



FOR IMMEDIATE RELEASE

TGR FINANCIAL, INC. ANNOUNCES YEAR END FINANCIAL RESULTS

NAPLES, FL, January 26, 2017 – TGR Financial, Inc. (OTCQX:TGRF), the holding company for First Florida Integrity Bank, announced year end 2016 results.

Net income for the year ended December 31, 2016 was \$5.7 million or \$0.30 per diluted share compared to \$4.7 million or \$0.25 per diluted share for the year ended December 31, 2015. The year over year improvement, of slightly over \$1.0 million, represents an increase of 22%. During the fourth quarter the Company earned \$1.5 million of \$0.08 per diluted share.

Highlights

- During 2016 average loans outstanding increased to \$868 million, an increase of \$152 million or 21%. On a linked quarter basis, average loans outstanding during the fourth quarter increased by \$17 million.
- Average deposits and customer repurchase agreements increased from \$935 million in 2015 to \$1.05 billion in 2016, an increase of 12%. On a linked quarter basis, average deposits and customer repurchase agreements declined by \$104 million to \$1.02 billion as result of temporary deposit activity and a strategic initiative to reduce the level of high cost single relationship deposits.
- Net interest income increased 14% during the year to 34.1 million with the net interest margin improving by 7 basis points to 2.97%. During the fourth quarter net interest income increased on a linked quarter by \$319,000 resulting in an 18 basis point improvement in the net interest margin to 3.04%.
- During the fourth quarter the Company incurred certain set up costs associated with the establishment of a Captive Insurance Subsidiary and an Accounts Receivable Financing line of business.
- Assets per employee ended the year at \$8.3 million.
- The return on average assets improved from 0.43% in 2015 to 0.47% in 2016. During the fourth quarter of 2016 the return on average assets was 0.48%.
- Asset quality remained very strong with nonperforming assets representing only 0.14% of total assets. Nonperforming loans totaled \$1.6 million at December 31, 2016.

Earnings Summary

For the year ended December 31, 2016 the Company earned \$5.7 million, representing an increase of \$1.0 million or 22% over the same period last year. Despite the flat rate environment net interest income was the primary driver increasing from \$29.8 million in 2015 to \$34.1 million in 2016. The yield on earning assets increased by 11 basis points to 3.43% while the cost of funds increased 4 basis points to 0.47%, resulting in a net interest margin of 2.97%, compared to 2.90% for 2015. Net overhead increased slightly from 1.96% in 2015 to 2.00% in 2016. The return on average equity increased from 4.72% to 5.41%.

Net income during the quarter was \$1.5 million during the fourth quarter of 2016. Net interest income increased by 10 percent to \$8.9 million in the fourth quarter of 2016 compared to \$8.1 million during the fourth quarter of 2015. The net interest margin during the quarter was 3.04% compared to 2.93% during the fourth quarter of last year. Net overhead during the quarter of 2016 was 2.04% compared to 1.80% during the fourth quarter of 2015. This increase was attributable to normal inflation along with fourth quarter 2016 startup costs associated with the establishment of a Captive Insurance Subsidiary and an Account Receivable Factoring line of business

Balance Sheet Highlights

Total assets were \$1.2 billion at December 31, 2016, a slight increase over year end December 31, 2015 as the Company focused on redeploying investments into higher yielding loans. Outstanding loans increased from \$810 million to \$910 million during the year, an increase of over 12%. Investment securities correspondingly declined from \$297 million to \$220 million. Deposit and customer repurchase agreements increased by \$19 million to \$1.0 billion as the Company initiated a program to reduce the level of high cost single relationship deposits. The Company's leverage ratio increased from 8.11% at December 31, 2015 to 8.34% at December 31, 2016. Tangible book value per share increased to \$5.52 per share at December 31, 2016, from \$5.24 per share at December 31, 2015.

Comments from the Chairman

Chairman and Chief Executive Officer Gary L. Tice stated "We are pleased with our results for 2016, the balance sheet structure is now more conducive for continued earnings improvement, and we have launched certain strategic initiatives to further enhance earnings. Spearheading these initiatives will be Garrett S. Richter, who was recently promoted to Chief Executive Officer and President of First Florida Integrity Bank, after serving two distinguished terms in the Florida State Senate."

About TGR Financial, Inc.

TGR Financial, Inc. is the parent company for First Florida Integrity Bank. First Florida Integrity Bank, achieving 5th place in deposit market share according to the FDIC Summary of Deposits Market Share Report as of June 30, 2016, is the largest community bank headquartered in Collier County.

Forward-Looking Statements

Information in this press release contains forward-looking statements. These statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, the effects of future economic conditions, governmental fiscal and monetary policies, legislative and regulatory changes, the risks of changes in interest rates, and the effects of competition. TGR Financial, Inc. does not undertake a duty to update any forward-looking statements in this press release.

For more information about the Company visit www.ffibank.com.

TGR FINANCIAL, INC.

Consolidated Statements of Financial Condition

Fourth Quarter 2016

(unaudited)

(\$ in thousands)

	December 31, 2016	December 31, 2015
Assets:		
Cash and due from banks	\$ 14,482	\$ 6,999
Interest earning balances due from banks and others	20,778	28,856
Total cash and cash equivalents	35,260	35,855
Securities available-for-sale, at fair value	188,737	262,714
Securities held-to-maturity, at cost	4,000	-
Federal Reserve Bank stock, at cost	3,147	3,005
Federal Home Loan Bank stock, at cost	3,729	3,356
Loans, net of allowance for loan losses, \$9,174 and \$8,757, respectively	900,951	801,993
Premises and equipment, net	19,229	19,729
Accrued interest receivable	2,661	2,283
Goodwill and other intangibles	5,633	5,734
Bank owned life insurance	26,739	23,641
Deferred tax asset, net	7,382	9,734
Other assets	1,617	751
Total assets	<u>\$ 1,199,085</u>	<u>\$ 1,168,795</u>
Liabilities and Stockholders' Equity:		
Liabilities:		
Noninterest-bearing demand deposits	\$ 183,245	\$ 155,879
Interest-bearing liabilities:		
Money market	178,854	189,169
NOW	348,836	370,694
Savings	51,125	50,330
Certificates of deposits over \$250,000	67,372	49,448
Certificates of deposits equal or under \$250,000	91,392	77,314
Total deposits	920,824	892,834
Customer repurchase agreements	105,986	114,702
Short term borrowings	43,000	55,000
Long term borrowings	20,000	3,000
Total borrowings	168,986	172,702
Other liabilities	2,876	1,839
Total liabilities	<u>1,092,686</u>	<u>1,067,375</u>
Stockholders' Equity:		
Common stock	17,228	17,227
Preferred stock	1,038	1,038
Additional paid-in capital	91,315	90,874
Accumulated deficit	(1,201)	(6,904)
Accumulated other comprehensive income/(loss), net of tax	(1,981)	(815)
Total stockholders' equity	<u>106,399</u>	<u>101,420</u>
Total liabilities and stockholders' equity	<u>\$ 1,199,085</u>	<u>\$ 1,168,795</u>

TGR FINANCIAL, INC.

Consolidated Statements of Income

Fourth Quarter 2016

(unaudited)

(\$ in thousands except for share data)

	For the Year Ended December 31,	
	2016	2015
Interest income:		
Loans	\$ 35,003	\$ 29,575
Investment securities	3,752	4,247
Interest bearing balances due from banks and others	494	294
Total interest income	39,249	34,116
Interest expense:		
Deposits	4,535	3,762
Customer repurchase agreements	320	296
Other borrowed funds	306	221
Total interest expense	5,161	4,279
Net interest income	34,088	29,837
Provision for loan losses	971	1,070
Net interest income after provision for loan losses	33,117	28,767
Non-interest income:		
Service charges and fees on deposit accounts	1,237	1,060
Title and closing services revenue	446	501
Loss on loans held for sale	(9)	-
Gain on sale of fixed assets	1	-
Gain (loss) on sale of securities, net	7	32
Bank owned life insurance	697	616
Bargain purchase gain (adjustment)	-	(79)
Other non-interest income	505	410
Total non-interest income	2,884	2,540
Non-interest expense:		
Salaries and employee benefits	15,913	13,960
Occupancy and equipment	3,814	3,503
Professional fees	803	544
Data processing	1,292	1,133
Advertising, marketing, and business development	977	974
Regulatory assessments	955	850
Other non-interest expense	3,328	3,058
Total non-interest expense	27,082	24,022
Income before income taxes	8,919	7,285
Provision (benefit) for income taxes	3,216	2,608
Net income	\$ 5,703	\$ 4,677
Basic income per common share	\$ 0.33	\$ 0.27
Diluted income per common share	\$ 0.30	\$ 0.25
Basic weighted average number of common shares outstanding	17,227,549	17,121,621
Diluted weighted average number of common shares outstanding	18,810,053	18,421,328

TGR FINANCIAL, INC.

Consolidated Financial Highlights

Fourth Quarter 2016

(unaudited)

	Quarterly					Year to Date	
(\$ in thousands except for share data)	4th Qtr 2016	3rd Qtr 2016	2nd Qtr 2016	1st Qtr 2016	4th Qtr 2015	2016	2015
\$ Earnings							
Net interest income	\$ 8,901	8,582	8,231	8,374	8,097	34,088	29,837
Provision for loan loss	\$ 250	330	251	140	540	971	1,070
Other income	\$ 645	723	877	639	659	2,884	2,540
Other expense	\$ 6,926	6,612	6,629	6,915	5,893	27,082	24,022
Pre-tax income	\$ 2,370	2,363	2,228	1,958	2,323	8,919	7,285
Taxes	\$ 879	837	793	707	843	3,216	2,608
Net income	\$ 1,491	1,526	1,435	1,251	1,480	5,703	4,677
Earnings per share (basic)**	\$ 0.08	0.08	0.08	0.07	0.08	0.31	0.26
Earnings per share (diluted)	\$ 0.08	0.08	0.08	0.07	0.08	0.30	0.25
Performance Ratios							
Return on average assets*	0.48%	0.48%	0.49%	0.43%	0.51%	0.47%	0.43%
Return on average equity*	5.52%	5.68%	5.52%	4.88%	5.79%	5.41%	4.72%
Yield on earning assets	3.50%	3.34%	3.43%	3.45%	3.34%	3.43%	3.32%
Cost of funds (incl non-int bearing deposits)	0.47%	0.49%	0.47%	0.44%	0.42%	0.47%	0.43%
Net interest margin*	3.04%	2.86%	2.97%	3.02%	2.93%	2.97%	2.90%
Net overhead ratio	2.04%	1.85%	1.97%	2.16%	1.80%	2.00%	1.96%
Capital							
Tier 1 leverage capital ratio	8.34%	7.90%	8.31%	8.17%	8.11%	8.34%	8.11%
Common equity risk-based capital ratio	10.41%	10.10%	10.26%	10.64%	10.75%	10.41%	10.75%
Tier 1 risk-based capital ratio	10.87%	10.54%	10.69%	11.07%	11.08%	10.87%	11.08%
Total risk-based capital ratio	11.86%	11.52%	11.69%	12.11%	12.12%	11.86%	12.12%
Book value per share	\$ 5.82	5.89	5.78	5.68	5.55	5.82	5.55
Tangible book value per share	\$ 5.52	5.58	5.47	5.36	5.24	5.52	5.24
Outstanding shares**	18,266,076	18,265,451	18,265,444	18,265,432	18,265,432	18,266,076	18,265,432
Average outstanding shares (diluted)	18,810,429	18,673,647	18,687,581	18,683,457	18,529,600	18,810,054	18,421,328
Asset Quality							
Net charge-offs (recoveries)	\$ 304	158	97	(5)	9	554	(207)
Net charge-offs to average loans*	0.13%	0.07%	0.05%	0.00%	0.00%	0.06%	-0.04%
Allowance for loan losses	\$ 9,174	9,228	9,056	8,901	8,757	9,174	8,757
Allowance to total loans	1.01%	1.02%	1.04%	1.08%	1.08%	1.01%	1.08%
Nonperforming loans	1,623	1,631	1,823	1,962	3,163	1,623	3,163
Other real estate owned	\$ -	-	-	-	-	-	-
Nonperforming loans to total loans	0.18%	0.18%	0.21%	0.24%	0.39%	0.18%	0.39%
Nonperforming assets to total assets	0.14%	0.13%	0.14%	0.17%	0.27%	0.14%	0.27%
End of Period Balances							
Assets	\$ 1,199,085	1,227,491	1,261,738	1,174,315	1,168,795	1,199,085	1,168,795
Total S/T and L/T Investments	\$ 220,391	235,696	303,613	263,495	297,931	220,391	297,931
Loans	\$ 910,125	907,302	874,585	825,316	810,750	910,125	810,750
Deposits	\$ 920,824	998,727	1,009,401	919,303	892,834	920,824	892,834
Customer Repurchase Agreements	\$ 105,986	96,611	103,153	132,297	114,702	105,986	114,702
Borrowings	\$ 63,000	20,000	40,000	15,000	58,000	63,000	58,000
Shareholders' equity	\$ 106,399	107,539	105,597	103,668	101,420	106,399	101,420
Average Balances							
Assets	\$ 1,223,925	1,266,784	1,176,589	1,171,446	1,158,801	1,209,881	1,093,897
Total S/T and L/T Investments	\$ 240,366	284,738	254,650	277,005	310,243	264,181	302,916
Loans	\$ 912,243	894,947	843,625	821,612	777,777	868,301	716,078
Deposits	\$ 925,536	1,025,711	918,053	887,433	858,148	939,382	835,685
Customer Repurchase Agreements	\$ 97,455	100,967	118,737	118,612	117,874	108,889	98,994
Borrowings	\$ 89,075	29,015	31,854	59,734	76,013	52,455	55,722
Shareholders' equity	\$ 107,158	106,834	104,536	103,092	101,732	105,414	99,109
Stock Valuation							
Closing Market Price (OTCQX)	\$ 7.80	6.85	N/A	N/A	N/A	N/A	N/A
% of Tangible Book Value	1.41	1.23	N/A	N/A	N/A	N/A	N/A

* annualized with quarterly data

** includes convertible preferred shares