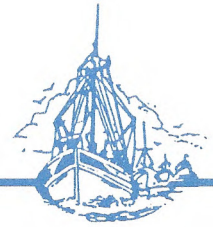


Peoples Financial Corporation

Post Office Box 529 • Biloxi, Mississippi 39533-0529 • 228-435-5511



April 27, 2016

RE: Shareholder Address, Annual Meeting April 27, 2016

Dear Shareholder:

We would like to welcome everyone to our 120th Annual Shareholder Meeting. On April 13, 2016 our Bank celebrated its 120th birthday.

During the 1st quarter 2016 Peoples Financial Corporation earned \$76,000 compared to a \$1,151,000 loss in the first quarter 2015 (Enclosure 1). What a difference a year makes. As we return to profitability, we will continue to focus on our bank's biggest issue – asset quality.

NON-ACCRUAL LOANS

The bank's non-accrual loans have decreased significantly since their highest peak on December 31, 2011 as follows (in thousands):

| | | |
|-------------------|----------|---|
| December 31, 2011 | \$57,593 | |
| December 31, 2012 | \$53,891 | |
| December 31, 2013 | \$26,131 | |
| December 31, 2014 | \$33,297 | |
| December 31, 2015 | \$15,186 | |
| March 31, 2016 | \$15,488 | A non-accrual loan on our books for \$629,163 paid in full on April 1 st . This also created a recovery of \$91,568 from a previous loan charge off and will be reflected in second quarter numbers. |

PROJECTED:

| | |
|--------------------|----------|
| June 30, 2016 | \$12,641 |
| September 30, 2016 | \$10,003 |
| December 31, 2016 | \$ 9,865 |

Of our non-accrual loans as of December 31, 2015, 14 loans totaling \$10,464,169 were performing as agreed. This was thirty-seven (37)% by number and sixty-nine (69)% by dollar amount. Beginning in the fourth quarter we anticipate non-accrual principle reductions of approximately \$50,000 per month.

In November of 2015, the Bank finalized collection of our largest out-of-area credit. The bank had previously recorded a provision for loan losses of \$7,600,000 on this loan in 2013, and another \$2,000,000 provision in 2014.

The sale of this loan was for a purchase price of \$6,000,000, with a down payment of \$3,000,000 and a \$3,000,000 note that matured with 3% interest in November 2015. The bank had previously foreclosed on the remaining collateral in September 2014 and completed foreclosure February 2015. The February 2015 foreclosure resulted in \$4,949,630 being transferred to Other Real Estate.

Other Real Estate (ORE)

The Bank is constantly reviewing our property values due to fluctuating real estate prices. The large increase in ORE over the last year has been due to management's aggressive program of identifying and resolving problem credit issues. In March 2008, the bank hit an all-time low of eight (8) pieces of ORE on its books with a valuation of \$8. The following is the ORE on our books since 2009:

| | 2009 | | 2010 | | 2011 | | 2012 | | 2013 | | 2014 | | 2015 | |
|------|------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|------|------------|
| | # | \$ | # | \$ | # | \$ | # | \$ | # | \$ | # | \$ | # | \$ |
| Mar | (14) | 811,711 | (23) | 1,750,963 | (40) | 6,937,128 | (38) | 7,725,111 | (30) | 6,657,000 | (39) | 9,083,788 | (48) | 12,297,000 |
| June | (17) | 3,083,812 | (23) | 1,396,913 | (46) | 8,163,237 | (39) | 7,523,111 | (32) | 6,824,000 | (36) | 8,981,057 | (42) | 11,762,427 |
| Sept | (20) | 2,745,468 | (30) | 2,818,834 | (41) | 6,962,738 | (39) | 7,368,534 | (36) | 9,426,361 | (40) | 9,709,976 | (29) | 10,900,144 |
| Dec | (22) | 1,521,313 | (32) | 5,744,150 | (34) | 6,151,238 | (35) | 7,008,184 | (41) | 9,630,247 | (40) | 7,646,226 | (28) | 9,916,252 |

On March 31, 2016 the Bank had 25 properties on its books for \$9,840,000. The Bank currently has six (6) parcels of land under contract for \$1,459,800. Five of these parcels are scheduled to close in the second quarter. The parcels have been written down to their contract price minus real estate commission. We anticipate that our ORE inventory will decline approximately \$3,000,000 in 2016 and \$2,000,000 annually thereafter as we clean up our non-performing loans and our foreclosure pipeline continues to shrink. Based on our experience in the last two recessions, we anticipate our ORE to remain in the mid seven-figure range for the next two years as it is acquired and disposed of.

During 2015 the company acquired 24 parcels through foreclosure with a carrying value of \$7,502,496 and disposed of a total of 35 parcels with a carrying value of \$4,294,943 at a net sales price of \$3,505,545. The Bank anticipated the need to reduce the number of ORE properties and the dollar amount outstanding. We held a public auction on August 20, 2015. The auction had 31 properties and 18 of the properties sold (49%) for a sales price of \$857,815. ORE was reduced \$1,768,112. The auction results were in line with management expectations.

Schedule of Gain or Loss on ORE Sold as of December 31

| Year | Carrying Value | Net Sale Price | Gain (Loss) on ORE Sold | # Properties Disposed of | ORE Book Value at Dec. 31 |
|-----------------|-------------------|-------------------|-------------------------|--------------------------|---------------------------|
| 2009 | \$2,897,673 | \$3,047,731 | \$ 150,058 | 11 | \$ 1,521,313 |
| 1) 2010 | 1,414,850 | 1,328,000 | (86,850) | 14 | 5,744,150 |
| 2) 2011 | 2,101,416 | 1,921,026 | (180,390) | 25 | 6,153,238 |
| 3) 2012 | 1,567,274 | 1,546,005 | (21,269) | 16 | 7,008,184 |
| 4) 2013 | 1,186,509 | 1,123,936 | (62,573) | 12 | 9,630,247 |
| 5) 2014 | 2,067,589 | 2,115,000 | 47,411 | 14 | 7,646,226 |
| 6) 2015 | 4,294,943 | 3,505,545 | (789,398) | 35 | 9,916,252 |
| 7) 3/31/16 | <u>535,180</u> | <u>592,317</u> | <u>57,137</u> | <u>3</u> | 9,840,000 |
| 8) TOTAL | <u>16,065,434</u> | <u>15,179,560</u> | <u>(885,874)</u> | <u>130</u> | |

- 1) 2010 (loss) does not include \$ 77,350 write down or adjustment to contract price that was expensed.
- 2) 2011 (loss) does not include \$ 127,300 write down or adjustment to contract price that was expensed.
- 3) 2012 (loss) does not include \$ 249,600 write down or adjustment to contract price that was expensed.
- 4) 2013 (loss) does not include \$ 852,807 write down or adjustment to contract price that was expensed.
- 5) 2014 (gain) does not include \$ 389,591 write down or adjustment to contract price that was expensed
- 6) 2015 (loss) does not include \$ 1,237,075 write down or adjustment to contract price that was expensed.
- 7) 2016 (gain) does not include \$ 33,000 write down or adjustment to contract price that was expensed.
- 8) Total does not include \$ 2,966,723 write down or adjustment to contract price that was expensed

LOAN LOSS RESERVE

The bank has reduced its \$170,000 monthly provision to its loan loss account to \$85,000 monthly for 2016. We were encouraged by our negative \$225,000 provision in the fourth quarter of 2015 and the need to only provide \$113,000 for the first quarter of this year. Please note our loan loss provision in 2015 was the lowest in the last seven (7) years and the provision continues the downward trend it has followed for the last three (3) years.

Allowance for Loan Loss Reserve

Year Ended December 31

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 3/31/16 |
|---|-----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|
| Allowance for loan losses beginning of period | \$11,114 | \$7,828 | \$6,650 | \$8,136 | \$ 8,857 | \$8,934 | \$9,206 | \$8,070 |
| Recoveries | 569 | 268 | 223 | 133 | 538 | 598 | 390 | 44 |
| Charge-Offs | (9,080) | (8,291) | (1,672) | (3,676) | (10,122) | (7,730) | (4,108) | (663) |
| Provision for loan losses | <u>5,225</u> | <u>6,845</u> | <u>2,935</u> | <u>4,264</u> | <u>9,661</u> | <u>7,404</u> | <u>2,582</u> | <u>113</u> |
| Allowance for loan losses end of period | <u>\$ 7,828</u> | <u>\$6,650</u> | <u>\$8,136</u> | <u>\$8,857</u> | <u>\$ 8,934</u> | <u>\$9,206</u> | <u>\$8,070</u> | <u>\$7,564</u> |

Our aggressive program of identifying and managing problem loans has continued since 2013. This has been a painful process, but the result is a cleaner, stronger balance sheet that has positioned us for more robust growth as our economy gradually recovers.

We are taking the liberty of including our past due loan status showing the number and dollar amount of loans in each category at the end of each year and the current quarter. We hope that you are satisfied with the progress.

AGING OF PAST DUE LOANS

| | 30-59 Days | | 60 - 89 Days | | 90 Days Accruing | | Non Accruals | | Total | | % of Total Loans | Total Loans |
|----------|------------|--------------|--------------|-------------|------------------|-------------|--------------|--------------|-------|--------------|------------------|---------------|
| | # | Amt | # | Amt | # | Amt | # | Amt | # | Amt | | |
| 12/31/11 | 136 | \$17,373,673 | 27 | \$3,924,249 | 13 | \$1,832,431 | 64 | \$57,592,714 | 240 | \$80,723,067 | 18.7% | \$432,407,000 |
| 12/31/12 | 137 | \$17,680,602 | 31 | \$2,808,965 | 11 | \$1,538,895 | 54 | \$53,890,511 | 233 | \$75,918,973 | 17.7% | \$429,738,335 |
| 12/31/13 | 124 | \$12,859,783 | 12 | \$2,590,023 | 8 | \$ 749,559 | 42 | \$26,171,386 | 188 | \$42,370,751 | 11.3% | \$374,578,330 |
| 12/31/14 | 99 | \$ 8,002,829 | 17 | \$2,185,595 | 10 | \$ 763,469 | 60 | \$33,297,556 | 186 | \$44,249,449 | 12.2% | \$361,687,083 |
| 12/31/15 | 81 | \$ 8,589,882 | 19 | \$3,316,737 | 3 | \$ 145,524 | 37 | \$15,185,797 | 140 | \$27,237,940 | 8.1% | \$337,131,946 |
| 03/31/16 | 84 | \$ 6,918,664 | 8 | \$2,129,037 | 4 | \$ 178,703 | 39 | \$15,448,298 | 135 | \$24,764,702 | 7.3% | \$337,018,990 |

CAPITAL

Capital has always been a hallmark of this institution. Historically, since the Great Depression, this bank maintained a much higher capital level than all of its peers. The next table reflects the book value per share, the total company capital, and our primary capital-to-average assets since 2004.

| | Date | Book Value per Share | Total Capital | Primary Capital to Avg. Assets |
|--------------|------------|----------------------|---------------|--------------------------------|
| | 12/31/04 | \$15.44 | \$ 85,801,000 | 15.87% |
| | * 12/31/05 | \$15.77 | 87,503,000 | 13.67% |
| | 12/31/06 | \$17.71 | 98,233,000 | 11.91% |
| | 12/31/07 | \$19.56 | 106,542,000 | 12.13% |
| Market Value | 12/31/08 | \$20.27 | 107,000,000 | 12.81% |
| \$20.32 | 12/31/09 | \$20.11 | 103,588,000 | 12.49% |
| \$15.16 | 12/31/10 | \$19.68 | 101,357,000 | 12.96% |
| \$10.31 | 12/31/11 | \$21.31 | 109,452,000 | 14.65% |
| \$ 9.44 | 12/31/12 | \$21.61 | 111,021,000 | 14.71% |
| \$13.05 | 12/31/13 | \$19.25 | 99,147,000 | 13.64% |
| \$12.45 | 12/31/14 | \$18.53 | 94,951,000 | 14.38% |
| \$ 9.10 | 12/31/15 | \$17.93 | 91,839,000 | 15.06% |
| \$ 9.03 | 03/31/16 | \$18.18 | 93,156,000 | 14.85% |

*Hurricane Katrina

LIQUIDITY

The Bank has a liquidity plan that has been tested. Our cash flows are monitored and measured. In our recent stress tests of cash flows, management has observed satisfactory results. Our contingency funding plan addresses liquidity during crisis scenarios. Our greatest source of liquidity is from our large commercial checking accounts and the FHLB of Dallas. Our emergency source of liquidity is from the Federal Reserve Discount Window.

Bank management feels that we are a leader in public deposits in our market and we consider all large accounts stable. While essentially all securities are pledged, management routinely pledges securities in excess of the secured liability to the state of Mississippi to facilitate the release of called and sold securities.

We have put an emphasis on growing our consumer base. Our branch at KAFB opened in July of 2013 and our branch at the Armed Forces Retirement Home (AFRH) opened in September 2014. These branches fill a gap in our Biloxi-Gulfport market. Even though they are a limited access facilities, we still hope to reach a deposit level of \$8 million within two years. We hope to tap into the military retiree market and those professional and technical personnel that service these facilities. We feel that this will help expand our consumer base.

EARNINGS

We acknowledge that earnings need improvement. Our continued provision for loan loss has negatively impacted our earnings.

In February 2016, the Bank had \$27,000,000 in called agency securities that generated a gain of \$72,000.00. \$10,000,000 of these securities had a maturity of 2025 and \$17,000,000 of these securities had a maturity of 2028, the Bank also had \$1,560,000 of municipals called in February.

In the quarter ended December 31, 2015, the bank reported net income of \$717,000 and a net loss of \$4,592,000 for the full year due to charges related to non-performing assets and \$1,695,000 loss on credit impairment of a security. Improvement in the quality of our loan portfolio required a negative \$225,000 in loan loss provisions for the fourth quarter of 2015, reducing the total loss provision to \$2,582,000 for the year ended December 31, 2015.

The company has historically carried a considerable amount of deferred tax assets resulting from non-deductible provisions for loan losses, deferred compensation expenses and tax credits. In consideration of the company's recent losses, management evaluated deferred tax assets and established a valuation allowance of \$8,140,000, a non-cash charge to earnings, during the fourth quarter of 2014. The valuation allowance as of December 31, 2015 was \$10,106,000. The Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, requires a valuation allowance if, based on the weight of available evidence, it is more likely than not that all or some portion of a deferred tax asset will not be realized. The valuation allowance was necessary due to losses from operations during the last three years.

More detailed information on this is found on page 24 of our annual report under Note I – Income Taxes. The company has a federal operating loss carry forward of \$7,000,000 that will begin to expire in 2034.

Tax-planning strategies that will be implemented to return to sustained earnings as follows:

- 1) As the bank works through the credit quality issues, we expect the provision expense and ORE losses to decline significantly.
- 2) Accelerate taxable amounts to utilize tax carry-forwards.
- 3) Switch from tax-exempt securities to taxable investment securities. The bank's state, county and municipal (SCM) sector has the largest gain in our portfolio and most of the securities are classified as "available for sale" (Enclosure 2). The SCM securities are being identified for liquidation along with some longer duration agency and mortgage backed securities. The proceeds of the security sales will be reinvested in loans and taxable SCM securities, such as school district bonds to increase taxable income.

The long and the short of the above is that as a result of the ASC 740-20-45-7 exception, the company has recorded a tax benefit in continuing operations of \$762,000 and tax provision in other comprehensive income for an equal and offsetting amount, for the year ended December 31, 2015.

FUTURE PLANS

What is The Peoples Bank doing to insure its future profitability?

Short Term

1. Continue to work to reduce non-accrual loans, past due loans, and other real estate. We are making great progress. The monthly loan loss provision has been reduced from \$170,000 monthly to \$85,000 monthly. The fourth quarter 2015 provision was a negative \$225,000 provision, and the first quarter 2016 provision was only \$113,000.
2. The expense reduction program started eighteen months ago resulted in a \$10,000.00 per month savings starting on February 1st in our data processing area.
3. The Federal Reserve discount rate / Fed funds rate increase of 25 basis points in mid December resulted in a \$9,000 per month increase in net income as New York Prime adjusted 25 basis points from 3.25% to 3.50%. This was totally unexpected.
4. Continue our technology upgrade throughout our bank network. Our emphasis for 2016 will be the replacement of our entire ATM system to be EMV chip compliant prior to the mandatory compliance date of October 2017. The estimated cost of this project is close to \$1 million. We currently have 35 ATM machines in our system. Twenty-three machines are compliant as of March 31, 2016 with another nine machines left to convert by June 2016. Most of these machines will have image capability on the ATM's which goes along with our mobile banking program. There are three (3) ATM machines that do not meet our minimum threshold of the three hundred (300) transactions per month that will be closed.
5. The Bank is in the process of reissuing all new bank debit cards that will be EMV compliant by April/May 2016.
6. Enhanced debit card fraud protection capability through "Card Guardian" text message alert service.
7. After the debit card issuance is complete, the Bank will roll out its new credit card program
8. Mobile check deposit service. Deposit checks conveniently and securely to checking or savings accounts with our mobile app PeoplesGreen2Go.
9. Upgrading online Bill Pay service with new person-to-person funds transfer feature.
10. The Bank is in the process of upgrading all new teller machines (50) for a total cost of \$75,000.00
11. Since the Bank is celebrating its 120th birthday this month, we are rolling out a new marketing campaign to refresh our brand and make it more appealing to our younger and more mobile customers.

Long Term

1. Re-establish a semi-annual dividend
2. Re-instate share buy-back program.

We are confident that as we address our asset quality issues and the Mississippi Gulf Coast's economy gains traction, our earnings will improve.

Before I close I would like to comment on the resilience of our local economy. This is mainly attributable to the fall in gasoline prices. Our tourism market is a rubber tire market. We have seen an increase in gaming revenues, an increase in new restaurants, an increase in retail sales, and an increase in car sales. We are starting to see more air travel and more hotel construction which bodes well for our future growth. We even had a major league baseball club play a game in Biloxi for the first time since 1938. Things really are brighter on the Mississippi Gulf Coast.

Sincerely yours,



Chevis C. Swetman
President and CEO

CCS/kmg

Enclosures: 1. Peoples Financial Corporation First Quarter 2016 Press Release
 2. Holdings and Fair Value Report



FOR IMMEDIATE RELEASE

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**PEOPLES FINANCIAL CORPORATION REPORTS RESULTS FOR
FIRST QUARTER OF 2016**

BILOXI, MS (April 27, 2016) – Peoples Financial Corporation (**NASDAQ Capital Market: PFBX**), parent of The Peoples Bank, reported net income of \$76,000 for the first quarter of 2016, announced Chevis C. Swetman, chairman and chief executive officer of the holding company and the bank.

Provision for loan losses during the first quarter of 2016 decreased to \$113,000 compared to \$986,000 for the same period last year. The allowance for loan losses as a percentage of total loans was 2.24% as of March 31, 2016 as compared to 2.69% as of March 31, 2015.

As of March 31, 2016, Other Real Estate (“ORE”) was \$9,840,000 compared to \$12,297,000 as of March 31, 2015. Write downs in the value of existing ORE properties were \$355,000 for the first quarter of 2016 compared to \$411,000 for the first quarter of 2015. These write downs in 2016 are related to five real estate properties currently under contract which are anticipated to close by the end of the third quarter of 2016. The company’s ORE inventory is projected to decrease by approximately \$1,500,000 as a result of these real estate sales.

“We are pleased with our continued asset quality progress,” said Swetman. “On April 13th we commemorated our 120th anniversary and we are confident 2016 will be a positive year toward enhancing our long-term financial prosperity,” he added.

Earnings per weighted average share for first quarter of 2016 was \$0.01, compared to a loss of \$0.22 per weighted average share in the first quarter of 2015. Per share figures are based on weighted average common shares outstanding of 5,123,186 for the three-month periods ended March 31, 2016 and March 31, 2015.

The Company's primary capital ratio decreased to 14.85% as of March 31, 2016, compared to 15.06% at the end of the same period in 2015.

Founded in 1896, with \$700 million in assets as of March 31, 2016, The Peoples Bank operates 18 branches along the Mississippi Gulf Coast in Hancock, Harrison, Jackson and Stone counties. In addition to a comprehensive range of retail and commercial banking services, the bank also operates a trust and investment services department that has provided customers with financial, estate and retirement planning services since 1936.

The Peoples Bank is a wholly-owned subsidiary of Peoples Financial Corporation, listed on the NASDAQ Capital Market under the symbol PFBX. Additional information is available on the Internet at www.thepeoples.com.

This news release contains forward-looking statements and reflects industry conditions, company performance and financial results. These forward-looking statements are subject to a number of risk factors and uncertainties which could cause the Company's actual results and experience to differ from the anticipated results and expectation expressed in such forward-looking statements.

PEOPLES FINANCIAL CORPORATION
(In thousands, except per share figures) (Unaudited)

EARNINGS SUMMARY

| Three Months Ended March 31, | 2016 | 2015 |
|------------------------------|----------|----------|
| Net interest income | \$ 4,538 | \$ 4,755 |
| Provision for loan losses | 113 | 986 |
| Non-interest income | 1,643 | 1,941 |
| Non-interest expense | 5,992 | 6,861 |
| Net income (loss) | 76 | (1,151) |
| Earnings (loss) per share | .01 | (.22) |

TRANSACTIONS IN THE ALLOWANCE FOR LOAN LOSSES

| Three Months Ended March 31, | 2016 | 2015 |
|--|-----------------|-----------------|
| Allowance for loan losses, beginning of period | \$ 8,070 | \$ 9,206 |
| Recoveries | 44 | 57 |
| Charge-offs | (663) | (264) |
| Provision for loan losses | 113 | 986 |
| Allowance for loan losses, end of period | <u>\$ 7,564</u> | <u>\$ 9,985</u> |

PERFORMANCE RATIOS

| March 31, | 2016 | 2015 |
|--------------------------|-------|---------|
| Return on average assets | .04% | (.65%) |
| Return on average equity | .33% | (4.81%) |
| Net interest margin | 3.12% | 3.20% |
| Efficiency ratio | 99% | 120% |

BALANCE SHEET SUMMARY

| March 31, | 2016 | 2015 |
|-------------------------|------------|------------|
| Total assets | \$ 700,237 | \$ 724,971 |
| Loans | 337,911 | 371,591 |
| Securities | 243,982 | 249,963 |
| Other real estate (ORE) | 9,840 | 12,297 |
| Total deposits | 581,235 | 561,692 |
| Shareholders' equity | 93,156 | 96,402 |
| Book value per share | 18.18 | 18.82 |
| Weighted average shares | 5,123,186 | 5,123,186 |

PERIOD END DATA

| March 31, | 2016 | 2015 |
|--|--------|--------|
| Allowance for loan losses as a percentage of loans | 2.24% | 2.69% |
| Loans past due 90 days and still accruing | 179 | 297 |
| Nonaccrual loans | 15,448 | 30,168 |
| Primary capital | 14.85% | 15.06% |

**The Peoples Bank
Securities Portfolio
Holdings and Fair Value Report**

| AGENCY | | | | | MORTGAGE BACKED SECURITIES | | | | MUNICIPALS | | | | | US TREASURY | | | | Total Securities | Total |
|----------------|-----------------------------|----------------|----------------|-----------------------|-----------------------------------|----------------|----------------|--------------------|--------------------|-----------------------------|----------------|----------------|--------------------|-----------------------------|----------------|----------------|-------------------------|----------------------|------------------|
| | Weighted Maturity (YRS) | Weighted Yield | Fair Value | Agency Unrealized P/L | Weighted Maturity (YRS) | Weighted Yield | Fair Value | MBS Unrealized P/L | Tax Eq Yield Munis | Weighted Maturity (YRS) | Weighted Yield | Fair Value | SCM Unrealized P/L | Weighted Maturity (YRS) | Weighted Yield | Fair Value | Treasury Unrealized P/L | Unrealized P/L | Fair Value |
| 2014 | | | | | | | | | | | | | | | | | | | |
| JAN | 9.433 | 2.078 | \$147,413,396 | (\$8,362,070) | 5.174 | 2.309 | \$50,284,078 | (\$600,589) | 4.959 | 6.785 | 3.338 | \$47,176,291 | \$1,202,548 | 5.357 | 1.423 | \$43,989,080 | (\$651,064) | (\$8,411,176) | \$288,862,845 |
| FEB | 9.602 | 2.102 | \$144,125,079 | (\$7,654,292) | 5.045 | 2.294 | \$49,824,583 | (\$538,477) | 4.951 | 6.703 | 3.332 | \$47,244,911 | \$1,166,258 | 5.280 | 1.423 | \$44,093,781 | (\$549,740) | (\$7,576,251) | \$285,288,353 |
| MAR | 9.517 | 2.110 | \$143,869,141 | (\$7,914,766) | 5.038 | 2.307 | \$49,292,220 | (\$570,482) | 4.926 | 6.592 | 3.315 | \$47,474,417 | \$1,048,084 | 5.196 | 1.423 | \$43,900,561 | (\$746,622) | (\$8,183,785) | \$284,536,339 |
| APR | 9.430 | 2.109 | \$145,380,976 | (\$6,407,091) | 5.060 | 2.323 | \$48,944,470 | (\$361,434) | 4.926 | 6.510 | 3.315 | \$47,762,133 | \$1,337,888 | 5.110 | 1.423 | \$44,015,890 | (\$634,903) | (\$6,065,540) | \$286,103,469 |
| MAY | 9.330 | 2.108 | \$146,522,782 | (\$5,269,778) | 5.050 | 2.307 | \$48,917,759 | \$126,351 | 4.932 | 6.480 | 3.321 | \$47,355,789 | \$1,433,014 | 4.970 | 1.417 | \$44,384,761 | (\$269,791) | (\$3,980,204) | \$287,181,091 |
| JUN | 9.430 | 2.107 | \$143,116,392 | (\$5,680,727) | 4.930 | 2.341 | \$48,279,243 | \$65,081 | 4.928 | 6.560 | 3.318 | \$49,356,345 | \$1,248,903 | 4.890 | 1.407 | \$44,197,699 | (\$460,453) | (\$4,827,197) | \$284,949,680 |
| JUL | 9.350 | 2.106 | \$144,266,283 | (\$4,536,375) | 4.920 | 2.325 | \$47,601,063 | (\$7,176) | 4.948 | 6.560 | 3.329 | \$49,258,144 | \$1,371,698 | 4.800 | 1.407 | \$44,323,960 | (\$337,992) | (\$3,509,845) | \$285,449,450 |
| AUG | 9.280 | 2.109 | \$144,987,921 | (\$3,820,808) | 4.870 | 2.328 | \$47,111,594 | \$125,999 | 4.818 | 6.510 | 3.234 | \$48,784,689 | \$1,437,510 | 4.750 | 1.417 | \$44,473,211 | (\$192,469) | (\$2,449,768) | \$285,356,785 |
| SEP | 9.200 | 2.030 | \$144,074,963 | (\$4,738,179) | 4.790 | 2.214 | \$46,370,775 | (\$29,828) | 5.284 | 6.620 | 3.187 | \$50,256,869 | \$1,294,251 | 5.550 | 1.629 | \$37,277,580 | (\$391,555) | (\$3,865,311) | \$277,980,186 |
| OCT | 8.940 | 1.988 | \$117,653,251 | (\$2,144,019) | 4.900 | 2.132 | \$36,590,187 | \$116,409 | 5.297 | 6.560 | 3.559 | \$50,230,891 | \$1,457,033 | 4.860 | 1.435 | \$29,743,280 | (\$39,279) | (\$609,856) | \$234,217,608 |
| NOV | 8.860 | 1.987 | \$117,269,109 | (\$2,532,262) | 4.780 | 2.133 | \$36,117,304 | \$74,494 | 4.704 | 6.510 | 3.168 | \$47,802,170 | \$1,251,729 | 4.750 | 1.434 | \$29,640,480 | (\$144,643) | (\$1,350,682) | \$230,829,063 |
| DEC | 8.780 | 2.051 | \$117,989,491 | (\$1,815,236) | 4.610 | 2.132 | \$35,817,057 | \$146,204 | 4.629 | 6.480 | 3.118 | \$48,871,368 | \$1,255,176 | 4.660 | 1.435 | \$29,653,250 | (\$134,479) | (\$548,334) | \$232,331,166 |
| *AGENCY | | | | | MORTGAGE BACKED SECURITIES | | | | MUNICIPALS | | | | | ***US TREASURY | | | | TOTAL | |
| | AGY Weighted Maturity (YRS) | Weighted Yield | AGY Fair Value | AGY Unrealized P/L | MBS Weighted Maturity (YRS) | Weighted Yield | MBS Fair Value | MBS Unrealized P/L | TEY Munis | SCM Weighted Maturity (YRS) | Weighted Yield | SCM Fair Value | SCM Unrealized P/L | UST Weighted Maturity (YRS) | Weighted Yield | UST Fair Value | UST Unrealized P/L | Total Unrealized P/L | Total Fair Value |
| 2015 | | | | | | | | | | | | | | | | | | | |
| JAN | 8.690 | 2.050 | \$119,668,482 | (\$139,727) | 4.600 | 2.143 | \$35,654,246 | \$490,552 | 4.629 | 6.400 | 3.119 | \$49,217,946 | \$1,606,584 | 4.580 | 1.435 | \$30,097,590 | \$307,207 | \$2,264,617 | \$234,638,264 |
| FEB | 8.270 | 1.936 | \$103,664,928 | (\$1,146,501) | 4.050 | 2.143 | \$35,039,391 | \$235 | 4.628 | 6.340 | 3.117 | \$48,781,012 | \$1,274,002 | 3.890 | 1.267 | \$44,725,241 | (\$48,581) | \$313,969 | \$232,210,571 |
| MAR | 8.180 | 1.936 | \$104,824,225 | \$9,219 | 4.430 | 2.154 | \$34,820,886 | \$457,727 | 4.628 | 6.250 | 3.118 | \$48,838,908 | \$1,337,216 | 3.590 | 1.193 | \$55,187,335 | \$345,062 | \$2,149,224 | \$243,671,355 |
| APR | 8.100 | 1.936 | \$104,751,329 | (\$66,927) | 4.300 | 2.159 | \$34,442,969 | \$479,987 | 4.606 | 6.210 | 3.104 | \$47,627,235 | \$1,200,524 | 3.510 | 1.194 | \$55,248,090 | \$404,838 | \$2,018,421 | \$242,069,623 |
| MAY | 7.770 | 1.955 | \$99,107,776 | (\$713,981) | 4.650 | 2.055 | \$33,672,656 | \$240,083 | 4.636 | 6.250 | 3.111 | \$46,018,621 | \$822,230 | 3.420 | 1.194 | \$55,048,860 | \$204,590 | \$552,921 | \$233,847,914 |
| JUN | 7.680 | 1.972 | \$98,494,625 | (\$1,330,318) | 4.770 | 2.055 | \$32,906,318 | (\$41,053) | 4.644 | 6.250 | 3.116 | \$45,389,276 | \$782,881 | 3.340 | 1.194 | \$54,804,175 | (\$41,021) | (\$629,511) | \$231,594,395 |
| JUL | 7.600 | 1.971 | \$98,962,878 | (\$865,699) | 4.780 | 2.214 | \$32,503,998 | \$101,775 | 4.611 | 6.190 | 3.093 | \$44,721,743 | \$946,009 | 3.260 | 1.194 | \$54,929,270 | \$83,069 | \$265,154 | \$231,117,889 |
| AUG | 7.310 | 1.889 | \$94,902,310 | \$66,624 | 4.510 | 2.055 | \$32,328,116 | \$372,420 | 4.601 | 6.170 | 3.087 | \$44,339,544 | \$1,013,820 | 3.170 | 1.194 | \$55,269,410 | \$442,237 | \$1,875,101 | \$226,839,380 |
| SEP | 7.240 | 1.910 | \$91,156,384 | (\$214,142) | 4.570 | 2.055 | \$31,842,874 | \$339,885 | 4.615 | 6.180 | 3.096 | \$43,640,506 | \$944,698 | 3.090 | 1.194 | \$55,129,155 | \$281,065 | \$1,351,505 | \$221,768,919 |
| OCT | 7.470 | 1.982 | \$86,553,604 | \$184,216 | 4.490 | 2.224 | \$31,366,546 | \$463,215 | 4.616 | 6.100 | 3.111 | \$41,903,953 | (\$606,579) | 3.060 | 1.196 | \$54,216,230 | \$367,143 | \$407,995 | \$214,040,333 |
| NOV | 7.390 | 1.982 | \$86,137,901 | (\$230,460) | 4.670 | 2.243 | \$30,599,255 | \$106,909 | 4.540 | 6.010 | 3.062 | \$41,585,663 | (\$695,011) | 2.800 | 1.196 | \$53,829,995 | (\$20,197) | (\$838,759) | \$212,152,813 |
| DEC | 7.300 | 1.984 | \$86,053,499 | (\$313,617) | 4.700 | 2.254 | \$30,129,497 | \$23,572 | 4.550 | 5.980 | 3.069 | \$41,260,650 | \$1,099,922 | 2.900 | 1.201 | \$63,753,403 | (\$91,630) | \$718,247 | \$221,197,049 |
| *AGENCY | | | | | MORTGAGE BACKED SECURITIES | | | | MUNICIPALS | | | | | ***US TREASURY | | | | TOTAL | |
| | AGY Weighted Maturity (YRS) | Weighted Yield | AGY Fair Value | AGY Unrealized P/L | MBS Weighted Maturity (YRS) | Weighted Yield | MBS Fair Value | MBS Unrealized P/L | TEY Munis | SCM Weighted Maturity (YRS) | Weighted Yield | SCM Fair Value | SCM Unrealized P/L | UST Weighted Maturity (YRS) | Weighted Yield | UST Fair Value | UST Unrealized P/L | Total Unrealized P/L | Total Fair Value |
| 2016 | | | | | | | | | | | | | | | | | | | |
| JAN | 7.220 | 1.984 | \$86,484,480 | \$118,361 | 4.350 | 2.245 | \$29,962,547 | \$280,308 | 4.551 | 5.900 | 3.069 | \$41,640,816 | \$1,304,804 | 2.740 | 1.190 | \$64,135,080 | \$288,659 | \$1,992,132 | \$222,222,923 |
| FEB | 5.190 | 1.750 | \$59,708,408 | \$314,919 | 3.960 | 2.241 | \$29,848,367 | \$499,716 | 4.532 | 5.900 | 3.057 | \$39,917,419 | \$1,414,241 | 1.760 | 0.088 | \$98,400,735 | \$581,636 | \$2,810,512 | \$227,874,929 |
| MAR | 5.590 | 1.830 | \$54,439,642 | \$47,623 | 4.280 | 2.260 | \$29,393,132 | \$412,266 | 4.456 | 5.990 | 3.080 | \$42,287,295 | \$1,176,866 | 1.550 | 0.836 | \$113,201,970 | \$431,013 | \$2,067,768 | \$239,322,039 |