

# First Florida Bank

A subsidiary of

# First Florida Bancorp

## For 6 Months Ended

June 30, 2017      June 30, 2016      % Change

### Earnings and Performance Ratios

Net income	\$ 2,080,000	\$ 1,762,000	
Earnings per common share	\$0.32	\$0.27	
Return on average assets	1.09%	1.08%	
Return on average equity	10.38%	11.41%	
Net interest margin	3.21%	3.26%	
Fee income ratio	20.99%	18.11%	
Efficiency ratio	63.92%	62.14%	

### Period-End Balances

Total Assets	\$400,101,000	\$351,321,000	13.88%
Securities	109,468,000	95,023,000	15.20%
Loans and leases	200,308,000	181,575,000	10.32%
Deposits	354,418,000	307,532,000	15.25%
Shareholders' Equity	45,219,000	38,363,000	17.87%

### Selected Capital Information

Book value per common share	\$6.05	\$5.52	9.60%
Tier 2 capital ratio	12.91%	12.76%	1.18%
Leverage capital ratio	12.04%	11.83%	1.78%

### Asset Quality Ratios

Nonperforming assets to total assets	0.29%	0.10%	
Nonperforming loans to average loans	0.59%	0.20%	
Net charge-offs to average loans	- 0.15%	0.03%	

To Our Valued Shareholders:

## SECOND QUARTER 2017 RESULTS

We are extremely pleased to announce enhanced performance trends for the second quarter of 2017 operations. Our Bank generated double digit improvement in essentially all performance metrics.

As of June 30, 2017, Earnings arrived at \$2,080,000 compared to net earnings of \$1,762,000 in 2016, an increase of \$318,000 or 18.0% from a year earlier. Earnings per share reflected \$0.32 in 2017, versus \$0.27 in 2016. Return on Assets and Return on Equity, benchmarks for accepted performance, reflected 1.09% and 10.38%, respectively.

Our Net Interest Margin decreased to 321 basis points, a decrease of 5 basis points from a year earlier. Total Assets increased to \$400,101,000 as of June 30, 2017, an increase of \$48,000,000 or 13.88% over 2016. Securities, our secondary source of earnings and liquidity, increased to \$109,468,000 or 15.20% from the prior year. Loans, our major source of earning assets, arrived at \$200,308,000, an increase of 10.32%. Deposits, our primary source of growth and funding, arrived at \$354,418,000, an increase of \$46,000,000 or 15.25%.

Shareholder Equity reflected \$45,219,000 (adjusted for FASB 115) as of June 30, 2017, representing an increase of \$6,856,000 or 17.87% over the same period one year earlier. Book Value, as of June 30, 2017, represented \$6.05 per share. Tier One and Tier Two Capital arrived at 12.04% and 12.91%, respectively, at the conclusion of the second quarter. Both ratios are well in excess of regulatory minimums.

### CREDIT QUALITY

Credit quality continues to reflect improvement. Non-Performing Assets to Total Assets increased to 0.29% as of June 30, 2017, from a year earlier of 0.10%. Non-Performing Loans to Average Loans increased slightly to

0.59% as of June 30, 2017 from 0.20% a year earlier. Net Charge-Offs to Average Loans reflected -0.15%, representing recoveries in excess of losses. Delinquencies continue to arrive substantially below Peer Group ranges.

### 2017 NOTABLES

As our Bank continues to expand its source of revenue, we wish to remind our shareholders of our First Florida Wealth Management/Raymond James Financial division. We have an excellent staff of seasoned professionals who can provide shareholders an investment benefit on par with other brokerages. As a reminder, First Florida Bank has partnered with BancList. This partnership provides our shareholders with a convenient, confidential and transparent marketplace to buy or sell First Florida Bancorp, Inc. common stock. To register an account, please call BancList at 1-877-257-0854 and select option "2" for support.

As a special note, should you desire to review the complete second 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 June 30, 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