

First Florida Bank

A subsidiary of

First Florida Bancorp

For 3 Months Ended

Mar 31, 2018 Mar 31, 2017 % Change

Earnings and Performance Ratios

Net income	\$ 1,369,000	\$ 827,000	65.54%
Earnings per common share	\$0.20	\$0.12	66.67%
Return on average assets	1.36%	0.88%	54.55%
Return on average equity	12.13%	8.25%	47.03%
Net interest margin	3.55%	3.15%	12.70%
Fee income ratio	17.17%	17.95%	-4.35%
Efficiency ratio	60.79%	68.60%	-11.38%

Period-End Balances

Total Assets	\$410,289,000	\$380,615,000	7.80%
Securities	121,298,000	104,448,000	16.13%
Loans and leases	221,158,000	194,927,000	13.46%
Deposits	364,052,000	338,745,000	7.47%
Shareholders' Equity	45,400,000	41,083,000	10.51%

Selected Capital Information

Book value per common share	\$6.43	\$5.79	11.05%
Tier 2 capital ratio	12.70%	12.27%	3.50%
Leverage capital ratio	11.94%	11.46%	4.19%

Asset Quality Ratios

Nonperforming assets to total assets	0.19%	0.54%
Nonperforming loans to average loans	0.29%	1.09%
Net charge-offs to average loans	0.00%	0.02%

To Our Valued Shareholders:

FIRST QUARTER 2018 RESULTS

We are extremely pleased to announce substantial improved earnings for the first quarter of 2018. Performance was enhanced in part from elements of the “2017 Tax Cuts and Job Act” and strong lending growth during the quarter.

As of March 31, 2018, Earnings reflected \$1,369,000 compared to net income of \$827,000 in 2017, an increase of \$542,000 or 65.54% from a year earlier. Earnings per share reflected \$0.20 in 2018 compared to \$.12 in 2017. Return on Assets and Return on Equity, benchmarks for accepted performance, reflected 1.36% and 12.13%, respectively.

Our Net Interest Margin increased to 355 basis points, an increase of 40 basis points from a year earlier or 12.70% over first quarter 2017. Our efficiency ratio continued to reflect a positive trend by arriving at 60.79% versus 68.60% in 2017. Total Assets increased to \$410,289,000 as of March 31, 2018, an increase of \$29,674,000, or 7.80% over 2017. Securities, our secondary source of earnings and liquidity, increased to \$121,298,000 or 16.13% from the prior year. Loans, our major source of earning assets, arrived at \$221,158,000, an increase of \$26,231,000 or 13.46% over the same period in 2017. Deposits, our primary source of growth and funding, arrived at \$364,052,000, an increase of \$25,307,000 or 7.47% over March 2017.

Shareholder Equity reflected \$45,400,000 (adjusted for FASB 115) as of March 31, 2018, representing an increase of 10.51% over the same period one year earlier. Book Value, as of March 31, 2018, represented \$6.43 per share. Tier One and Tier Two Capital arrived at 11.94% and 12.70%, respectively, as of March 31, 2018. Both ratios are well in excess of regulatory minimums.

CREDIT QUALITY

Credit quality continues to reflect higher level Peer group ranges. Non-Performing Assets to Total Assets decreased to 0.19%

as of March 31, 2018, from a year earlier ratio of 0.54%. Non-Performing Loans to Average Loans decreased to 0.29% as of March 31, 2018, from 1.09% a year earlier. Net Charge-Offs to Average Loans reflected 0.00%, representing a slight decrease from 0.02%. Delinquencies continue to reflect below Peer Group ranges.

2018 NOTABLES

In January we opened our sixth branch banking location in the expanding Panama City market. Panama City and Bay County are experiencing substantial growth in housing, business enterprise and military expansion. Economic forecasts are predicting double digit increases in population over the next decade, which bodes well for a mortgage oriented culture.

As a special note, should you desire to review the complete first 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 March 31, 2018 Call Report should be posted by month end.

As a reminder, our Annual Shareholders' Meeting will be held on Friday, April 20, 2018 at 9:00 am at Sandestin Golf and Beach Resort in the Bayview Room of the Linkside Conference Center located at 9300 Emerald Coast Parkway West, Miramar Beach, Florida. For those not attending, you may send your Proxy vote in the envelope contained within the shareholder package sent on an earlier date.

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