

# First Florida Bank

A subsidiary of

# First Florida Bancorp

## For 6 Months Ended

June 30, 2016      June 30, 2015      % Change

### Earnings and Performance Ratios

Net income	\$ 1,762,000	\$ 1,421,000	
Earnings per common share	\$0.27	\$0.22	
Return on average assets	1.08%	0.96%	
Return on average equity	11.41%	9.20%	
Net interest margin	3.26%	3.19%	
Fee income ratio	18.11%	22.34%	
Efficiency ratio	62.14%	62.36%	

### Period-End Balances

Total Assets	\$351,321,000	\$314,714,000	11.63%
Securities	95,023,000	91,506,000	3.84%
Loans and leases	181,575,000	160,487,000	13.14%
Deposits	307,532,000	282,610,000	8.82%
Shareholders' Equity	38,363,000	31,847,000	20.46%

### Selected Capital Information

Book value per common share	\$5.52	\$5.05	9.31%
Tier 2 capital ratio	12.76%	12.25%	4.16%
Leverage capital ratio	11.83%	11.26%	5.06%

### Asset Quality Ratios

Nonperforming assets to total assets	0.10%	0.36%
Nonperforming loans to average loans	0.20%	0.32%
Net charge-offs to average loans	0.03%	0.18%

To Our Valued Shareholders:

### SECOND QUARTER 2016 RESULTS

We are extremely pleased to report an enhanced second quarter of operations. Positive trends were experienced in a number of performance metrics.

As of June 30, 2016, earnings reflected \$1,762,000 compared to net earnings of \$1,421,000 in 2015, an increase of \$341,000 or 24.0% from a year earlier. Earnings per share reflected \$0.27 versus \$0.22 in 2015. Return on Assets and Return on Equity, benchmarks for accepted performance, reflected 1.08% and 11.41%, respectively.

Our Net Interest Margin increased to 326 basis points from 319 basis points, an increase of 7 basis points from a year earlier. Total Assets increased to \$351,321,000 as of June 30, 2016, a gain of \$37,000,000 or 11.63% over 2015. Securities, our secondary source of earnings and liquidity, increased to \$95,023,000 or 3.84% from the prior year. Loans, our major source of earning assets, arrived at \$181,575,000, an increase of 13.14%. Deposits, our primary source of growth and funding, arrived at \$307,532,000, an increase of \$24,922,000 or 8.82%.

Shareholder Equity reflected \$38,363,000 (adjusted for FASB 115) as of June 30, 2016, representing a 20.46% increase over the same period one year earlier. Book Value, as of June 30, 2016, represented \$5.52 per share. Tier One and Tier Two Capital arrived at 11.83% and 12.76%, respectively, at the conclusion of the second 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 0.10% as of June 30, 2016, substantially below a year earlier of 0.36%. Non-Performing Loans to Average Loans decreased to 0.20% as of June 30, 2016 from 0.32% a year earlier. Net charge-offs to average loans reflected 0.03%. Delinquencies continue to

arrive substantially below Peer Group ranges.

### 2016 NOTABLES

The Board of Directors is pleased to announce the opening of First Florida's first Loan Production Office in Panama City Beach. Under the direction of a superb staff, we anticipate immediate success in the Bay County market.

Also in the second quarter, First Florida began construction on its fifth stand alone location in Freeport. This will give our bank its second location in Walton County and assist us in expanding our market share. The new site will be located within the new Publix Center on CR 331.

As a reminder, you should have recently received a letter notifying you that the Bank has now 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, just call Banc List 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, 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