


# CONSOLIDATED

# FINANCIAL STATEMENTS

# TGR FINANCIAL, INC.

# AND SUBSIDIARY

# FOR THE QUARTER ENDED

# MARCH 31, 2015

# (unaudited)

**TGR Financial, Inc. and Subsidiary**
**Consolidated Statements of Financial Condition (unaudited)**

| (dollars in thousands, except per share data) | March 31, 2015 | December 31, 2014 |
|---|---|---|
| **Assets:** | | |
| Cash and due from banks | **$ 26,979** | **$ 8,543** |
| Interest earning balances due from banks and others | **41,581** | **10,240** |
| **Total cash and cash equivalents** | **68,560** | **18,783** |
| Securities available-for-sale | **240,010** | **260,813** |
| Federal Reserve Bank stock | **2,725** | **2,725** |
| Federal Home Loan Bank stock | **2,931** | **3,496** |
| Loans, net of allowance for loan losses, $7,570 and $7,480, respectively | **655,290** | **645,175** |
| Premises and equipment, net | **20,101** | **20,138** |
| Other real estate owned, net | **75** | **75** |
| Accrued interest receivable | **2,290** | **1,929** |
| Goodwill and other intangibles | **5,811** | **5,837** |
| Bank owned life insurance | **19,160** | **19,026** |
| Deferred tax asset, net | **10,884** | **11,533** |
| Other assets | **976** | **705** |
| **Total assets** | **$ 1,028,813** | **$ 990,235** |
| **Liabilities and Stockholders' Equity:** | | |
| **Liabilities:** | | |
| Noninterest-bearing demand deposits | **$ 134,176** | **$ 124,525** |
| Interest-bearing liabilities: | | |
| Money market | **197,922** | **184,662** |
| NOW | **250,766** | **227,483** |
| Savings | **49,071** | **50,022** |
| Certificates of deposit $250,000 or more | **50,834** | **48,914** |
| Certificates of deposit under $250,000 | **118,478** | **116,124** |
| **Total deposits** | **801,247** | **751,730** |
| Securities sold under agreements to repurchase | **78,326** | **70,259** |
| Short term borrowings | **25,000** | **42,625** |
| Long term borrowings | **23,000** | **26,000** |
| **Total borrowings** | **126,326** | **138,884** |
| Other liabilities | **2,545** | **4,552** |
| **Total liabilities** | **930,118** | **895,166** |
| **Stockholders' Equity:** | | |
| Common stock, $1 par value; 500,000,000 shares authorized, 17,227,340 and 16,788,681, issued and outstanding, respectively | **17,227** | **16,789** |
| Preferred stock, Nonvoting Series A Convertible, $1 par value (liquidation preference $0.001); 7,050,000 shares authorized, 1,037,984 issued and outstanding | **1,038** | **1,038** |
| Additional paid-in capital | **90,562** | **88,592** |
| Accumulated deficit | **(10,713)** | **(11,581)** |
| Accumulated other comprehensive income, net of tax | **581** | **231** |
| **Total stockholders' equity** | **98,695** | **95,069** |
| **Total liabilities and stockholders' equity** | **$ 1,028,813** | **$ 990,235** |

**TGR Financial, Inc. and Subsidiary**
**Consolidated Statements of Operations (unaudited)**
(dollars in thousands, except per share data)

| | For the Periods Ended March 31, | |
|---|---|---|
| | **2015** | **2014** |
| Interest income: | | |
| Loans | **$ 6,746** | **$ 5,867** |
| Investment securities | **1,002** | **1,008** |
| Interest bearing balances due from banks and others | **64** | **14** |
| **Total interest income** | **7,812** | **6,889** |
| Interest expense: | | |
| Deposits | **835** | **755** |
| Customer repurchase agreements | **55** | **59** |
| Other borrowed funds | **61** | **48** |
| **Total interest expense** | **951** | **862** |
| **Net interest income** | **6,861** | **6,027** |
| Provision for loan losses | **92** | **260** |
| **Net interest income after provision for loan losses** | **6,769** | **5,767** |
| Non-interest income: | | |
| Service charges and fees on deposit accounts | **265** | **184** |
| Title and closing services revenue | **101** | **123** |
| Loss on loans held for sale | **-** | **(352)** |
| Loss on sale of other real estate owned | **-** | **(101)** |
| Gain on sale of fixed assets | **-** | **5** |
| Gain (loss) on sale of securities, net | **19** | **-** |
| Bank owned life insurance | **134** | **117** |
| Bargain purchase gain | **(79)** | **487** |
| Other non-interest income | **179** | **38** |
| **Total non-interest income** | **619** | **501** |
| Non-interest expense: | | |
| Salaries and employee benefits | **3,536** | **2,958** |
| Occupancy and equipment | **868** | **799** |
| Professional fees | **137** | **135** |
| Data processing | **267** | **209** |
| Advertising, marketing, and business development | **253** | **180** |
| Regulatory assessments | **218** | **216** |
| Merger and acquisition related expense | **-** | **2,070** |
| Other non-interest expense | **733** | **663** |
| **Total non-interest expense** | **6,012** | **7,230** |
| **Income before income taxes** | **1,376** | **(962)** |
| Provision (benefit) for income taxes | **508** | **(812)** |
| **Net income** | **$ 868** | **$ (150)** |
| **Basic income per common share** | **$ 0.05** | **$ (0.01)** |
| **Diluted income per common share** | **$ 0.05** | **$ (0.01)** |
| **Basic weighted average number of common shares outstanding** | **16,798,444** | **14,810,613** |
| **Diluted weighted average number of common shares outstanding** | **18,087,034** | **15,339,461** |