SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACTOF 1934

For the Fiscal Year Ended December 31, 2007

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGEACT OF 1934

For the transition period from ________________________ to ______________

Commission File No. 000-33351

FPB BANCORP, INC.

(Name of small business issuer in its charter)

FLORIDA **65-1147861**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1301 SE Port St. Lucie Boulevard
Port St. Lucie, FL **34952**
(Address of principal executive offices) (Zip Code)

Issuer's Telephone Number **(772) 398-1388**

Securities Registered Under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
N.A.	N.A.

Securities Registered Under Section 12(g) of the Exchange Act:

Common Stock, $0.01 Par Value
(Title of Class)

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. [] Yes []No

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

The issuer's revenues for its most recent fiscal year: $1,584,000.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.)

As of February 29, 2008, the aggregate market value of the voting and non-voting common equity held by non-affiliates was $19,551,447.

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

As of February 29, 2008, the Issuer had 2,058,047 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the definitive Proxy Statement for the 2008 Annual Meeting of Shareholders and the 2007 Annual Report, filed electronically with the Securities and Exchange Commission on March 14, 2008 are incorporated in Part III of this Form 10-KSB by reference.

Transitional Small Business Disclosure Format (Check one): Yes __ No X

FPB BANCORP, INC.

2007 Form 10-KSB Annual Report

TABLE OF CONTENTS

	PART I.	**Page**
Item 1.	Description of Business	1
Item 2.	Description of Property	13
Item 3.	Legal Proceedings	14
Item 4.	Submission of Matters to a Vote of Security Holders	14
	PART II.	
Item 5.	Market for Common Equity and Related Stockholder Matters	14
Item 6.	Management's Discussion and Analysis or Plan of Operation	14
Item 7.	Financial Statements	14
Item 8.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	15
Item 8A.	Controls and Procedures	15
Item 8B.	Other Information	15
	PART III.	
Item 9.	Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act	16
Item 10.	Executive Compensation	16
Item 11.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	16
Item 12.	Certain Relationships and Related Transactions	16
Item 13.	Exhibits	17
Item 14.	Principal Accountants Fees and Services	17
SIGNATURES		18

PART I

Forward-Looking Statements

This document contains forward-looking statements as defined by Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve substantial risks and uncertainties. When used in this document, or in the documents incorporated by reference, the words “anticipate”, “believe”, “estimate”, “may”, “intend” and “expect” and similar expressions are some of the forward-looking statements used in these documents. Actual results, performance, or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements. Factors which may cause results to change materially include competition, inflation, general economic conditions, changes in interest rates, and changes in the value of collateral securing loans First Peoples Bank has made, among other things.

ITEM 1. BUSINESS

FPB Bancorp, Inc.

FPB was incorporated on September 5, 2001. On December 3, 2001, we acquired all of the issued and outstanding stock of First Peoples Bank in a one-for-one share exchange. As of December 31, 2007, we had total consolidated assets of $196.8 million, and total consolidated stockholders’ equity of $21.9 million.

First Peoples Bank

The Bank commenced banking operations in Port St. Lucie, Florida, on April 26, 1999, as a state-chartered commercial bank. Our customers are primarily individuals, professionals, small and medium size businesses, and seasonal retirees located predominantly in St. Lucie, Martin and Indian River counties, Florida. We currently have five retail full-service banking offices located in Port St. Lucie, Stuart, Palm City (opened in January, 2008) Fort Pierce, and Vero Beach, Florida. Our Stuart branch office opened for business in December 2003, the Fort Pierce branch office opened in June 2004, the Vero Beach branch office opened in March 2006, and the Palm City branch office opened in January, 2008. The Bank also opened an Operations Center in March of 2007. A sixth branch on Gatlin Boulevard in Port St. Lucie, Florida is expected to open in the second quarter of 2008. Our primary business is attracting deposits from the general public and using those deposits, together with borrowings and other funds, to originate loans and to purchase securities.

We offer a broad range of retail and commercial banking services, including various types of deposit accounts and loans for businesses and consumers. As part of our community bank approach, officers are encouraged to actively participate in community activities and organizations.

Operating and Business Strategy

We are organized as a locally-owned, locally managed community financial institution, owned and managed by people who are actively involved in our market area and committed to our economic growth and development. With local ownership, management, and directors, we believe that we can be more responsive to the communities we serve. Local ownership allows faster, more responsive and flexible decision-making which is not generally available at the majority of financial institutions in or near our market area which mainly consist of branch offices of large regional holding company banks with headquarters located elsewhere in the United States.

Our principal business is to attract deposits from the general public and to invest those funds in various types of loans and other interest-earning assets. Funds are provided for the operations from the proceeds from the sale of investments, from amortization and repayment of outstanding loans and investments, from net deposit inflow, and from borrowings. Our earnings depend primarily upon the difference between (1) non-interest income, and the interest and fees we receive from loans, the securities held in our investment portfolio and other investments, and (2) the expenses we incur in connection with obtaining funds for lending (including interest paid on deposits and other borrowings) and expenses relating to day-to-day operations.

To the extent market conditions permit, our strategy is intended to insulate our interest rate gap from adverse changes in interest rates by maintaining spreads through the adjustability of our interest-earning assets and interest-bearing liabilities. Our ability to reduce interest-rate risk in our loan and investment portfolios depends upon a number of factors, many of which are beyond our control, including among others, competition for loans and deposits in our market area and conditions prevailing in the economy.

Our primary sources of funds for loans and for other general business purposes are our capital, deposits and loan repayments. We expect that loan repayments will be a relatively stable sources of funds, while deposit inflows and outflows will be significantly influenced by prevailing interest rates, money market rates, and general economic conditions. Generally, short-term borrowings may be used to compensate for reductions in normal sources of funds while longer-term borrowings may be used to support expanded lending activities.

We continually seek to develop new business through an ongoing program of personal calls on both present and potential customers. As a local independent bank, we utilize traditional local advertising media to promote and develop loans and deposits. In addition, all of our directors have worked and lived in or near our market area for a number of years. We believe that these factors, coupled with the past and continued involvement of the directors, officers and staff in various local community activities, will further promote our image as a locally-owned independent institution, which we believe is an important factor to our targeted customer base.

Personalized Products and Service. We strive to provide innovative financial products and high service levels, and to maintain strong customer relationships. We seek customers who prefer to conduct business with a locally owned and managed financial institution.

Local Management and Community Focus. We approach banking with a community focus, emphasizing local management and local decision-making. Our main office is located in one of the primary business districts of Port St. Lucie on Port St. Lucie Boulevard. Most of the executive officers and directors are long-time residents of the Port St. Lucie area, and all management decisions are made within our market area.

Dedicated Employees. We believe that the key to our success lies with our employees, because it is through our employees that we are able to provide our banking customers with a very high level of service and attention. To this end, we seek to hire well qualified banking professionals who are committed to providing a superior level of banking service and are willing to accept a significant degree of responsibility. Each employee focuses on the individual customer’s needs and strives to deliver the specific products and services that are best suited to achieve the customer’s financial goals.

Internal Growth and Branch Expansion. Our first branch office opened in December of 2003 at 715 Colorado Avenue in Stuart, Florida, in a 6,100 square foot leased facility.

Our second branch office opened in June of 2004 in a two-story branch building at 2500 Virginia Avenue in Fort Pierce, Florida. The bank occupies 3,733 square feet on the first floor, as well as 649 square feet on the second floor. We are leasing 4,376 square feet on the second floor to unaffiliated parties.

In March 2006, we opened a full-service branch office at 4000 20th Street, Vero Beach, Florida, in a former bank branch building. An 11,000 square foot Operations Center, which is leased, opened in March of 2007, in Jensen Beach, Florida, and a fifth branch office at 3001 Martin Downs Boulevard in Palm City, Florida opened in January of 2008. A sixth branch office is anticipated to open in the second quarter of 2008 on Gatlin Boulevard, in Port St. Lucie, Florida.

We have established a courier program which consists of six persons. This program currently enables us to service commercial deposit and loan customers in Martin, St. Lucie and Indian River Counties who are not in close proximity to the Bank. This has proven to be a great convenience to our customers, especially the small business owners.

Develop Commercial Loan Relationships. Since our inception, we have been gradually building our loan portfolio mix by purchasing, originating and retaining commercial and commercial real estate loans. We believe that large regional and out-of-state financial institutions have shifted their focus away from lending to small and medium-sized business. As part of our lending efforts, we have been developing, within our market, strong commercial loan and deposit relationships with small to medium-sized businesses which tend to value personalized service and attention to their specific borrowing needs. Timely decisions and prompt, courteous service is very important and we believe will foster long-term, quality loan and deposit relationships. In addition, we are active in the Small Business Administration lending program earning our Preferred Lender Status in 2002.

Residential Loans. In order to be a full service bank, we engage in residential lending activities which include the origination of residential mortgage loans. Our strategy is to sell, to the extent practical, all of our fixed-rate and adjustable-rate residential mortgage loan originations. The sale of mortgage loans in the secondary market provides additional non-interest income, including mortgage loan origination fees and gains on the sale of mortgage loans. Typically none of these loans are held in our portfolio.

Maintain Strong Credit Quality. We place a great deal of emphasis on maintaining strong asset quality. The asset quality we are experiencing to date is principally due to our strict underwriting criteria, the relationship of our senior officers and directors to our customers and their knowledge of the demographics and needs of our local community.

Primary Market Areas

We are the only financial institution headquartered in Port St. Lucie, Florida. Our geographic market area encompasses Martin County, St. Lucie County, and Indian River County, Florida. St. Lucie and Martin Counties have a total combined year-round adult population of approximately 392,000. From 2000 to 2006, the population of St. Lucie County grew at a compound annual rate of 31.2%, while Martin County grew by 10%. Indian River County has a population of approximately 135,000, with an estimated growth rate of 4% per year. Of Indian River County’s total employment, 20% is in service industries, 23% in retail trade, 7.3% in construction, 5.9% in manufacturing, agriculture, forestry and fishing, and 5.7% in government.

Land development in the market area is primarily residential in nature and large tracts of land remain available for residential development. The market area is well connected to and easily accessible from other east coast communities and is served by Florida’s Turnpike and Interstate 95.

St. Lucie West is home to the spring training facility for the New York Mets, the St. Lucie Mets and the PGA training center, one of the best golf training centers in the world.

Port St. Lucie is home to one of two family-oriented Club Med’s in the world. Major employers include St. Lucie County, Liberty Medical, Indian River Community College, Walmart Distribution Center, Tropicana, QVC and Florida Power and Light Company.

The newest major development in St. Lucie County is the Town of Tradition, which is a master-planned, mixed-use community. Upon completion, Tradition will house 7,000 residences, 675,512 of retail, 1.3 million square-feet of office space, a 200-bed hospital and 300 hotel rooms. The community is set to expand to eventually include more than 8,000 acres along a five-mile long employment corridor, featuring a total of 18,000 residences and 8 million square feet of commercial space. The Florida Center for Innovation at Tradition is a 120-acre research park under development, anchored by the new 100,000 square-foot headquarters for Torrey Pines Institute for Molecular Studies, set to open by early 2009. In addition, the Oregon Health & Science University's Vaccine and Gene Therapy Institute will be expanding into a 130,000 square-foot facility, and the Mann Research Center, a six-building life sciences complex adjacent to both facilities is planned, along with a new medical campus for Martin Memorial Health Systems. This local expansion is estimated to bring hundreds of new job opportunities to the St. Lucie County area. Our sixth branch office, estimated to open in the second quarter of 2008, will be located on Gatlin Boulevard, just outside of the Tradition development.

In Martin County, some of the major employers include Martin Memorial Health Systems, Martin County School Board, and Armellini Express Lines. In Indian River County, Vero Beach is the home of the Los Angeles Dodgers Spring-training facilities. The major employers in the area are the school district, the local hospital, county government, the Sheriff's Department, Publix Supermarkets and Piper Aviation.

Competition

Competition for deposits and loans is intense among financial institutions in Florida and particularly in areas of high population concentrations such as St. Lucie, Martin and Indian River Counties. Our competitors include institutions such as Riverside National Bank of Florida, Bank of America, SunTrust, Wachovia Bank, Seacoast National Bank, National City Bank, Gulfstream Business Bank, Indian River National Bank, other commercial banks, savings banks, and credit unions. Additional competition for deposits comes from government securities, money-market funds, mutual fund and securities brokerage firms. Many of these competitors have substantially greater resources, higher lending limits, larger branch networks and are able to offer a broader range of products and services than we are able to offer.

The primary factors in competing for deposits are interest rates, the range of financial services offered, convenience of office locations, and the flexibility of office hours. The primary factors in competing for loans include interest rates, loan fees, flexible terms, and timely loan decisions. We compete for deposits by offering a variety of deposit programs geared to our potential customers. By developing strong ties in the local community and providing a high quality of personal banking services to families, professionals, retirees, and owner-operated businesses with an emphasis on flexibility and timely responses to customer demands, we believe that we can successfully compete in our market for deposits.

With respect to loans, we have targeted small to medium-sized businesses as our customer base, because we believe that the large out-of-state financial institutions continue to shift the focus away from these business opportunities.

Loan Activities

General. Our primary business emphasis is on making commercial business, commercial real estate and consumer loans. As of December 31, 2007, the net loan portfolio totaled $172.3 million, or 88% of total assets.

Loan Underwriting. Loan activities are subject to underwriting standards and loan origination procedures prescribed by the board of directors and management. Loan applications are obtained to determine the borrower's ability to repay, and the more significant items on these applications are verified through the use of credit reports, financial statements and confirmations. Our loan policy for real estate loans generally requires that collateral be appraised by an independent, outside appraiser approved by the board of directors.

***General Loan Policies*.** Loans are approved at various management levels up to and including the board of directors, depending on the amount of the loan. Loan approvals are made in accordance with delegated authority approved by the board of directors. Generally loans less than $150,000 are approved by certain authorized officers. The President has individual loan authority up to $250,000. Loans up to $500,000 are approved by an officer's loan committee, and loans between $500,000 and $1,000,000 are approved by a directors' loan committee. All loans over $1,000,000 require approval by the board of directors.

For real estate loans our policy is to have a valid mortgage lien on real estate securing a loan and to obtain a title insurance policy, which insures the validity and priority of the lien. Borrowers must also obtain hazard insurance policies prior to closing, and when the property is in a flood prone area, flood insurance is required.

We are permitted to lend up to 100% of the appraised value of the real property securing a single family residential mortgage loan. However, if the amount of a conventional, residential loan (including a construction loan or a combination construction and permanent loan) originated or refinanced exceeds 80% of the appraised value or of the purchase price, whichever is less, we are required by federal regulations to obtain private mortgage insurance on that portion of the principal amount of the loan that exceeds 80% of the value of the property or 65% on "raw" land loans. We will originate single-family residential mortgage loans with up to a 90% loan-to-value ratio if the required private mortgage insurance is obtained. Loans over 90% loan-to-value ratio are limited to special community support programs or one of the FHA, VA, or Farmers Home Administration guarantee or insurance programs. The loan-to-value ratio on a home secured by a junior lien generally does not exceed 90%, including the amount of the first mortgage, of the collateral. With respect to home loans granted for construction or combination construction/permanent financing, we will lend up to 80% of the appraised value of the property on an "as completed" basis. The loan-to-value ratio on multi-family residential and commercial real estate loans is generally limited to 80% of value. Consumer loans are considered to be loans to natural persons for personal, family or household purposes, and these loans may be unsecured, secured by personal property or secured by liens on real estate which, when aggregated with prior liens, equals or exceeds the appraised value of the collateral property.

The maximum amount which we could have loaned to one borrower and the borrower's related entities as of December 31, 2007, was approximately $4.5 million on a secured basis, according to the Florida Banking Statutes, 658.48 or $2.5 million on a secured basis, based on our in-house policy limit. Our largest loan to a single borrower is a $2.7 million loan to a Florida corporation, secured by a first commercial real estate mortgage on a gas station/convenience store. The loan is current.

Interest rates charged on loans are affected principally by competitive factors, the demand for such loans and the supply of funds available for lending purposes. These factors are, in turn, affected by general economic conditions, monetary policies of the federal government, including the Federal Reserve Board, legislative tax policies and government budgetary matters.

***Commercial Real Estate Loans*.** Commercial real estate loans are secured primarily by office, medical and retail business properties located in St. Lucie, Martin and Indian River Counties. These types of loans amounted to $83 million or 47% of the total loan portfolio as of December 31, 2007. Commercial real estate loans may be amortized for up to 25 years, but frequently mature in three to six years.

Commercial and multi-family real estate loans are originated with a loan-to-value ratio generally not exceeding 80%. Loans secured by this type of collateral will continue to be a part of our future loan program. Commercial and multi-family real estate loans are generally larger and involve a greater degree of risk than residential mortgage loans. Because payments on loans secured by commercial property depend to a large degree on results of operations and management of the properties, repayment of such loans may be subject to a greater extent to adverse conditions in the real estate market or the economy. At December 31, 2007, the largest commercial and multi-family real estate loan was approximately $2.7 million secured by 2.34 acres of land and improvements for thirteen condominium units. The loan is current.

Commercial Loans. Commercial loans are business loans that are not secured by real estate and are dependent on business cash flows for repayment. At December 31, 2007, the largest commercial loan not secured by real estate was $1.5 million loan to a corporation, secured by corporate stock. While we have made Small Business Administration loans, we generally will underwrite commercial loans for our own portfolio utilizing other sources of collateral and a maximum of 80% loan to value. The majority of our commercial loans are adjustable-rate loans with adjustment periods ranging from daily to 5 years. As of December 31, 2007 we had $60 million in commercial loans, which was 34% of the total loan portfolio.

Residential Real Estate Loans. We currently originate fixed-rate residential mortgage loans and adjustable-rate mortgage loans for terms of up to 30 years. As of December 31, 2007, $48,000 or less than 0.25% of our total loan portfolio consisted of one-to-four family residential real estate loans. As of such date, all of these loans were adjustable-rate mortgage loans.

The residential adjustable-rate mortgage loans currently being offered have interest rates that are fixed for a period of one, three or five years and then after the initial period the interest rate is adjusted annually based upon an index such as the yield on treasury securities adjusted to a one-year maturity, plus a margin. Most of our adjustable-rate mortgage loans limit the amount of any increase or decrease in the interest rate at each adjustment and over the life of the loan. Typical limitations are 2% for each adjustment with a limit of 6% over the life of the loan. We may offer adjustable-rate mortgage loans with different annual and life-of-loan interest change limits, shorter or longer adjustment periods and different base indices as may be appropriate to meet market demands, portfolio needs, and our interest-rate risk management goals. While the initial rate on adjustable-rate mortgage loans may be below a fully indexed rate, the loan is always underwritten based on the borrower's ability to pay at the interest rate which would be in effect after adjustment of the loan. Some adjustable-rate mortgage loans include features that allow the borrower, under special conditions, to convert the loan to a fixed rate at the then prevailing market rates.

Adjustable-rate mortgage loans reduce our risk of changes in interest rates, but involve other risks because as interest rates increase, the borrower's required payments increase, thus increasing the potential for default. Marketability of real estate loans is also affected by the level of interest rates.

Our fixed rate home loans are originated for 30-year amortization terms. Borrowers requesting a term of 15 years or less are usually granted an interest rate slightly lower than is offered for a 30-year amortizing loan. These loans are originated in compliance with documentation and underwriting standards which permit their sale in the secondary market to institutional investors such as Fannie Mae. Fixed-rate home loans include a “due on sale” clause, which provides us with the contractual right to declare the loan immediately due and payable in the event the borrower transfers ownership of the property without our consent. The “due on sale” provision is always enforced.

We generally sell all fixed rate, 30-year home loans in the secondary market. No such loans are held in our loan portfolio.

Consumer Loans. We make various types of consumer loans, the majority of which are installment loans, which also include automobile and boat loans, and home equity loans. Consumer loans are originated in order to provide a range of financial services to customers and to create stronger ties to our customers and because the shorter term and normally higher interest rates on such loans help maintain a profitable spread between our average loan yield and our cost of funds. The terms of installment consumer loans generally range from one to five years and are typically at a fixed rate of interest, while home equity loans are at a variable rate of interest. Underwriting standards for consumer loans include an assessment of the applicant's repayment history on other debts and ability to meet existing obligations and payments on the proposed loans. Although the applicant's creditworthiness is a primary consideration, the underwriting process also includes a comparison of the value of the security, if any, to the proposed loan amount. Consumer loans generally involve more credit risks than mortgage loans because of the type and nature of the collateral or absence of collateral. Consumer loan repayments are dependent on the borrower's continuing financial stability, and are likely to be adversely affected by job loss, divorce and illness. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount which can be recovered on such loans. In some cases, repossessed collateral may not provide full repayment of the outstanding loan balance. Our belief is that the yields earned on consumer loans are commensurate with the credit risk associated with such loans and, therefore, we intend to continue to increase our investment in these types of loans. As of December 31, 2007, consumer loans amounted to $21 million, or 12% of the total loan portfolio.

Income from Loan Activities. Fees are earned in connection with loan commitments and originations, loan modifications, late payments, changes of property ownership and for miscellaneous services related to loans. Income from these activities varies from period to period with the volume and type of loans originated, sold and purchased, which in turn is dependent upon prevailing interest rates and their effect on the demand for loans in our primary service area.

Loan fees typically are charged at the time of loan origination and may be a flat fee or a percentage of the amount of the loan. Current accounting standards state that the total amount of such fees cannot typically be recognized as income immediately, rather a portion of the fees are deferred and taken into income over the contractual life of the loan, using a level yield method. If loans are prepaid or refinanced, all remaining deferred fees with respect to such loans are taken into income at that time.

Non-performing Loans and Real Estate Owned. When a borrower fails to make a required payment on a loan, our loan officers attempt to collect the payment by contacting the borrower. If a payment on a loan has not been received by the end of a grace period (usually 10 days from the payment due date), notices are sent at that time, with follow-up contacts made thereafter. In most cases, delinquencies are cured promptly. If the delinquency exceeds 29 days and is not cured through normal collection procedures, more formal measures are instituted to remedy the default, including the commencement of foreclosure proceedings. We will then attempt to negotiate with the delinquent borrower to establish a satisfactory payment schedule.

A loan is generally placed on non-accrual status and ceases accruing interest when loan payment performance is deemed unsatisfactory. All loans past due 90 days, however, are placed on non-accrual status, unless the loan is both well collateralized and in the process of collection. Cash payments received while a loan is classified as non-accrual are recorded as a reduction of principal as long as doubt exists as to full collection of all principal and interest.

If foreclosure is required, when completed, the property is sold at a public auction in which we will generally participate as a bidder. If we are the successful bidder, the acquired real estate property is then included in the other real estate owned "OREO" account until it is sold. We are permitted under federal regulations to finance sales of real estate owned by "loans to facilitate," which may involve more favorable interest rates and terms than generally would be granted under normal underwriting guidelines.

At December 31, 2007, we had $1.8 million of non-accruing loans which were contractually past due 90 days or more, and some renegotiated debt. As of December 31, 2007, we have never held real estate classified as "OREO".

Asset Classification

Commercial banks are required to review and when appropriate classify their assets on a regular basis. The FDIC and state banking examiners have authority to identify problem assets and, if appropriate, require them to be classified. There are three classifications for problem assets: "substandard," "doubtful" and "loss." Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions and values questionable, and there is a high possibility of loss. An asset classified as loss is considered uncollectible and of such little value that continuance as an asset of the institution is not warranted. If full collection of principal and interest is doubtful, the insured institution establishes specific allowance for loan losses, in accordance with the guidelines established under FAS114. All or a portion of general loan loss allowances established to cover possible losses related to assets classified substandard or doubtful may be included in determining an institution's regulatory capital, while specific valuation allowances for loan losses generally do not qualify as regulatory capital. Assets that do not warrant classification in one of the aforementioned categories, but possess weaknesses, are classified as special mention and are closely monitored. At December 31, 2007, we did not have a material amount of loans classified as substandard, doubtful, or loss.

Provision for Losses on Loans

The provision for loan losses is established through a provision for loan losses charged against income. Loans are charged against the provision when we believe that the full collection of principal and interest is doubtful or when an actual loss is incurred. The provision is an estimated amount that we believe will be adequate to absorb losses inherent in the loan portfolio based on evaluations of its collectibility. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, specific impaired loans, and current anticipated economic conditions that may affect the borrower's ability to pay. While we use the best information available to us to recognize losses on loans, future additions to the provision may be necessary based on changes in economic conditions. At December 31, 2007, our total allowance for loan losses was approximately $2.4 million representing 1.36% of total loans.

Personnel

As of December 31, 2007, we had 73 full-time employees and 8 part-time employees. The employees are not represented by any collective bargaining group. We believe our relations with our employees to be good.

Employees are covered by a comprehensive employee benefit program which provides for, among other benefits, hospitalization and major medical insurance, short and long-term disability insurance, life insurance, and education assistance. Such employee benefits are considered by management to be generally competitive with employee benefits provided by other major employers in our geographic market area.

SUPERVISION AND REGULATION

General

As a one-bank holding company, we are subject to an extensive body of state and federal banking laws and regulations which impose specific requirements and restrictions on virtually all aspects of our operations. We are affected by government monetary policy and by regulatory measures affecting the banking industry in general.

The following is a brief summary of some of the statutes, rules and regulations which affect our operations. This summary is qualified in its entirety by reference to the particular statutory and regulatory provisions referred to below and is not intended to be an exhaustive description of the statutes or regulations applicable to our business. Any change in applicable laws or regulations may have a material adverse effect on our business.

FPB Bancorp, Inc.

We are a bank holding company within the meaning of the Bank Holding Company Act of 1956. As such, we are required to file annual reports and other information with the Federal Reserve regarding our business operations and those of our subsidiary. We are also subject to the supervision of, and to periodic inspections by, the Federal Reserve.

The Bank Holding Company Act generally requires every bank holding company to obtain the prior approval of the Federal Reserve before:

- Acquiring all or substantially all of the assets of a bank;
- Acquiring direct or indirect ownership or control of more than 5% of the voting shares of any bank or bank holding company; or
- Merging or consolidating with another bank holding company.

The Bank Holding Company Act and the Change in Bank Control Act, together with regulations promulgated by the Federal Reserve, require that, depending on the particular circumstances, either the Federal Reserve's approval must be obtained or notice must be furnished to the Federal Reserve and not disapproved prior to any person or company, not a bank holding company, acquiring control of a bank holding company, subject to certain exemptions. Control is conclusively presumed to exist when an individual or company acquires 25% or more of any class of voting securities of the bank holding company. Control is rebuttably presumed to exist if a person acquires 10% or more, but less than 25%, of any class of voting securities and either the bank holding company has registered securities under Section 12 of the Securities Exchange Act of 1934 or no other person owns a greater percentage of that class of voting securities immediately after the transaction.

Except as authorized by the Bank Holding Company Act and Federal Reserve regulations or order, a bank holding company is generally prohibited from engaging in, or acquiring direct or indirect control of more than 5% of the voting shares of any company engaged in any business other than the business of banking or managing and controlling banks. Some of the activities the Federal Reserve has determined by regulation to be proper incidents to the business of banking, and thus permissible for bank holding companies, include:

- Making or servicing loans and certain types of leases;
- Engaging in certain insurance and discount brokerage activities;
- Performing certain data processing services;
- Acting in certain circumstances as a fiduciary or investment or financial advisor;
- Providing management consulting services;
- Owning savings associations; and
- Making investments in corporations or projects designed primarily to promote community welfare.

In accordance with Federal Reserve policy, a bank holding company is expected to act as a source of financial strength to its subsidiary banks. In adhering to the Federal Reserve's policy, we may be required to provide financial support to the Bank at a time when, absent such Federal Reserve policy, it might not be deemed advisable to provide such assistance. Under the Bank Holding Company Act, the Federal Reserve may also require a bank holding company to terminate any activity or relinquish control of a non-bank subsidiary (other than a non-bank subsidiary of a bank) upon the Federal Reserve's determination that the activity or control constitutes a serious risk to the financial soundness or stability of any subsidiary depository institution of the bank holding company. Further, federal bank regulatory authorities have additional discretion to require a bank holding company to divest itself of any bank or non-bank subsidiary if the agency determines that divestiture may aid the depository institution's financial condition.

First Peoples Bank

As a state-chartered bank, the Bank is subject to the supervision and regulation of the Department and the FDIC. Our deposits are insured by the FDIC for a maximum of $100,000 per depositor. Certain retirement accounts are insured up to $250,000. For this protection, we must pay a semi-annual statutory assessment and comply with the rules and regulations of the FDIC. The assessment levied on a bank for deposit insurance varies, depending on the capital position of each bank, and other supervisory factors. Currently, we are subject to the statutory assessment.

Areas regulated and monitored by the bank regulatory authorities include:

- Security devices and procedures;
- Adequacy of capitalization and loss reserves;
- Loans;
- Investments;
- Borrowings;
- Deposits;
- Mergers;
- Issuances of securities;
- Payment of dividends;
- Establishment of branches;
- Corporate reorganizations;
- Transactions with affiliates;
- Maintenance of books and records; and
- Adequacy of staff training to carry out safe lending and deposit gathering practices.

Capital Adequacy Requirements

Banks are subject to regulatory capital requirements imposed by the Federal Reserve and the FDIC. Until a bank and its holding company's assets reach $500 million, the capital adequacy guidelines issued by the Federal Reserve are applied to bank holding companies on a non- consolidated basis, unless the bank holding company is engaged in non-bank activities involving significant leverage, or it has a significant amount of outstanding debt held by the general public. The Department's and the FDIC's risk-based capital guidelines apply directly to insured state banks, regardless of whether they are subsidiaries of a bank holding company. Both agencies' requirements, which are substantially similar, establish minimum capital ratios in relation to assets, both on an aggregate basis as adjusted for credit risks and off balance sheet exposures. The risk weights assigned to assets are based primarily on credit risks. Depending upon the riskiness of a particular asset, it is assigned to a risk category. For example, securities with an unconditional guarantee by the United States government are assigned to the lowest risk category. The aggregate amount of assets assigned to each risk category is multiplied by the risk weight assigned to that category to determine the weighted values, which are added together to determine total risk-weighted assets.

Capital is then classified into two categories, Tier 1 and Tier 2. Tier 1 capital consists of common and qualifying preferred shareholder's equity, less goodwill and other adjustments. Tier 2 capital consists of mandatory convertible, subordinated, and other qualifying term debt, preferred stock not qualifying for Tier 1 capital, and a limited amount of allowance for credit losses, up to a designated percentage of risk-weighted assets. Under the risk-based guidelines, financial institutions must maintain a specified minimum ratio of "qualifying" capital to risk-weighted assets. At least 50% of an institution's qualifying capital must be "core" or "Tier 1" capital, and the balance may be "supplementary" or "Tier 2" capital. In addition, the guidelines require banks to maintain a minimum leverage ratio standard of capital adequacy. The leverage standard requires top-rated institutions to maintain a minimum Tier 1 leverage capital to assets ratio of 3%. All other institutions are required to maintain a Tier 1 leverage capital ratio of 4% or greater, based upon their particular circumstances and risk profiles.

Federal banking regulators have adopted regulations revising the risk-based capital guidelines to further ensure that the guidelines take adequate account of interest rate risk. Interest rate risk is the adverse effect that changes in market interest rates may have on a bank's financial condition and is inherent to the business of banking. Under the regulations, when evaluating a bank's capital adequacy, the revised capital standards now explicitly include a bank's exposure to declines in the economic value of its capital due to changes in interest rates. The exposure of a bank's economic value generally represents the change in the present value of its assets, less the change in the value of its liabilities, plus the change in the value of its interest rate off-balance sheet contracts.

Federal bank regulatory agencies possess broad powers to take prompt corrective action as deemed appropriate for an insured depository institution and its holding company, based on the institution's capital levels. The extent of these powers depends upon whether the institution in question is considered "well-capitalized", "adequately capitalized", "undercapitalized", "significantly under-capitalized", or "critically undercapitalized". Generally, as an institution is deemed to be less well-capitalized, the scope and severity of the agencies' powers increase, ultimately permitting the agency to appoint a receiver for the institution. Business activities may also be influenced by an institution's capital classification. For instance, only a "well-capitalized" depository institution may accept brokered deposits without prior regulatory approval, and can engage in various expansion activities with prior notice, rather than prior regulatory approval. However, rapid growth, poor loan portfolio performance or poor earnings performance, or a combination of these factors, could change the capital position of our subsidiary banks in a relatively short period of time. Failure to meet these capital requirements could subject the subsidiary banks to prompt corrective action provisions of the FDIC, which may include filing with the appropriate bank regulatory authorities a plan describing the means and a schedule for achieving the minimum capital requirements. In addition, we would not be able to receive regulatory approval of any application that required consideration of capital adequacy, such as a branch or merger application, unless we could demonstrate a reasonable plan to meet the capital requirement within an acceptable period of time.

Dividends

Our ability to pay further cash dividends may depend almost entirely upon the amount of dividends that the Bank is permitted to pay by statutes or regulations. Additionally, the Florida Business Corporation Act provides that we may only pay dividends if the dividend payment would not render us insolvent, or unable to meet our obligations as they come due.

The Department limits a bank's ability to pay dividends. As a state-chartered bank, we are subject to regulatory restrictions on the payment of dividends, including a prohibition of payment of dividends from the banks' capital under certain circumstances without the prior approval of the Department and the FDIC. Except with the prior approval of the Department, all dividends of any Florida bank must be paid out of retained net profits from the current period and the previous two years, after deducting expenses, including losses and bad debts. In addition, a state-chartered bank in Florida is required to transfer at least 20% of its net income to surplus until their surplus equals the amount of paid-in capital.

Other Laws

State usury and credit laws limit the amount of interest and various other charges collected or contracted by a bank on loans. Our loans are also subject to federal laws applicable to credit transactions, such as the:

- Federal Truth-In-Lending Act, which governs disclosures of credit terms to consumer borrowers;
- Community Reinvestment Act, which requires financial institutions to meet their obligations to provide for the total credit needs of the communities they serve, including investing their assets in loans to low- and moderate-income borrowers;
- Home Mortgage Disclosure Act requiring financial institutions to provide information to enable public officials to determine whether a financial institution is fulfilling its obligations to meet the housing needs of the community it serves;
- Equal Credit Opportunity Act prohibiting discrimination on the basis of race, creed or other prohibitive factors in extending credit;

- Real Estate Settlement Procedures Act, which requires lenders to disclose certain information regarding the nature and cost of real estate settlements, and prohibits certain lending practices, as well as limits escrow account amounts in real estate transactions;
- Fair Credit Reporting Act governing the manner in which consumer debts may be collected by collection agencies; and
- The rules and regulations of various federal agencies charged with the responsibility of implementing such federal laws.

Our operations are also subject to the:

- The privacy provisions of the Gramm-Leach-Bliley Act of 1999, which requires us to maintain privacy policies intended to safeguard consumer financial information, to disclose these policies to our customers, and allow customers to “opt out” of having their financial service providers disclose their confidential financial information to non-affiliated third parties, subject to certain exceptions;
- Right to Financial Privacy Act, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records; and
- Electronic Funds Transfer Act and Regulation E, which govern automatic deposits to, and withdrawals from, deposit accounts and customers’ rights and liabilities arising from the use of debit cards, automated teller machines and other electronic banking services.

Interstate Banking and Branching

Under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, eligible bank holding companies in any state are permitted, with Federal Reserve approval, to acquire banking organizations in any other state. The Interstate Banking and Branching Efficiency Act also removed substantially all of the prohibitions on interstate branching by banks. The authority of a bank to establish and operate branches within a state, however, continues to be subject to applicable state branching laws. Under current Florida law, we are permitted to establish branch offices throughout Florida with the prior approval of the Department and the FDIC. In addition, with prior regulatory approval, we would be able to acquire existing banking operations in other states.

Financial Modernization

The Gramm-Leach-Bliley Act of 1999 sought to achieve significant modernization of the federal bank regulatory framework by allowing the consolidation of banking institutions with other types of financial services firms, subject to various restrictions and requirements. In general, the Gramm-Leach-Bliley Act repealed most of the federal statutory barriers which separated commercial banking firms from insurance and securities firms and authorized the consolidation of such firms in a "financial services holding company". We have no immediate plans to utilize the structural options created by the Gramm-Leach-Bliley Act, but may develop such plans in the future.

Anti-Money Laundering

After September 11, 2001, terrorist attacks in New York and Washington, D.C., the United States government acted in several ways to tighten control on activities perceived to be connected to money laundering and terrorist funding. A series of orders were issued which identify terrorists and terrorist organizations and require the blocking of property and assets of, as well as prohibiting all transactions or dealings with, such terrorists, terrorist organizations and those that assist or sponsor them. The USA Patriot Act enacted in 2001:

- Substantially broadens existing anti-money laundering legislation and the extraterritorial jurisdiction of the United States;
- Imposes new compliance and due diligence obligations;
- Creates new crimes and penalties;
- Compels the production of documents located both inside and outside the United States; including those of foreign institutions that have a correspondent relationship in the United States; and
- Clarifies the safe harbor from civil liability to customers.

In addition, the United States Treasury Department issued regulations in cooperation with the federal banking agencies, the Securities and Exchange Commission, the Commodity Futures Trading Commission and the Department of Justice to:

- Require customer identification and verification;
- Expand the money-laundering program requirement to the major financial services sectors; including insurance and unregistered investment companies, such as hedge funds; and
- Facilitate and permit the sharing of information between law enforcement and financial institutions, as well as among financial institutions themselves.

The United States Treasury Department also has created the Treasury USA PATRIOT Act Task Force to work with other financial regulators, the regulated community, law enforcement and consumers to continually improve the regulations. Recently, enforcement of the USA PATRIOT Act, the Bank Secrecy Act and other anti-money laundering laws and regulations has greatly increased from both State and Federal regulators.

ITEM 2. DESCRIPTION OF PROPERTY

Our main office was purchased in 2002 for approximately $1.1 million. It is located at 1301 SE Port St. Lucie Boulevard, Port St. Lucie, Florida 34952. We purchased land in 2001 and built a two-story, 9,600 square foot branch building located at 2500 Virginia Avenue, Fort Pierce, Florida. The entire first floor and 649 square feet of the second floor are occupied by the Bank, and it opened for business in June of 2004. The remaining 4,376 square feet on the second floor is leased to a third party. We also lease our Stuart, Palm City and Vero Beach branches. The Bank's Operations Center, located in Jensen Beach, Florida opened in March of 2007, and is also leased. The Gatlin Boulevard, Port St. Lucie, Florida branch office is anticipated to open in the second quarter of 2008, and will be owned by the Company, with a 50-year ground lease.

ITEM 3. LEGAL PROCEEDINGS

There are no material proceedings to which FPB or the Bank is a party or to which any of our properties are subject which are not in the ordinary course of business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Our shareholders voted on no matters during the fourth quarter of 2007.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

As of February 28, 2007, we had approximately 1,500 shareholders. On July 21, 2005, FPB became listed on the Nasdaq Capital Market under the symbol "FPBI." Prior to that, there was no public market for the stock. The table below shows the high, low and closing bid prices on the NASDAQ SmallCap Market for the periods indicated. These over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, markdown, or commission and may not necessarily reflect actual transactions.

Calendar Quarter Ended	High	Low	Closing
September 30, 2006	$ 18.30	$ 16.00	$ 16.50
December 31, 2006	$ 18.20	$ 16.20	$ 17.50
March 31, 2007	$ 17.14	$ 15.70	$ 16.19
June 30, 2007	$ 16.66	$ 14.19	$ 15.75
September 30, 2007	$ 15.89	$ 13.24	$ 13.40
December 31, 2007	$ 13.35	$ 9.71	$ 9.80

On June 15, 2007 and May 17, 2006, FPB paid a 5% stock dividend.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FPB hereby incorporates by reference the sections entitled "Selected Financial Data" contained at page 2 of the 2007 Annual Report and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained at pages 3 through 18 of the 2007 Annual Report. The 2007 Annual Report is attached hereto as Exhibit 13.

ITEM 7. FINANCIAL STATEMENTS

FPB hereby incorporates by reference the sections entitled "Selected Financial Data" contained at page 2 of the 2007 Annual Report and the section entitled "Consolidated Financial Statements" contained at pages 19 through 46 of the 2007 Annual Report. The 2007 Annual Report is attached hereto as Exhibit 13.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Neither FPB nor the Bank has had any disagreements with its accountants.

ITEM 8A(T). CONTROLS AND PROCEDURES

(a) *Evaluation of disclosure controls and procedures.*

FPB maintains controls and procedures designed to ensure that information required to be disclosed in the reports that FPB files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon their evaluation of those controls and procedures performed within 90 days of the filing date of this report, the Chief Executive and Chief Financial Officer of FPB concluded that FPB's disclosure controls and procedures were adequate.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of FPB's internal control over financial reporting as of December 31, 2007. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. Based on this evaluation, our management, with the participation of the Chief Executive Officer and Chief Financial Officer, concluded that, as of December 31, 2007, our internal control over financial reporting was effective.

(c) *Changes in internal controls*

FPB made no significant changes in its internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation of those controls by the Chief Executive and Chief Financial Officer.

ITEM 8B. OTHER INFORMATION

FPB experienced no events during the fourth quarter of 2007, which were required to be reported on Form 8-K which were not so reported.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

The information appearing under the headings “Election of Directors” of the definitive Proxy Statement and “Compliance with Section 16(a) of the Securities Exchange Act of 1934” of the definitive Proxy Statement relating to the annual meeting of shareholders, scheduled to be held on April 30, 2008, is incorporated herein by reference. None of the officers and directors named in those sections has been involved in any material legal proceedings. We have adopted a code of ethics that applies to our executive officers, a copy of which was been filed with our 2005 Form 10-KSB as Exhibit 14. Persons who would like a copy of such code of ethics may receive one without charge upon request made to Nancy E. Aumack, Chief Financial Officer, FPB Bancorp, Inc., 1792 NE Jensen Beach Blvd., Jensen Beach, Florida 34957.

ITEM 10. EXECUTIVE COMPENSATION

The information appearing under the heading “Executive Compensation” of the definitive Proxy Statement is incorporated herein by reference.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information appearing under the heading “Beneficial Ownership of Directors and Executive Officers” of the definitive Proxy Statement is incorporated herein by reference.

ITEM 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

The information appearing under the caption “Certain Relationships and Related Transactions” of the definitive Proxy Statement is incorporated herein by reference.

ITEM 13. EXHIBITS

Exhibits. The following exhibits are filed with or incorporated by reference into this report. The exhibits marked with an (a) were previously filed as a part of the Company's Registration Statement on Form SB-1, filed with the Federal Deposit Insurance Corporation on April 30, 2000; those marked with a (b) were filed with the Company's From 10-KSB on March 31, 2003; those marked with a (c) were filed with the Company's Definitive Schedule 14A on October 26, 2005; those marked with a (d) were filed with the Company's Form 8-A on November 16, 2001; those marked with an (e) were filed with the Company's Form 10-QSB/A on August 2, 2007; those marked with an (f) were filed with the Company's Form 10-Q on November 6, 2007; and those marked with a (g) were filed with the Company's Form 10-KSB on March 28, 2005.

Exhibit No.	Description of Exhibit
(d)3.1	Articles of Incorporation
(d)3.2	Bylaws
(f) 3.3	Amendment to Bylaws
(d)4.1	Specimen copy of certificate evidencing shares of the Company's common capital stock, $0.01 par value
(a)4.2	First Peoples Bank Stock Option Plan dated January 14, 1999
(b)4.5	Amendment to First Peoples Bank Stock Option Plan
(c)4.6	2005 Stock Compensation Plan
(a)10.1	First Peoples Bank Qualified 401(k) Profit Sharing Plan, dated May 1, 1999
(f)10.2	Amended and Restated Employment Agreement for David W. Skiles
(e)10.3	Amended and Restated Change in Control Agreement for Nancy E. Aumack
(e)10.4	Amended and Restated Change in Control Agreement for Stephen J. Krumfolz
(e)10.5	Amended and Restated Change in Control Agreement for Marge Riley
13	2007 Annual Report
(g)14	Code of Ethics
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002

ITEM 14. PRINCIPAL ACCOUNTANTS FEES AND SERVICES.

FPB hereby incorporates the section entitled "Ratification Of The Appointment Of Auditors For Fiscal Year Ending December 31, 2007" contained in the Proxy Statement.

Table of Contents

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FPB BANCORP, INC.

Date: March 12, 2008

By: /s/ David W. Skiles
David W. Skiles
Principal Executive Officer, President and Director

Date: March 12, 2008

By: /s/ Nancy E. Aumack
Nancy E. Aumack
Principal Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in capacities and on the dates indicated.

Signature	Title	Date
/s/ Gary A. Berger		
Gary A. Berger	Chairman of the Board	March 6, 2008
Donald J. Cuozzo	Director	March __, 2008
/s/ Ann L. Decker		
Ann L. Decker	Corporate Secretary and Director	March 10, 2008
Paul J. Miret	Director	March __, 2008
/s/ Robert L. Schweiger		
Robert L. Schweiger	Director	March 6, 2008
/s/ Robert L. Seeley		
Robert L. Seeley	Director	March 6, 2008
/s/ David W. Skiles	Chief Executive Officer	
David W. Skiles	President and Director	March 12, 2008
Paul A. Zinter	Vice Chairman of the Board	March __, 2008

Table of Contents

2007
ANNUAL
REPORT

LETTER TO SHAREHOLDERS

March 14, 2008

Dear Shareholders:

We are pleased to present the Annual Report for FPB Bancorp, Inc. (FPBI) for the year ended December 31, 2007. While it has been a positive year for your bank, it has been a very unusual year with many changes economically both in our state and the entire country. We have seen our area drastically affected by the decline in the real estate market resulting in job losses, foreclosures and business failures. The phrase "sub-prime mortgage" has also crept into our vocabularies nationwide. Our state has been affected by problems associated with past hurricanes, resulting in increased insurance premiums. Escalating property values have also resulted in rising property taxes. The business downturns have sparked sluggish real estate sales and a slowdown in new home construction and development. Despite all of these issues, I am pleased to tell you that your bank has not been involved in any sub-prime lending and has a limited exposure to large development projects. As a result, FPBI was able to stay profitable for the year as we will note later in this correspondence.

Our entire servicing and operations staff moved into a centralized facility in the Ocean Breeze Plaza in Jensen Beach, Florida in March of 2007. The center is 11,000 square feet and will allow us to service our growth plans well into the future. That location includes a training area, ample storage and a large meeting room.

First Peoples Bank has two new branch offices, both in various stages of development. Our Palm City, Florida office opened quietly in January. That property was a former bank site and required remodeling and refurbishing. Palm City opens another new market to us and the branch office is in a very visible and extremely high growth area. It is located in the Martin Downs Village Shoppe's on High Meadows Avenue. We have an additional branch office tentatively planned to open in the second quarter of 2008. It will be located approximately 1 1/2 miles east of the new Tradition Development on Gatlin Boulevard between Savage and Fondura Streets in Port St Lucie, Florida. Both of our new locations will be full service branch banking offices. We will have a total of six banking offices when Gatlin opens this year. Other office locations are: Stuart, located at 715 Colorado Ave. in Stuart; Florida; Port St Lucie at 1301 SE PSL Blvd, in Port St Lucie, Florida; Fort Pierce at 2500 Virginia Ave in Fort Pierce, Florida and Vero Beach at 4000 20th St. in Vero Beach, Florida.

We ended the year with net income of approximately $177,000, down significantly from the 2006 income figure of $631,000 due primarily to the hard and soft costs related to the development of our new branch offices and final expenses associated with the Jensen Beach Operations Center. In addition, our significant loan growth in 2007 made it necessary to allocate funds in excess of what we had budgeted.

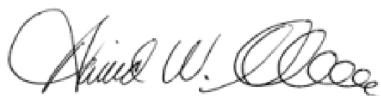
We anticipated the decrease in income attributable to the aforementioned growth and were still able to come very close to our budgeted income figure for the year. FPB Bancorp, Inc. ended 2007 with total consolidated assets of $197 million, a 28% increase, or $43 million over 2006. Net loans grew by $42 million, an increase of 32% and finished the year at $172 million. Deposits were up 33%, or $42 million for a total of $173 million. We now service over 1,644 loans and 7,732 depository accounts. Despite the costs associated with this growth, we were still able to control our overall expenses. Our net interest margin is among the leaders when compared to our peer banks in Florida. Along with the growth, comes increased staffing and at the end of 2007, we employed a total of 83 people.

First Peoples Bank continues to be a leader in providing Small Business Administration (SBA) loans on the Treasure Coast. SBA loans provide funding to new and existing businesses that normally may not have the required capital or financial stability to qualify for traditional bank financing and a large percentage is guaranteed by the U. S. Government. Our SBA loans are generally real estate secured and we work very closely with area executives and programs that promote SBA lending in our area.

The bank's directors, officer staff and employees remain very active in community functions, charitable organizations and events. It's all a part of our commitment and pledge to support the communities in which we are located. In 2007 we had over 3,423 volunteer hours dedicated to community service by our staff, an 11% increase over 2006. The banking and business climate in our area is changing and continually evolving. The Treasure Coast has welcomed several new biotech industries to the area the past two years and there is tremendous excitement over the new opportunities such newcomers spawn. New employment opportunities and housing will be required as well as additional government services. The business prospects for the future in our market area remain very high. On the banking front, two of our major competitors consolidated and are now headquartered in Cleveland, Ohio. Several out of area banks have entered our market as well. Competition continues to be fierce these days but despite that fact we continue to grow and maintain our commitment to relationship banking by providing outstanding customer service and by stressing our community bank image.

We remain very excited about the future of our bank in the communities that we serve. People will always be ***FIRST*** at First Peoples Bank. If you haven't stopped in for a visit or to open your shareholder account, please do so at any of our five, soon to be six convenient full service locations. On behalf of our directors, management and staff we again want to thank all of you for your support, commitment and belief in our mission to bring community and people centered banking to our area.

Sincerely,



David W. Skiles
President & CEO

Gary A. Berger
Board Chairman

CORPORATE PROFILE

FPB Bancorp, Inc. is a one-bank holding company incorporated in the State of Florida. FPB Bancorp, Inc. owns 100% of First Peoples Bank's common stock. First Peoples Bank is a Florida state-chartered commercial bank. Our deposits are insured by the Federal Deposit Insurance Corporation. We provide a variety of banking services to small businesses and individuals in St. Lucie, Martin, and Indian River Counties, Florida. We currently have five retail banking offices located in Port St. Lucie, Stuart, Fort Pierce, Vero Beach and Palm City (opened in January, 2008), Florida. A sixth office is anticipated to open in the second quarter of 2008 on Gatlin Boulevard in Port St. Lucie, Florida. In addition, an 11,000 square foot Operations Center in Jensen Beach, Florida opened in March of 2007. At December 31, 2007, we had total consolidated assets of $196.8 million and total consolidated stockholders' equity of $21.9 million. For the year ended December 31, 2007, we had net earnings of $177,000.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains certain forward-looking statements which represent our expectations or beliefs, including, but not limited to, statements concerning the banking industry and our operations, performance, financial condition and growth. For this purpose, any statements contained in this Report that are not statements of historical fact may be deemed forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "should," "can," "estimate," or "continue" or the negative of other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements by their nature may involve substantial risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending on a variety of important factors, including competition, general economic conditions, changes in interest rates, and changes in the value of real estate and other collateral securing loans, among other things.

This statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation.

TABLE OF CONTENTS	**Page**
Financial Highlights	1
Selected Financial Data	2
Management's Discussion and Analysis of Financial Condition and Results of Operations	3-18
Consolidated Financial Statements	19-46
Report of Independent Registered Public Accounting Firm	47
Board of Directors	48
Non-Director Executive Officers	48
First Peoples Bank Board of Directors and Officers	49
Community Liaison Board	50
General Information	51
Common Stock Prices and Dividends	51

FINANCIAL HIGHLIGHTS

December 31, 2007 and 2006 or the Years Then Ended
(Dollars in thousands, except per share figures)

At Year End:	**2007**	**2006**
Assets	$ 196,753	$ 153,439
Loans, net	$ 172,251	$ 130,133
Securities	$ 6,793	$ 8,953
Deposits	$ 172,677	$ 130,219
Stockholders' equity	$ 21,931	$ 21,063
Book value per share (1)	$ 10.66	$ 10.52
Shares outstanding (1)	2,058,047	2,001,513
Equity as a percentage of assets	11.15%	13.73%
Nonperforming assets as a percentage of total assets	.89%	.22%
For The Year:		
Interest income	$ 13,588	$ 10,626
Net earnings	$ 177	$ 631
Earnings per share, basic (1)	$ .09	$ .32
Earnings per share, diluted (1)	$ .09	$ .31
Return on average assets	.10%	.43%
Return on average equity	.83%	3.04%
Average equity as a percentage of average assets	12.11%	14.08%
Non-interest expenses to average assets	4.18%	4.12%
Yields and Rates:		
Loan portfolio	8.49%	8.33%
Securities	4.87%	3.97%
Other interest-earning assets	4.98%	4.56%
All interest-earning assets	8.18%	7.65%
Deposits	4.85%	3.82%
Borrowings	4.00%	4.74%
All interest-bearing liabilities	4.85%	3.83%
Interest-rate spread (2)	3.33%	3.82%
Net yield on average interest earning assets (3)	4.53%	4.79%

---

(1) All per share amounts reflect the 5% stock dividends declared on May 16, 2007 and April 26, 2006 and paid on June 15, 2007 and May 17, 2006.
(2) Average yield on all interest-earning assets less average rate paid on all interest-bearing liabilities.
(3) Net interest income divided by average interest-earning assets.

SELECTED FINANCIAL DATA

December 31, 2007, 2006, 2005, 2004 and 2003 and the Years Ended December 31, 2007, 2006, 2005, 2004 and 2003 (Dollars in thousands, except per share figures)

At Year End:	**2007**	**2006**	**2005**	**2004**	**2003**
Cash and cash equivalents	$ 6,795	5,422	12,366	9,759	7,218
Securities	6,793	8,953	12,244	11,371	11,375
Loans, net	172,251	130,133	95,666	68,794	48,244
All other assets	10,914	8,931	7,033	4,673	3,218
Total assets	$ 196,753	153,439	127,309	94,597	70,055
Deposit accounts	172,677	130,219	102,809	81,936	61,064
Federal Home Loan Bank advances	100	100	2,600	2,500	-
All other liabilities	2,045	2,057	1,559	2,741	1,619
Stockholders' equity	21,931	21,063	20,341	7,420	7,372
Total liabilities and stockholders' equity	$ 196,753	153,439	127,309	94,597	70,055
For the Period:					
Total interest income	$ 13,588	10,626	7,243	4,345	3,393
Total interest expense	6,060	3,976	1,939	1,074	993
Net interest income	7,528	6,650	5,304	3,271	2,400
Provision for loan losses	885	429	352	380	383
Net interest income after provision for loan losses	6,643	6,221	4,952	2,891	2,017
Non-interest income	996	824	930	759	620
Non-interest expenses	7,385	6,082	4,639	3,440	2,372
Earnings before income taxes	254	963	1,243	210	265
Income taxes	77	332	478	87	104
Net earnings	$ 177	631	765	123	161
Net earnings per basic share [1]	$ .09	.32	.50	.14	.18
Net earnings per diluted share [1]	$ .09	.31	.49	.14	.18
Weighted-average number of shares outstanding for basic [1]	2,017,553	1,998,871	1,539,513	902,068	901,607
Weighted-average number of shares outstanding for diluted [1]	2,034,070	2,030,344	1,553,623	902,068	901,607
Ratios and Other Data:					
Return on average assets	.10%	.43%	.64%	.15%	.25%
Return on average equity	.83%	3.04%	5.42%	1.67%	2.19%
Average equity as a percentage of average assets	12.11%	14.08%	11.85%	9.02%	11.34%
Interest-rate spread during the period	3.33%	3.82%	3.79%	3.87%	3.81%
Net yield on average interest-earning assets	4.53%	4.79%	4.67%	4.36%	4.22%
Non-interest expenses to average assets	4.18%	4.12%	3.89%	4.23%	3.66%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.33	1.34	1.51	1.34	1.24
Nonperforming loans and foreclosed real estate as a percentage of total assets at end of year	.89%	.22%	-%	.52%	2.07%
Allowance for loan losses as a percentage of total loans at end of year	1.36%	1.36%	1.42%	1.56%	1.73%
Total number of banking offices	4	4	3	3	2
Total shares outstanding at end of year [1]	2,058,047	2,001,513	1,996,172	903,079	901,977
Book value per share at end of year [1]	$ 10.66	$ 10.52	$ 10.19	$ 8.22	$ 8.17

[1] All per share amounts reflect the 5% stock dividends declared on May 16, 2007 and April 26, 2006 and paid on June 15, 2007 and May 17, 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and our results of operations should be read in conjunction with the consolidated financial statements and the related notes, as of December 31, 2007 and 2006, included elsewhere in this Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements.

General

FPB is a one-bank holding company incorporated in the State of Florida. Our sole subsidiary, First Peoples Bank, is a Florida state-chartered commercial bank whose deposits are insured by the Federal Deposit Insurance Corporation. We opened for business on April 26, 1999 and provide a variety of banking services to small businesses and individuals in St. Lucie, Martin and Indian River Counties, Florida. We currently have five retail banking offices located in Port St. Lucie, Stuart, Fort Pierce, Vero Beach and Palm City, Florida and an 11,000 square foot Operations Center in Jensen Beach, Florida. A sixth office is anticipated to open in the second quarter of 2008 on Gatlin Boulevard in Port St. Lucie, Florida. The Palm City, Florida office opened in January, 2008. At December 31, 2007, we had total consolidated assets of $196.8 million and total consolidated stockholders' equity of $21.9 million. For the year ended December 31, 2007, we had net earnings of $177,000.

Management's Strategy

We are organized as a locally-owned, locally managed community financial institution, owned and managed by people who are actively involved in our market area and are committed to our economic growth and development. With local ownership, management, and directors, we believe that we can be more responsive to the communities that we serve. Local ownership allows faster, more responsive and flexible decision-making, which is not available at the majority of the financial institutions in or near our market area which consist primarily of branch offices of large regional holding company banks with headquarters located elsewhere in the United States.

Our principal business is to attract deposits from the general public and to invest those funds in various types of loans and other interest-earning assets. Funds are provided for the operations by the proceeds from the sale of investments, from amortization and repayment of outstanding loans and investments, from net deposit inflow, and from borrowings. Our earnings depend primarily upon the difference between: (1) non-interest income, and the interest and fees we receive from loans, the securities held in our investment portfolio and other investments; and (2) the expenses we incur in connection with obtaining funds for lending (including interest paid on deposits and other borrowings) and expenses relating to day-to-day operations.

To the extent market conditions permit, our strategy is intended to insulate our interest rate gap from adverse changes in interest rates by maintaining spreads through the adjustability of our interest-earning assets and interest-bearing liabilities. Our ability to reduce interest-rate risk in our loan and investment portfolios depends upon a number of factors, many of which are beyond our control, including among others, competition for loans and deposits in our market area and conditions prevailing in the economy.

Our primary sources of funds for loans and for other general business purposes are our capital, deposits and loan repayments. We expect that loan repayments will be relatively stable sources of funds, while deposit inflows and outflows will be significantly influenced by prevailing interest rates, money market rates, and general economic conditions. Generally, short-term borrowings may be used to compensate for reductions in normal sources of funds while longer-term borrowings may be used to support expanded lending activities.

Our customers are primarily individuals, professionals, small and medium-size businesses, and seasonal retirees located predominantly in St. Lucie, Martin and Indian River Counties, Florida. Our offices are currently located in Stuart, Palm City, Port St. Lucie, Fort Pierce and Vero Beach, Florida. A sixth office in Port St. Lucie, Florida is estimated to open in the second quarter of 2008 on Gatlin Boulevard in Port St. Lucie, Florida. An 11,000 square foot Operations Center opened in March, 2007 in Jensen Beach, Florida.

We continually seek to develop new business through an ongoing program of personal calls on both present and potential customers. As a local independent bank, we utilize traditional local advertising media to promote and develop loans and deposits. In addition, all of our directors have worked and lived in or near our market area for a number of years. We believe that these factors, coupled with the past and continued involvement of the directors, community advisory board members, officers and staff in various local community activities, will further promote our image as a locally owned independent institution, which we believe is an important factor to our targeted customer base.

Critical Accounting Policies

Our financial condition and results of operations are sensitive to accounting measurements and estimates of matters that are inherently uncertain. When applying accounting policies in areas that are subjective in nature, we must use our best judgment to arrive at the carrying value of certain assets. The most critical accounting policy we apply is related to the valuation of the loan portfolio.

A variety of estimates impact the carrying value of the loan portfolio including the calculation of the allowance for loan losses, valuation of underlying collateral, the timing of loan charge-offs and the amount and amortization of loan fees and deferred origination costs.

Establishing allowance for loan losses requires the most difficult and subjective judgment of all. The allowance is established and maintained at a level we believe is adequate to cover losses resulting from the inability of borrowers to make required payments on loans. Estimates for loan losses are arrived at by analyzing risks associated with specific loans and with the entire loan portfolio, current trends in delinquencies and charge-offs, the views of our regulators, changes in the size and composition of the loan portfolio and peer comparisons. The analysis also requires consideration of both the local and national economic climate and direction, and changes in the interest rate environment, which may impact a borrower's ability to pay, legislation impacting the banking industry and economic conditions specific to the bank's service area. Because the calculation of the allowance for loan losses relies on our estimates and judgments relating to inherently uncertain events, results may differ from our estimates.

The allowance for loan losses is also discussed as part of "Results of Operations" and in Note 3 to the consolidated financial statements. The significant accounting policies are discussed in Note 1 to the consolidated financial statements.

Regulation and Legislation

As a bank holding company, we are regulated by the Board of Governors of the Federal Reserve System. As a Florida state chartered commercial bank, we are subject to extensive regulation by the Florida Office of Financial Regulation, Department of Financial Services (the "Department"), and the Federal Deposit Insurance Corporation ("FDIC"). We file reports with the Department and the FDIC concerning our activities and financial condition, in addition to obtaining regulatory approvals from all three agencies prior to entering into certain transactions such as mergers with or acquisitions of other financial institutions. Periodic examinations are performed by the Department and the FDIC to monitor our compliance with the various regulatory requirements.

Credit Risk

Our primary business is making business and consumer loans. That activity entails potential loan losses, the magnitude of which depends on a variety of economic factors affecting borrowers which are beyond our control. While underwriting guidelines have been instituted and credit review procedures have been put in place to protect us from avoidable credit losses, some losses will inevitably occur. At December 31, 2007, we had nonperforming assets of $1.8 million.

Allowance for Loan Losses

The following table presents information regarding our total allowance for loan losses as well as the allocation of such amounts to the various categories of loans at December 31, (dollars in thousands):

	2007		2006		2005	
	Amount	Loans to Total Loans	Amount	Total Loans	Amount	Loans to Total Loans
Commercial	$ 1,156	34.15%	$ 811	38.13%	$ 576	37.42%
Commercial real estate	857	47.31	631	42.24	478	40.79
Construction	145	6.38	65	4.59	53	4.47
Consumer	234	12.13	293	14.80	274	17.11
Residential real estate	1	.03	1	.24	2	.21
Total allowance for loan losses	$ 2,393	100.00%	$ 1,801	100.00%	$ 1,383	100.00%
The allowance for loan losses as a percentage of total loans outstanding		1.36%		1.36%		1.42%

Loan Portfolio

The following table sets forth the composition of our loan portfolio at December 31, (dollars in thousands):

	2007		2006		2005	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Commercial	$ 59,878	34.15%	$ 50,521	38.13%	$ 36,510	37.42%
Commercial real estate	82,951	47.31	55,967	42.24	39,794	40.79
Construction	11,186	6.38	6,089	4.59	4,365	4.47
Consumer	21,279	12.13	19,618	14.80	16,688	17.11
Residential real estate	48	.03	315	.24	206	.21
	175,342	100.00%	132,510	100.00%	97,563	100.00%
Less:						
Deferred loan costs and fees, net	(698)		(576)		(514)	
Allowance for loan losses	(2,393)		(1,801)		(1,383)	
Loans, net	$ 172,251		$ 130,133		$ 95,666	

The following table sets forth certain information on non-accrual loans and foreclosed assets, the ratio of such loans and other real estate owned to total assets as of the dates indicated, and certain other related information (dollars in thousands). The increase in non-accrual loans is primarily attributable to the downturn in the economy, and the expectations for a lengthened period of economic weakness.

	At December 31,		
	2007	2006	2005
Non-accrual loans:			
Real estate loans	$ 1,077	$ 172	$ -
Consumer loans	27	18	-
Commercial and all other loans	297	154	-
Total non-accrual loans	1,401	344	-
Accruing loans over 90 days delinquent:			
Real estate loans	243	-	-
Consumer loans	-	-	-
Commercial and all other loans	106	-	-
Total accrual loans over 90 days delinquent	349	-	-
Total nonperforming loans	1,750	344	-
Foreclosed assets	-	-	-
Total non-performing loans and foreclosed assets	$ 1,750	$ 344	$ -
Total non-performing loans as a percentage of total loans	1.00%	.26%	-%
Total non-performing loans as a percentage of total assets	.89%	.22%	-%
Total non-performing loans and real estate owned as a percentage of total assets	.89%	.22%	-%

Allowance for Credit Losses

In originating loans, we recognize that credit losses will be experienced and that the risk of loss will vary with, among other things, the type of loan being made, the creditworthiness of the borrower over the term of the loan, and, in the case of a collateralized loan, the quality of the collateral for the loan as well as general economic conditions. It is management's policy to maintain an adequate allowance for loan losses based on, among other things, management's loan loss experience, evaluation of economic conditions, and regular reviews of delinquencies and loan portfolio quality. We consider several factors in determining the allowances, including charge-off history, the relatively low level of nonperforming assets, and the value of the underlying collateral.

The calculation of the allowance for loan losses is divided into two primary allocation groups: (1) impaired loans; and (2) all other loans. For impaired loans, we have determined an allowance amount to set aside which we believe is sufficient to cover any potential collateral shortfall. Problem loans are identified by the loan officer, by our loan review process, by our Bank's loan committee, or by the Bank's regulatory examiners. All other loans are multiplied by an historical experience factor adjusted for qualitative factors to determine the appropriate level of the allowance for loan losses.

We actively monitor our asset quality to charged-off loans against the allowance for loan losses when appropriate or to provide specific loss allowances when necessary. Although we believe we use the best information available to make determinations with respect to the allowance for credit losses, future adjustments may be necessary if economic conditions differ from the economic conditions in the assumptions used in making the initial determinations. We consider several factors in determining the allowances, including charge-off history, the relatively low level of nonperforming assets, and the value of the underlying collateral. Nonperforming loans at December 31, 2007, increased to 1.00 % of total loans, compared to .26% at December 31, 2006. During 2007, our allowance increased by $592,000 or 33%, and totaled $2.4 million at December 31, 2007. Additional allowance was made to cover the loan growth of approximately 32% in 2007. We believe that the allowance for loan losses was adequate at December 31, 2007.

The following table sets forth information with respect to activity in our allowance for loan losses during the years indicated (dollars in thousands):

	Year Ended December 31,		
	2007	2006	2005
Allowance at beginning of year	$ 1,801	$ 1,383	$ 1,097
Charge-offs:			
Real estate loans	123	-	-
Consumer loans	49	19	17
Commercial and all other loans	128	14	55
Total charge-offs	300	33	72
Recoveries:			
Real estate loans	-	-	-
Consumer loans	6	10	1
Commercial and all other loans	1	12	5
Total recoveries	7	22	6
Provision for loan losses charged to operations	885	429	352
Allowance at end of year	$ 2,393	$ 1,801	$ 1,383
Ratio of net charge-offs during the year to average loans outstanding during the year	.19%	.01%	.08%
Allowance for loan losses as a percentage of total at end of year loans	1.36%	1.36%	1.42%
Allowance for loan losses as a percentage of nonperforming loans	136.74%	523.55%	-%

Capital Resources and Liquidity

In managing liquidity, our objective is to ensure the availability of sufficient cash flows to meet all financial commitments and to capitalize on opportunities for expansion. Liquidity management addresses the ability to meet deposit withdrawals on demand or at contractual maturity, to repay borrowings as they mature, and to fund new loans and investments as opportunities arise. Our primary sources of internally generated funds are principal and interest payments on loans receivable, cash flows generated from operations, and cash flows generated by investments. External sources of funds include increases in deposits and advances from the FHLB. We also have "Fed Funds" lines of credit extended by our correspondent banks to utilize for overnight cash flow needs. Longer term funding sources include brokered CD's and repurchase agreements both with our primary correspondent bank.

Our management team monitors our liquidity position on an on-going basis and reports regularly to our Board of Directors the level of liquidity compared to minimum levels established by Board policy. As of December 31, 2007, our level of liquidity was within the established guidelines of Board policy.

We are subject to various regulatory capital adequacy requirements promulgated by each of the FDIC and the Department. Failure to meet minimum capital requirements can result in certain mandatory and, possibly, additional discretionary actions by federal and state regulators that, if undertaken, could have a direct material effect on our financial condition and results of operations. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices.

Quantitative measures established by regulation to ensure capital adequacy require us to maintain minimum amounts and ratios (set forth in the table below) of Total and Tier 1 capital to risk weighted assets and Tier 1 capital to average assets. As of December 31, 2007, we exceeded all applicable capital adequacy requirements. *See* "Regulation and Supervision - Capital Requirements."

As of December 31, 2007, our actual and required minimum capital ratios were as follows (dollars in thousands):

	Actual		**Minimum For Capital Adequacy Purposes**		**Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions**	
As of December 31, 2007:	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Total Capital to Risk-Weighted Assets	$ 20,202	11.09%	$ 14,579	8.00%	$ 18,224	10.00%
Tier I Capital to Risk-Weighted Assets	17,923	9.83	7,290	4.00	10,934	6.00
Tier I Capital to Total Assets	17,923	9.09	7,884	4.00	9,855	5.00

Our primary source of cash during the year ended December 31, 2007, was from the proceeds from net deposit inflows of $42.5 million and net proceeds from the maturity and repayment of securities totaling $5.3 million. Cash was used primarily to purchase securities, premises and equipment and originate loans. At December 31, 2007, we had outstanding commitments to originate loans totaling $3.4 million, available lines of credit of $22.7 million, and standby letters of credit of $287,000.

Investment Activities

Our securities portfolio is managed by our Funds Management Committee in accordance with a written investment policy of the Board of Directors that addresses strategies, types and levels of permitted investments. At December 31, 2007, our securities portfolio equaled $6.8 million, or 3.45% of total assets. Our investment portfolio is comprised of agency securities and mortgage-backed securities.

We classify securities as either available for sale or held to maturity based upon our intent and ability to hold such securities. Securities available for sale include debt and equity securities that are held for an indefinite period of time and are not intended to be held to maturity. Securities available for sale include securities that we intend to use as part of our overall asset/liability management strategy and that may be sold in response to changes in interest rates and resultant prepayment risk and other factors related thereto.

Securities available for sale are carried at fair value, and unrealized gains and losses (net of related tax effects) on such securities are excluded from earnings but are included in stockholders' equity. Upon realization, such gains and losses will be included in our earnings. Investment securities and mortgage-backed securities, other than those designated as available for sale are comprised of debt securities that we have the affirmative intent and ability to hold to maturity. Securities held to maturity are carried at cost, and are adjusted for amortization of premiums and accretion of discounts over the estimated lives of the securities.

Securities

The following table sets forth the carrying value of our securities portfolio at December 31, 2007 (in thousands):

	2007	2006
Securities available for sale:		
U.S. Government agency securities	$ 6,061	$ 5,445
Mortgage-backed securities	728	999
	6,789	6,444
Securities held to maturity:		
U.S. Government agency securities	-	2,500
Mortgage-backed securities	4	9
	4	2,509
Total	$ 6,793	$ 8,953

The following table sets forth, by maturity distribution, certain information pertaining to the securities portfolio as follows (dollars in thousands):

	Due in One Year or Less		From One Year to Five Years		From Five Years to Ten Years		Total	
	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield
December 31, 2007:								
U.S. Government agency securities	$ 1,499	4.26%	$ 1,003	500%	$ 3,559	5.71%	$ 6,061	5.24%
Mortgage-backed securities							732	4.03
Total							$ 6,793	5.11%
December 31, 2006:								
U.S. Government agency securities	$ 3,986	3.20%	$ 2,964	4.69%	$ 995	5.62%	$ 7,945	4.06%
Mortgage-backed securities							1,008	3.96
Total							$ 8,953	4.05%

Regulatory Capital Requirements

Under FDIC regulations, we are required to meet certain minimum regulatory capital requirements. This is not a valuation allowance and has not been created by charges against earnings. It represents a restriction on stockholders’ equity.

Quantitative measures established by regulation to ensure capital adequacy require financial institutions to maintain minimum amounts and ratios of total and Tier I capital, as defined in the regulations, to risk-weighted assets, also as defined in the regulations, and of Tier I capital to average assets. We believe, as of December 31, 2007, that we met all capital adequacy requirements to which we are subject. See Note 15 to our consolidated financial statements for the actual capital amounts and ratios.

Market Risk

Market risk is the risk of loss from adverse changes in market prices and rates. We do not engage in securities trading or hedging activities and do not invest in interest-rate derivatives or enter into interest rate swaps. Our market risk arises primarily from interest-rate risk inherent in our loan and deposit-taking activities. To that end, we actively monitor and manage our interest-rate risk exposure. The measurement of market risk associated with financial instruments is meaningful only when all related and offsetting on- and off-balance-sheet transactions are aggregated, and the resulting net positions are identified. Disclosures about the fair value of financial instruments, which reflect changes in market prices and rates, can be found in Note 7 of Notes to Consolidated Financial Statements.

The primary objective in managing interest-rate risk is to maximize earnings and minimize the potential adverse impact of changes in interest rates on our net interest income and capital, while adjusting our asset-liability structure to obtain the maximum yield-cost spread on that structure. We rely primarily on our asset-liability structure to manage interest-rate risk. However, a sudden and substantial decrease in interest rates may adversely impact our earnings, to the extent that the interest-earning assets and interest-bearing liabilities do not change at the same speed, to the same extent, or on the same basis.

Asset and Liability Structure

Our asset and liability management program establishes and implements various internal asset-liability decision processes, as well as communications and control procedures to aid us in managing our earnings. We believe that these processes and procedures provide us with better capital planning, asset mix and volume controls, loan-pricing guidelines, and deposit interest-rate guidelines which should result in tighter controls and less exposure to interest-rate risk.

The matching of assets and liabilities may be accomplished in part by examining the extent to which such assets and liabilities are “interest rate sensitive” and by monitoring an institution’s interest rate sensitivity “gap.” An asset or liability is said to be interest rate sensitive within a specific time period if it will mature or reprice within that time period. The interest-rate sensitivity gap is defined as the difference between interest-earning assets and interest-bearing liabilities maturing or repricing within a given time period. The gap ratio is computed as the amount of rate sensitive assets less the amount of rate sensitive liabilities divided by total assets. A gap is considered positive when the amount of interest-rate sensitive assets exceeds interest-rate sensitive liabilities. A gap is considered negative when the amount of interest-rate sensitive liabilities exceeds interest-rate sensitive assets. During a period of rising interest rates, a negative gap would adversely affect net interest income, while a positive gap would result in an increase in net interest income. During a period of falling interest rates, a negative gap would result in an increase in net interest income, while a positive gap would adversely affect net interest income.

In order to minimize the potential for adverse effects of material and prolonged increases in interest rates on the results of operations, we continue to monitor asset and liability management policies to better match the maturities and repricing terms of our interest-earning assets and interest-bearing liabilities. Such policies have consisted primarily of emphasizing the origination of adjustable-rate loans; maintaining a stable core deposit base; and maintaining a significant portion of liquid assets consisting primarily of cash and short-term securities.

The following table sets forth certain information relating to interest-earning assets and interest-bearing liabilities at December 31, 2007, that are estimated to mature or are scheduled to reprice within the period shown (dollars in thousands):

	One Year or Less	More than One Year and Less than Five Years	More than Five Years and Less than Fifteen Years	Over Fifteen Years	Total
Mortgage and commercial loans (1):					
Commercial	$ 25,029	$ 30,811	$ 4,038	$ -	$ 59,878
Commercial real estate	15,450	53,896	13,262	343	82,951
Construction	2,088	7,097	2,001	-	11,186
Consumer	6,001	14,261	852	165	21,279
Residential mortgage	48	-	-	-	48
Total loans	48,616	106,065	20,153	508	175,342
Interest-bearing deposits with banks	250	-	-	-	250
Federal funds sold	2,466	-	-	-	2,466
Federal Home Loan Bank stock	-	-	-	280	280
Securities (2)	4,499	1,807	428	59	6,793
Total rate-sensitive assets	55,831	107,872	20,581	847	185,131
Deposit accounts (3):					
Money market deposits	$ 26,121	$ -	$ -	$ -	$ 26,121
NOW deposits	3,175	-	-	-	3,175
Savings deposits	4,061	-	-	-	4,061
Certificates of deposit	82,562	33,617	-	-	116,179
Total deposit accounts	115,919	33,617	-	-	149,536
Federal Home Loan Bank advance	-	-	100	-	100
Total rate-sensitive liabilities	115,919	33,617	100	-	149,636
GAP (repricing differences)	$ (60,088)	$ 74,255	$ 20,481	$ 847	$ 35,495
Cumulative GAP	$ (60,088)	$ 14,167	$ 34,648	$ 35,495	
Cumulative GAP/total assets	(30.54)%	7.20%	17.61%	18.04%	

(1) In preparing the table above, adjustable-rate loans are included in the period in which the interest rates are next scheduled to adjust rather than in the period in which the loans mature. Fixed-rate loans are scheduled, including repayment, according to their maturities.
(2) Securities are scheduled through the maturity or call dates.
(3) Money-market, NOW, and savings deposits are regarded as readily accessible withdrawable accounts. All other time deposits are scheduled through the maturity dates.

The following table reflects the contractual principal repayments by period of the loan portfolio at December 31, 2007 (in thousands):

Years Ending December 31,	Commercial Loans	Commercial Real Estate Loans	Residential Mortgage Loans	Consumer Loans	Construction Loans
2008	$ 18,340	$ 19,453	$ 27	$ 8,025	$ 2,884
2009	9,772	6,725	4	4,907	983
2010	6,202	4,541	4	3,854	981
2011-2012	7,715	7,832	9	3,404	921
2013-2014	4,840	7,285	4	566	874
2015 & beyond	13,009	37,115	-	523	4,543
Total	$ 59,878	$ 82,951	$ 48	$ 21,279	$ 11,186

Of the $126.6 million of loans due after 2008, 31.80% of such loans have fixed interest rates and 68.20% have adjustable interest rates.

The following table sets forth total loans originated and repaid during the period ended December 31 (in thousands):

Originations:	**2007**	**2006**
Commercial loans	$ 29,299	$ 28,540
Commercial real estate loans	38,323	23,983
Consumer loans	10,197	12,891
Construction loans	13,637	5,868
Total loans originated	91,456	71,282
Principal reductions and participations sold	(48,624)	(36,335
Increase in total loans	$ 42,832	$ 34,947

Deposit Activities and Other Sources of Funds

Deposits are the major source of funds for our lending and investment activities. In addition, we also generate funds from loan principal repayments and prepayments, and from the maturities and cash flow of investment securities. Scheduled loan repayments are a relatively stable source of funds, while deposit inflows and outflows and loan prepayments are influenced significantly by general interest rates and money-market conditions. Borrowings from the Federal Home Loan Bank of Atlanta (the “FHLB”) may be used on a short-term basis to compensate for reductions in the availability of funds from other sources, or for long-term funding purposes. We have “Fed Funds” lines of credit extended by our correspondent banks to utilize for overnight cash flow needs. Longer-term funding is available through a Brokered CD Program and a Repurchase Agreement, both of which are set-up with our primary correspondent bank. Repurchase agreements as a funding source were not utilized in 2007.

Deposit instruments include NOW accounts, demand deposit accounts, money-market accounts, statement savings accounts and certificates of deposit. Deposit account terms vary, with the principal differences being the minimum balance deposit, early withdrawal penalties and interest rate. We review our deposit mix and pricing on a frequent basis.

We believe that we are competitive in the type of accounts and interest rates we offer on our deposit products, although deposit pricing continues to be a challenge. We determine deposit interest rates based on a number of conditions, including rates paid by competitors, rates on U.S. Treasury securities, rates offered on various FHLB advance programs, and the deposit growth rate we are seeking to achieve.

With the substantial decline in local real estate and general business activity, we have seen similar declines in our deposit balances from both new and existing depositors, as evidenced in the table below. This decrease in liquidity has resulted in an increase in wholesale funding sources, which has place further pressure on deposit costs and the net-interest margin.

We may use premiums to attract new deposit accounts. Such premiums would be reflected in an increase in our advertising and promotion expense, as well as our cost of funds. We also actively solicit business checking accounts and individual retirement accounts.

The following table shows the distribution of, and certain other information relating to deposit accounts by type (dollars in thousands):

	At December 31,			
	2007		2006	
	Amount	% of Deposits	Amount	% of Deposits
Demand deposits	$ 23,141	13.40%	$ 20,125	15.45
Money-market deposits	26,121	15.13	26,541	20.38
NOW deposits	3,175	1.84	3,834	2.94
Savings deposits	4,061	2.35	5,111	3.92
Subtotal	56,498	32.72	55,611	42.69
Certificate of deposits:				
0%-0.99%	391	.23	274	.21
1.00%-1.99%	170	.10	-	-
2.00%-2.99%	-	-	932	.72
3.00%-3.99%	1,497	.87	2,364	1.82
4.00%-4.99%	41,742	24.17	21,272	16.34
5.00%-5.99%	72,379	41.91	49,766	38.22
Total certificates of deposit (1)	116,179	67.28	74,608	57.31
Total deposits	$ 172,677	100.00%	$ 130,219	100.00

(1) Included individual retirement accounts ("IRAs") totaling $4.5 million and $4.0 million at December 31, 2007 and 2006, all of which are in the form of certificates of deposit.

The following table presents by various interest rate categories the amounts of certificates of deposit at December 31, 2007, which mature during the periods indicated (in thousands):

The following table presents by various interest rate categories the amounts of certificates of deposit at December 31, 2007, which mature during the periods indicated (in thousands):

	Year Ending December 31,					
	2008	2009	2010	2011	2012	Total
0% - 0.99%	$ 391	$ -	$ -	$ -	$ -	$ 391
1.00% - 1.99%	170	-	-	-	-	170
2.00% - 2.99%	-	-	-	-	-	-
3.00% - 3.99%	1,197	207	93	-	-	1,497
4.00% - 4.99%	29,426	7,782	2,848	312	1,374	41,742
5.00% - 5.99%	51,378	8,014	5,488	3,466	4,033	72,379
Total certificates of deposit	$ 82,562	$ 16,003	$ 8,429	$ 3,778	$ 5,407	$ 116,179

Jumbo certificates ($100,000 and over) mature as follows (in thousands):

	December 31,	
	2007	2006
Due three months or less	$ 10,535	$ 6,512
Due over three months to six months	14,286	5,273
Due over six months to one year	16,464	19,118
Due over one year to five years	27,249	8,325
	$ 68,534	$ 39,228

Interest Rate Sensitivity

Our operating results depend primarily on our net interest income, which is the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities, consisting primarily of deposits. Net interest income is determined by the difference between yields earned on interest-earning assets and rates paid on interest-bearing liabilities ("interest-rate spread") and the relative amounts of interest-earning assets and interest-bearing liabilities. Our interest-rate spread is affected by regulatory, economic, and competitive factors that influence interest rates, loan demand, and deposit flows. In addition, our net earnings are also affected by the level of nonperforming loans and foreclosed real estate, as well as the level of our non-interest income, and our non-interest expenses, such as salaries and employee benefits, occupancy and equipment costs and income taxes.

The following table sets forth, for the years indicated, information regarding: (i) the total dollar amount of interest and dividend income from interest-earning assets and the resultant average yield; (ii) the total dollar amount of interest expense on interest-bearing liabilities and the resultant average costs; (iii) net interest/dividend income; (iv) interest rate spread; (v) net interest margin. Average balances are based on average daily balances (dollars in thousands).

	Year Ended December 31,					
	2007			2006		
	Average Balance	Interest and Dividends	Average Yield/ Rate	Average Balance	Interest and Dividends	Average Yield/ Rate
Interest-earning assets:						
Loans	$ 151,760	12,878	8.49%	$ 115,533	9,626	8.33%
Securities	7,704	375	4.87	10,741	426	3.97
Other interest-earning assets (1)	6,732	335	4.98	12,587	574	4.56
Total interest-earning assets	166,196	13,588	8.18	138,861	10,626	7.65
Non interest-earning assets	10,528			8,700		
Total assets	$ 176,724			$ 147,561		
Interest-bearing liabilities:						
Savings, NOW and money-market deposits	34,200	1,156	3.38	37,710	1,121	2.97
Certificates of deposit	90,727	4,900	5.40	64,718	2,791	4.31
Other borrowings	100	4	4.00	1,350	64	4.74
Total interest-bearing liabilities	125,027	6,060	4.85	103,778	3,976	3.83
Demand deposits	23,004			20,978		
Non-interest bearing liabilities	7,299			2,034		
Stockholders' equity	21,394			20,771		
Total liabilities and stockholders' equity	$ 176,724			$ 147,561		
Net interest income		$ 7,528			$ 6,650	
Interest-rate spread (2)			3.33%			3.82%
Net interest margin (3)			4.53%			4.79%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.33			1.34		

(1) Other interest-earning assets included federal funds sold, Federal Home Loan Bank stock and time deposits.
(2) Interest-rate spread represents the difference between the average yield on interest-earning assets and the average rate of interest-bearing liabilities.
(3) Net interest margin is net interest income divided by total average interest-earning assets.

Rate/Volume Analysis

The following table sets forth certain information regarding changes in interest income and interest expense for the years indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (1) changes in rate (change in rate multiplied by prior volume), (2) changes in volume (change in volume multiplied by prior rate) and (3) changes in rate-volume (change in rate multiplied by change in volume).

Year Ended December 31, 2007 vs. 2006:

	Increase (Decrease)			
	Rate	Volume	Rate/ Volume	Total
	(In thousands)			
Interest-earning assets:				
Loans	$ 174	$ 3,019	$ 59	$ 3,252
Securities	97	(121)	(27)	(51)
Other interest-earning assets	53	(267)	(25)	(239)
Total	324	2,631	7	2,962
Interest-bearing liabilities:				
Deposits:				
Savings, money-market and NOW deposits	154	(105)	(14)	35
Certificates of deposit	705	1,121	283	2,109
Other borrowings	(10)	(59)	9	(60)
Total	849	957	278	2,084
Net change in net interest income	$ (525)	$ 1,674	$ (271)	$ 878

Comparison of Years Ended December 31, 2007 and 2006

General. Net earnings for the year ended December 31, 2007, were $177,000 or $.09 per basic and diluted share compared to net earnings of $631,000 or $.32 per basic and $.31 per diluted share for the year ended December 31, 2006. This decrease in net operating results was primarily due to an increase in interest expense and non-interest expense, partially offset by an increase in interest income and non-interest income, all as a result of our growth and expansion. In addition, the economic downturns both in our State and the country as a whole have resulted from a decline in the real estate market, new home construction and development, loss of jobs, foreclosures and business failures. As a result of these factors, and in view of the lengthened expectations for a further weakened economy, we have begun to increase our reserves for potential impaired loans.

Interest Income. Interest income increased to $13.6 million for the year ended December 31, 2007, from $10.6 million for the year ended December 31, 2006. Interest income on loans increased to $12.9 million from $9.6 million due to an increase in the average loan portfolio balance for the year ended December 31, 2007, and an increase in the weighted-average yield earned on the portfolio. Interest on securities decreased to $375,000 in 2007, from $426,000 in 2006, due to a decrease in the average portfolio balance in 2007, partially offset by an increase in the average yield earned. Interest on other interest-earning assets decreased to $335,000 for the year ended December 31, 2007, from $574,000 for the year ended December 31, 2006, primarily due to a decrease in the average balance in 2007.

Interest Expense. Interest expense increased to $6.1 million in 2007 from $4.0 million in 2006. Interest expense increased due to growth in average interest-bearing deposits in 2007, as well as an increase in the weighted-average rate paid on deposits.

Provision for Loan Losses. The provision for loan losses is charged to operations to bring the total allowance to a level we deem appropriate and is based upon historical experience, the volume and the type of lending we conduct. In addition, industry standards, the amounts of nonperforming loans, general economic conditions, particularly as they relate to our market area, and other factors related to the collectibility of our loan portfolio were considered. The provision for loan losses increased to $885,000 in 2007 from $429,000 in 2006. The allowance for loan losses increased to $2.4 million at December 31, 2007 from $1.8 million at December 31, 2006. The increase in the allowance was due to the increase in the loan portfolio during the year, as well as an increase in non-performing loans in 2007. Management believes that the allowance for loan losses of $2.4_ million is adequate at December 31, 2007.

Non-interest Income. Non-interest income increased to $996,000 in 2007 from $824,000 in 2006. This was primarily a result of increased gains from the sales of loans, service charges on deposit accounts and income from bank-owned life insurance in 2007 compared to 2006, partially offset by a decrease in loan brokerage fees.

Non-interest Expense. Total non-interest expense increased to $7.4 million for the year ended December 31, 2007, compared to $6.1 million in 2006. This was primarily due to increases in employee compensation and benefits, occupancy and equipment, data processing and other expenses, all a result of our overall growth and expansion.

Income Taxes. The income tax provision was $77,000 (an effective rate of 30%) for 2007 compared to $332,000 (an effective rate of 34%) for 2006.

Impact of Inflation and Changing Prices

The financial statements and related data presented herein have been prepared in accordance with U.S. generally accepted accounting principles, which requires the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, substantially all of our assets and liabilities are monetary in nature. As a result, interest rates have a more significant impact on our performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services, since such prices are affected by inflation to a larger extent than interest rates.

Selected Quarterly Results

Selected quarterly results of operations for the four quarters ended December 31 are as follows (in thousands, except per share amounts):

	2007				2006			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Interest income	$ 3,694	3,640	3,286	2,968	$ 3,009	2,763	2,546	2,308
Interest expense	1,737	1,636	1,417	1,270	1,255	1,023	936	762
Net interest income	1,957	2,004	1,869	1,698	1,754	1,740	1,610	1,546
Provision for loan losses	317	252	221	95	107	145	70	107
Earnings before income taxes	26	43	53	132	205	303	220	235
Net earnings	22	32	37	86	135	198	142	156
Basic earnings per common share	.01	.02	.02	.04	.07	.09	.07	.09
Diluted earnings per common share	.01	.02	.02	.04	.07	.09	.07	.08
Cash dividends declared per common share	-	-	-	-	-	-	-	-

FPB BANCORP, INC. AND SUBSIDIARY

Consolidated Balance Sheets
(Dollars in thousands, except per share amounts)

	December 31, 2007	December 31, 2006
Assets		
Cash and due from banks	$ 4,079	1,734
Federal funds sold	2,466	3,499
Interest-bearing deposits with banks.	250	189
Total cash and cash equivalents	6,795	5,422
Securities available for sale	6,789	6,444
Securities held to maturity (market value of $4 and $2,499)	4	2,509
Loans, net of allowance for loan losses of $2,393 and $1,801	172,251	130,133
Premises and equipment, net	5,466	4,278
Federal Home Loan Bank stock, at cost	280	259
Accrued interest receivable	983	828
Deferred income taxes	628	368
Bank-owned life insurance	2,681	2,573
Other assets	876	625
Total assets	$ 196,753	153,439
Liabilities and Stockholders' Equity		
Liabilities:		
Non-interest bearing demand deposits	23,141	20,125
Savings, NOW and money-market deposits	33,357	35,486
Time deposits	116,179	74,608
Total deposits	172,677	130,219
Official checks	1,214	1,241
Federal Home Loan Bank advance	100	100
Other liabilities	831	816
Total liabilities	174,822	132,376
Commitments (Notes 4 and 7)		
Stockholders' equity:		
Preferred stock, $.01 par value; 1,000,000 shares authorized, no shares issued or outstanding	-	-
Common stock, $.01 par value; 5,000,000 shares authorized, 2,058,047 and 1,906,203 shares issued and outstanding	20	19
Additional paid-in capital	23,813	21,729
Accumulated deficit	(1,936)	(634)
Accumulated other comprehensive income (loss)	34	(51)
Total stockholders' equity	21,931	21,063
Total liabilities and stockholders' equity	$ 196,753	153,439

See Accompanying Notes to Consolidated Financial Statements.

FPB BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Earnings
(Dollars in thousands, except per share amounts)

	Year Ended December 31,	
	2007	**2006**
Interest income:		
Loans	$ 12,878	9,626
Securities	375	426
Other	335	574
Total interest income	13,588	10,626
Interest expense:		
Deposits	6,056	3,912
Federal Home Loan Bank advances	1	64
Other	3	-
Total interest expense	6,060	3,976
Net interest income	7,528	6,650
Provision for loan losses	885	429
Net interest income after provision for loan losses	6,643	6,221
Non-interest income:		
Service charges and fees on deposit accounts	473	439
Loan brokerage fees	205	260
Gain on sale of loans held for sale	175	-
Income from bank-owned life insurance	108	98
Other fees	35	27
Total non-interest income	996	824
Non-interest expenses:		
Salaries and employee benefits	3,681	3,163
Occupancy and equipment	1,246	878
Advertising	566	498
Data processing	482	394
Supplies	151	162
Professional fees	185	183
Other	1,074	804
Total non-interest expenses	7,385	6,082
Earnings before income taxes	254	963
Income taxes	77	332
Net earnings	$ 177	631
Net earnings per share:		
Basic	$ .09	.32
Diluted	$ .09	.31
Weighted-average number of shares, basic	2,017,553	1,998,871
Weighted-average number of shares, diluted	2,034,070	2,030,344

See Accompanying Notes to Consolidated Financial Statements.

FPB BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2007 and 2006
(Dollars in thousands)

	Common Stock		Additional Paid-In	(Accumulated Deficit) Retained	Accumulated Other Compre-hensive	Total Stockholders'
	Shares	Amount	Capital	Earnings	Income (Loss)	Equity
Balance at December 31, 2005	1,810,588	$ 18	20,136	262	(75)	20,341
Comprehensive income:						
Net earnings	-	-	-	631	-	631
Net change in unrealized loss on securities available for sale, net of tax of $14	-	-	-	-	24	24
Comprehensive income						655
5% stock dividend, fractional shares paid in cash of $2	90,602	1	1,524	(1,527)	-	(2)
Share-based compensation	-	-	8	-	-	8
Proceeds from exercise of common stock options	5,013	-	50	-	-	50
Tax benefit associated with exercise of common stock options	-	-	11	-	-	11
Balance at December 31, 2006	1,906,203	19	21,729	(634)	(51)	21,063
Comprehensive income:						
Net earnings	-	-	-	177	-	177
Net change in unrealized loss on securities available for sale, net of tax of $51	-	-	-	-	85	85
Comprehensive income						262
5% stock dividend, fractional shares paid in cash of $6	94,915	1	1,472	(1,479)	-	(6)
Share-based compensation	-	-	32	-	-	32
Proceeds from exercise of common stock options	56,929	-	520	-	-	520
Tax benefit associated with exercise of common stock options	-	-	60	-	-	60
Balance at December 31, 2007	2,058,047	$ 20	23,813	(1,936)	34	21,931

See Accompanying Notes to Consolidated Financial Statements.

FPB BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,	
	2007	**2006**
Cash flows from operating activities:		
Net earnings	$ 177	631
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	376	285
Provision for loan losses	885	429
Amortization of loan (fees) costs, net	(111)	(26)
Deferred income taxes	(311)	(185)
Net amortization of premiums and discounts on securities	8	8
Gain on sale of loans held for sale	(175)	-
Proceeds from sale of loans held for sale	4,562	-
Originations of loans held for sale	(4,387)	-
Increase in accrued interest receivable	(155)	(270)
Increase in other assets	(251)	(302)
(Decrease) increase in official checks and other liabilities	(12)	498
Income from bank-owned life insurance	(108)	(98)
Share-based compensation	32	8
Net cash provided by operating activities	530	978
Cash flows from investing activities:		
Maturities and calls of securities available for sale	2,500	4,000
Maturities of securities held to maturity	2,500	500
Purchase of securities available for sale	(3,000)	(1,500)
Principal payments on securities available for sale	283	312
Principal payments on securities held to maturity	5	9
Net increase in loans	(42,892)	(34,870)
Purchase of premises and equipment	(1,564)	(864)
Purchase of bank-owned life insurance	-	(525)
(Purchase) sale of Federal Home Loan Bank stock	(21)	47
Net cash used in investing activities	(42,189)	(32,891)
Cash flows from financing activities:		
Net increase in deposits	42,458	27,410
Decrease of Federal Home Loan Bank advances	-	(2,500)
Proceeds from the exercise of common stock options	520	50
Tax benefit associated with exercise of common stock options	60	11
Fractional shares of stock dividends paid in cash	(6)	(2)
Net cash provided by financing activities	43,032	24,969
Net increase (decrease) in cash and cash equivalents	1,373	(6,944)
Cash and cash equivalents at beginning of year	5,422	12,366
Cash and cash equivalents at end of year	$ 6,795	5,422

(continued)

Table of Contents

FPB BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows, Continued
(In thousands)

	Year Ended December 31,	
	2007	**2006**
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest, net of interest capitalized of $7 in 2007	$ 6,026	3,955
Income taxes	$ 448	379
Non-cash transactions:		
Accumulated other comprehensive income (loss), net change in unrealized loss on securities available for sale, net of tax	$ 85	24
Common stock dividend	$ 1,473	1,525

See Accompanying Notes to Consolidated Financial Statements.

(1) Summary of Significant Accounting Policies

Organization. FPB Bancorp, Inc. (the "Holding Company") owns 100% of the outstanding common stock of First Peoples Bank (the "Bank") (collectively referred to as the "Company"). The Holding Company operates as a one-bank holding company and it's only business activity is the operation of the Bank. The Bank is a state (Florida)-chartered commercial bank and its deposits are insured up to the applicable amounts by the Federal Deposit Insurance Corporation. The Bank offers a variety of community banking services to individual and corporate customers through its four banking offices located in Port St. Lucie, Stuart, Fort Pierce and Vero Beach, Florida. A fifth office opened on January 18, 2008 in Palm City, Florida and a sixth office is anticipated to open in the second quarter of 2008, on Gatlin Boulevard in Port St. Lucie, Florida. In addition, an 11,000 square foot Operations Center in Jensen Beach, Florida, opened in March of 2007.

The following is a description of the significant accounting policies and practices followed by the Company, which conform with U.S. generally accepted accounting principles and prevailing practices within the banking industry.

Basis of Presentation. The consolidated financial statements include the accounts of the Holding Company and its subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates. In preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and deferred tax assets.

Cash and Cash Equivalents. For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks, interest-bearing deposits with banks and federal funds sold, all of which mature within ninety days.

The Bank may be required by law or regulation to maintain cash reserves in the form of vault cash or in non-interest earning accounts with the Federal Reserve Bank or other qualified banks. At December 31, 2007 and 2006, there was no required reserve balance.

(continued)

(1) Summary of Significant Accounting Policies, Continued

Securities. Securities may be classified as either trading, held to maturity or available for sale. Trading securities are held principally for resale and recorded at their fair values. Unrealized gains and losses on trading securities are included immediately in earnings. Held-to-maturity securities are those which the Company has the positive intent and ability to hold to maturity and are reported at amortized cost. Available-for-sale securities consist of securities not classified as trading securities nor as held-to-maturity securities. Unrealized holding gains and losses, net of tax, on available-for-sale securities are reported as a net amount in accumulated other comprehensive income (loss). Gains and losses on the sale of available-for-sale securities are determined using the specific-identification method. Premiums and discounts on securities are recognized in interest income using the interest method over the period to maturity.

Loans. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs.

Commitment fees and loan origination fees are deferred and certain direct origination costs are capitalized. Both are recognized as an adjustment of the yield of the related loan.

The accrual of interest on loans is discontinued at the time the loan is ninety days delinquent unless the loan is well collateralized and in process of collection. In all cases, loans are placed on non-accrual 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 non-accrual 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.

Loans Held for Sale. In 2007, the Company originated loans guaranteed by the U.S. Small Business Administration, the guaranteed portion of which may be sold at a premium. These loans were carried at the lower of cost or estimated fair value in the aggregate. There were no loans held for sale at December 31, 2007 or 2006.

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.

(continued)

(1) Summary of Significant Accounting Policies, Continued

Allowance for Loan Losses, Continued. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility 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.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. For such loans, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers all other loans and is based on historical loss experience adjusted for qualitative factors.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due. 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 commercial, construction and commercial real estate 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 Company does not separately identify individual consumer and residential loans for impairment disclosures.

Premises and Equipment. Land is stated at cost. Building and improvements, leasehold improvements, and furniture, fixtures and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expense are computed using the straight-line method over the estimated useful life of each type of asset or the length of time the Company expects to lease the property, if shorter.

(continued)

(1) Summary of Significant Accounting Policies, Continued

Transfer of Financial Assets. Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Income Taxes. Deferred income tax assets and liabilities are recorded to reflect the tax consequences on future years of temporary differences between revenues and expenses reported for financial statement and those reported for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. Valuation allowances are provided against assets which are not likely to be realized.

Share-Based Compensation. Effective January 1, 2006, the Company adopted the fair value recognition provisions of FASB Statement No. 123(R), *Share-Based Payment* (“SFAS 123(R)”), using the modified-prospective-transition method. Under that transition method, compensation cost recognized beginning in 2006 includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value calculated in accordance with the original provisions of SFAS 123, *Accounting for Stock-Based Compensation* (as amended by SFAS No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure*) (collectively SFAS 123) and (b) compensation cost for all share-based payments granted subsequent to December 31, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R).

Off-Balance-Sheet Instruments. In the ordinary course of business the Company has entered into off-balance-sheet financial instruments consisting of commitments to extend credit, available lines of credit and standby letters of credit. Such financial instruments are recorded in the consolidated financial statements when they are funded.

(continued)

(1) Summary of Significant Accounting Policies, Continued

Earnings Per Share. Basic earnings per share have been computed on the basis of the weighted-average number of shares of common stock outstanding during the year. Diluted earnings per share were computed based on the weighted-average number of shares outstanding plus the effect of outstanding stock options, computed using the treasury stock method. All per share amounts reflect the 5% stock dividends paid on June 15, 2007 and May 17, 2006. Earnings per common share have been computed based on the following:

	Year Ended December 31,	
	2007	**2006**
Weighted-average number of common shares outstanding used to calculate basic earnings per common share	2,017,553	1,998,871
Effect of dilutive stock options	16,517	31,473
Weighted-average number of common shares outstanding used to calculate diluted earnings per common share	2,034,070	2,030,344

The following options were excluded from the calculation of earnings per share, due to the exercise price being above the average market price:

	Number Outstanding	Exercise Price	Expires
For the year ended December 31, 2007	115,798	$ 15.42-16.67	2015-2017

Fair Values of Financial Instruments. The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company. The following methods and assumptions were used by the Company in estimating fair values of financial instruments:

Cash and Cash Equivalents. The carrying amounts of cash and cash equivalents approximate their fair value.

(Continued)

(1) Summary of Significant Accounting Policies, Continued

Fair Values of Financial Instruments, Continued.

Securities. Fair values for 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.

Loans. For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values are based on carrying values. Fair values for certain fixed-rate residential mortgage, commercial real estate and commercial loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Federal Home Loan Bank Stock. Fair value of the Company's investment in Federal Home Loan Bank stock is based on its redemption value, which is its cost of $100 per share.

Deposit Liabilities. The fair values disclosed for demand, NOW, money-market and savings deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). Fair values for fixed-rate time deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on time deposits to a schedule of aggregated expected monthly maturities of time deposits.

Accrued Interest. The carrying amounts of accrued interest approximate their fair values.

Federal Home Loan Bank Advance. The fair value of the Federal Home Loan Bank advance is estimated using a discounted cash flow analysis based on the Company's current incremental borrowing rate for similar types of borrowings.

Off-Balance-Sheet Instruments. Fair values for off-balance-sheet lending commitments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing.

Comprehensive Income. Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net earnings. 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 consolidated balance sheets, such items, along with net earnings, are components of comprehensive income. The component of accumulated other comprehensive income are net unrealized gains (losses) on securities available for sale.

Recent Accounting Pronouncements. In September 2006, Financial Accounting Standards Board ("FASB") issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. This statement is effective for the Company's financial statements as of January 1, 2008. Management is in the process of evaluating the impact of SFAS 157 and does not anticipate it will have any effect on the Company's consolidated financial condition or results of operations.

(1) Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assetsand Financial Liabilities* ("SFAS 159"). SFAS 159 provides the Company with an option to report selected financial assets and liabilities at fair value. This statement is effective for the Company as of January 1, 2008. Management is in the process of evaluating the impact of SFAS 159 and does not anticipate it will have any effect on the Company's consolidated financial condition or results of operations.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* ("SFAS 141 (R)"). SFAS 141 (R) is effective for fiscal years beginning after December 15, 2008 and early implementation is not permitted. SFAS 141 (R) requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose to investors and other users all of the information they need to evaluate and understand the nature and financial effect of the business combination. Acquisition related costs including finder's feed, advisory, legal, accounting valuation and other professional and consulting fees are required to be expensed as incurred. Management is in the process of evaluating the impact of SFAS 141 (R) and does not anticipate it will have any effect on the Company's current consolidated financial condition or results of operations.

In September 2006, the Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue No. 06-4, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements* ("EITF No. 06-04"). The guidance clarifies the accounting for endorsement split-dollar life insurance arrangements that provide a benefit to an employee that is not limited to the employee's active service period and concluded that an employer should recognize a liability for future benefits based on the substantive agreement with the employee since the postretirement benefit obligation is not effectively settled through the purchase of the endorsement split-dollar life insurance policy. Also, in March 2007, the EITF reached a consensus on EITF Issue No. 06-10, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements* ("EITF No. 06-10"). This Issue clarifies the accounting for collateral split-dollar life insurance arrangements that provide a benefit to an employee that extends into postretirement periods and clarifies the accounting for assets related to collateral split-dollar life insurance assignment arrangements. This Issue requires that an employer recognize a liability for future benefits based on the substantive agreement with the employee and concluded that the asset recorded should also be measured based on the nature and substance of the collateral split-dollar life insurance arrangement. EITF No. 06-4 and EITF No. 06-10 are effective for fiscal years beginning December 15, 2007, with earlier adoption permitted and any resulting adjustment will be recorded as a change in accounting principle through a cumulative effect adjustment to equity. In 2008, the Company recorded a cumulative effect adjustment of $67,000 to beginning retained earnings.

(continued)

FPB BANCORP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(2) Securities

Securities have been classified according to management's intention. The carrying amount of securities and their fair values are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
At December 31, 2007:				
Securities available for sale:				
U.S. Government agency securities	$ 6,000	62	(1)	6,061
Mortgage-backed securities	735	-	(7)	728
Total securities available for sale	$ 6,735	62	(8)	6,789
Security held to maturity -				
Mortgage-backed security	$ 4	-	-	4
At December 31, 2006:				
Securities available for sale:				
U.S. Government agency securities	5,500	-	(55)	5,445
Mortgage-backed securities	1,026	-	(27)	999
Total securities available for sale	$ 6,526	-	(82)	6,444
Securities held to maturity:				
U.S. Government agency securities	2,500	-	(10)	2,490
Mortgage-backed security	9	-	-	9
Total securities held to maturity	$ 2,509	-	(10)	2,499

There were no sales of available for sale securities in 2007 or 2006.

(continued)

(2) Securities, Continued

The scheduled maturities of securities at December 31, 2007 are as follows (in thousands):

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 1,500	1,499	-	-
Due from one to five years	1,000	1,003	-	-
Due from five to ten years	3,500	3,559	-	-
Mortgage-backed securities	735	728	4	4
	$ 6,735	6,789	4	4

At December 31, 2007 and 2006 securities with a carrying value of $6,724,000 and $5,594,000, respectively, were pledged for Federal Home Loan Bank advances and to the Federal Reserve Bank for Treasury Tax and Loan (TT&L) transactions and the State of Florida as collateral for public funds.

Securities with gross unrealized losses at December 31, 2007, aggregated by investment category and length of time that individual securities have been in a continuous loss position, is as follows (in thousands):

	Over Twelve Months	
	Gross Unrealized Losses	Fair Value
Securities available for sale:		
U.S. Government agency securities	$ (1)	1,499
Mortgage-backed securities	(7)	663
Total securities available for sale	$ (8)	2,162

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 Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

(continued)

Table of Contents

(2) Securities, Continued

The unrealized losses on six investment securities available for sale were caused by interest rate changes. It is expected that the securities would not be settled at a price less than the par value of the investments. Because the decline in fair 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 market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

(3) Loans

The components of loans are as follows (in thousands):

	At December 31,	
	2007	**2006**
Commercial	$ 59,878	50,521
Commercial real estate	82,951	55,967
Construction	11,186	6,089
Consumer	21,279	19,618
Residential real estate	48	315
Total loans	175,342	132,510
Deduct:		
Deferred loan costs and fees, net	(698)	(576)
Allowance for loan losses	(2,393)	(1,801)
Loans, net	$ 172,251	130,133

An analysis of the change in the allowance for loan losses follows (in thousands):

	Year ended December 31,	
	2007	**2006**
Beginning balance	$ 1,801	1,383
Provision for loan losses	885	429
Charge-offs, net of recoveries	(293)	(11)
Ending balance	$ 2,393	1,801

(continued)

FPB BANCORP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(3) Loans, Continued

Information about impaired loans, all of which are collateral dependent, is as follows (in thousands):

	At December 31,	
	2007	**2006**
Loans identified as impaired:		
Gross loans with no related allowance for losses	$ 1,410	-
Gross loans with related allowance for loan losses recorded	1,280	344
Less: Allowance on these loans	355	87
Net investment in impaired loans	$ 2,335	257

	Year Ended December 31,	
	2007	**2006**
Average investment in impaired loans	$ 1,331	69
Interest income recognized on impaired loans	$ 31	14
Interest income received on impaired loans	$ 31	14

	At December 31,	
	2007	**2006**
Non-accrual loans	$ 1,401	344
Past due ninety days or more but still accruing	349	-
	$ 1,750	344

Non-accrual loans and loans past due ninety days or more but still accruing were as follows (in thousands):

	At December 31,	
	2007	**2006**
Non-accrual loans	$ 1,401	344
Past due ninety days or more but still accruing	349	-
	$ 1,750	344

(continued)

FPB BANCORP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(4) Premises and Equipment

A summary of premises and equipment follows (in thousands):

	At December 31,	
	2007	**2006**
Building and improvements	$ 2,779	2,614
Land	552	552
Furniture, fixtures and equipment	1,651	1,259
Leasehold improvements	811	327
Construction in process	834	379
Total, at cost	6,627	5,131
Less accumulated depreciation and amortization	(1,161)	(853)
Premises and equipment, net	$ 5,466	4,278

Interest capitalized and included in construction in process during 2007 was approximately $7,000.

The Company leases its Stuart, Florida branch office facility under a non-cancelable lease. The initial lease term is five years with two five-year renewal options. In November 2005, the Company signed a ten year lease with four five-year renewals, on a branch building in Vero Beach, Florida which opened in March, 2006. In February of 2006, the Company signed a fifty year lease, with four ten-year renewal options on a ground lease for the Gatlin Boulevard, Port St. Lucie, Florida future branch site. That branch is expected to open in the first quarter of 2008. In April of 2006, the Company signed a seven year lease, with two five-year renewal options, on the Operations Center in Jensen Beach, Florida which opened in March of 2007. In May of 2007, the Company signed a 10 year lease with two five-year renewal options for a branch office in Palm City, Florida, which opened in January, 2008. At December 31, 2007, the Company had approximately $466,000 in outstanding purchase commitments related to the Gatlin Boulevard and Palm City, Florida branch locations. The Company is required to pay an allowable share of common area maintenance, insurance and real estate taxes on these leases. Rent expense under the operating leases during the years ended December 31, 2007 and 2006 was approximately $488,000 and $298,000, respectively. In addition, the Company leases space in its Fort Pierce branch office facility to third parties. The leases have initial terms of five years and lease income was approximately $87,000 and $89,000 in 2007 and 2006, respectively.

(continued)

(4) Premises and Equipment, Continued

At December 31, 2007, future minimum rental commitments, including certain renewal options, under these non-cancelable leases were approximately as follows (in thousands):

Year Ending December 31,	Operating Lease Expense	Operating Lease Income
2008	$ 465	84
2009	479	57
2010	490	-
2011	501	-
2012	517	-
Thereafter	16,195	-
Total	$ 18,647	141

(5) Deposits

The aggregate amount of time deposits with a minimum denomination of $100,000 was approximately $68,534,000 and $39,228,000 at December 31, 2007 and 2006, respectively.

A schedule of maturities of time deposits at December 31, 2007 follows (in thousands):

Year EndingDecember 31,	Amount
2008	$ 82,562
2009	16,003
2010	8,429
2011	3,778
2012	5,407
	$ 116,179

(continued)

(6) Federal Home Loan Bank Advance

Maturity and interest rate of the advance from the Federal Home Loan Bank of Atlanta ("FHLB") consisted of the following ($ in thousands):

Maturity Year Ending December 31,	Fixed or Variable Rate	Call Date	Interest Rate	At December 31, 2007	2006
2015	Fixed[1]	N/A	50%	$ 100	100

[1] Low interest rate due to being related to FHLB low-housing project lending.

The advance is collateralized by securities available for sale with a carrying value of approximately $250,000 and $336,000 at December 31, 2007 and 2006, respectively.

(7) Financial Instruments

The estimated fair values of the Company's financial instruments were as follows (in thousands):

	At December 31, 2007		At December 31, 2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 6,795	6,795	5,422	5,422
Securities available for sale	6,789	6,789	6,444	6,444
Securities held to maturity	4	4	2,509	2,499
Loans, net	172,251	173,071	130,133	126,597
Federal Home Loan Bank stock	280	280	259	259
Accrued interest receivable	983	983	828	828
Financial liabilities:				
Deposit liabilities	172,677	173,078	130,219	129,948
Federal Home Loan Bank advance	100	100	100	100
Off-balance-sheet financial instruments	-	-	-	-

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 are commitments to extend credit, available lines of credit and standby letters of credit and may involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the consolidated balance sheet. The contract amounts of these instruments reflect the extent of involvement the Company has in these financial instruments.

(continued)

(7) Financial Instruments, Continued

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

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. Commitments generally have fixed-expiration dates or other termination clauses and may require payment of a fee. Because some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company, upon extension of credit, is based on management's credit evaluation of the counterparty.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that included in extending loans to customers. The Company generally holds collateral supporting these commitments and management does not anticipate any potential losses if these letters of credit are funded.

Standby letters of credit, available lines of credit and commitments to extend credit typically result in loans with a market interest rate when funded. A summary of Company's financial instruments with off balance sheet risk at December 31, 2007 follows (in thousands):

	Contract Amount
Standby letters of credit	$ 287
Commitments to extend credit	$ 3,436
Available lines of credit	$ 22,729

(8) Credit Risk

The Company grants the majority of its loans to borrowers throughout the Port St. Lucie, Stuart, Palm City, Fort Pierce and Vero Beach, Florida area. Although the Company has a diversified loan portfolio, a significant portion of its borrowers' ability to honor their contracts is dependent upon the economy in St. Lucie County, Martin County and Indian River County, Florida. The Company does not have significant concentrations to any one industry or customer. The Company does have eighteen loans, generally with original terms of 5 years or less, aggregating $16.9 million at December 31, 2007, where the primary source of repayment is the sale of the related collateral or the conversion of the existing debt into debt at another financial institution. The majority of these loans are located in Martin and St. Lucie County, Florida.

(continued)

(8) Credit Risk, Continued

With the uncertain real estate market in Martin, St. Lucie and Indian River Counties, Florida, obtaining refinancing or sale of the collateral may be difficult or impossible. It is most likely many of these loans will be extended and may be modified to provide additional interest reserves. Management is closely monitoring these loans and believes the loan loss allowance at December 31, 2007 is adequate.

(9) Benefit Agreements

In December 2005, the Company entered into Deferred Compensation Agreements (the "Agreements") with certain officers and directors which require the Company to provide salary continuation benefits to them upon retirement. The Agreements require the Company to pay annual benefits for five to fifteen years following their normal retirement ages. The Company has purchased life insurance policies on these officers and directors which although not formerly linked, have estimated future cash values that exceed the estimated future benefits that will be due under these Agreements. The Company recognized income on the life insurance policies, net of benefit expense accrued on the Agreements, of $86,000 in 2007 and $80,000 in 2006. The Company has also entered into split-dollar agreements with these individuals that would pay their beneficiaries a certain percentage of the death benefits in excess of the cash surrender amounts if these payments were triggered.

(10) Income Taxes

Income taxes consisted of the following (in thousands):

	Year Ended December 31,	
	2007	**2006**
Current:		
Federal	$ 332	439
State	56	78
Total current	388	517
Deferred:		
Federal	(265)	(158)
State	(46)	(27)
Total deferred	(311)	(185)
Income taxes	$ 77	332

(continued)

FPB BANCORP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(10) Income Taxes, Continued

The reasons for the differences between the statutory Federal income tax rate and the effective tax rate are summarized as follows (dollars in thousands):

	Year Ended December 31,			
	2007		2006	
	Amount	% of Pretax Earnings	Amount	% of Pretax Earnings
Income taxes at statutory rate	$ 86	34%	$ 327	34%
Increase (decrease) resulting from:				
State taxes, net of Federal tax benefit	7	3	34	4
Income from bank-owned life insurance	(40)	(16)	(37)	(4)
Nondeductible expenses	13	5	5	-
Share-based compensation	11	4	3	-
Income taxes	$ 77	30%	$ 332	34%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (in thousands).

	At December 31,	
	2007	2006
Deferred tax assets:		
Allowance for loan losses	$ 830	635
Unrealized loss on securities available for sale	-	31
Deferred compensation	64	21
Other	19	6
Deferred tax assets	913	693
Deferred tax liabilities:		
Accrual to cash adjustment	(60)	(85)
Accumulated depreciation	(87)	(134)
Deferred loan costs	(118)	(106)
Unrealized gain on securities available for sale	(20)	-
Deferred tax Liabilities	(285)	(325)
Net deferred tax asset	$ 628	368

(continued)

(11) Related Party Transactions

In the ordinary course of business, the Company may make loans at terms and rates prevailing at the time to officers and directors of the Company or their affiliates. The Company also accepts deposits from these same related parties. These are summarized as follows (in thousands):

		2007	2006
Loans:			
Balance at beginning of year	$	2,824	3,331
Borrowings		1,892	559
Repayments		(370)	(1,066)
Balance at end of year	$	4,346	2,824
Deposits	$	2,867	3,460

(12) Stock Options

The Company established a Stock Option Plan in 1998 ("1998 Plan") for directors, officers and employees of the Company. The 1998 Plan as amended provides for 131,553 shares (adjusted) of common stock to be available for grant. The exercise price of the stock options is the fair market value of the common stock on the date of grant. The options expire ten years from the date of grant. At December 31, 2007, 1,160 shares (adjusted) remain available for grant. As of December 31, 2005, all issued options were exercisable and no stock options were granted in 2006 or 2007, therefore, no share based compensation was recognized in 2006 or 2007 from the 1998 plan. All per share amounts reflect the 5% stock dividends paid on June 15, 2007 and May 17, 2006. A summary of stock option information follows ($ in thousands, except per share amounts):

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2005	100,305	$ 10.15		
Options exercised	(5,263)	(9.50)		
Options forfeited	(110)	(9.07)		
Outstanding at December 31, 2006	94,932	10.19		
Options exercised	(56,929)	(9.12)		
Options forfeited	(1,050)	(15.42)		
Outstanding and exercisable at December 31, 2007	36,953	$ 11.68	3.30 years	$ 9

(continued)

(12) Stock Options, Continued

In 2005, the Company established a new option plan ("2005 Plan") for directors, officers and employees of the Company. The 2005 Plan provides for 158,743 shares (adjusted) of common stock to be available for grant. The exercise price of the stock options is the fair market value of the common stock on the date of grant. The 2005 Plan allows for various vesting periods. All options granted in 2005 were vested immediately except for 7,776 (adjusted) options which vest 33.3% in the second and third year, respectively, after grant and are fully exercisable during the fourth year after grant. The options expire ten years from the date of grant. At December 31, 2007, 56,960 shares (adjusted) remain available for grant. All per share amounts reflect the 5% stock dividends paid on June 15, 2007 and May 17, 2006. A summary of stock option information follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding at December 31, 2005	89,226	$ 15.42		
Options forfeited	(1,653)	(15.42)		
Options outstanding at December 31, 2006	87,573	15.42		
Options forfeited	(2,756)	(15.42)		
Options granted	16,966	16.67		
Options outstanding at December 31, 2007	101,783	$ 15.63	8.09 years	$ -
Options exercisable at December 31, 2007	82,225	$ 15.42	7.92 years	$ -

The fair value of each option granted in 2007 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	-%
Expected life	6 years
Expected volatility	18.62%
Risk-free interest rate	3.88%
Weighted-average grant-date fair value of options issued during the year	$ 4.96

(continued)

(12) Stock Options, Continued

The Company has examined its historical pattern of option exercises by its directors and employees in an effort to determine if there was any pattern based on these populations. From this analysis, the Company could not identify any patterns in the exercise of options. As such, the Company used the guidance in Staff Accounting Bulletin No. 107 issued by the Securities and Exchange Commission to determine the estimated life of options. Expected volatility is based on historical volatility of the Company's common stock. The risk-free rate for periods within the contractual life of the option is based on the U.S. treasury yield curve in effect at the time of grant. The dividend yield assumptions are based on the Company's history and expectation of dividend payments.

The total intrinsic value of options exercised during 2007 and 2006 was $186,000 and $ 38,000, respectively and the related tax benefit recognized was $60,000 and $11,000 respectively. The total fair value of shares vested and recognized as compensation expense was $32,000 and $8,000 for 2007 and 2006 respectively. As of December 31, 2007, the Company had 19,558 (adjusted) stock options not fully vested and there was $61,000 of total unrecognized compensation cost related to these non-vested options. This cost is expected to be recognized monthly over a weighted-average period of 1.9 years on a straight-line basis.

Also in January 2004, 22,050 (adjusted) stock options were granted to a third party as compensation for services provided to the Company. The options were issued at $11.00 per share and are fully vested. As of December 31, 2007, none of these options had been exercised.

(13) Profit Sharing Plan

The Company sponsors a section 401(k) profit sharing plan (the "Plan") which is available to all employees electing to participate. During 2007 and 2006, the Company approved a 2% match to the Plan in an approximate amount of $43,000 and $29,000 respectively.

(14) Restrictions on Dividends

The Company's ability to pay cash dividends on its common stock is limited to the amount of dividends it could receive from the Bank plus its own cash and cash equivalents, which amounted to $3.7 million at December 31, 2007. The amount of dividends the Bank is permitted to pay to the Company is restricted to 100% of its calendar year-to-date net earnings plus retained earnings for the preceding two years. In addition, no bank may pay a dividend at any time that net earnings in the current year when combined with retained earnings from the preceding two years produce a loss. Under Florida law, a Florida chartered commercial bank may not pay cash dividends that would cause the Bank's capital to fall below the minimum amount required by Federal or Florida law.

(continued)

(15) Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the regulatory banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's and the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The 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 percentages (set forth in the following table) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2007, the Bank met all capital adequacy requirements to which they are subject.

As of December 31, 2007, the most recent notification from the regulatory authorities categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage percentages as set forth in the following tables. There are no conditions or events since that notification that management believes have changed the Bank's category. The Bank's actual capital amounts and percentages are also presented in the table ($ in thousands).

	Actual		Minimum for Capital Adequacy Purposes		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	%	Amount	%	Amount	%
As of December 31, 2007:						
Total Capital to Risk-Weighted Assets	$ 20,202	11.09%	$ 14,579	8.00%	$ 18,224	10.00%
Tier 1 Capital to Risk-Weighted Assets	17,923	9.83	7,290	4.00	10,934	6.00
Tier 1 Capital To Total Assets	17,923	9.09	7,884	4.00	9,855	5.00
As of December 31, 2006:						
Total Capital to Risk-Weighted Assets	14,232	10.45	10,899	8.00	13,624	10.00
Tier 1 Capital to Risk-Weighted Assets	12,650	9.29	5,449	4.00	8,174	6.00
Tier 1 Capital To Total Assets	12,650	8.08	6,259	4.00	7,824	5.00

(continued)

FPB BANCORP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(16) Holding Company Financial Information

The Holding Company's unconsolidated financial information is as follows (in thousands):

Condensed Balance Sheets

	At December 31,	
	2007	**2006**
Assets		
Cash and cash equivalents	$ 3,687	8,285
Investment in subsidiary	17,957	12,599
Other assets	287	179
Total assets	$ 21,931	21,063
Stockholders' Equity		
Stockholders' Equity	$ 21,931	21,063

Condensed Statements of Earnings

	Year Ended December 31,	
	2007	**2006**
Revenues	$ -	-
Expenses	(96)	(47)
Loss before earnings of subsidiary	(96)	(47)
Earnings of subsidiary	273	678
Net earnings	$ 177	631

(continued)

FPB BANCORP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

(16) Holding Company Financial Information, Continued

Condensed Statements of Cash Flows

	Year Ended December 31,	
	2007	**2006**
Cash flows from operating activities:		
Net earnings	$ 177	631
Adjustments to reconcile net earnings to net cash used in operating activities:		
Share-based compensation	32	8
Undistributed earnings of subsidiary	(273)	(678)
Increase in other assets	(108)	(24)
Net cash used in operating activities	(172)	(63)
Cash flows from investing activities-		
Investment in subsidiary	(5,000)	(2,000)
Cash flows from financing activities:		
Proceeds from the exercise of common stock options	520	50
Tax benefit associated with exercise of common stock options	60	11
Fractional shares of stock dividends, paid in cash	(6)	(2)
Net cash provided by financing activities	574	59
Net decrease in cash and cash equivalents	(4,598)	(2,004)
Cash and cash equivalents at beginning of year	8,285	10,289
Cash and cash equivalents at end of year	$ 3,687	8,285
Non-cash transactions:		
Common stock dividend	$ 1,473	1,525
Accumulated other comprehensive income (loss) of subsidiary, net change in unrealized loss on securities available for sale, net of tax	$ 85	24

Report of Independent Registered Public Accounting Firm

FPB Bancorp, Inc.
Port St. Lucie, Florida:

We have audited the accompanying consolidated balance sheets of FPB Bancorp, Inc. and Subsidiary (the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of earnings, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

HACKER, JOHNSON & SMITH PA
Fort Lauderdale, Florida
March 6, 2008

FPB BANCORP, INC.

BOARD OF DIRECTORS

Gary A. Berger, Chairman
Donald J. Cuozzo
Ann L. Decker, Secretary
Paul J. Miret
Robert L. Schweiger
Robert L. Seeley
David W. Skiles, President & Chief Executive Officer
Paul A. Zinter, Vice Chairman

NON-DIRECTOR EXECUTIVE OFFICERS

Marge Riley, Executive Vice President and Chief Operating Officer

Nancy E. Aumack, Senior Vice President and Chief Financial Officer

FIRST PEOPLES BANK

BOARD OF DIRECTORS

Gary A. Berger, Chairman
Donald J. Cuozzo
Ann L. Decker, Secretary
Paul J. Miret
Robert L. Schweiger
Robert L. Seeley
David W. Skiles, President & Chief Executive Officer
Paul A. Zinter, Vice Chairman

OFFICERS

Marge Riley, Executive Vice President and Chief Operating Officer

Nancy E. Aumack, Senior Vice President and Chief Financial Officer

Stephen J. Krumfolz, Senior Vice President, SBA Commercial Lender

Philip Lee Brown, Senior Vice President and Area Executive – St. Lucie County

Melissa M. Favorite, Senior Vice President, BSA/Compliance Officer

William V. West, Senior Vice President and Area Executive – Martin County

Randy J. Riley, Senior Vice President and Area Executive – Indian River County

Thomas W. Eby, Senior Vice President, Residential Lending

David P. Hoffman, Vice President, Senior Consumer Lender

Craig Dietz, Vice President, Credit Administration

Brenda K. Parmelee, Vice President, Branch Manager (Fort Pierce)

Michelle A. Sias, Vice President, Commercial Lender

Amy M. Sowerby, Vice President, Deposit Operations

Jill E. Knapp, Vice President, Commercial Lender

Jillian A. Lopez, Assistant Vice President, Human Resource Officer

Christina M. Saltos, Assistant Vice President, Branch Manager (Port St. Lucie)

Sarah C. Baker, Assistant Vice President, Branch Manager (Stuart)

Peter G. Ferlatte, Assistant Vice President, Network Administration Officer

Ryan T. Kamphuis, Assistant Vice President, Branch Manager (Vero Beach)

Ryan C. Coughlin, Assistant Vice President, Commercial Lender

Rebekah A. Witt, Assistant Vice President, Loan Operations

Rosalind M. Green, Assistant Vice President, Branch Manager (Palm City)

FIRST PEOPLES BANK

COMMUNITY LIAISON BOARDS

Fort Pierce

Barbara S. Allen, Associated Coastal Ear/Nose/Throat
Judy Culpepper, Retired
Robert Hargis, Accent Landscape
Dr. Kenneth Langley, St. Lucie Eye Associates
Stefan K. Matthes, Sr., Culpepper & Terpening, Inc.
Michelle R. Miller-Morris, Miller Insurance Agency
John A. Schwerer, DMD
Babu Thomas, IRCC Regional Crime Lab

Port St. Lucie

Meredith C. Breault, Management Recruiters
Shirley Cherveny, Palm Realty
Gardner S. Foote, Retired
Al Soricelli, AXA Advisors
Jack Wilson, Florida Tire Recycling
Ernesto Velasco, Velcon Group
Greg Wyatt, Port St. Lucie Broadcasters

Stuart

Linda B. Braswell, Braswell Bail Bonds and Braswell Surety Services
Mark E. Brechbill, Mark Brechbill CPA
Lee Carroll, Deakins Carroll Insurance
Rick Crary, Crary Buchanan
Vicki Davis, Supervisor of Elections for Martin County, FL
Philip T. Faherty, Stuart Business Systems
John S. Leighton, Real Estate Broker
Craig Melby, the Melby Group
Howard Shields, Organizing Board Chairman & Director Emeritus
David Walker, Attorney

Vero Beach

Joe Coakley, Market Rite, Inc.
Lynn Hall, Northwestern Mutual
Steve Henderson, Collins, Brown & Caldwell (of counsel)
Claude Hessee, Echo Trading Co.
James Kretsch, James Kretsch & Associates, LLC
Catherine McKenzie, BellSouth
John Michael Matthews, John Michael Matthews Fine Jewelry
Mahendra Patel, Patel & Associates

Table of Contents

GENERAL INFORMATION

Annual Meeting	The Annual Meeting of the Stockholders will be held at Josef's Steakhouse, 2601 SE Morningside Boulevard, Port St. Lucie, Florida 34952 at 5:30 P.M., Wednesday, April 30th, 2008. A social hour will begin at 4:30 p.m.
Transfer Agent and Registrar	Registrar and Transfer Co. 10 Commerce Drive Cranford, NJ 07016 (800) 368-5948
Corporate Counsel	Igler & Dougherty, P.A. 2457 Care Drive Tallahassee, Florida 32308
Independent Auditors	Hacker, Johnson & Smith PA Independent Registered Public Accountants 500 West Cypress Creek Road, Suite 450 Fort Lauderdale, Florida 33309
Form 10-KSB	A copy of the Form 10-KSB as filed with the Securities and Exchange Commission may be obtained by stockholders without charge upon written request to Nancy E. Aumack, Senior Vice President and Chief Financial Officer, 1792 NE Jensen Beach Blvd., Jensen Beach, Florida 34957.

COMMON STOCK PRICES AND DIVIDENDS

The common stock of FPB Bancorp, Inc. is listed with the NASDAQ, under the symbol "FPBI". As of December 31, 2007 the Company had not declared a dividend. Future dividends, if any, will be determined by the Board of Directors. As of December 31, 2007, FPB Bancorp, Inc. had approximately 1,200 holders of record of common stock. A 5% stock dividend was paid on June 15, 2007.

Exhibit 31.1

CERTIFICATIONS

I, David W. Skiles, certify that:

1. I have reviewed this Form 10-KSB of FPB Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business

issuer's internal control over financial reporting.

Date: March 12, 2008 /s/ David W. Skiles

David W. Skiles

Principal Executive Officer

Exhibit 31.2

I, Nancy E. Aumack, certify that:

1. I have reviewed this Form 10-KSB of FPB Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: March 12, 2008

/s/ Nancy E. Aumack

Nancy E. Aumack

Principal Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of FPB Bancorp, Inc. on Form 10-KSB for the year ended December 31, 2007 as filed with the Securities and Exchange Commission (the "Report"), I, David W. Skiles, President and Chief Executive Officer of FPB Bancorp, Inc., certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of First Peoples Bank as of and for the period covered by the Report.

Date: March 12, 2008

By: /s/ David W. Skiles
David W. Skiles,
Principal Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of FPB Bancorp, Inc. on Form 10-KSB for the year ended December 31, 2007 as filed with the Securities and Exchange Commission (the "Report"), I, Nancy E. Aumack, Chief Financial Officer of FPB Bancorp, Inc., certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of First Peoples Bank as of and for the period covered by the report.

Date: March 12, 2008

By: /s/ Nancy E. Aumack
Nancy E. Aumack,
Principal Financial Officer