31, 2013 and 2012, securities with unrealized losses are either guaranteed by the U.S. government or its agencies. These unrealized losses relate principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. As management has the ability to hold debt securities until maturity, or for the foreseeable future, no declines are deemed to be other-than-temporary.

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES

The components of loans in the consolidated statements of financial condition were as follows:

	2013	2012
Real estate -		
Residential	$ 19,301,004	$ 20,346,646
Commercial	27,624,188	28,065,500
Construction and land	2,625,596	2,656,137
Commercial	2,929,978	4,449,846
Consumer and other	292,223	398,374
	52,772,989	55,916,503
Deferred loan fees	(69,929)	(62,064)
Allowance for loan losses	(1,464,130)	(1,808,475)
	$ 51,238,930	$ 54,045,964

The Bank primarily grants real estate, commercial, and consumer loans in the State of Florida with primary concentration being in Pinellas County, Florida. Although the Bank's loan portfolio is diversified, a significant portion of its loans are secured by real estate. The Bank has divided the loan portfolio into five portfolio segments, each with different risk characteristics and methodologies for assessing risk. The portfolio segments identified by the Bank are residential real estate loans, commercial real estate loans, construction and land loans, commercial loans, and consumer and other loans.

Real Estate - Residential. The Bank originates residential real estate loans for the purchase or refinancing of a mortgage. These loans are primarily collateralized by owner-occupied properties located in the Bank's market area.

Real Estate - Commercial. Commercial real estate loans consist of loans to finance real estate purchases, refinancings, and expansions and improvements to commercial properties. These loans are secured primarily by first liens and may include office buildings, apartments, retail and mixed-use properties, churches, warehouses and restaurants located within the market area. The Bank's underwriting analysis includes credit verification, independent appraisals, a review of the borrower's financial condition, and a detailed analysis of the borrower's underlying cash flows. Commercial real estate loans are larger than residential loans and involve greater credit risk. The repayment of these loans largely depends on the results of operations and management of these properties. Adverse economic conditions also affect the repayment ability to a greater extent than residential real estate loans.

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Real Estate - Construction and land. Construction and land loans consist of loans to individuals for the construction of a primary or secondary residence and, in some cases, to real estate investors to acquire and develop land. To the extent construction loans are not made to owner-occupants of single-family homes, they are more vulnerable to changes in economic conditions. Further, the nature of these loans is such that they are more difficult to evaluate and monitor. The risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the property's value upon completion of the project and the estimated cost (including interest) of the project.

Commercial. Commercial loans consist of business loans to small and medium sized companies in the Bank's market area. Commercial loans are generally used for working capital purposes or for acquiring equipment, inventory or furniture. The Bank's underwriting analysis consists of a review of the financial statements of the borrower, the lending history of the borrower, the debt service capabilities of the borrower, the projected cash flows of the business, the value of the collateral, if any, and whether the loan is guaranteed by the principals of the borrower. These loans are generally secured by accounts receivable, inventory and equipment. Commercial loans are typically made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business, which makes them of higher risk than residential loans and the collateral securing loans may be difficult to appraise and may fluctuate in value based on the success of the business. The Bank seeks to minimize these risks through its underwriting standards.

Consumer and Other. Consumer and other loans mainly consist of automobile, revolving credit plans, and other loans. The Bank's consumer loans may be uncollateralized and rely on the borrower's income for repayment.

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Allowance for Loan Losses:

The following schedule presents a rollforward of the allowance for loan losses as of December 31:

	2013	2012
Balance, beginning of year	$ 1,808,475	$ 1,212,424
Charge-offs:		
Real estate - residential	(232,895)	(98,949)
Real estate - commercial	(93,165)	(93,458)
Real estate - construction and land	(79,266)	(5,186)
Commercial	(21,637)	(190,343)
Consumer and other	(20,929)	-0-
Total charge-offs	(447,892)	(387,936)
Recoveries:		
Real estate - residential	25,784	156,611
Real estate - commercial	2,199	28,087
Real estate - construction and land	74,564	21,982
Commercial	1,000	25,462
Consumer and other	-0-	-0-
Total recoveries	103,547	232,142
Net charge-offs	(344,345)	(155,794)
Provision charged to operations	-0-	751,845
Balance, end of year	$ 1,464,130	$ 1,808,475

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Allowance for Loan Losses (Continued):

The following tables present the allocation of loan loss reserves and the recorded investment in loans based on impairment method as of December 31, 2013 and 2012:

	Real Estate - Residential	Real Estate - Commercial	Real Estate - Construction and Land	Commercial	Consumer and Other	Total
December 31, 2013 -						
Reserves allocated for loans:						
Individually evaluated for impairment	$ 115,266	$ 229,225	$ -0-	$ -0-	$ -0-	$ 344,491
Collectively evaluated for impairment	460,225	507,085	79,624	67,963	4,742	1,119,639
	$ 575,491	$ 736,310	$ 79,624	$ 67,963	$ 4,742	$ 1,464,130
December 31, 2013 -						
Loans:						
Individually evaluated for impairment	$ 1,921,819	$ 2,179,133	$ -0-	$ 42,342	$ -1-	$ 4,143,295
Collectively evaluated for impairment	17,379,185	25,445,055	2,625,596	2,887,636	292,222	48,629,694
	$ 19,301,004	$ 27,624,188	$ 2,625,596	$ 2,929,978	$ 292,223	$ 52,772,989

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Allowance for Loan Losses (Continued):

	Real Estate - Residential	Real Estate - Commercial	Real Estate - Construction and Land	Commercial	Consumer and Other	Total
December 31, 2012 -						
Reserves allocated						
for loans:						
Individually evaluated for impairment	$ 343,914	$ 89,440	$ -0-	$ 2,388	$ -0-	$ 435,742
Collectively evaluated for impairment	537,665	621,581	87,833	120,106	5,548	1,372,733
	$ 881,579	$ 711,021	$ 87,833	$ 122,494	$ 5,548	$ 1,808,475
December 31, 2012 -						
Loans:						
Individually evaluated for impairment	$ 3,016,993	$ 1,969,082	$ 199,873	$ 2,775	$ -0-	$ 5,188,723
Collectively evaluated for impairment	17,329,653	26,096,418	2,456,264	4,447,071	398,374	50,727,780
	$ 20,346,646	$ 28,065,500	$ 2,656,137	$ 4,449,846	$ 398,374	$ 55,916,503

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Impaired Loans:

The following tables present impaired loans disaggregated by class as of December 31, 2013 and 2012:

	Recorded Investment	Unpaid Principal Balance	Specific Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2013 -					
Without a specific allowance recorded:					
Real estate - residential	$ 1,586,896	$ 1,901,430	$ -0-	$ 1,929,381	$ 117,119
Real estate - commercial	1,521,579	1,631,476	-0-	2,053,045	88,742
Real estate - construction and land	-0-	-0-	-0-	-0-	-0-
Commercial	42,342	124,864	-0-	131,182	1,254
Consumer and other	1	13,169	-0-	13,352	1,317
	$ 3,150,818	$ 3,670,939	$ -0-	$ 4,126,960	$ 208,432
December 31, 2013 -					
With a specific allowance recorded:					
Real estate - residential	$ 334,923	$ 334,923	$ 115,266	$ 336,756	$ 21,111
Real estate - commercial	657,554	657,554	229,225	671,130	36,296
Real estate - construction and land	-0-	-0-	-0-	-0-	-0-
Commercial	-0-	-0-	-0-	-0-	-0-
Consumer and other	-0-	-0-	-0-	-0-	-0-
	$ 992,477	$ 992,477	$ 344,491	$ 1,007,886	$ 57,407
Totals, December 31, 2013	$ 4,143,295	$ 4,663,416	$ 344,491	$ 5,134,846	$ 265,839

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Impaired Loans (Continued):

	Recorded Investment	Unpaid Principal Balance	Specific Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2012 -					
Without a specific allowance recorded:					
Real estate - residential	$ 1,926,112	$ 2,480,395	$ -0-	$ 2,499,610	$ 157,262
Real estate - commercial	1,501,259	1,939,507	-0-	1,641,690	94,728
Real estate - construction and land	199,873	327,142	-0-	311,654	7,149
Commercial	-0-	-0-	-0-	-0-	-0-
Consumer and other	-0-	-0-	-0-	-0-	-0-
	$ 3,627,244	$ 4,747,044	$ -0-	$ 4,452,954	$ 259,139
December 31, 2012 -					
With a specific allowance recorded:					
Real estate - residential	$ 1,090,881	$ 1,254,350	$ 343,914	$ 1,165,295	$ 21,833
Real estate - commercial	467,823	467,823	89,440	543,520	35,551
Real estate - construction and land	-0-	-0-	-0-	-0-	-0-
Commercial	2,775	2,775	2,388	5,544	423
Consumer and other	-0-	-0-	-0-	-0-	-0-
	$ 1,561,479	$ 1,724,948	$ 435,742	$ 1,714,359	$ 57,807
Totals, December 31, 2012	$ 5,188,723	$ 6,471,992	$ 435,742	$ 6,167,313	$ 316,946

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Impaired Loans (Continued):

The allocated allowance for loan losses attributable to restructured loans included in the table above was approximately $60,000 at December 31, 2013 and $160,000 at December 31, 2012. There were no troubled debt restructurings granted during 2013. The following table presents the extent of troubled debt restructurings that occurred during 2012:

	Number of Loans	Pre-modified Outstanding Balance	Post-modified Outstanding Balance
December 31, 2012 -			
Real estate - residential	7	$ 451,530	$ 364,800
Real estate - commercial		-0-	-0-
Real estate - construction and land		-0-	-0-
Commercial		-0-	-0-
Consumer and other		-0-	-0-
	7	$ 451,530	$ 364,800

None of the troubled debt restructurings occurring in 2012 subsequently defaulted.

Credit Quality:

Internal risk-rating grades are assigned to loans by lending, credit administration or loan review personnel, based on an analysis of the financial and collateral strength and other credit attributes underlying each loan. Management analyzes the resulting ratings, as well as other external statistics and factors such as delinquency, to track the migration performance of the portfolio balances. This analysis is performed at least annually. The Bank uses the following definitions for its risk ratings:

Pass. Loans properly approved, documented, collateralized, and performing which do not reflect an abnormal credit risk.

Special Mention. These credits constitute an undue and unwarranted credit risk, but not to a point of justifying a classification of "Substandard". They have weaknesses that, if not checked or corrected, weaken the asset or inadequately protect the Bank.

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Credit Quality (Continued):

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

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

The tables below sets forth credit exposure for the loan portfolio disaggregated by class based on internally assigned risk ratings at December 31, 2013 and 2012:

Credit Exposure Based on Risk Ratings:

	Pass	Special Mention	Substandard	Doubtful
December 31, 2013 -				
Loan Category				
Real estate - residential	$ 15,662,582	$ 1,160,927	$ 2,477,495	$ -0-
Real estate - commercial	23,804,632	1,044,079	2,775,477	-0-
Real estate - construction and land	2,625,596	-0-	-0-	-0-
Commercial	2,838,765	48,868	8,847	33,498
Consumer and other	292,223	-0-	-0-	-0-
	$ 45,223,798	$ 2,253,874	$ 5,261,819	$ 33,498
December 31, 2012 -				
Loan Category				
Real estate - residential	$ 15,814,240	$ 763,711	$ 3,677,588	$ 91,107
Real estate - commercial	23,914,942	1,517,983	2,561,913	70,662
Real estate - construction and land	2,456,269	-0-	199,868	-0-
Commercial	4,290,197	111,372	2,778	45,499
Consumer and other	398,374	-0-	-0-	-0-
	$ 46,874,022	$ 2,393,066	$ 6,442,147	$ 207,268

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Past Due and Nonaccrual Loans:

The following tables present an aging of past due loans disaggregated by class at December 31, 2013 and 2012:

	30-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current Loans	Total Loans	Loans > 90 Days and Accruing
December 31, 2013 -						
Real estate - residential	$ 455,260	$ 60,140	$ 515,400	$ 18,785,604	$ 19,301,004	$ -0-
Real estate - commercial	-0-	516,787	516,787	27,107,401	27,624,188	-0-
Real estate - construction and land	-0-	-0-	-	2,625,596	2,625,596	-0-
Commercial	20,032	8,844	28,876	2,901,102	2,929,978	-0-
Consumer and other	-0-	-0-	-0-	292,223	292,223	-0-
	$ 475,292	$ 585,771	$ 1,061,063	$ 51,711,926	$ 52,772,989	$ -0-
December 31, 2012 -						
Real estate - residential	$ 271,165	$ 980,529	$ 1,251,694	$ 19,094,952	$ 20,346,646	$ -0-
Real estate - commercial	346,771	87,870	434,641	27,630,859	28,065,500	-0-
Real estate - construction and land	-0-	199,869	199,869	2,456,268	2,656,137	-0-
Commercial	20,013	-0-	20,013	4,429,833	4,449,846	-0-
Consumer and other	-0-	-0-	-0-	398,374	398,374	-0-
	$ 637,949	$ 1,268,268	$ 1,906,217	$ 54,010,286	$ 55,916,503	$ -0-

Included in the balances of current loans in the tables above are approximately $295,000 and $430,000 of loans classified as non-accrual at December 31, 2013 and 2012, respectively. These loans primarily consist of restructured loans that are current per the new contract or modified terms, where the source of repayment is not assured. Management maintains these loans on nonaccrual status until either the primary source or secondary source of repayment assures full repayment of the loan.

NOTE 3 - LOANS AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

Past Due and Nonaccrual Loans (Continued):

The following table presents the composition of non-accrual loans disaggregated by class at December 31, 2013 and 2012:

	2013	2012
Real estate - residential	$ 514,543	$ 1,114,040
Real estate - commercial	696,634	384,175
Real estate - construction and land	-0-	199,869
Commercial	8,849	-0-
Consumer and other	-0-	5
	$ 1,220,026	$ 1,698,089

NOTE 4 - PREMISES AND EQUIPMENT

Components of premises and equipment included in the consolidated statements of financial condition were as follows:

	2013	2012
Land	$ 499,595	$ 499,595
Building and improvements	1,325,166	1,325,166
Furniture and equipment	697,610	788,018
Leasehold improvements	458,879	458,879
	2,981,250	3,071,658
Accumulated depreciation and amortization	(1,260,734)	(1,259,485)
	$ 1,720,516	$ 1,812,173

Depreciation and amortization expense charged to operations amounted to $113,638 in 2013 and $111,540 in 2012.

NOTE 4 - PREMISES AND EQUIPMENT (Continued)

Leases:

The Bank leases a full service branch for its office in Seminole, Florida under an operating lease agreement expiring in 2019. The lease requires payment of taxes, insurance and maintenance costs, in addition to rental payments.

Future minimum lease payments under the operating lease are summarized as follows:

2014	$ 128,000
2015	128,000
2016	128,000
2017	128,000
2018	128,000
Thereafter	11,000
Total future minimum lease payments	$ 651,000

Rental expense relating to the operating lease amounted to approximately $130,000 in 2013 and 2012.

NOTE 5 - TIME DEPOSITS

The aggregate amount of time deposits at December 31, each with a minimum denomination of $100,000 was approximately $10,046,000 in 2013 and $6,077,000 in 2012.

At December 31, 2013, the scheduled maturities of time deposits were as follows:

2014	$ 16,268,329
2015	4,364,449
2016	2,170,691
2017	657,293
Thereafter	846,573
	$ 24,307,335

NOTE 6 - FEDERAL HOME LOAN BANK ADVANCES

A summary of Federal Home Loan Bank ("FHLB") advances by maturity and interest rate follows:

Maturity	Interest Rate	At December 31, 2013	At December 31, 2012
01/03/13	0.31%	$	$ 2,000,000
01/10/13	0.28%		500,000
01/23/13	0.29%		2,000,000
01/21/14	0.18%	2,000,000	
01/23/14	0.31%	2,000,000	
01/30/14	0.17%	500,000	
		$ 4,500,000	$ 4,500,000

The fixed rate advances are collateralized by FHLB stock and a blanket floating lien agreement on the Bank's real estate loan portfolios. As of December 31, 2013, the Bank had a remaining available line with the FHLB of approximately $6 million based on the availability of qualifying collateral.

NOTE 7 - STOCKHOLDERS' EQUITY

The Company and the Bank are restricted from paying or declaring dividends without prior regulatory approval.

NOTE 8 - STOCK WARRANTS AND OPTIONS

Outstanding Warrants:

At the date of inception, the initial investors in the Company were granted warrants to purchase additional common stock equal to 100% of their initial investment in the common stock of the Company for a total of 275,000 shares. At December 31, 2012, warrants were outstanding for the purchase of 275,000 shares of the Company's common stock. The warrants are exercisable up to the three year anniversary of the original capital raise, on March 11, 2014 at $20 per share. During 2013, warrants in the amount of 25,100 were exercised, and none were forfeited. At December 31, 2013, total warrants outstanding were 249,900 and expire in March 2014.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Credit Related Financial Instruments:

The Bank 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 include commitments to extend credit and letters of credit. These financial instruments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the consolidated statements of financial condition.

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

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

	2013	2012
Commitments to extend credit	$ 3,551,000	$ 2,024,000
Standby letters-of-credit	$ 58,400	$ 108,400

Commitments to extend credit are agreements to lend to customers as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments to extend credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the customer.

Unfunded commitments under commercial lines of credit and revolving credit lines are commitments for possible future extensions of credit to existing customers. These lines of credit may be uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed.

Letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank generally holds collateral for those commitments for which collateral is deemed necessary.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (Continued)

Credit Related Financial Instruments (Continued):

The Bank has not incurred any losses on its commitments in 2013.

Unused Lines of Credit:

The Bank has an unsecured federal funds line of credit with another financial institution enabling the Bank to borrow up to $500,000 with interest determined at the time of any advance. The Bank had no advances as of December 31, 2013. The arrangement is reviewed quarterly for renewal or modification of the credit line.

Other:

Various legal claims arise from time to time in the normal course of business, which, in the opinion of management, will have no material effect on the Company's financial statements.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Bank has entered into transactions with its directors, significant stockholders, and their affiliates (related parties). The aggregate amount of loans to such related parties was approximately $1,952,000 and $1,864,000, respectively, at December 31, 2013 and 2012. Also, certain related parties maintain deposit balances with the Bank in the aggregate amount of approximately $8,487,000 and $9,375,000, respectively, at December 31, 2013 and 2012.

In the ordinary course of business, the Bank has entered into transactions with certain members of the Board of Directors of the Company and the Bank for various professional services including legal, insurance and loan closings.

NOTE 11 - REGULATORY MATTERS

Regulatory Agreements:

In 2010, the OFR performed a Safety and Soundness examination of the Bank, in conjunction with the FDIC. The examination noted unsatisfactory conditions in a number of areas which, if not corrected, could worsen into a more severe situation. As a result, in November 2010, the Bank agreed to the entry of a Consent Order with the OFR and FDIC. The Consent Order is a formal agreement for the Bank to take corrective actions, consistent with sound banking practices, to improve the unsatisfactory conditions, and to adopt appropriate procedures to ensure the Bank's future compliance with all applicable laws, rules, regulations, and regulatory policy statements. In addition to requiring the Bank to reduce its exposure to classified assets, the Consent Order requires the Bank to maintain a Tier 1 capital ratio of at least 8% and a Total risk-based capital ratio of 12%, restricts the Bank's ability to declare or pay dividends or accept brokered deposits without prior written approval from supervisory authorities, and requires the Bank to submit quarterly progress reports to the regulatory authorities. These financial statements do not reflect any actions that may be taken by the OFR or the FDIC as a result of future examinations or management's inability to comply with the Consent Order. Failure to adequately comply could eventually allow the banking regulators to appoint a receiver or conservator of the Bank's net assets. As of December 31, 2013, although Management is seeking compliance with the Consent Order and the Bank has submitted the required quarterly Progress Reports on a timely basis, the Bank is not in compliance with certain of the Consent Order requirements, including the required minimum capital ratios requirements.

Capital Requirements:

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's 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 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 (set forth in the table below) of total risk-based capital and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and Tier I capital (as defined) to average assets (as defined).

NOTE 11 - REGULATORY MATTERS (Continued)

Capital Requirements (Continued):

As of December 31, 2013, the most recent notification from the FDIC categorized the Bank as adequately capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category of adequately capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain the minimum capital requirements set forth in the Consent Order discussed above. The Bank's actual capital amounts and ratios are presented in the following table:

	Actual		Minimum To Be Adequately Capitalized Under Prompt Corrective Action Provisions		Minimum To Be Well Capitalized Under Prompt Corrective Action And Consent Order*	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2013:						
Total Capital (to Risk Weighted Assets)	$ 4,682,000	9.16%	≥ $ 4,090,000	≥ 8.00%	≥ $ 6,135,000	≥ 12.00% *
Tier I Capital (to Risk Weighted Assets)	$ 4,033,000	7.89%	≥ $ 2,045,000	≥ 4.00%	≥ $ 3,067,000	≥ 6.00%
Tier I Capital (to Average Assets)	$ 4,033,000	5.74%	≥ $ 2,809,000	≥ 4.00%	≥ $ 5,618,000	≥ 8.00% *
As of December 31, 2012:						
Total Capital (to Risk Weighted Assets)	$ 4,311,000	8.53%	≥ $ 4,045,000	≥ 8.00%	≥ $ 6,068,000	≥ 12.00% *
Tier I Capital (to Risk Weighted Assets)	$ 3,664,000	7.25%	≥ $ 2,023,000	≥ 4.00%	≥ $ 3,034,000	≥ 6.00%
Tier I Capital (to Average Assets)	$ 3,664,000	4.97%	≥ $ 2,947,000	≥ 4.00%	≥ $ 5,893,000	≥ 8.00% *

* See comments above regarding minimum capital ratios required under Consent Order.

NOTE 12 - FAIR VALUE MEASUREMENT

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The statement describes three levels of inputs that may be used to measure fair value: Level 1: Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date. Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data. Level 3: Significant unobservable inputs that reflect a Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Securities. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government securities and certain other products. The Bank's available-for-sale securities fall into Level 2 of the fair value hierarchy. These securities are generally priced via independent service providers. In obtaining such valuation information, the Bank has evaluated the valuation methodologies used to develop the fair values. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

Impaired Loans. A loan is considered to be impaired when it is probable the Bank will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. In most cases, the Bank measures fair value based on the value of the collateral securing the loan. Collateral may be in the form of real estate and/or business or personal assets, including but not limited to equipment, inventory, and accounts receivable. The vast majority of the collateral is real estate. The fair value of real estate collateral is determined based on third party appraisals by qualified licensed appraisers as well as internal estimates. The fair value of other business or personal assets is generally based on amounts reported on the financial statements of the customer or customer's business. Appraised and reported values may be adjusted based on management's historical knowledge, changes in market conditions from the time of valuation and management's knowledge of the customer and the customer's business. Since not all valuation inputs are observable, these nonrecurring fair value determinations are classified as Level 3. Impaired loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly, based on the same factors previously identified.

NOTE 12 - FAIR VALUE MEASUREMENT (Continued)

Foreclosed Real Estate. Estimates of fair values are determined based on a variety of information, including the use of available appraisals, estimates of market value by licensed appraisers or local real estate brokers and the knowledge and experience of the Bank's management related to values of properties in the Bank's market areas. Management takes into consideration the type, location and occupancy of the property as well as current economic conditions in the area the property is located in assessing estimates of fair value. Accordingly, the fair values estimates for foreclosed real estate and other repossessed assets are classified as Level 3.

The following table presents the financial instruments carried at fair value as of December 31, 2013 and 2012, by caption on the consolidated statements of financial condition and by the valuation hierarchy (as described above):

Assets and liabilities measured at fair value on a recurring basis:

	Total carrying value in the consolidated statements of financial condition	Quoted market prices in an active market (Level 1)	Internal models with significant observable market parameters (Level 2)	Internal models with significant unobservable market parameters (Level 3)
December 31, 2013 -				
Available-for-sale securities	$ 774,000	$ -0-	$ 774,000	$ -0-
December 31, 2012 -				
Available-for-sale securities	$ 796,000	$ -0-	$ 796,000	$ -0-

NOTE 12 - FAIR VALUE MEASUREMENT (Continued)

Assets and liabilities measured at fair value on a nonrecurring basis:

	Total carrying value in the consolidated statements of financial condition	Quoted market prices in an active market (Level 1)	Internal models with significant observable market parameters (Level 2)	Internal models with significant unobservable market parameters (Level 3)
December 31, 2013 -				
Impaired loans, net of specific reserves	$ 3,799,000	$ -0-	$ -0-	$ 3,799,000
Foreclosed real estate	1,257,000	-0-	-0-	1,257,000
December 31, 2012 -				
Impaired loans, net of specific reserves	$ 4,753,000	$ -0-	$ -0-	$ 4,753,000
Foreclosed real estate	449,000	-0-	-0-	449,000

There were no transfers between levels of the fair value hierarchy for the years ended December 31, 2013 and 2012.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
First Home Bancorp, Inc.
and Subsidiary
Seminole, Florida

We have audited the consolidated financial statements of First Home Bancorp, Inc. and Subsidiary as of and for the year ended December 31, 2013, and our report appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on pages 37 through 38 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Saltmarsh Cleaveland & Gund

Tampa, Florida
February 28, 2014

FIRST HOME BANCORP, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2013

ASSETS

	Bank	Holding Company	Eliminating Entries	Consolidated
Cash and due from banks	$ 9,720,729	$ 2,491	$ (2,491)	$ 9,720,729
Interest-bearing deposits in banks	5,357,876			5,357,876
Cash and cash equivalents	15,078,605	2,491	(2,491)	15,078,605
Certificates of deposit	4,758,000			4,758,000
Securities available for sale	774,077			774,077
Securities held to maturity	110,980			110,980
Restricted equity securities, at cost	292,501			292,501
Loans receivable, net of allowance for loan losses	51,238,930			51,238,930
Accrued interest receivable	179,606			179,606
Foreclosed real estate	1,256,939			1,256,939
Premises and equipment, net	1,720,516			1,720,516
Investment in Subsidiaries	-0-	4,008,488	(4,008,488)	-0-
Other assets	83,814			83,814
Total Assets	$ 75,493,968	$ 4,010,979	$ (4,010,979)	$ 75,493,968

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:				
Noninterest-bearing demand deposits	$ 16,081,363	$	$ $ (2,491)	$ 16,078,872
Interest-bearing demand deposits	15,319,013			15,319,013
Savings deposits	11,040,980			11,040,980
Other time deposits	24,307,335			24,307,335
Total deposits	66,748,691	-0-	(2,491)	66,746,200
Federal Home Loan Bank advance	4,500,000			4,500,000
Accrued interest payable	3,464			3,464
Accrued expenses and other liabilities	233,325			233,325
Total liabilities	71,485,480	-0-	(2,491)	71,482,989
Stockholders' Equity:				
Common stock	2,677,500	367,450	(2,677,500)	367,450
Additional paid-in capital	9,890,930	12,461,511	(9,890,930)	12,461,511
Accumulated deficit	(8,534,019)	(8,792,059)	8,534,019	(8,792,059)
Accumulated other comprehensive loss	(25,923)	(25,923)	25,923	(25,923)
Total stockholders' equity	4,008,488	4,010,979	(4,008,488)	4,010,979
Total Liabilities and Stockholders' Equity	$ 75,493,968	$ 4,010,979	$ (4,010,979)	$ 75,493,968

FIRST HOME BANCORP, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2013

	Bank	Holding Company	Eliminating Entries	Consolidated
Interest Income:				
Loans receivable and fees on loans	$ 3,027,469	$	$	$ 3,027,469
Investment securities	12,869			12,869
Interest-bearing deposits in banks and other	34,015			34,015
Total interest income	3,074,353	-0-	-0-	3,074,353
Interest Expense:				
Deposits	271,274			271,274
Other	5,997			5,997
Total interest expense	277,271	-0-	-0-	277,271
Net interest income	2,797,082	-0-	-0-	2,797,082
Provision for Loan Losses	-0-	-0-		-0-
Net interest income after provision for loan losses	2,797,082	-0-	-0-	2,797,082
Noninterest Income:				
Equity in earnings of subsidiary	-0-	89,891	(89,891)	-0-
Service charges on deposit accounts	155,101			155,101
Other service charges and fees	153,032			153,032
Other income	193,553			193,553
Total noninterest income	501,686	89,891	(89,891)	501,686
Noninterest Expense:				
Salaries and employee benefits	1,654,803	86,160		1,740,963
Credit and collection expense	86,697			86,697
Professional fees	287,568	133,826		421,394
Occupancy expense	336,878			336,878
Equipment expense	86,221			86,221
Foreclosed real estate expenses	41,492			41,492
Regulatory assessments	197,999			197,999
Other than temporary impairment	192,361			192,361
Other expenses	324,858			324,858
Total noninterest expense	3,208,877	219,986	-0-	3,428,863
Net Loss	$ 89,891	$ (130,095)	$ (89,891)	$ (130,095)