

# First Florida Bank

A subsidiary of

# First Florida Bancorp

## For 3 Months Ended

Mar 31, 2015      Mar 31, 2014      % Change

### Earnings and Performance Ratios

(tax equivalent basis)

Net income	\$ 687,000	\$ 778,000	
Earnings per common share	\$0.11	\$0.12	
Return on average assets	0.98%	1.29%	
Return on average equity	8.90%	11.64%	
Net interest margin	3.42%	3.55%	
Fee income ratio	22.29%	17.05%	
Efficiency ratio	66.30%	70.14%	

### Period-End Balances

Total Assets	\$293,242,000	\$247,356,000	18.55%
Securities	88,512,000	82,618,000	7.13%
Loans and leases	147,244,000	129,130,000	14.03%
Deposits	260,896,000	219,521,000	18.85%
Shareholders' Equity	31,812,000	27,703,000	14.83%

### Selected Capital Information

Book value per common share	\$5.04	\$4.48	12.50%
Tier 2 capital ratio	12.59%	13.37%	- 5.83%
Leverage capital ratio	11.65%	12.32%	- 5.44%

### Asset Quality Ratios

Nonperforming assets to total assets	0.39%	0.52%	
Nonperforming loans to average loans	0.34%	0.55%	
Net charge-offs to average loans	0.19%	-0.01%	

To Our Valued Shareholders:

## FIRST QUARTER 2015 RESULTS

The first quarter of 2015 generated mixed results when compared to the first quarter of last year. On a comparative basis overall growth and asset quality continued to reflect positive trends.

As of March 31, 2015, our Bank generated earnings of \$687,000 versus earnings of \$778,000 in 2014, a decrease of \$91,000 or 11.70% from a year earlier. Earnings per share reflected \$0.11 versus \$0.12 in 2014. Return on Assets and Return on Equity, benchmarks for accepted performance, reflected 0.98% and 8.90%, respectively.

Our Net Interest Margin decreased to 342 basis points from 355 basis points, a decrease of 13 basis points or 3.66%. Total Assets increased to \$293,242,000 as of March 31, 2015 or 18.55% over the year before. Securities, our secondary source of earnings and liquidity, increased to \$88,512,000 or 7.13% from the prior year. Loans, our major source of earning assets, arrived at \$147,244,000, an increase of \$18,114,000 or 14.03%. Deposits, our primary source of growth and funding, arrived at \$260,896,000, an increase of \$41,375,000 or 18.85% from the same period in 2014.

Shareholder Equity reflected \$31,812,000 as of March 31, 2015, representing a 14.83% increase over the same period one year earlier. Book Value, as of March 31, 2015, represented \$5.04. Tier One and Tier Two Capital arrived at 11.65% and 12.59% at the conclusion of the first quarter. Both ratios are well in excess of regulatory minimums.

## CREDIT QUALITY

Credit quality continued to reflect more favorable to Peer Group averages. Non-performing Assets to Total Assets decreased slightly to 0.39% as of March 31, 2015. Non-

Performing Loans to Average Loans decreased to 0.34% as of March 31, 2015. Net charge-offs to average loans arrived 0.19% from a year earlier. Past Dues remain below Peer group ranges.

## 2015 NOTABLES

In January, Ronny Clay, our longtime colleague, announced his retirement from the Board of Directors. We will miss his 40+ years of experience and sage advice. Before his retirement he oversaw the transition from our former location to our new corporate headquarters located at 2000 Ninety-Eight Palms Boulevard in Destin. Ronny will continue to serve First Florida Bank as a consultant to the Board.

As a reminder, please send in your Proxy vote if you have not already done so for our Annual Shareholders' Meeting. We hope to see many of you at our Annual Shareholders' Meeting on April 17<sup>th</sup> in the Bayview Room at the Sandestin Linkside Conference Center on the Bay.

As a special note, should you desire to review the complete first quarter Call Report, please visit the URL site <http://ffiec.gov/ubpr>. Upon opening the site, select UBPR (Uniform Bank Performance Report) and input FFB cert# 58370, a complete data base of our operations is available. The March 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/President