



PUBLIC DISCLOSURE

October 07, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Bank of Florida
Charter Number 706707

4705 US Highway 90 West
Lake City, FL 32055

Office of the Comptroller of the Currency

8375 Dix Ellis Trail, Suite 403
Jacksonville, FL 32256-8273

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The bank's rating is based on the following conclusions:

- The bank's average quarterly loan-to-deposit ratio since the last evaluation is reasonable given the institution's size, capacity, business strategy, and economic conditions.
- A majority of loans were originated inside the bank's assessment area.
- Overall, lending to borrowers of different income levels is reasonable in comparison to demographic data, the performance context, and the bank's business strategy.
- The geographic distribution of loans reflects a reasonable dispersion.
- The bank's performance regarding community development activities, including community development loans, qualified investments, and community development services, demonstrates adequate responsiveness to the needs of its community, given the level of opportunities in the assessment areas.

Scope of Examination

This Performance Evaluation (PE) assesses the bank's performance under the Intermediate Small Bank (ISB) Test. In evaluating the bank's lending performance, we reviewed the bank's primary business lines of home mortgage loans and consumer loans. At the bank's request, we also considered small business/small farm (business) loans. There were no affiliate activities to be considered as part of the evaluation.

The overall evaluation period ranged from October 30, 2009, the cut-off date of the prior evaluation period, to October 7, 2013. For the Lending Test portion of the evaluation, and for the Community Development lending portion, we focused on activity from January 1, 2010 to December 31, 2012. For our assessment of Community Development investments and services, we focused on activity from October 30, 2009 to October 7, 2013.

We relied on Home Mortgage Disclosure Act (HMDA) data reported by the bank for residential loans. This data was previously tested and found to be reliable. We reviewed loan origination reports generated by the bank for business and consumer loans. We performed data integrity reviews on both consumer and business loans in order to verify that the data supplied was accurate. Loan samples were derived in compliance with OCC sampling guidelines within the evaluation period described above. Samples were representative of the bank's business strategy. We reviewed a minimum of twenty loans per product,

per assessment area. We reviewed the bank's internal procedures, compliance reviews, and audits regarding the accuracy of business and consumer loan data. We also verified Community Development loans, investments, and services submitted by bank management to ensure accuracy and that they met the regulatory definition of Community Development. Our assessment of loans originated or purchased during the evaluation period indicated that consumer and real estate loans represented the majority of the bank's lending activity, and that these are the bank's primary business lines. After a review of the loan samples and an assessment of the volume of business loans and data provided, we decided not to analyze business loans as part of the evaluation. We determined that the line was not a primary product of the institution given the low number of business loans originated and the reliability of the revenue data provided. The chart below illustrates the number of loans purchased or originated during the evaluation period.

Lending Activity from January 1, 2010 to December 31, 2012		
Loan Category	# Loans	%
Residential Real Estate	10,171	71%
Consumer Loans	3,416	24%
Business Loans	709	5%
Total	14,296	100%

Source: Data Reported under HMDA for the years 2010-2012 and bank data for all small business/small farm loans and consumer loans originated and purchased for the years 2010-2012.

Description of Institution

First Federal Bank of Florida (FFB), headquartered in Lake City, Florida, is a federally chartered, stock savings association with total assets of approximately \$973 million and total deposits of \$818 million as of June 30, 2013. FFB is a wholly owned subsidiary of First Federal Bancorp, MHC, a mutual holding company. The bank operates 19 branches (including the main office) in northern, central, and northwest Florida. Of the 19 branches, only three are located in moderate-income census tracts. There are no branches located in low-income tracts. Other than one branch located in Washington County, which is in an upper-income tract, the remaining branches are in middle-income census tracts. The bank's ability to lend to low income borrowers is somewhat affected by these locations. Two of the bank's three assessment areas were severely impacted by the recent economic crisis during the evaluation period. This is most notably exemplified by unemployment in the Jacksonville MSA jumping to 8.17 percent and unemployment in the Sarasota MSA more than doubling to 9.03 percent.

The bank's lending strategy is to operate primarily as a consumer and residential mortgage lender, selling a substantial portion of its residential mortgages on the secondary market. The bank's overall strategy has been growth through acquisitions. Management is concentrating on recovering from the recent housing bust and developing new lines of business. The historically low interest rate environment and slow economic recovery present strategic challenges for the bank. The bank also offers a variety of small business/small farm and consumer loans, and participates in several government lending programs, including Federal Housing Administration (FHA), Veterans Affairs (VA), Small Business Administration (SBA), Federal Home Loan Mortgage Corporation (FHLMC), and State Housing Initiative Partnership (SHIP) lending.

There are three branches in Lake City (Columbia County); three in Sarasota (Sarasota County); two in Live Oak (Suwannee County); and two in Marianna (Jackson County), one of which was acquired in April 2013. There is one branch in each of the towns of Jasper (Hamilton County), Mayo (Lafayette County), Dowling Park (Suwannee County), Fernandina Beach (Nassau County), Yulee (Nassau County), Bradenton (Manatee County), Bonifay (Holmes County), Chipley (Washington County), and Macclenny (Baker County). Five branches are located in distressed or underserved census tracts. Distressed census tracts meet specific criteria defined by financial agencies like unemployment levels of at least 1.5 times the national average or a 10 percent population loss between censuses. Underserved census tracts have small, thin populations far from a population center where it is likely to have difficulty financing fixed costs for community needs.

Loan Portfolio Composition as of June 30, 2013		
Loan Category	\$(000)	%
Commercial	\$88,445	15.86%
Residential Real Estate	\$226,142	40.54%
Commercial Real Estate	\$197,038	35.33%
Consumer	\$46,140	8.27%
Total	\$557,765	100.00

Source: June 30, 2013 Report of Condition

The lobbies of the bank offices are open for business from 9:00 a.m. to 4:00 p.m., Monday through Thursday, and until 6:00 p.m. on Friday. The bank operates proprietary ATMs at each branch location as well as five “stand-alone” ATMs. The “stand-alone” ATMs are located in the Lake City Courthouse (Columbia County), the Florida Gateway College campus (Columbia County), Glen St. Mary (Baker County, remote location – deposit taking), Marianna (Jackson County, remote location – deposit taking), and White Springs (Hamilton County). In addition to ATM services, the bank offers a telephone banking service, mobile banking, and internet banking, which allow customers to access accounts 24-hours a day, seven days a week.

Items to consider: On May 7, 2010, The Bank of Bonifay in Bonifay, Florida failed. FFB assumed all \$224.7 million in deposits, of which approximately \$125 million was retained, and purchased certain performing loans totaling \$33.3 million. On December 21, 2011, First Federal purchased QR Lending, Inc. QR Lending Inc. was a mortgage banking company located in Madison, Wisconsin, in the business of originating 1-4 family residential loans throughout the United States.

The previous CRA Performance Evaluation (PE) was performed on October 30, 2009 and the bank received an “Outstanding” rating at that time. The bank did not have any affiliate businesses that were subject to review or consideration in the evaluation. Loan samples were obtained from the primary products reviewed, and a HMDA data integrity review was performed, as the bank is a HMDA reporter. Bank generated data was tested for reliability during that review.

There are no financial conditions, legal constraints, or other factors that would hinder the bank’s ability to meet the credit and community needs of its assessment areas (AAs).

Description of Assessment Area(s)

The AAs consists of whole counties which are comprised of two metropolitan statistical areas (MSAs) and one seven-county AA that is not located in a MSA. FFB operates 19 branches in 12 counties within the AAs.

Seven-County AA (Non-MSA AA)

The Non-MSA AA includes all of Suwannee, Hamilton, Columbia, Lafayette, Washington, Holmes and Jackson Counties. The AA includes seven (7), *non-contiguous* counties which is comprised of 46 census tracts with income designations; including 4 moderate-income tracts, 39 middle-income tracts, and 7 upper-income tracts. This data is based on the 2010 census. No low-income census tracts were identified within these seven counties. The AA includes geographies where the institution has twelve (12) branch offices, each with an ATM, as well as four (4) “stand-alone” ATM locations. Per the 2012 Federal Financial Institutions Examination Council (FFIEC) report, five (5) of the seven counties in the Non-MSA AA have recently been classified as distressed or underserved. Of the five counties, three (3) are considered distressed, and two (2) are considered distressed and underserved.

The bank has properly defined its AA in accordance with the technical requirements of the CRA regulation. While there were no low-income census tracts identified in the seven counties, we determined the AA consists of whole census tracts and does not arbitrarily exclude low- and moderate-income (LMI) census tracts. The counties include census tracts where bank offices are located and loans are originated. Four of the branches are located in moderate-income areas. The AA meets requirements of the regulation and does not reflect illegal discrimination.

According to the 2010 Census data, only 8.70% of the census tracts were in moderate-income geographies. There were 78,287 households, of which 26.41 percent were low-income households and 16.92 percent were moderate-income households.

In 2012, business demographic data illustrated there were 20,680 businesses in the area. Business revenue data reflects that 15,611, or 75.49 percent, of these businesses had revenues of less than \$1 million. Primary industries providing employment and their percentages are Services (43.96 percent); Retail Trade (11.13 percent); and Construction (9.10 percent).

The 2000 Census data reflects that 18.08 percent of the households in the AA were below the poverty level. The 2010 Census data shows that 17.05 percent of households in the AA were below the poverty level. Unemployment was 10.40 percent according to the 2010 Census data. This was up significantly from 6.15 percent according to 2000 Census data. Based on 2012 data obtained from the U.S. Department of Labor, the unemployment rate has fallen more recently and was 8.16 percent in 2012.

The following table provides a description of the seven-county Non-MSA AA based on 2010 and 2000 census data and U.S. Department of Housing and Urban Development information.

2010 Demographic and Economic Characteristics of Non-MSA (seven-counties)	
<i>Population</i>	
Total Population	227,320
Number of Families	52,491
Number of Households	78,287
<i>Geographies</i>	
Number of Census Tracts	46
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	8.70%
% Middle-Income Census Tracts	76.09%
% Upper-Income Census Tracts	15.22%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$48,477
2010 HUD-Adjusted MFI	\$46,748
2013 HUD-Adjusted MFI	\$48,000
<i>Economic Indicators</i>	
Unemployment Rate	10.40%
2010 Median Housing Value	\$113,973
% of Households Below Poverty Level	17.05%

Source: 2010 Census data and HUD updated income data.

2000 Demographic and Economic Characteristics of Non-MSA (seven-counties)	
<i>Population</i>	
Total Population	197,998
Number of Families	51,750
Number of Households	72,231
<i>Geographies</i>	
Number of Census Tracts	37
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	8.11%
% Middle-Income Census Tracts	89.19%
% Upper-Income Census Tracts	2.70%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$35,018
2000 HUD-Adjusted MFI	\$36,211
<i>Economic Indicators</i>	
Unemployment Rate	6.15%
2000 Median Housing Value	\$61,374
% of Households Below Poverty Level	18.08%

Source: 2000 Census data and HUD updated income data.

Jacksonville MSA

The AA includes geographies where the institution has two branch offices, each with an ATM, and one “stand-alone” deposit-taking ATM. None of the bank’s branches are located in low or moderate-income census tracts. The branches are located in the northwest quadrant of the MSA and are somewhat removed from the greater Jacksonville metropolitan area. The AA includes the contiguous five-county area, which is comprised of 260 census tracts, including; 17 low income tracts, 60 moderate-income tracts, 112 middle-income tracts, and 69 upper-income tracts. There are 200,189 low and moderate-income households in the AA. The Jacksonville MSA is comprised of the following counties: Baker, Clay, Duval, Nassau, and St. Johns. Per the 2012 Federal Financial Institutions Examination Council (FFIEC) report, the Jacksonville MSA does not contain areas classified as distressed or underserved.

The bank has properly defined its AA in accordance with the technical requirements of the CRA regulation. The AA consists of whole census tracts, does not arbitrarily exclude low- and moderate-income census tracts, and includes the census tracts where bank offices are located and the majority of its loans are originated. The AA meets requirements of the regulation, does not reflect illegal discrimination, and does not arbitrarily exclude any low or moderate-income area(s).

The AA has a population of 1,345,596 according to 2010 Census figures. The Jacksonville Metropolitan area is the 50th largest by population in the U.S., growing at an annual rate of 1.43 percent. The four largest employers are the Naval Air Station Jacksonville, with 19,500 employees; the Mayport Naval Station, with 15,293 employees; Blue Cross and Blue Shield of Florida, with 9,000 employees; and Publix Supermarkets Distribution Center with 6,615 employees. Jacksonville is the principal city and the surrounding counties are part of the greater metropolitan area.

According to the Florida Office of Economic Demographic Research, in 2012, business geo-demographic data reflected that there were 177,016 businesses in the area. Business revenue data reflected that 132,773, or 75.01 percent, of these businesses had revenues of less than \$1 million. Primary industries and their percentages are Services (47.09 percent); Retail Trade (10.42 percent); and Construction (8.80 percent).

Economic conditions within the market area are currently in a recovery phase since the recent economic downturn. Unemployment during 2010 was 8.17 percent. This is a significant increase from the 2000 unemployment rate of 4.57 percent. Competition within the AA is significant, consisting of larger regional banks and large national banks with multiple branches throughout the AA. Wells Fargo, Bank of America, SunTrust Bank, BBVA-Compass Bank, and Everbank are dominant institutions in the market. The number of low-income borrowers has increased greatly since the 2000 Census, with significant increases in the unemployment rate and number of low and moderate-income households, as illustrated in the Census Demographic Data Comparison table below.

The following table provides a description of the Jacksonville AA based on 2010 census data and U.S. Department of Housing and Urban Development information.

2010 Demographic and Economic Characteristics of Jacksonville MSA	
<i>Population</i>	
Total Population	1,345,596
Number of Families	334,850
Number of Households	503,657
<i>Geographies</i>	
Number of Census Tracts	260
% Low-Income Census Tracts	6.54%
% Moderate-Income Census Tracts	23.08%
% Middle-Income Census Tracts	43.08%
% Upper-Income Census Tracts	26.54%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$67,324
2010 HUD-Adjusted MFI	\$67,300
<i>Economic Indicators</i>	
Unemployment Rate	8.17%
% of Households Below Poverty Level	11.87%
2010 Median Housing Value	\$220,441

Source: 2010 Census data and HUD updated income data.

Census Demographic Data Comparison			
<i>Census Year</i>	<i>2010</i>	<i>2000</i>	<i>% Change</i>
Low-Income Households	115,262	92,840	24.15%
Moderate-Income Households	84,927	74,388	14.17%
Middle-Income Households	94,659	87,430	8.27%
Upper-Income Households	208,809	178,266	17.16%
Population	1,345,596	1,122,750	19.85%
% Households Below Poverty Level	11.87%	10.47%	
Unemployment Rate	8.17%	4.57%	

Source: 2000 and 2010 Census data

North Port - Bradenton - Sarasota MSA (Sarasota MSA)

The AA includes geographies where the institution has three branch offices in Sarasota and one in Bradenton. Each branch contains an ATM. The AA includes the whole counties of Sarasota and Manatee. Two branches are located in moderate-income areas and two are located in middle-income locations. The counties include 172 census tracts that are comprised of 4 low-income tracts, 42 moderate-income tracts, 78 middle-income tracts, and 48 upper-income tracts. Per the 2012 Federal

Financial Institutions Examination Council (FFIEC) report, the AA does not contain areas classified as distressed or underserved.

The bank has properly defined its AA in accordance with the technical requirements of the CRA regulation. The AA consists of whole census tracts, does not arbitrarily exclude low- and moderate-income census tracts, and includes the census tracts where bank offices are located and the majority of its loans are originated. The AA meets requirements of the regulation, does not reflect illegal discrimination, and does not arbitrarily exclude any low or moderate-income area(s), taking into account the institution's size, branching structure, and financial condition.

Economic conditions within the AA's market area are recovering since the most recent economic downturn. The 2010 unemployment rate was high at 9.03 percent. 2010 Census data indicates that 10.12 percent of the households are below poverty level.

In 2012, business demographic data indicated there were 114,487 businesses in the area. Business revenue data reflects 88,168, or 77.01 percent, of these businesses had revenues of less than \$1 million. Primary industries and their percentages are Services (48.02 percent); Retail Trade (9.33 percent); and Construction (8.88 percent). The area's largest employers are the School Board of Sarasota County, with 5,070 employees; Sarasota Memorial Health Care, with 3,024 employees; Sarasota County, with 2,027 employees; and Publix Supermarkets, Inc. with 1,519 employees.

Competition within the AA is significant consisting of larger regional banks and large national banks with multiple branches throughout the AA. The July 30, 2013 "Summary of Deposits" report lists 67 financial institutions in the MSA with 302 offices holding \$16.6 billion in deposits. FFB has four offices in the MSA and holds 1.25 percent of these deposits. The AA has been described as "ground zero" for the most recent housing crisis. The MSA and areas south of it led the nation in foreclosure rates throughout the economic downturn.

The following table provides a description of the North Port-Bradenton-Sarasota AA based on 2010 Census data and U.S. Department of Housing and Urban Development information.

Demographic and Economic Characteristics of Sarasota MSA	
<i>Population</i>	
Total Population	702,281
Number of Families	188,229
Number of Households	300,209
<i>Geographies</i>	
Number of Census Tracts	172
% Low-Income Census Tracts	2.33%
% Moderate-Income Census Tracts	24.42%
% Middle-Income Census Tracts	45.35%
% Upper-Income Census Tracts	27.91%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$60,626
2010 HUD-Adjusted MFI	\$59,900
<i>Economic Indicators</i>	
Unemployment Rate	9.03%
2010 Median Housing Value	\$266,576
% of Households Below Poverty Level	10.12%

Source: 2010 Census data and HUD updated income data.

Census Demographic Data Comparison			
<i>Census Year</i>	<i>2010</i>	<i>2000</i>	<i>% Change</i>
Low-Income Households	66,931	54,833	22.06%
Moderate-Income Households	51,883	47,435	9.38%
Middle-Income Households	57,130	53,457	6.83%
Upper-Income Households	124,265	106,897	16.25%
Population	702,281	589,959	19.04%
% Household Below Poverty Level	10.12%	7.98%	
Unemployment Rate	9.03%	3.62%	

Source: 2000 and 2010 Census data

Community Contact Information

During a CRA evaluation, it is customary for examiners to contact various persons and organizations within the institution's AA to gain insight regarding local economic conditions and credit needs. An existing community contact in the Sarasota MSA was provided for this evaluation. According to this contact, some of the most pressing financial needs and opportunities for financial institutions in the Sarasota MSA are to strengthen and attract businesses to the area. This would help the area recover from the high unemployment rates experienced during the recent economic downturn. New businesses

starting-up or relocating to the area could help fill some of the high office vacancies. Office vacancies are currently in the 15 to 20 percent range. Development of the area's business base is a primary concern in order to build the tax base and, subsequently, fund economic development incentive programs. Some opportunities that are available within the market are free small business workshops, business enterprise certification classes, and one-on-one business counseling. Funding for the programs is provided through sponsorships by local banks through their CRA funds. There is also a CEO small business economic development program in which local banks participate.

Conclusions with Respect to Performance Tests

LENDING TEST

First Federal Bank of Florida's performance under the Lending Test is Satisfactory. The consumer-lending portion of the test received favorable consideration given the economic conditions during the evaluation period that impacted housing demand. Also considered was the bank's strategy of acquisitions of failed banks and its expansion of its mortgage lending with the QR Lending Inc. acquisition, which originates loans nationwide, and not necessarily within the bank's designated AA. FFB has reasonable penetration among borrowers of different income levels given their performance context. FFB's geographical dispersion of loans is reasonable, although the bank's AAs contain a limited number of low-income census tracts and there are no branches located in low-income areas.

FFB has three AAs, all located in Florida, with two complete MSAs and one seven-county Non-MSA AA. A more detailed description, including demographic information, can be found in the "Description of Assessment Areas(s)" section of this PE.

Loan-to-Deposit Ratio

FFB's quarterly average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, growth strategy, and AA credit needs and meets the standard for "Satisfactory" performance. The bank's quarterly average LTD ratio since the last CRA evaluation (15 quarters, beginning with the fourth quarter of 2009 up to and including the second quarter of 2013), is 65.60 percent. It ranges from a high of 77.96 percent in the fourth quarter of 2012, to a low of 54.76 percent in the second quarter of 2010. For the same period, FFB's quarterly average ratio of 65.50 percent is lower than the 84.03 percent quarterly average ratio of six similarly situated banks in its peer group (defined as having total assets greater than \$350 million and less than \$1 billion) operating in the bank's AA. FFB's lower quarterly average LTD ratio is reflective of its business strategy of growing the bank through the acquisition of deposits from failed banks, weak economic conditions, lower loan demand, and declining housing values resulting from high foreclosure rates in Florida during the evaluation period.

The quarterly average LTD ratio for each similarly situated bank in the AA is illustrated below:

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets As of June 30, 2013 (000's)	Average LTD Ratio
First Federal Bank of Florida	972,674	65.60%
CBC National Bank	399,496	85.26%
The Jacksonville Bank	521,194	90.34%
FirstAtlantic Bank	402,070	76.85%
Atlantic Coast Bank	743,615	106.11%
Florida Shores Bank-Southwest	375,750	55.36%
Prosperity Bank	748,510	90.24%

Source: Consolidated Reports of Condition and Income from December 2009 to June 2013.

Lending in Assessment Area

A majority of loans originated by FFB over the evaluation period were inside its combined AAs. This conclusion is based on an analysis of all home mortgage loans (10,171) reported on the 2010, 2011, and 2012 HMDA LARs, consumer loans (3,416) originated and purchased during the evaluation period, as well as business loans (709). As detailed in the table below, 50.24 percent of loans by number and 39.82 percent of loans by dollar amount originated inside the AAs during the evaluation period. Consumer lending in the AAs is strong, as 93 percent of loans by number and 89 percent of loans by dollar amount originated inside the AAs during the evaluation period. The bank acquired its mortgage lending division (QR Lending) in December of 2011. In 2012, this acquisition accounted for 4,092 loans, representing 40 percent of the bank's home mortgage lending over the entire three-year evaluation period, with over 90 percent of these loans originating outside the bank's AA.

Lending in Assessment Area for the period of January 1, 2010 through December 31, 2012										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	3,369	33.12%	6,802	66.88%	10,171	\$532,317	34.24%	\$1,022,139	65.76%	\$1,554,456
Consumer Loans	3,166	92.68%	250	7.32%	3,416	\$64,389	89.30%	\$7,712	10.70%	\$72,101
Business Loans	647	91.26%	62	8.74%	709	\$102,338	79.24%	\$26,808	20.76%	\$129,146
Totals	7,182	50.24%	7,114	49.76%	14,296	\$699,044	39.82%	\$1,056,659	60.18%	\$1,755,703

Source: Data reported under HMDA for the years 2010-2012 and bank data for all consumer and small business/small farm loans originated and purchased for the years 2010-2012.

The acquisition of QR Lending at the end of 2011 had a major impact on the lending in the AA. QR has multi-state correspondent relationships, bringing in loans from out of state, and therefore out of the AA. To illustrate the impact of this acquisition, the percentage of loans at the previous CRA evaluation reported the bank's lending at 90 percent inside the AA and 10 percent outside the AA. The bank's

year-end LAR reporting went from 2,720 loans in 2011 to 10,171 in 2012, with a substantial majority attributed to the expansion strategy the bank has pursued.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Overall, FFB's lending to borrowers of different income levels reflects reasonable penetration. Business lending was not considered a primary product for this evaluation; refer to the "Scope of Examination" section of this PE for details. Both the Jacksonville MSA and the Non-MSA seven-county AA reflected overall reasonable penetration and disbursement of loans to low and moderate-income borrowers. We attributed the greatest weight in our rating to these areas. The Sarasota MSA is recovering from severe effects of the recent recession. The market is struggling with economic issues as described in the "Description of Assessment Areas(s)" section of this PE. Residential real estate loans reflect reasonable penetration, considering the performance context. Consumer lending effectively reaches low and moderate-income borrowers and reflects reasonable penetration. FFB's lending performance is reflective of its business strategy of growing the bank through the acquisition of failed banks, weak economic conditions, lower loan demand, and declining housing values resulting from high foreclosure rates in Florida during the evaluation period.

The following analyses are separated by year(s), based on available U.S. Census data. Lending activity from 2010 and 2011 is compared to 2000 Census data. Lending activity in 2012 is compared to 2010 Census data.

Non-MSA AA

2000 Census Data

Borrower Distribution of Residential Real Estate Loans in Non-MSA AA for 2010-2011								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	4.42	6.69	26.76	22.72	27.00	30.83	41.82	39.76
Home Improvement	10.00	3.23	27.78	22.58	20.00	19.35	42.22	54.84
Home Refinance	3.18	6.18	13.77	15.64	26.17	29.45	56.89	48.73

Source: Data reported under HMDA; 2000 U.S. Census data.

Given the performance context, the bank's 2010-2011 real estate lending to low- and moderate-income borrowers shows reasonable penetration. The bank's real estate lending to low-income families for home purchase and home refinance loans reflects excellent penetration.

Borrower Distribution of Consumer Loans in Non-MSA AA for 2010-2011								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	26.21%	8.87%	17.33%	12.97%	18.98%	17.94%	37.48%	60.22%

Source: Bank generated report of all consumer loans originated and purchased in 2010 and 2011. We did not include 295 N/A loans, as these were loans in which the bank did not rely on income. The majority of the N/A loans were purchased from Bank of Bonifay.

FFB's 2010-2011 consumer lending shows reasonable penetration among low- and moderate-income borrowers, given the significant volume of loans (295) purchased from a failed bank in 2010 in which the income data was not provided to the bank. As noted in the above table, for moderate-income households, the percentage of the bank's loans originated is lower than the percentage of moderate-income households in the AA. The percentage of the bank's loans to low-income households is lower than the percentage of low-income households in the AA.

2010 Census Data

Borrower Distribution of Residential Real Estate Loans in Non-MSA AA for 2012								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	4.93	4.00	23.56	24.00	24.64	25.78	46.88	46.22
Home Improvement	12.50	6.67	22.06	13.33	26.47	20.00	38.97	60.00
Home Refinance	3.69	4.17	11.95	8.33	20.91	29.17	63.44	58.33

Source: Data reported under HMDA; 2010 U.S. Census data.

The bank's 2012 residential real estate lending shows reasonable penetration among low and moderate-income borrowers, given the bank's performance context. The above table illustrates that for moderate-income families, the percentage of the bank's loans for home purchases exceeds the percentage of moderate-income households in the AA. Lending to middle- and upper-income households shows a reasonable pattern of distribution.

Borrower Distribution of Consumer Loans in Non-MSA AA for 2012								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	26.41	11.93	16.92	20.92	18.12	22.39	38.55	44.76

Source: Bank generated report of all consumer loans originated and purchased in 2012. We did not include 29N/a loans as these were loans in which the bank did not rely on income mainly due to CD secured.

FFB's 2012 consumer lending shows reasonable penetration among low and moderate-income borrowers, given the performance context. As depicted in the above table, for moderate-income households, the percentage of the bank's loans exceeds the percentage of moderate-income households in the AA. The percentage of the bank's loans to low-income households is lower than the percentage of low-income households in the AA. Lending to middle and upper-income households shows a reasonable pattern of distribution.

Jacksonville MSA

2000 Census Data

Borrower Distribution of Residential Real Estate Loans in Jacksonville MSA AA for 2010-2011								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	12.07	14.03	26.76	30.95	27.00	23.11	41.82	31.91
Home Improvement	11.16	5.56	23.50	55.56	26.07	22.22	39.27	16.67
Home Refinance	7.83	6.82	16.17	23.30	22.19	21.02	53.80	48.86

Source: Data reported under HMDA; 2000 U.S. Census data.

The bank's overall distribution of 2010-2011 real estate loans in the AA illustrates reasonable penetration, despite significant competition and limited opportunities to lend to low and moderate-income borrowers, as 8.99 percent of households are below poverty level. Lending to moderate-income families reflects excellent penetration.

Borrower Distribution of Consumer Loans in Jacksonville MSA AA for 2010-2011								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	21.45%	10.29%	17.18%	17.65%	20.20%	26.47%	41.17%	45.59%

Source: Bank generated report of all consumer loans originated and purchased in 2010 and 2011. We did not include 10 N/A loans, as these were loans in which the bank did not rely on income mainly due to loan secured by a bank CD.

FFB's 2010-2011 consumer lending shows reasonable penetration among low- and moderate-income borrowers. As noted in the above table, for moderate-income households, the percentage of loans originated exceeds the percentage of moderate-income households in the assessment area. The percentage of loans to low-income households is somewhat lower than the percentage of low-income households in the AA. However, lending performance for low-income households is reasonable. The bank faces significant competition and limited opportunities to lend to low and moderate-income borrowers. Additionally, 11.87 percent of households are below poverty level.

2010 Census Data

Borrower Distribution of Residential Real Estate Loans in Jacksonville MSA AA for 2012								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	10.55	11.64	24.92	22.93	25.50	26.14	39.02	39.29
Home Improvement	14.73	8.33	21.40	8.33	26.50	16.67	37.37	66.67
Home Refinance	7.77	6.41	16.12	16.03	23.50	31.41	52.61	46.15

Source: Data reported under HMDA; 2010 U.S. Census data.

Given performance context, intense competition, and declining market conditions, the bank's 2012 residential real estate lending to low- and moderate-income households shows reasonable penetration. Home improvement lending to moderate-income borrowers is poor. Middle and upper-income lending reflects consistent reasonable penetration throughout the AA.

Borrower Distribution of Consumer Loans in Jacksonville MSA AA for 2012								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22.89%	19.48%	16.86%	27.27%	18.79%	19.48%	41.46%	33.77%

Source: Bank generated report of all consumer loans originated and purchased in 2012. We did not include 2N/A loans as these were loans in which the bank did not rely on income mainly due to CD secured.

FFB's 2012 consumer lending shows excellent distribution among low- and moderate-income borrowers, given the demographics of the AA. As noted in the above table, the percentage of loans to low-income households is near the ratio of low-income households in the AA. For moderate-income households, the percentage of loans originated in 2012 exceeds the percentage of moderate-income households in the AA. Lending to middle- and upper-income households shows a reasonable pattern of distribution.

Sarasota MSA

2000 Census Data

Borrower Distribution of Residential Real Estate Loans in Sarasota MSA for 2010-2011								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	7.56	5.26	18.20	14.04	20.73	12.28	53.51	68.42
Home Improvement	15.49	0.00	28.62	0.00	18.18	100.00	37.71	0.00
Home Refinance	4.82	0.00	13.53	15.00	20.01	35.00	61.64	50.00

Source: Data reported under HMDA; 2000 U.S. Census data.

Based on the bank's business strategy and economic conditions in the AA during the period under review, FFB's 2010-2011 penetration in the Sarasota AA is reasonable. However, performance for home improvement lending is very poor. During 2010 and 2011, the AA experienced high unemployment rates and declining property values. The bank entered this market via the acquisition of a failed bank. Loan demand for residential real estate loans, as well as property values, declined during this period.

Borrower Distribution of Consumer Loans in Sarasota MSA AA for 2010-2011								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	20.88%	11.11%	18.06%	3.70%	20.36%	14.81%	40.70%	70.38%

Source: Bank generated report of all consumer loans originated and purchased in 2010 and 2011. We did not include six N/A loans, as these were loans in which the bank did not rely on income mainly due to loan secured by a bank CD.

Based on the bank's business strategy and economic conditions in the AA during the period under review, FFB's 2010-2011 penetration in the Sarasota AA is weak. For low-income households, the percentage of bank loans is somewhat below the percentage of low-income households in the AA. For moderate-income households, the percentage of bank loans originated is below the percentage of moderate-income households in the AA. During 2010 and 2011, the AA experienced high unemployment rates and declining property values. As such, loan demand for consumer loans declined during this period.

2010 Census Data

Borrower Distribution of Residential Real Estate Loans in Sarasota MSA for 2012								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	6.34	5.33	17.05	10.00	20.25	24.67	56.36	60.00
Home Improvement	11.24	0.00	25.84	0.00	23.15	66.67	39.78	33.33
Home Refinance	6.88	5.45	13.77	5.45	21.77	21.82	57.58	67.27

Source: Data reported under HMDA; 2010 U.S. Census data.

FFB's penetration in the Sarasota AA in 2012 is reasonable based on the performance context. However, home improvement lending is very poor. The AA and adjacent locations were the hardest hit during the recent economic downturn and foreclosure crisis, as area demographics further support in the "Description of the Assessment Area(s)" section of this PE.

Borrower Distribution of Consumer Loans in Sarasota MSA AA for 2012								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22.29%	9.52%	17.28%	14.29%	19.03%	9.52%	41.39%	66.67%

Source: Bank generated report of all consumer loans originated and purchased in 2012.

FFB's 2012 performance in the Sarasota AA is reasonable considering the bank's performance context and economic conditions in the market. For moderate-income households, the percentage of loans made in 2012 is near to the percentage of moderate-income households in the AA, but still represents over 14 percent of the loans made by the bank in the AA. Almost 24 percent of the loans made in the AA were to LMI households.

Geographic Distribution of Loans

FFB's geographic loan distribution reflects reasonable dispersion and meets the standard for "Satisfactory" performance.

The following analyses are separated by year(s), based on available U.S. Census data. Lending activity from 2010 and 2011 is compared to 2000 Census data. Lending activity in 2012 is compared to 2010 Census data.

Non-MSA AA

2000 Census Data

Geographic Distribution of Residential Real Estate Loans in Non-MSA AA for 2010-2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.00	0.00	5.38	3.39	91.61	95.21	3.00	1.40
Home Improvement	0.00	0.00	6.38	6.45	88.30	93.55	5.32	0.00
Home Refinance	0.00	0.00	5.33	5.07	90.36	94.26	4.31	0.68

Source: Data reported under HMDA 2011 aggregate.

Of the 37 geographies (census tracts) in the AA, there are no low-income geographies and only three moderate-income geographies. The bank’s 2010-2011 geographic distribution in the AA reflects reasonable dispersion in comparison with the aggregate data. The seven counties comprising the AA show only 7.68 percent of households living within the three moderate-income geographies.

Geographic Distribution of Consumer Loans in Non-MSA AA for 2010-2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00%	7.68%	5.12%	90.19%	92.34%	2.13%	2.54%

Source: Bank generated report of all consumer loans originated and purchased in 2010 and 2011.

The geographic distribution analysis for 2010-2011 consumer lending in the AA, in comparison to the reported data aggregate, reflects reasonable dispersion. Of the 37 geographies (census tracts) in the AA, there are no low-income geographies and only three moderate-income geographies, representing only 8 percent of total geographies. Further, demand in the three moderate-income geographies in the AA does not provide sufficient opportunity for lending for the 20 financial institutions and 59 bank offices operating there.

2010 Census Data

Geographic Distribution of Residential Real Estate Loans in Non-MSA AA for 2012								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.00	0.00	5.40	5.58	73.31	70.39	21.29	24.03
Home Improvement	0.00	0.00	10.42	6.45	68.75	74.19	20.83	19.35
Home Refinance	0.00	0.00	5.34	7.46	71.14	72.14	23.52	20.40

Source: Data reported under HMDA 2012 aggregate.

A geographic distribution analysis of 2012 real estate lending in the AA reflects reasonable dispersion considering the performance context of the bank. There were no low-income census tracts to develop data and the bank’s performance percentage was greater than the aggregate percentage in two of the three loan categories.

Geographic Distribution of Consumer Loans in Non-MSA AA for 2012								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00%	0.00%	7.68%	5.77%	77.88	77.85%	14.44	16.38%

Source: Bank generated report of all consumer loans originated and purchased in 2012.

A geographic distribution analysis of 2012 consumer loans indicates reasonable dispersion in the AA. The bank made nearly 6 percent of its loans in the AA to moderate-income households.

Jacksonville MSA

2000 Census Data

Geographic Distribution of Residential Real Estate Loans in Jacksonville MSA AA for 2010-2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.41	0.00	11.12	11.11	57.15	63.92	31.32	24.97
Home Improvement	1.22	0.00	12.70	11.11	54.88	55.56	31.20	33.33
Home Refinance	0.17	0.00	8.14	10.59	50.12	56.68	41.58	32.63

Source: Data reported under HMDA 2011 aggregate.

The geographic distribution for 2010-2011 real estate loans in the AA reflects reasonable dispersion, as there is a nominal percentage of low-income aggregate lending, as well as intense competition in the AA. Loans to moderate-income census tracts reflect reasonable dispersion in comparison to the aggregate data.

Geographic Distribution of Consumer Loans in Jacksonville MSA AA for 2010-2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	3.09%	0.68%	20.10%	15.07%	53.93%	71.92%	22.88%	12.33%

Source: Bank generated report of all consumer loans originated and purchased in 2010 and 2011.

FFB’s 2010-2011 consumer lending in low-income geographies reflects weak dispersion in this AA. Consumer lending in moderate-income geographies is reasonable. As illustrated in the above table, the percentage of the bank’s consumer loans originated in low- and moderate-income geographies is lower than the percentage of households in low and moderate-income geographies in the AA. The bank made a nominal percentage of loans in low-income geographies in the AA. This is primarily due to the limited presence the bank has in Duval County where the highest concentration of low and moderate-income geographies are located.

2010 Census Data

Geographic Distribution of Residential Real Estate Loans in Jacksonville MSA for 2012								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.90	0.00	8.77	7.07	48.89	55.39	41.45	37.54
Home Improvement	2.70	0.00	15.79	8.33	51.35	75.00	30.16	16.67
Home Refinance	0.71	0.00	8.36	8.72	43.29	51.79	47.64	39.49

Source: Data reported under HMDA 2012 aggregate.

Given performance context, 2012 residential real estate lending to low and moderate-income borrowers shows reasonable dispersion in this AA. However, home improvement lending reflects weak dispersion. There were limited lending opportunities and declining housing market conditions during the evaluation period. In addition, there is intense competition in the assessment area with 41 financial institutions and 311 offices.

Geographic Distribution of Consumer Loans in Jacksonville MSA AA for 2012								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	4.70%	0.00%	20.03%	22.78%	45.82%	58.23%	29.45%	18.99%

Source: Bank generated report of all consumer loans originated and purchased in 2012.

Consumer lending in low-income geographies reflects weak dispersion in this AA for 2012. FFB's consumer lending in moderate-income geographies in 2012 is good. As depicted in the above table, the percentage of the bank's consumer loans originated in moderate-income geographies exceeds the percentage of households in moderate-income geographies in the assessment area. Overall, penetration is reasonable.

Sarasota MSA

2000 Census Data

Geographic Distribution of Residential Real Estate Loans in Sarasota MSA AA for 2010-2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.06	0.00	9.49	3.51	56.53	38.60	33.92	57.89
Home Improvement	0.00	0.00	17.48	0.00	55.34	100.00	27.18	0.00
Home Refinance	0.04	0.00	6.42	0.00	50.61	55.00	42.93	45.00

Source: Data reported under HMDA 2011 aggregate.

The bank's 2010-2011 performance in the Sarasota MSA for real estate lending reflects weak dispersion. While the bank originated no real estate loans in low-income geographies, the percent of low-income aggregate lending is limited at less than 1 percent. The percentage of real estate loans in moderate-income geographies was significantly lower than aggregate data; however this is consistent with the economic challenges faced in the AA during the review period.

Geographic Distribution of Consumer Loans in Sarasota MSA AA for 2010-2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.55%	0.00%	24.32%	24.24%	52.74%	39.39%	22.39%	36.37%

Source: Bank generated report of all consumer loans originated and purchased in 2010 and 2011.

The bank's 2010-2011 consumer lending performance in the AA reflects reasonable dispersion. As shown in the table above, the percentage of consumer loans extended in moderate-income geographies is similar to the percentage of households located in moderate-income geographies. There were no loans made in low-income geographies. However, the percentage of households located in low-income geographies is less than 1 percent.

2010 Census Data

Geographic Distribution of Residential Real Estate Loans in Sarasota MSA AA for 2012								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.23	0.00	10.59	3.33	49.03	37.33	40.14	59.33
Home Improvement	1.51	0.00	19.44	0.00	49.03	0.00	30.02	100.00
Home Refinance	0.26	1.67	9.81	1.67	49.22	45.00	40.71	51.67

Source: Data reported under HMDA 2012 aggregate.

The bank's 2012 residential lending performance in the Sarasota AA reflects weak geographic dispersion. As shown in the table above, the bank had only home refinance lending activity in low-income geographies. The low percentage of loans in moderate and middle-income geographies reflects weak dispersion.

Geographic Distribution of Consumer Loans in Sarasota MSA AA for 2012								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	2.19%	9.52	22.71%	19.05%	47.82%	47.62%	27.28%	23.81%

Source: Bank generated report of all consumer loans originated and purchased in 2012.

The bank's 2012 performance for consumer lending in the AA reflects excellent dispersion relative to the bank's performance context and the economic conditions in the MSA. As shown in the table above, the percentage of consumer loans extended in low-income geographies exceeds the percentage of households located in low-income geographies. For moderate-income geographies, the percentage of consumer loans extended is slightly below the percentage of households residing in moderate-income geographies.

Responses to Complaints

The bank's response to complaints is appropriate. The bank did not have any CRA-related complaints during the evaluation period. Bank records and OCC Customer Assistance Group (CAG) files were reviewed as part of the evaluation.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development test in its AAs is rated "Satisfactory." The bank's performance reflects a reasonable responsiveness to CD needs within the combined AAs. The bank has conducted CD activities through a mix of loans, investments, and services.

Number and Amount of Community Development Loans

The bank's community development (CD) loans represent adequate responsiveness to community development needs. Since the last evaluation, the bank originated eight qualified community development loans totaling \$5.3 million, as shown below.

Assessment Area	#	\$ Millions
Jacksonville Assessment Area	0	\$ 0
Sarasota Assessment Area	2	\$ 0.4
Non-MSA Assessment Area	6	\$ 4.9
Totals	8	\$ 5.3

The majority of lending has been in the bank's Non-MSA AA, which is the location of the bank's corporate headquarters. Both loans granted in the Sarasota assessment area (AA), totaling \$380 thousand, were to a not-for-profit community redevelopment organization. The goals of the organization are to improve social and economic opportunities in the Newtown community of Sarasota via community housing and economic initiatives. These loans represent only 6 percent of the total CD loan dollars.

The Non-MSA AA loans included three large loans totaling \$4.6 million, or 87 percent of the total CD loan dollars. One loan for \$1 million was for the Florida Sheriffs Youth Ranches, a qualified CD entity whose goals include developing underprivileged youths and encouraging them to make positive contributions to their communities. The other two loans made for \$2.4 million and \$1.2 million went to the cities of Bonifay and Jasper, respectively. Both loans provided aid for upgrading and building water treatment and sewer plants. This contributed to improvement of the cities' infrastructure and residents' quality of life. This helps to attract both businesses and residents to the communities. Both cities currently fall in distressed or underserved middle-income tracts. Three smaller loans, totaling \$256 thousand, or 7 percent of total CD loan dollars, were also made in the Non-MSA AA. Two of the loans were granted to organizations that assist LMI disabled persons through education and job placement. The third loan was granted to an organization that provides day care services for LMI persons in the community.

The bank did not make any qualifying loans in the Jacksonville AA during the review period and management has recognized the need to focus on seeking CD opportunities in the AA.

Number and Amount of Qualified Investments

CD investments reflected adequate responsiveness to AA needs, given the bank's size, capacity to provide such investments, and the level of opportunities in the AA.

During the evaluation period, the bank made 80 qualified CD investments, including donations, totaling \$3.52 million. Of these investments, \$120 thousand represented contributions to organizations with missions directed primarily to assist LMI residents of the bank's AAs. Also, during the evaluation period, the bank made a \$3.4 million investment in a Ginnie Mae (GNMA) mortgage-backed security collateralized by a pool of mortgage loans to LMI borrowers. Of the 26 loans in the loan pool, 12 loans totaling \$1.89 million are to residents of the Jacksonville AA. The investment serves the broader statewide area, as other LMI borrowers in the state of Florida in areas just south of the bank's AAs also benefit. In reaching a conclusion regarding the number and amount of qualified investments in the bank's AAs, the entire investment received positive consideration as it benefited the broader regional area including the bank's AA.

Extent to Which the Bank Provides Community Development Services

The extent to which the bank provides banking services and community development services reflects adequate responsiveness given the bank's size, capacity to provide such services, and the level of opportunities in the AAs.

FFB encourages its employees to provide products and services that are responsive to LMI individuals and small businesses through their branch network and various community outreach programs within the bank's three AAs. Five branches are located in distressed or underserved census tracts. As discussed in the "Description of the Institution" section of the PE, the bank operates a variety of delivery systems in all three of its AAs. Financial products and services are made available to LMI individuals through the branch network, the ATM network, and via online banking. In 2012, twenty-two different employees participated in community service or charitable work. During the evaluation period, the number of officers and employees serving organizations rose from 13 in 2010 to 22 by 2012. The number of organizations they served also grew from 20 in 2010 to 42 by 2012.

FFB offers numerous Financial Literacy courses at local schools and organizations; during the review period, a total of 52 qualifying courses were held. Forty-eight courses were offered in the Non-MSA AA; three were offered in the Jacksonville AA; and one course was offered in the Sarasota AA. These courses are taught using the FDIC's Money Smart Program and the American Banker Association Education Foundation's "Teach Children to Save" and "Get Smart About Credit" programs. The topics covered include the basics of checking, savings, credit, and budgeting. The schools are located in LMI tracts. Several are in distressed or underserved middle-income tracts. An economic council in the Non-MSA AA offers quarterly First Time Homebuyer classes through the SHIP program, which benefits LMI individuals; FFB has conducted or participated in eight of these classes each year of the review period.

Three courses that bank employees conducted in 2010 qualified as CD services. In 2011, 10 courses and events qualified as CD services. In 2012, the bank offered 41 courses that qualified for CD services. The AA that received the most benefit from the CD services was the Non-MSA AA. Additionally, bank officers and members must hold a position relatable to their position with the bank. In total, 17 community service positions were held that both meet the definition of CD and relate to the employee or officer's position. All of the qualifying positions held were inside of the Non-MSA AA. Generally, bank personnel used their financial expertise by serving on budget and finance committees, assisting with fundraising, and serving in supervisory or decision-making roles in community organizations. The following is a list of applicable positions and organizations:

- President, CARC and CARC housing
- Treasurer, Altrusa International of Lake City
- Board Member, CARC
- Board member, Happy House
- Board Member, Suwanee Valley 4 C's
- Board Member, Voices for Children
- Treasurer, Habitat for Humanity
- Board Member, North Florida Workforce Development Board
- Task Force, SHIP Program
- Advisory Committee, SHIP Program
- Treasurer, GFWC Women's Club of Macclenny
- Policy Council Member, Head Start
- Secretary, Altrusa International of Lake City
- Board Member, Holmes County Development Commissions
- Treasurer, Opportunity Florida
- Vice President, ARC North Florida
- Board Member, Altrusa International of Lake City

Responsiveness to Community Development Needs

Considering the bank's capacity and opportunities, FFB's overall CD performance demonstrates adequate responsiveness to CD needs, primarily through CD loan and investment activities. CD lending is principally helping to meet economic development needs in Non-MSA and Sarasota AAs. These needs are evidenced by the high unemployment rates during the evaluation period. CD investments primarily help meet affordable housing needs, a known critical need in the Jacksonville AA. CD services include educational opportunities, participation in the SHIP program, and community outreach through the service of bank officers and employees. For the Non-MSA AA, the bank provides excellent responsiveness; for the Jacksonville AA, the bank provides adequate responsiveness; for the Sarasota AA, the bank provides adequate responsiveness.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.