



# 2012 TGR FINANCIAL, INC. ANNUAL REPORT



## FIRST NATIONAL BANK OF THE GULF COAST



# COMPANY'S REPORT

**Three words summarize 2012: *Growth, Progress, and Achievement.***

## GROWTH

The Company's assets grew by \$217 million to an ending balance of \$613 million as of December 31, 2012. We take pride in that the vast majority of this growth was achieved organically (rather than through acquisitions). The Company did purchase, from the Federal Deposit Insurance Corporation, certain assets and assumed certain liabilities of the former Royal Palm Bank of Florida in July 2012. Through the acquisition,

we purchased approximately \$79 million in assets and assumed approximately \$78 million in deposits and other liabilities. As a result of the acquisition, we added two additional offices to our footprint. We now serve the North Naples Community with our state of the art Creekside office, and the Marco Island Community is now represented with our Bald Eagle Drive office.

### LOAN GROWTH 2009 – 2012

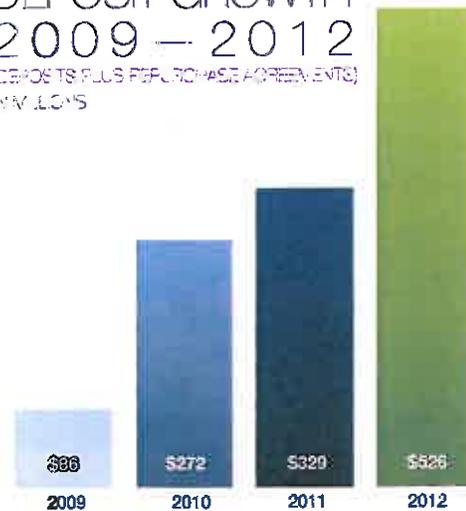
(IN MILLIONS)



**Despite increasing competition, loan growth has been strong.** In addition to the \$39 million in loans purchased from Royal Palm Bank, net loans outstanding increased \$126 million during 2012. Asset quality continues to be our mainstay as the Company reported only 1.44% of total assets as non-performing at year-end, a figure much lower than most of our peers. This figure also includes the non-performing assets acquired from Royal Palm Bank.

### DEPOSIT GROWTH 2009 – 2012

(DEPOSITS PLUS REPURCHASE AGREEMENTS)  
(IN MILLIONS)



**Customer deposits and repurchase agreements grew from \$329 million at year-end 2011 to \$526 million by year-end 2012.** Excluding the \$78 million of acquired deposits, this represents a growth rate in excess of 36%. Market loyalty continues to reward the company, as existing customers remain our best source of referrals. We remain committed to our founding principle of providing superior customer service!

# PROGRESS



**Banking has fundamentally changed over the past decade; these fundamental changes are experienced most radically in methods of delivery.** Customers no longer visit banks on a regular basis. They are demanding more online solutions and mobile access. We have responded to these increasing demands through the implementation of our new Creekside Office. This office reflects the latest technological features. Here, we offer “cash assist machines” rather than traditional teller lines, similar in nature to automated teller machines. The café-style environment is equipped with touch screens, enabling our branch staff to serve as instructors to our customers. Because of our customers’ extensive use of technology, the Creekside office offers various types of educational opportunities to customers who are new to internet banking solutions, on-line bill pay or other web-based solutions.

As we continue to expand our presence throughout various markets, we view the Creekside Office as the office of the future. We are uniquely positioned to serve customers in a technologically progressive way, while maintaining our commitment to personal banking.



# ACHIEVEMENT

**The Bank reached core profitability in June 2012, and we have sustained earnings since that time.** Our net interest margin increased from 2.90% at year-end 2011 to 3.14% at year-end 2012, contributing over \$6 million in additional core revenue year over year.

## 2012 HIGHLIGHTS:

March 31, 2012 Total assets reach **\$460 million**.

June 30, 2012 Total assets reach **\$504 million**; the bank reaches core profitability.

July 20, 2012 First National Bank of the Gulf Coast acquires the former Royal Palm Bank of Florida from the FDIC.

September 13, 2012 The Office of the Comptroller of the Currency terminates its operating agreement with First National Bank of the Gulf Coast, allowing the Bank to expand outside of its initial footprint of Collier, Lee and Charlotte Counties.

September 30, 2012 Total assets reach **\$568 million**.

October 10, 2012 First National Bank of the Gulf Coast reorganizes as a subsidiary of TGR Financial, Inc.

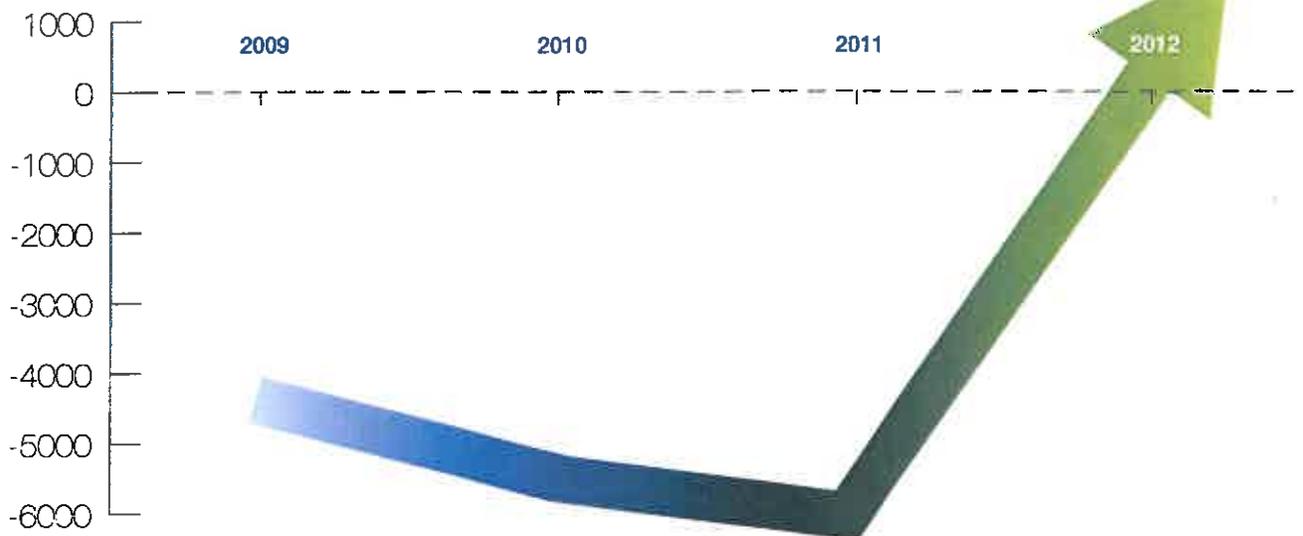
December 20, 2012 First National Bank of the Gulf Coast opens its Creekside Office, a technologically progressive branch of the Bank.

December 31, 2012 Total assets reach **\$613 million**.

## NET INCOME

IN THOUSANDS

Our net income improved greatly from 2011 to 2012. We consider attaining and recurring core profitability in 2012 our greatest achievement.



# TGR FINANCIAL, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED AS OF DECEMBER 31

(dollars in thousands)	2012	2011	2010	2009
<b>INTEREST INCOME:</b>				
Loans	\$13,960	\$7,417	\$4,374	\$415
Investment securities	4,340	4,097	3,945	192
Interest bearing balances due from banks	165	319	239	20
<b>Total interest income</b>	<b>18,465</b>	<b>11,833</b>	<b>8,558</b>	<b>627</b>
<b>INTEREST EXPENSE:</b>				
Deposits	2,924	2,406	3,129	159
Repurchase agreements	177	131	33	-
Short term borrowings	6	-	-	-
Long term borrowings	45	-	-	-
<b>Total interest expense</b>	<b>3,152</b>	<b>2,537</b>	<b>3,162</b>	<b>159</b>
<b>Net interest income</b>	<b>15,313</b>	<b>9,296</b>	<b>5,396</b>	<b>468</b>
Provision for loan losses	2,302	2,726	1,764	211
<b>Net interest income after provision for loan losses</b>	<b>13,011</b>	<b>6,570</b>	<b>3,632</b>	<b>257</b>
<b>NON-INTEREST INCOME:</b>				
Service charges and fees on deposit accounts	433	317	190	11
Title and closing services revenue	248	229	138	15
Gain on loans held for sale	9	47	85	14
Gain on sale of other real estate owned	10	-	-	-
Gains on sale of securities, net	2,009	607	1,448	-
Bargain purchase gain	724	-	-	-
Other non-interest income	115	78	27	1
	<b>3,548</b>	<b>1,278</b>	<b>1,888</b>	<b>41</b>
<b>NON-INTEREST EXPENSE:</b>				
Salaries and employee benefits	8,808	6,879	6,297	1,259
Occupancy and equipment	2,689	2,560	2,367	390
Professional fees	488	790	348	25
Data processing	495	399	189	28
Advertising, marketing, and business development	296	302	311	57
FDIC and OCC assessments	566	431	402	28
Merger and acquisition related expense	720	1,269	-	-
Reorganization related expense	802	-	-	2,643
Other non-interest expense	1,535	1,151	1,002	167
	<b>16,399</b>	<b>13,781</b>	<b>10,916</b>	<b>4,597</b>
<b>Income/(loss) before income taxes</b>	<b>160</b>	<b>(5,933)</b>	<b>(5,396)</b>	<b>(4,299)</b>
Provision for income taxes	-	-	-	-
<b>Net income/(loss)</b>	<b>\$160</b>	<b>\$(5,933)</b>	<b>\$(5,396)</b>	<b>\$(4,299)</b>

\*A bargain purchase gain was recorded in connection with the Royal Palm Bank acquisition. One time charges for 2012 include costs associated with the Royal Palm Bank acquisition and holding company reorganization. One time charges for 2011 were related to a branch closing that included settlement on a long term office lease.

# FINANCIAL HIGHLIGHTS

## TGR FINANCIAL, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

FOR THE YEARS ENDED AS OF DECEMBER 31

(dollars in thousands)	2012	2011	2010	2009
<b>ASSETS:</b>				
Cash and due from banks	\$12,735	\$9,950	\$5,136	\$2,565
Interest earning balances due from banks	32,928	45,550	22,960	21,255
<b>Total cash and cash equivalents</b>	<b>45,663</b>	<b>55,500</b>	<b>28,096</b>	<b>23,820</b>
Securities available-for-sale	188,636	130,649	140,249	33,207
Federal Reserve Bank stock	1,991	1,922	994	1,135
Federal Home Loan Bank stock	1,448	449	183	76
Loans, net of allowance for loan losses	346,554	181,399	102,581	39,142
Premises and equipment, net	18,483	18,544	19,623	18,416
Other real estate owned, net	2,685	799	-	-
Accrued interest receivable	1,777	1,085	1,097	408
Goodwill and other intangibles	5,283	5,196	5,203	5,210
Other assets	540	512	1,241	646
<b>Total assets</b>	<b>\$613,060</b>	<b>\$396,055</b>	<b>\$299,267</b>	<b>\$122,060</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>				
<b>LIABILITIES:</b>				
Noninterest-bearing demand deposits	\$49,263	\$23,151	\$17,158	\$11,841
Interest-bearing liabilities:				
Money market	146,805	90,649	39,449	38,272
NOW	65,858	74,356	140,289	4,895
Savings	63,785	33,218	14,476	6,400
Certificates of deposit \$100,000 or more	110,263	55,086	20,969	12,231
Certificates of deposit under \$100,000	33,263	14,093	14,449	12,690
<b>Total deposits</b>	<b>469,237</b>	<b>290,553</b>	<b>246,790</b>	<b>86,329</b>
Securities sold under agreements to repurchase	57,206	38,580	25,766	-
Long term borrowings	16,000	-	-	-
<b>Total borrowings</b>	<b>73,206</b>	<b>38,580</b>	<b>25,766</b>	<b>-</b>
Other liabilities	2,875	2,168	581	718
<b>Total liabilities</b>	<b>545,318</b>	<b>331,301</b>	<b>273,137</b>	<b>87,047</b>
<b>STOCKHOLDERS' EQUITY:</b>				
Common stock, \$1 par value	14,333	14,060	5,310	5,310
Preferred stock, \$1 par value	127	-	-	-
Additional paid-in capital	75,614	74,014	43,037	43,035
Accumulated deficit	(24,274)	(24,434)	(18,501)	(13,105)
Accumulated other comprehensive income (loss)	1,942	1,114	(3,716)	(227)
<b>Total stockholders' equity</b>	<b>67,742</b>	<b>64,754</b>	<b>26,130</b>	<b>35,013</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$613,060</b>	<b>\$396,055</b>	<b>\$299,267</b>	<b>\$122,060</b>

# LEADERSHIP

## TGR FINANCIAL, INC. BOARD OF DIRECTORS

<b>Thomas G. Brewer</b>	<b>Michael J. Kerschner</b>	<b>Garrett S. Richter</b>
<b>Christopher C. Casciato</b>	<b>Dianne G. Krumsee</b>	<b>Gary L. Tice</b>
<b>Adam D. Compton</b>	<b>James S. Lindsay</b>	<b>Robert I. Usdan</b>
<b>Robert M. Feerick</b>	<b>Edward J. Mace</b>	
<b>John J. Guinee</b>	<b>Judy R. Miller</b>	

## FIRST NATIONAL BANK OF THE GULF COAST BOARD OF DIRECTORS

<b>Christopher C. Casciato</b>	<b>Donald W. Major</b>	<b>J. Nathan Stout</b>
<b>Adam D. Compton</b>	<b>John B. McWilliams</b>	<b>Gary L. Tice</b>
<b>Edgar E. Davis</b>	<b>Thomas F. O'Reilly</b>	<b>Timothy S. Weidle</b>
<b>Jeffrey D. Davis</b>	<b>Calvin J. Pratt</b>	<b>Robert T. Zellers</b>
<b>Michael J. Kerschner</b>	<b>Garrett S. Richter</b>	
<b>Edward J. Mace</b>	<b>Joseph C. Smallwood, Jr.</b>	

## FIRST NATIONAL BANK OF THE GULF COAST EXECUTIVE MANAGEMENT TEAM

<b>Gary L. Tice</b> CHAIRMAN & CHIEF EXECUTIVE OFFICER	<b>Peter Setaro</b> CHIEF INFORMATION OFFICER	<b>Ron Rucker</b> SENIOR LOAN OFFICER
<b>Garrett S. Richter</b> PRESIDENT	<b>Jody Hudgins</b> DEPUTY CHIEF CREDIT OFFICER	<b>Ron Orr</b> CHIEF RISK OFFICER
<b>Robert Reichert</b> CHIEF ADMINISTRATIVE OFFICER	<b>Brian Keenan</b> REGIONAL PRESIDENT, WEST CENTRAL FLORIDA	
<b>C.C. Coghill</b> CHIEF CREDIT OFFICER		

## SHAREHOLDERS' MEETING

**Please join us for our Annual Shareholders' Meeting  
on Monday, May 20, 2013 - 6:00 P.M.**

*at the Ritz-Carlton Golf Resort*  
2600 Tiburon Drive, Naples, Florida.

Cocktails and hors d'oeuvres will be served.

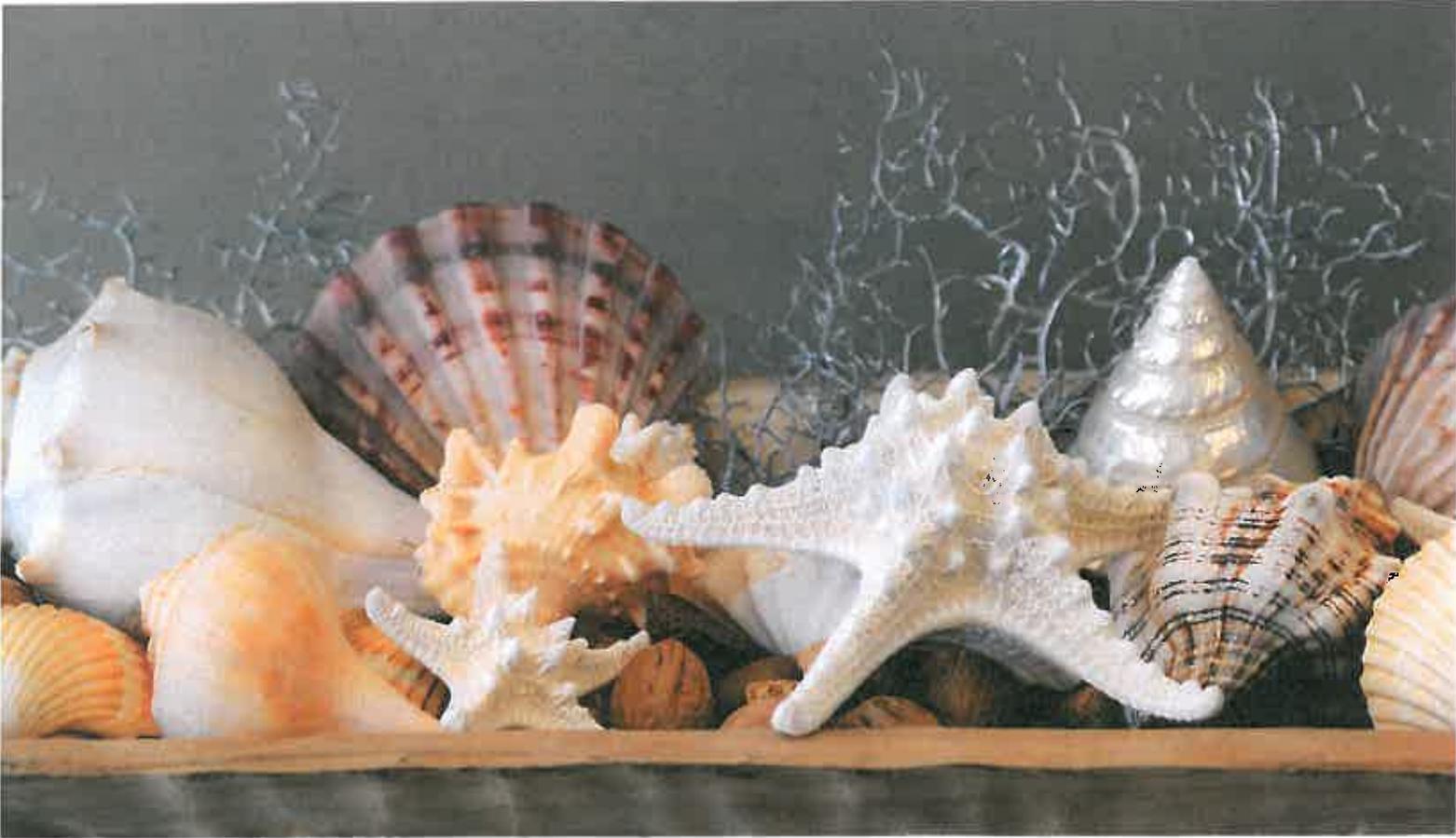
Please RSVP by Monday, May 13

**Anna Snyder at [annasnyder@fnbofgc.com](mailto:annasnyder@fnbofgc.com) or (239) 325-3846**



**CORPORATE HEADQUARTERS**

3560 Kraft Road  
Naples, Florida 34105  
877-763-0244



**PINE RIDGE OFFICE**  
3580 Pine Ridge Road  
Naples, Florida 34109  
239-348-8000

**ANCHOR RODE OFFICE**  
811 Anchor Rode Drive  
Naples, Florida 34103  
239-649-6000

**CREEKSIDE OFFICE**  
1280 Creekside Street #104  
Naples, Florida 34108  
239-593-5522

**MARCO ISLAND OFFICE**  
690 Bald Eagle Drive  
Marco Island, Florida 34145  
239-642-1166



# Please help us **Go Green**

*Vote your proxy and elect to receive your proxy information electronically*

As the world becomes more aware of the environment, businesses are implementing new practices that promote sustainability and environmental responsibility. As a shareholder you can help reduce the ecological impact of receiving full package paper proxy materials by enrolling for electronic delivery while voting electronically.

**We need your consent to begin the electronic process. It is quick and easy and you will reduce the amount of mail that arrives in your mailbox!**

Voting and enrollment is easy and secure.

Simply go to [www.proxyvote.com](http://www.proxyvote.com) and enter the control number found on the front of your Vote Instruction Form in the box with the  pointing to it. After reviewing your votes, just enter your email address in the space provided at the bottom of the screen.

Your preference will apply to all holdings in your account and remain active until you change it.



**TGR**  
FINANCIAL, INC.