

First Florida Bank

A subsidiary of

First Florida Bancorp

For 3 Months Ended

Mar 31, 2017 Mar 31, 2016 % Change

Earnings and Performance Ratios

Net income	\$ 827,000	\$ 713,000	
Earnings per common share	\$0.12	\$0.11	
Return on average assets	0.88%	0.91%	
Return on average equity	8.25%	9.23%	
Net interest margin	3.15%	3.34%	
Fee income ratio	17.95%	13.60%	
Efficiency ratio	68.60%	65.91%	

Period-End Balances

Total Assets	\$380,615,000	\$319,321,000	19.20%
Securities	104,448,000	96,673,000	8.04%
Loans and leases	194,927,000	164,210,000	18.71%
Deposits	338,745,000	279,132,000	21.36%
Shareholders' Equity	41,083,000	34,644,000	18.59%

Selected Capital Information

Book value per common share	\$5.79	\$5.33	8.63%
Tier 2 capital ratio	12.27%	12.09%	1.49%
Leverage capital ratio	11.46%	11.13%	2.96%

Asset Quality Ratios

Nonperforming assets to total assets	0.54%	0.14%	
Nonperforming loans to average loans	1.09%	0.26%	
Net charge-offs to average loans	0.02%	0.03%	

To Our Valued Shareholders:

FIRST QUARTER 2017 RESULTS

We are extremely pleased to report enhanced performance for the first quarter of 2017. Our operations benefited from strong trends in a number of significant metric sectors.

As of March 31, 2017, our Bank generated earnings of \$827,000 versus earnings of \$713,000 in 2016, an increase of \$114,000 or 15.99% from a year earlier. Earnings per share reflected \$0.12 in 2017, versus \$0.11 in 2016. Return on Assets and Return on Equity, benchmarks for accepted performance, arrived at 0.88% and 8.25%, respectively.

Our Net Interest Margin decreased to 315 basis points from 324 basis points, a decrease of 9 basis points from a year earlier. Total Assets increased to \$380,615,000 as of March 31, 2017, a gain of \$61,000,000 or 19.20% over 2016. Securities, our secondary source of earnings and liquidity, increased to \$104,448,000 or 8.04% from the prior year. Loans, our major source of earning assets, arrived at \$194,927,000, an increase of \$30,717,000 or 18.7% from 2016. Deposits, our primary source of growth and funding, arrived at \$338,745,000, an increase of \$59,613,000 or 21.36%.

Shareholder Equity reflected \$41,083,000 (adjusted for FASB 115) as of March 31, 2017, representing an increase of \$6,439,000 or 18.59% over the same period one year earlier. Book Value, as of March 31, 2017, represented \$5.79 per share. Tier One and Tier Two Capital arrived at 11.46% and 12.27%, respectively, at the conclusion of the first quarter. Both ratios are well in excess of regulatory minimums.

CREDIT QUALITY

Credit quality weakened slightly in the first quarter. Nonperforming Assets to Total Assets increased to 0.54% as of the first quarter, from a year earlier ratio of 0.14%. Nonperforming Loans to Average Loans increased to 1.09% as of March 31, 2017 from 0.26% a year earlier. Net charge-offs to average loans reflected 0.02%. Delinquencies continue to arrive substantially below Peer Group ranges.

2017 COMMENTS

To strengthen our 2017 revenue stream, we must continually diversify and expand our fee related products. One unique way shareholders can contribute is to utilize one of First Florida Bank's Visa credit card programs. We offer consumer and business cards, with rewards and market low rates. Take a look in your wallet and see if your current credit card is benefitting your investment in First Florida Bank.

As a special note, should you desire to review the complete first quarter Call Report, please visit the URL site <https://cdr.ffiec.gov/public/ManageFacsimiles.aspx>. Upon opening the site, select UBPR (Uniform Bank Performance Report) and input First Florida Bank cert# 58370, a complete data base of our operations is available. The March 31, 2017 Call Report should be posted by month end.

On behalf of your Board of Directors, Senior Management and our loyal colleagues, our sincere appreciation for your business and support.

Sincerely,

Frank B. Burge, Chairman/CEO