Board of Governors of the Federal Reserve System

FRB RICHMOND

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law; Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(a) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners’ Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

I, Brad E. Schwartz
Name of the Holding Company Director and Official
Chief Executive Officer, Director

Title of the Holding Company Director and Official

attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board’s “Rules Regarding Availability of Information,” 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official
03/24/2015

Date of Signature

For holding companies not registered with the SEC—indicate status of Annual Report to Shareholders:
☐ is included with the FR Y-6 report
☐ will be sent under separate cover
☐ is not prepared

For Federal Reserve Bank Use Only

RSSD ID

C.I.

Date of Report (top-tier holding company’s fiscal year-end):
December 31, 2014

Month / Day / Year

None

Reporters’ Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter’s Name, Street, and Mailing Address
Monarch Financial Holdings, Inc.
P.O. Box 2368
Chesapeake VA 23327

City
State Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:
Lynette P. Harris
Chief Financial Officer

Title

Name

Area Code / Phone Number / Extension

Area Code / FAX Number

E-mail Address

Address (URL) for the Holding Company’s web page

Please identify the report items to which this request applies:
☐ Yes
☐ No

In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.

The information for which confidential treatment is sought is being submitted separately labeled “Confidential.”

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (1100-0297), Washington, DC 20503.
Item 2a. Organizational Chart

MONARCH FINANCIAL HOLDINGS, INC.
Incorporated VA
Chesapeake, VA

100%

Monarch Financial Holding Trust
Incorporated VA
Chesapeake, VA

100%

Monarch Bank
Incorporated VA
Chesapeake, VA

100%

Monarch Investment, LLC
Incorporated VA
Chesapeake, VA

100%

Monarch Capital, LLC
Incorporated VA
Chesapeake, VA

NR

Banker's Insurance, LLC
Incorporated VA
Richmond, VA

NR

100% nonmanaging member

Crossways Holdings, LLC
Incorporated VA
Chesapeake, VA

51% nonmanaging member

Coastal Home Mortgage, LLC
Incorporated VA
Virginia Beach, VA

75% nonmanaging member

Real Estate Security Agency, LLC
Incorporated VA
Chesapeake, VA

As December 31, 2014
Banker's Insurance 2%
Results: A list of branches for your depository institution:

This list contains branches held by MONARCH HOLDINGS, INC (3435386) in CHESAPEAKE, VA. The data are as of 12/31/2014. Data reflect information that was received and processed through 01/07/2015.

Reconciliation and Verification Steps:
1. In the Data Action column for each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the Effective Date column.

**Action**
- **OK**: If this branch information is correct, enter 'OK' in the Data Action column.
- **Change**: If the branch information is incorrect or incomplete, enter 'Change' in the Data Action column and the date when this information first became valid in the Effective Date column.
- **Close**: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.
- **Delete**: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.
- **Add**: If a reportable branch is missing, insert a branch row, add the branch data, and enter 'Add' in the Data Action column and the opening or acquisition date in the Effective Date column.

**Submission Procedure**
- You are dialing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.
- To satisfy the FR Y-10 reporting requirements, you must also submit FR Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add.
- The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov. You may also submit Y-10 reporting requirements, you must also submit FR Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add.

**Information Procedure**
- When you are finished, send a signed copy to your FRB contact. See the detailed instructions on this sheet for more information.
- If you are using this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

**Note:**
- To satisfy the FR Y-10 reporting requirements, you must also submit FR Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add.

The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

**FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.**

<table>
<thead>
<tr>
<th>Data Action</th>
<th>Effective Date</th>
<th>Branch Service Type</th>
<th>Branch ID_RSSD</th>
<th>Branch Name</th>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>County</th>
<th>Y-10 Code</th>
<th>FDIC UNINUM</th>
<th>Office Number</th>
<th>ID_RSSD</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>OK</td>
<td></td>
<td>Full Service (Head Office)</td>
<td>2718345</td>
<td>MONARCH BANK</td>
<td>750 VOLVO PARKWAY</td>
<td>CHESAPEAKE</td>
<td>VA</td>
<td>23320</td>
<td>UNITED STATES</td>
<td>62119</td>
<td>MONARCH BANK</td>
<td>2718345</td>
<td></td>
<td></td>
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<tr>
<td>OK</td>
<td></td>
<td>Full Service</td>
<td>3099646</td>
<td>COUNTRY BRANCH</td>
<td>3420 E. DOROTHY-HIGHWAY</td>
<td>KITTY HAWK</td>
<td>NC</td>
<td>27949</td>
<td>UNITED STATES</td>
<td>54125</td>
<td>MONARCH BANK</td>
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<td>OK</td>
<td></td>
<td>Full Service</td>
<td>4017343</td>
<td>HEAD BRANCH</td>
<td>2252 S. CEDAR HIGHWAY</td>
<td>NASHVILLE</td>
<td>TN</td>
<td>37209</td>
<td>UNITED STATES</td>
<td>37209</td>
<td>MONARCH BANK</td>
<td>2718345</td>
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<td>3837643</td>
<td>MONARCH BANK</td>
<td>10354 SOUTH BATTLEFIELD ROAD</td>
<td>CHESAPEAKE</td>
<td>VA</td>
<td>23320</td>
<td>UNITED STATES</td>
<td>62119</td>
<td>MONARCH BANK</td>
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<td>OK</td>
<td></td>
<td>Full Service</td>
<td>3212528</td>
<td>GLENN BRANCH OFFICE</td>
<td>7800 WEST 231ST ST</td>
<td>NORFOLK</td>
<td>VA</td>
<td>23320</td>
<td>UNITED STATES</td>
<td>62119</td>
<td>MONARCH BANK</td>
<td>2718345</td>
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<tr>
<td>OK</td>
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<td>Full Service</td>
<td>3483448</td>
<td>WORLD TRADE CENTER BRANCH</td>
<td>105 WEST MAIN STREET, SUITE 1000</td>
<td>NORFOLK</td>
<td>VA</td>
<td>23320</td>
<td>UNITED STATES</td>
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<td>4382565</td>
<td>WEALTH MANAGEMENT</td>
<td>10530 WEST ROAD</td>
<td>VIENNA BEACH</td>
<td>VA</td>
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<td>UNITED STATES</td>
<td>62119</td>
<td>MONARCH BANK</td>
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<td>2969575</td>
<td>WEALTH MANAGEMENT</td>
<td>100 JOHN HAYDEN HIGHWAY</td>
<td>NORFOLK</td>
<td>VA</td>
<td>23320</td>
<td>UNITED STATES</td>
<td>62119</td>
<td>MONARCH BANK</td>
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<td>UNITED STATES</td>
<td>62119</td>
<td>MONARCH BANK</td>
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<td>3082692</td>
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<td>UNITED STATES</td>
<td>62119</td>
<td>MONARCH BANK</td>
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<td>Full Service</td>
<td>4483845</td>
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<td>10530 WEST ROAD</td>
<td>VIENNA BEACH</td>
<td>VA</td>
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<td>UNITED STATES</td>
<td>62119</td>
<td>MONARCH BANK</td>
<td>2718345</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The head office is marked in bold.
## Report Item 3: Shareholders (1)(a)(b)(c) and (2)(a)(b)(c)

<table>
<thead>
<tr>
<th>Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12/31/2013</th>
<th>Shareholders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)(a)</td>
<td>(1)(c)</td>
</tr>
<tr>
<td>Name &amp; Address</td>
<td>Country of Citizenship</td>
</tr>
<tr>
<td>City, State, Country</td>
<td>or Incorporation</td>
</tr>
<tr>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

**Form FR Y-6**

Monarch Financial Holdings, Inc.
Fiscal Year Ending December 31, 2014
## Form FRY-6
Monarch Financial Holdings, Inc.
Fiscal Year Ending December 31, 2014

### Report Item 4: Insider (1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

<table>
<thead>
<tr>
<th>Name &amp; (City, State)</th>
<th>Principal Occupation or other than with Bank Holding Company</th>
<th>Title &amp; Position with Bank Holding Company</th>
<th>Title &amp; Position with Subsidiaries (including names of subsidiaries)</th>
<th>(5) List of names of other companies (includes partnerships if 25% or more of voting securities are held)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeffrey F. Benson, Chesapeake, VA</td>
<td>Real Estate Development &amp; Management</td>
<td>Chairman of Board of Directors Class II Director</td>
<td>Vice President, Overton Enterprises Partner, Benson &amp; Associates</td>
<td>Benson Machinery 43% R&amp;B, LLC 25% Elkhridge Const Corp 25% Eltherald Manor 25% Overton, LLC 25% Haas Farm, LLC 25% West Neck, LLC 25%</td>
</tr>
<tr>
<td>Lawrence H. Baker, Portsmouth, VA</td>
<td>Certified Public Accountant</td>
<td>Vice-Chairman of Board of Directors Class II Director</td>
<td>President of Baker &amp; McNiff Certified Public Accounting and Business Consultants, PC Vice President of FOCUS Asset Management Company</td>
<td>Baker &amp; McNiff, PC 50% FOCUS Asset Management Company 50%</td>
</tr>
<tr>
<td>Robert M. Oman, Chesapeake, VA</td>
<td>Funeral Director</td>
<td>Director Class II Director</td>
<td>President of Oman Funeral Homes, Inc.</td>
<td>Oman Funeral Home 100% O&amp;O Partnership 100% Hampton Roads Choreography, LLC 100% Oman Insurance Agency 100%</td>
</tr>
<tr>
<td>Joe P. Covington, Jr, Norfolk, VA</td>
<td>Contractor/Realtor</td>
<td>Director Class III Director</td>
<td>President, Covington Contracting, Inc. and Covington &amp; Associates Realtors, Inc.</td>
<td>Covington &amp; Associates Realtors, Inc. 100% Grantham Suarez Assoc 90% Wayno Creek Assoc 80% Haras Point Properties, LLC 37.5% JAG Greenbrier Assoc, LLC 80% Berry Building Assoc. LLC 66.66% Joe P. Covington, Jr. 100% Stove Bolt Builders 50% Us Three &amp; Joe C 40%</td>
</tr>
<tr>
<td>Virginia S. Cross, Virginia Beach, VA</td>
<td>Realtor/Real Estate Consultant</td>
<td>Class II Director</td>
<td>Co-owner Surety Title</td>
<td>Surety Title, LLC 51% BWG, LLC 62.5% VW Properties, LLC 100% VWA 33 1/3%</td>
</tr>
<tr>
<td>Taylor B. Grissom, Chesapeake, VA</td>
<td>Contractor/Developer</td>
<td>Director Class I Director</td>
<td>Managing Member Blue Water Pools, LLC</td>
<td>Blue Water Pools, LLC 50% Jordan Land Investors, LLC 27.5% Davenport Land Mgmt 30%</td>
</tr>
<tr>
<td>Name &amp; Title</td>
<td>Principal Occupation Other Than with Bank Holding Company</td>
<td>Title &amp; Position with Bank Holding Company</td>
<td>Principal Title &amp; Position with Subsidiaries (Including names of partnerships if 25% or more of voting shares in or more of voting securities are held)</td>
<td>Percentage of Voting Shares in or more of voting securities are held (Including names of companies and percentage of voting securities held)</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------------------------------------------------</td>
<td>---------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Dwight C. Schaubach</td>
<td>Contractor, Suffolk, VA</td>
<td>President, Johns Brothers Inc., Johns Brothers Security, Inc., and Bay Disposal</td>
<td>1.63%</td>
<td>Bay Builders, Inc 100% Bay Disposal, Inc 41.44% Johns Bro. Secuity 100% Johns Bro Inc. 100% Schaubach Co. of Va 100% Schaubach Holdings 100% Schaubach Motorsports, Inc. 99.89% Steamboat Ck Terminals, Inc. 100% Centreville Investments, LLC 57% Schaubach Capital Investments, LLC 39% Schaubach Capital Investments II, LLC 76% Schaubach Management LP 38% Star Creek LLC 99% Suffolk Int. Truck &amp; Equip Sales, LLC 100% Pak-R Disposal Corp 40% Schaubach Star Inv, LLC 50% Hampton Roads Recovery Centers, LLC 50% Ford Drive, LLC 100% Schaubach Financial, LLC 100% 15Twenty, LLC 55%</td>
</tr>
<tr>
<td>Elizabeth T. Patterson</td>
<td>Wealth Management, Virginia Beach, VA</td>
<td>Founder &amp; President of Waypoint Advisors, LLC</td>
<td>less than 1%</td>
<td>Waypoint Advisors, LLC 95.5%</td>
</tr>
<tr>
<td>Brad E. Schwartz</td>
<td>Executive Vice President, Chief Operating Officer, Class I Director, Virginia Beach, VA</td>
<td>Chief Executive Officer of Monarch Bank</td>
<td>1.14%</td>
<td>n/a</td>
</tr>
<tr>
<td>Name</td>
<td>Principal Occupation if other than with Bank Holding Company</td>
<td>Title &amp; Position with Subsidiaries (Including names of subsidiaries)</td>
<td>Percentage of Voting Shares in Subsidiaries (Including names of Subsidiaries)</td>
<td>List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>E. Neal Crawford</td>
<td>n/a</td>
<td>Executive Vice-President Class III Director</td>
<td>President of Monarch Bank, President of Monarch Capital</td>
<td></td>
</tr>
<tr>
<td>William T. Morrison</td>
<td>n/a</td>
<td>Executive Vice-President Class I Director</td>
<td>Limited Partner Monarch Mortgage</td>
<td>Helpitas Construction, 33.3% Inlet Builders, LLC 33.3%</td>
</tr>
<tr>
<td>Andrew N. Lock</td>
<td>n/a</td>
<td>Executive Vice-President</td>
<td>President and Chief Executive Officer Monarch Bank</td>
<td>n/a</td>
</tr>
<tr>
<td>Denys D. Diaz</td>
<td>n/a</td>
<td>Executive Vice-President</td>
<td>President and Chief Information Officer Monarch Bank</td>
<td>n/a</td>
</tr>
<tr>
<td>Lynette P. Harris</td>
<td>n/a</td>
<td>Executive Vice-President and Chief Financial Officer</td>
<td>President and Chief Financial Officer Monarch Bank</td>
<td>n/a</td>
</tr>
</tbody>
</table>