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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2013 AND ENDING 12/31/2013
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: FNBB Capital Markets, LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
600 University Park Place, Suite 380

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
Homewood AL 35209
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Laura Boudreaux 225-231-5011
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Postlethwaite & Netterville, APAC

(Name - if individual, state last, first, middle name)

8550 United Plaza Blvd., Suite 1001 Baton Rouge LA 70809
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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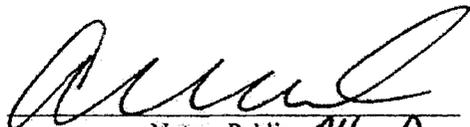
OATH OR AFFIRMATION

I, Laura Boudreaux, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FNBB Capital Markets, LLC, as of December 31, 2013, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

Senior Vice President, FINOPS

Title


Notary Public Allen David, 666765

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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FNBB CAPITAL MARKETS, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2013

P&N Postlethwaite
& Netterville

A Professional Accounting Corporation

www.pncpa.com

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FNBB CAPITAL MARKETS, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
FNBB Capital Markets, LLC
Birmingham, Alabama

We have audited the accompanying statements of financial condition of FNBB Capital Markets, LLC (the Company) as of December 31, 2013 and 2012, and the related statements of income, changes in member's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the years then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements referred to above present fairly, in all material respects, the financial position of FNBB Capital Markets, LLC as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17A-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedules I and II has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). In our opinion, the information in Schedules I and II is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
February 24, 2014

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 839,399	\$ 708,698
Restricted cash	16,682	16,682
Securities purchased under agreements to resell	100,415	100,317
Commissions receivables	132,794	118,794
Prepaid expenses	35,259	30,766
Furniture and equipment, net	<u>3,482</u>	<u>2,816</u>
Total Assets	<u>\$ 1,128,031</u>	<u>\$ 978,073</u>

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

Accrued commissions withheld	\$ -	\$ 124,461
Due to affiliates (Note 4)	83,741	52,814
Accrued employee benefits (Note 4)	76,276	30,955
Other liabilities	<u>808</u>	<u>4,191</u>
Total Liabilities	<u>160,825</u>	<u>212,421</u>

MEMBER'S EQUITY

Contributed capital	690,000	690,000
Accumulated equity	<u>277,206</u>	<u>75,652</u>
Total Member's Equity	<u>967,206</u>	<u>765,652</u>
Total Liabilities and Member's Equity	<u>\$ 1,128,031</u>	<u>\$ 978,073</u>

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

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Commissions and fees	\$ 1,286,238	\$ 746,262
Interest income	8,936	12,772
Total revenues	<u>1,295,174</u>	<u>759,034</u>
Expenses:		
Salaries and employee benefits	227,117	234,193
Commissions	562,957	227,832
Other general and administrative expenses	97,493	98,287
Licenses and fees	47,035	32,016
Accounting and auditing fees	16,000	13,000
Consulting fees	16,558	16,664
Depreciation expense	1,420	1,327
Total expenses	<u>968,580</u>	<u>623,319</u>
Income before income taxes	326,594	135,715
Income tax expense	125,040	51,827
Net income	<u>\$ 201,554</u>	<u>\$ 83,888</u>

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

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

STATEMENTS OF CHANGES IN MEMBER'S EQUITY
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Contributed Capital</u>	<u>Accumulated Equity (Deficit)</u>	<u>Total</u>
Balance, January 1, 2012	\$ 690,000	\$ (8,236)	\$ 681,764
Net income	-	83,888	83,888
Balance, December 31, 2012	690,000	75,652	765,652
Net income	-	201,554	201,554
Balance, December 31, 2013	<u>\$ 690,000</u>	<u>\$ 277,206</u>	<u>\$ 967,206</u>

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

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

STATEMENTS OF CHANGES IN LIABILITES SUBORDINATED TO
CLAIMS OF CREDITORS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Subordinated borrowings at January 1, 2012	\$	-
Increases		-
Decreases		-
		<hr/>
Subordinated borrowings at December 31, 2012		-
Increases		-
Decreases		-
		<hr/>
Subordinated borrowings at December 31, 2013	\$	<hr/> <hr/>

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

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 201,554	\$ 83,888
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	1,420	1,327
Changes in operating assets and liabilities:		
Securities purchased under agreements to resell	(98)	(815)
Commissions receivable	(14,000)	(21,290)
Prepaid expenses	(4,493)	(6,087)
Accrued commissions withheld	(124,461)	19,059
Accrued employed benefits	45,321	(4,296)
Other liabilities	(3,383)	(4,684)
Due to affiliates	30,927	9,198
Net cash provided by operating activities	132,787	76,300
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of furniture and equipment	(2,086)	-
Net cash used in investing activities	(2,086)	-
<u>NET INCREASE IN CASH</u>	130,701	76,300
Cash, beginning of year	708,698	632,398
Cash, end of year	\$ 839,399	\$ 708,698

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

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Description of business

FNBB Capital Markets, LLC (the Company) is a Financial Industry Regulatory Authority (FINRA), formerly the National Association of Securities Dealers, Inc. (NASD), registered broker/dealer under the Securities Exchange Act of 1934. The Company was initially approved to offer retirement products consisting of mutual funds and variable annuities to member banks of its sole member.

Effective July 28, 2005, in order to allow the Company to offer services to customers other than member banks of First National Bankers Bank (FNBB) due to restrictions within FNBB's charter, FNBB transferred its interest in the Company to (First National Bankers' Bankshares, Inc. (the "Parent"), and coincident therewith, the Parent became the sole member of the Company. The Company is a wholly owned subsidiary of the Parent. The Company was approved by the NASD in November 2005 to offer the sale of general securities including but not limited to mutual funds and variable insurance products to individual and corporate customers. In March 2005, the Company executed an agreement with a third-party clearing broker/dealer to carry customer accounts and to accept customer funds and securities. The Company also began executing contracts with registered representatives and brokers for the sale of these products.

Cash and cash equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits. At times during the year, the Company's cash accounts exceeded the related amount of federal depository insurance. The Company has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk.

The Company considers financial instruments with a maturity of less than 90 days to be cash equivalents.

Restricted cash

The Company has an interest bearing deposit with its clearing broker pursuant to its clearing agreement discussed above that is considered to be restricted and is not considered a cash equivalent.

Securities purchased under agreements to resell

It is the policy of the Company to obtain possession of collateral with a fair value equal to or in excess of the principal amount loaned under resale agreements. Collateral is valued daily, and the Company may require counterparties to deposit additional collateral or return collateral pledged when appropriate.

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Furniture and equipment, net

Furniture and equipment is recorded at cost. Depreciation is recorded on a straight-line basis using estimated useful lives of 3-10 years.

Commissions

Commissions consist of dealer commissions generated on securities transactions. Commissions, brokerage, and related clearing expenses are recorded on a settlement date basis as securities transactions occur, which approximates trade date.

Administrative service fees

Administrative service fees consist of fee income earned on the sale of retirement products consisting of mutual fund investments based on specified percentages of the net asset values for each fund at the end of each quarter.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Company accounts for income tax under applicable guidance contained in the Accounting Standards Codification (ASC). Accordingly, the Company also applies this guidance pursuant to the tax sharing agreement described in Note 3. Pursuant to the applicable ASC, an asset liability approach requires the recognition of deferred tax assets and liabilities for the expected tax consequences that have been recognized in the Company's financial statement or tax returns. In estimating future tax consequences, applicable guidance contained in the accounting standards generally considers all expected future events other than enactments of changes in tax law or rates. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Income taxes (continued)

On January 1, 2009, the Company adopted the accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. In management's judgment, the Company does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date. The federal tax years open for assessment include years ending on or after December 31, 2010.

Concentration of credit risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Fair value

Cash and restricted cash are considered short-term instruments, the carrying amounts are a reasonable estimate of fair value.

Receivables and credit policies

Commissions receivable are uncollateralized clearing broker obligations due under normal trade terms requiring payments within 30 days. The Company generally collects receivables within 30 days and does not charge interest on commissions receivable with invoice dates over 30 days old.

Receivables from brokers consist of commissions and fees earned on the sale of retirement products and general securities and receivables from others consist of receivables from registered representatives.

Commissions receivable, net of trading costs, are stated at the amount billed. Payments of commissions receivable are allocated to the specific transactions identified on the clearing broker statement or, if unspecified, are applied to the earliest unpaid amounts.

The carrying amount of commissions receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected.

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Receivables and credit policies (continued)

Management individually reviews all commissions receivable balances that exceed 30 days from the invoice date and based on an assessment of current creditworthiness, writes off the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining commissions receivable based on historical collectability. In the opinion of management, at December 31, 2013 and 2012, all commissions were considered collectible and no allowances were necessary.

Reclassification

Certain amounts in the 2012 financial statements have been reclassified to conform with the current year presentation.

2. Furniture and equipment, net

Classification of furniture and equipment, net are summarized as follows:

	<u>2013</u>	<u>2012</u>
Furniture	\$ 6,685	\$ 6,685
Office equipment	2,841	2,841
Computer equipment	18,279	16,193
Computer software	<u>2,522</u>	<u>2,522</u>
	30,327	28,241
Less: accumulated depreciation	<u>(26,845)</u>	<u>(25,425)</u>
	<u>\$ 3,482</u>	<u>\$ 2,816</u>

3. Income taxes

Effective January 1, 2006, pursuant to a tax-sharing agreement (the "Agreement") with the Parent, the Company's tax expense is determined on a separate return basis; and therefore, the Company is required to recognize an allocation of income taxes in its separate financial statements in accordance with the Agreement. For the years ended December 31, 2013 and 2012, the Company has recorded income tax expense of \$125,040 and \$51,827, respectively. In accordance with the terms of the Agreement, the Parent and the Company made payments to and from each other for the estimated tax expense during 2013 and 2012 totaling \$71,700 and \$25,200, respectively. Accordingly, the difference between the actual recorded income tax expense and the estimated tax payments received is included in amounts due to affiliates in the accompanying statements of financial condition. Amounts due from or (due to) affiliates relating to income tax totaled (\$54,342) and (\$19,511) as of December 31, 2013 and 2012, respectively. For the years ended December 31, 2013 and 2012, deferred income taxes expense of \$933 and \$1,239, respectively, is included in income tax expense.

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

NOTES TO FINANCIAL STATEMENTS

4. Related party transactions

The Company operates in facilities that are owned by the Parent. During 2013 and 2012, the Company was charged with certain operating expenses relating to salaries and benefits, rent, telephone, and insurance totaling \$821,514 and \$495,397, respectively, by the Parent. In addition, certain other operating expenses, including utilities and other overhead costs were absorbed by the Company's Parent in 2013 and 2012. The Company has amounts due to the Parent at December 31, 2013 and 2012, of \$160,017 and \$83,769, respectively, relating to income taxes (see Note 3) and salaries and employee benefits expenses.

5. Fair value measurement

The *Fair Value Measurements and Disclosure* topic of the FASB ASC, requires disclosure of fair value information about financial instruments, whether or not recognized in the statements of financial condition. 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. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments from its disclosure requirements. Therefore, the aggregate fair value amounts presented do not represent the underlying value of the Company.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a hierarchy of fair value inputs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents - the carrying amounts are a reasonable estimate of fair value.

Securities purchased under agreements to resell - the carrying amount approximates fair value.

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

NOTES TO FINANCIAL STATEMENTS

5. Fair value measurement (continued)

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Fair value of assets measured on a recurring basis

FASB ASC 825, *Financial Instruments*, provides a fair value option election that allows entities to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. Changes in fair value are recognized in earnings as they occur for those assets and liabilities for which the election is made. The election is made on an instrument by instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The fair value option has been elected for certain financial instruments that are not accounted for at fair value under other applicable accounting guidance.

At January 1, 2011, the Company elected the fair value option on a prospective basis for securities purchased under agreements to resell.

The Company's securities purchased under agreements to resell are considered level 2 in the hierarchy measured at fair value on a recurring basis of \$100,415 and \$100,317 at December 31, 2013 and 2012, respectively.

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

NOTES TO FINANCIAL STATEMENTS

6. Regulatory requirements

The Company, as a registered broker/dealer in securities, is subject to the uniform Net Capital Rule (Rule 15c3 – 1 under the Securities Exchange Act of 1934), which requires the maintenance of minimum net capital, as defined in the Rule of \$50,000, or 6.67% of aggregate indebtedness, whichever is greater. Also, the Uniform Net Capital Rule precludes the withdrawal of equity capital if the ratio of aggregate indebtedness to net capital exceeds 10 to 1. At December 31, 2013, the Company had net capital of \$799,008, which was \$749,008 in excess of its required net capital of \$50,000. The Company had aggregate indebtedness of \$159,892 at December 31, 2013. The Company's ratio of aggregate indebtedness to net capital ratio was 0.2 to 1 at December 31, 2013.

The Company is required to maintain a blanket fidelity bond, in a form substantially similar to the standard form of Brokers Blanket Bond promulgated by the Surety Association of America, covering officers and employees which provides against loss. The Financial Industry Regulatory Authority has allowed the Company to use the Parent's fidelity bond in the amount of \$100,000.

The Company acts as an introducing broker or dealer, promptly transmitting all funds and delivering all securities received in connection with its activities as a broker or dealer and does not otherwise hold funds or securities for or owe money or securities to customers. The Company operates under Section (k) (2) (ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and is therefore exempt from the requirement of Rule 15c3-3.

7. Subsequent events

Management has evaluated subsequent events through the date that the financial statements were available to be issued February 24, 2014 and determined no subsequent events have occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

FNBB CAPITAL MARKETS, LLC
BIRMINGHAM, ALABAMA

SCHEDULE I
COMPUTATION OF NET CAPITAL
DECEMBER 31, 2013

NET CAPITAL

Total member's equity	\$ 967,206
Less nonallowable assets:	
Limited commissions receivable	(29,042)
Furniture and equipment, net	(3,482)
Prepaid expenses	(35,259)
Securities purchased under agreements to resell	<u>(100,415)</u>

NET CAPITAL

\$ 799,008

COMPUTATION OF NET CAPITAL REQUIREMENT

Minimum net capital required	\$ <u>50,000</u>
------------------------------	------------------

EXCESS NET CAPITAL

\$ 749,008

AGGREGATE INDEBTEDNESS

Total liabilities	\$ 160,825
Less nonallowable liabilities:	
Deferred income taxes payable	<u>(933)</u>

AGGREGATE INDEBTEDNESS

\$ 159,892

RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL

0.2 to 1

There are no differences between the audited Computation of Net Capital above and the Company's corresponding Calculation of Net Capital in the Unaudited Part II Focus Report, other than a one dollar rounding difference.

FNBB CAPITAL MARKETS, LLC

Schedule II

**Computation for Determination of Reserve Requirements for
Broker-Dealers under Rule 15c3-3
of the Securities Exchange Act of 1934**

December 31, 2013

The Company has claimed exemption from the provisions of Rule 15c3 – 3 under the Securities Exchange Act of 1934, in that the Company’s activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of the Rule.

**Report on Internal Control Required by
SEC Rule 17a-5 for a Broker-Dealer Claiming
an Exemption from SEC Rule 15c3-3**

To the Board of Directors of
FNBB Capital Markets, LLC
Birmingham, Alabama

In planning and performing our audit of the financial statements of FNBB Capital Markets, LLC (the Company) as of and for the year ended December 31, 2013 (on which we have issued our report thereon dated February 24, 2014), in accordance with the standards of the Public Company Accounting Oversight Board (United States), we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purposes described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

Baton Rouge, Louisiana
February 24, 2014

AGREED UPON PROCEDURES

**Independent Accountants' Agreed Upon-Procedures Report
on Schedule of Assessment and Payments (Form SIPC-7)**

To the Board of Directors of
FNBB Capital Markets, LLC
Birmingham, Alabama

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessments and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2013, which were agreed to by FNBB Capital Markets, LLC, the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating FNBB Capital Markets, LLC's compliance with the applicable instructions of Form SIPC-7. FNBB's Capital Market, LLC's management is responsible for FNBB Capital Market, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records (cancelled check), noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2013, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2013, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences, as there were no adjustments proposed;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC -7 and in the related schedules and working papers supporting the adjustments noting no differences, as there were no adjustments proposed; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences; as there was no prior overpayment applied.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Pestlethwaite & Nettewille

Baton Rouge, Louisiana
February 24, 2014

SIPC-7

33-REV 7/10

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202 371-6300

General Assessment Reconciliation

SIPC-7

33-REV 7/10

For the fiscal year ended December 31 20 13

Read carefully the instructions in your Working Copy before completing this Form

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

066553 FINRA DEC
FNBB CAPITAL MARKETS LLC 16*16
600 UNIVERSITY PARK PL STE 380
BIRMINGHAM AL 35209-8806

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form line

Name and telephone number of person to contact respecting this form:

LAURA BOUDREAUX (225) 231-5011

2. A. General Assessment (Item 2e from page 2)	\$ <u>598</u>
B. Less payment made with SIPC-6 filed (exclude interest)	(<u>290</u>)
<u>July 17, 2013</u> Date Paid	
C. Less prior overpayment applied	(_____)
D. Assessment balance due or (overpayment)	<u>308</u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum	<u>0</u>
F. Total assessment balance and interest due (or overpayment carried forward)	\$ <u>308</u>
G. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as F above)	\$ <u>308</u>
H. Overpayment carried forward	\$ <u>0</u>

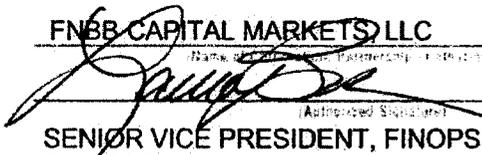
3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

NONE

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete

FNBB CAPITAL MARKETS LLC

(Mark with appropriate Partnership or other status, if applicable)


(Authorized Signature)
SENIOR VICE PRESIDENT, FINOPS

(Title)

Dated the 24 day of FEBRUARY, 20 14

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates: _____
Postmarked: _____ Received: _____ Reviewed: _____

Calculations: _____ Documentation: _____ Forward Copy: _____

Exceptions: _____

Disposition of exceptions: _____

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 1/1 2013
and ending 12/31 2013
Eliminate cents

Item No.		\$ 1,295,174
2a. Total revenue (FOCUS Line 12 Part IIA Line 9, Code 4630)		<u>1,295,174</u>
2b. Additions:		
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	0	<u>0</u>
(2) Net loss from principal transactions in securities in trading accounts.	0	<u>0</u>
(3) Net loss from principal transactions in commodities in trading accounts.	0	<u>0</u>
(4) Interest and dividend expense deducted in determining item 2a.	0	<u>0</u>
(5) Net loss from management of or participation in the underwriting or distribution of securities.	0	<u>0</u>
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.	0	<u>0</u>
(7) Net loss from securities in investment accounts.	0	<u>0</u>
Total additions	0	<u>0</u>
2c. Deductions:		
(1) Revenue from the distribution of shares of a registered open end investment company or unit investment trust; from the sale of variable annuities; from the business of insurance; from investment advisory services rendered to registered investment companies or insurance company separate accounts; and from transactions in security futures products.	1,029,519	<u>1,029,519</u>
(2) Revenues from commodity transactions.	0	<u>0</u>
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	7,319	<u>7,319</u>
(4) Reimbursements for postage in connection with proxy solicitation.	0	<u>0</u>
(5) Net gain from securities in investment accounts.	0	<u>0</u>
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.	523	<u>523</u>
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 1979(L) of the Act).	18,429	<u>18,429</u>
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C.)	0	<u>0</u>
(9) (i) Total interest and dividend expense (FOCUS Line 22; PART IIA Line 13 Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.	\$ 0	<u>0</u>
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	\$ 0	<u>0</u>
Enter the greater of line (i) or (ii).	0	<u>0</u>
Total deductions	1,055,790	<u>1,055,790</u>
2d. SIPC Net Operating Revenues		<u>\$ 239,384</u>
2e. General Assessment @ .0525		<u>\$ 598</u>

to page 7 line 2 A.