

# First Florida Bank

A subsidiary of

# First Florida Bancorp

## For 9 Months Ended

Sept 30, 2016      Sept 30, 2015      % Change

### Earnings and Performance Ratios

Net income	\$ 2,370,000	\$ 2,129,000	
Earnings per common share	\$0.36	\$0.34	
Return on average assets	0.92%	0.94%	
Return on average equity	10.23%	9.19%	
Net interest margin	3.14%	3.15%	
Fee income ratio	17.88%	22.62%	
Efficiency ratio	66.52%	64.62%	

### Period-End Balances

Total Assets	\$381,076,000	\$308,307,000	23.60%
Securities	96,505,000	98,823,000	-2.35%
Loans and leases	176,136,000	153,256,000	14.93%
Deposits	336,330,000	274,871,000	22.36%
Shareholders' Equity	38,926,000	32,920,000	18.24%

### Selected Capital Information

Book value per common share	\$5.77	\$5.20	10.96%
Tier 2 capital ratio	12.30%	12.22%	0.65%
Leverage capital ratio	11.41%	11.22%	1.69%

### Asset Quality Ratios

Nonperforming assets to total assets	0.16%	0.20%	
Nonperforming loans to average loans	0.35%	0.32%	
Net charge-offs to average loans	0.02%	0.13%	

To Our Valued Shareholders:

### THIRD QUARTER 2016 RESULTS

We are pleased to report improved performance in earnings, asset/liability growth and asset quality in the third quarter.

As of September 30, 2016, earnings reflected \$2,370,000 compared to net earnings of \$2,129,000 in 2015, an increase of \$241,000 or 11.3% from a year earlier. Earnings per share reflected \$0.36 versus \$0.34 in 2015. Return on Assets and Return on Equity, benchmarks for accepted performance, reflected 0.92% and 10.23%, respectively.

Our Net Interest Margin decreased to 314 basis points from 315 basis points, a decrease of 1 basis point from a year earlier. Total Assets increased to \$381,076,000 as of September 30, 2016, a gain of \$72,000,000 or 23.60% over 2015. Securities, our secondary source of earnings and liquidity, decreased to \$96,505,000 or -2.35% from the prior year. Loans, our major source of earning assets, arrived at \$176,136,000, an increase of 14.93%. Deposits, our primary source of growth and funding, arrived at \$336,330,000, an increase of \$61,459,000 or 22.36%.

Shareholder Equity reflected \$38,926,000 (adjusted for FASB 115) as of September 30, 2016, representing an increase of \$6,006,000 or 18.24% over the same period one year earlier. Book Value, as of September 30, 2016, represented \$5.77 per share. Tier One and Tier Two Capital arrived at 11.41% and 12.30%, respectively, at the conclusion of the third quarter. Both ratios are well in excess of regulatory minimums.

### CREDIT QUALITY

Credit quality continues to strengthen. Non-performing Assets to Total Assets decreased to 0.16% as of September 30, 2016, well below a year earlier of 0.20%. Non-Performing Loans to Average Loans increased slightly 0.35% as of September 30, 2016 from 0.32% a year earlier. Net charge-offs to average loans reflected 0.02%. Delinquencies continue to

arrive substantially below Peer Group ranges.

### 2016 NOTABLES

Your Board of Directors is pleased to report that during the third quarter we expanded our Raymond James Financial Services/First Florida Wealth Group franchise to the Pensacola area. The acquisition of a well known member of the financial community assisted in making this endeavor happen. Additionally, we look forward with much anticipation to the opening of our fifth branch location in Freeport in the fourth quarter.

As a reminder, First Florida Bank has partnered with BancList. This partnership will provide our shareholders with a convenient, confidential and transparent marketplace to buy or sell First Florida Bancorp, Inc. common stock. The process is easy to understand and use, simply call BancList at 1-877-257-0854 and select option "2" for support.

As a special note, should you desire to review the complete third 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 September 30, 2016 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