

# First Florida Bank

A subsidiary of

# First Florida Bancorp

## For 12 Months Ended

Dec 31, 2015      Dec 31, 2014      % Change

### Earnings and Performance Ratios

(tax equivalent basis)

Net income	\$ 2,735,000	\$ 2,740,000	
Earnings per common share	\$0.43	\$0.43	
Return on average assets	0.90%	1.05%	
Return on average equity	8.86%	10.25%	
Net interest margin	3.18%	3.47%	
Fee income ratio	21.96%	21.08%	
Efficiency ratio	67.26%	67.13%	

### Period-End Balances

Total Assets	\$303,691,000	\$267,720,000	13.44%
Securities	97,862,000	88,275,000	10.86%
Loans and leases	164,501,000	144,797,000	13.61%
Deposits	265,016,000	236,578,000	12.02%
Shareholders' Equity	33,415,000	30,885,000	8.19%

### Selected Capital Information

Book value per common share	\$5.26	\$4.90	7.35%
Tier 2 capital ratio	12.36%	12.92%	- 4.33%
Leverage capital ratio	11.36%	11.89%	- 4.46%

### Asset Quality Ratios

Nonperforming assets to total assets	0.16%	0.52%	
Nonperforming loans to average loans	0.32%	0.36%	
Net charge-offs to average loans	0.11%	0.13%	

To Our Valued Shareholders:

## FOURTH QUARTER/FISCAL 2015 RESULTS

We experienced mixed results in 2015. Earnings performance was flat compared to the previous year, but operating ratios continued to reflect improvement, paving the way for improved performance in 2016.

As of December 31, 2015, earnings reflected \$2,735,000 versus net earnings of \$2,740,000 in 2014, a minimal decline of \$5,000 from a year earlier. Earnings per share reflected \$0.43 versus \$0.43 in 2014. Return on Assets and Return on Equity, benchmarks for accepted performance, reflected 0.90 and 8.86%, respectively.

Our Net Interest Margin decreased to 318 basis points from 347 basis points, a decrease of 29 basis points or 8.36% from a year earlier. Total Assets increased to \$303,691,000 as of December 31, 2015 or a gain of 13.44% over 2014. Securities, our secondary source of earnings and liquidity, increased to \$97,862,000 or 10.86% from the prior year. Loans, our major source of earning assets, arrived at \$164,501,000 an increase of \$19,704,000 or 13.61%. Deposits, our primary source of growth and funding, arrived at \$265,016,000, an increase of \$28,438,000 or 12.02%.

Shareholder Equity reflected \$33,415,000 (adjusted for FASB 115) as of December 31, 2015, representing an 8.19% increase over the same period one year earlier. Book Value, as of December 31, 2015 represented \$5.26 per share. Tier One and Tier Two Capital arrived at 11.36% and 12.36%, respectively, at the conclusion of the fourth 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 December 31, 2015, substantially below a year earlier of 0.52%. Non-

Performing Loans to Average Loan decreased to 0.32% as of 2015 from 0.36% a year earlier. Net charge-offs to average loans reflected 0.11%. Delinquencies continue to arrive substantially below Peer Group ranges.

### 2015 NOTABLES

The Board of Directors continued its structured plan of diversifying First Florida Bank's franchise value. By acquiring a new Raymond James investment franchise, we can now offer a complete financial menu to our customers. Your Board continued to develop our management succession plan by elevating Brett Wilson to the position of President, a well deserved addition to our executive management group. Once again, we increased loan generation by extending in excess of \$177,000,000 in new credit, surpassing last year's record by 23%. We continued to add market share in Walton County and Okaloosa County in the deposit rankings, despite additional market entries by outside competition.

As a special note, should you desire to review the complete fourth 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 December 31, 2015 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