

PUBLIC DISCLOSURE

February 11, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Sun American Bank
Boca Raton, Florida**

RSSD ID Number: 1160732

**FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470**

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 the institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION

INSTITUTION'S CRA RATING

This institution is rated: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

LENDING TEST

The bank's average loan-to-deposit ratio is **MORE THAN REASONABLE** given the institution's size, financial condition, and assessment area credit needs. A **SUBSTANTIAL MAJORITY** of HMDA and commercial loans are made **IN** the institution's assessment area. The geographic distribution of loans reflects **REASONABLE** dispersion throughout the assessment area. The distribution of loans reflects **EXCELLENT** penetration among individuals of different income levels and businesses of different sizes. The bank has not received any CRA-related complaints since the previous examination. In addition, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

COMMUNITY DEVELOPMENT TEST

The institution's community development performance demonstrates **ADEQUATE** responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

The following table indicates the performance level of Sun American Bank with respect to the lending and community development tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		
Satisfactory	X	X
Needs to Improve		
Substantial Noncompliance		

SCOPE OF EXAMINATION

Sun American Bank's CRA performance review was based on CRA activities within its assessment area using the Interagency Intermediate Small Institution Examination Procedures. Intermediate small banks are small banks with assets of at least \$250 million as of December 31 of both of the prior two calendar years and less than \$1 billion as of December 31 of either of the prior two calendar years. Under these procedures, effective as of September 1, 2005, institutions meeting this threshold size are evaluated under two separately rated tests: the small bank lending test; and a flexible community development test that includes an evaluation of community development loans, investments, and services in light of community needs and the capacity of the bank.

The evaluation included an analysis of HMDA and commercial loans originated from January 1, 2006 through November 13, 2007. The examination covered community development loans, qualified investments, contributions and donations, and CRA service activities from November 18, 2003 through December 31, 2007.

For purposes of CRA, HMDA loans are those loans defined in the Federal Reserve Board's Regulation C. The HMDA loan categories are home purchase, home refinance, home improvement, and multifamily loans. For this analysis, commercial and industrial and nonresidential real estate loans were combined for review. These loans will be referred to as "commercial loans" throughout the analysis. A community development activity defined under the CRA must have a primary purpose of providing affordable housing or community services for low- or moderate- income persons, economic development through the financing of small businesses and farms, revitalizing or stabilizing low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies that benefit the assessment area or a larger statewide or regional area that includes the assessment area..

DESCRIPTION OF INSTITUTION

Sun American Bank (formerly Pan American Bank) is a full service community bank headquartered in Boca Raton, Florida. The bank is 99.9 percent owned by its parent company, Sun American Bancorp, Boca Raton, Florida. Bank management has pursued an aggressive growth strategy since the previous examination. In February 2004, the bank acquired certain assets and liabilities from Gulf Bank, Miami, Florida. The bank acquired Beach Bank of Miami Beach, Florida and Independent Community Bank of Tequesta, Florida in 2006 and 2007 respectively. As of September 30, 2007, Sun American Bank had total assets of \$588.3 million, representing an increase of 141.5 percent from September 30, 2005. During this time period, gross loans increased 110.1 percent and total deposits increased 147 percent. The significant increase in the total assets, deposits, and gross loans is primarily due to these acquisitions.

Sun American Bank operates 15 banking offices and 13 ATMs in three counties in south Florida. Since the previous examination, the bank has opened nine branches and acquired three branches. Currently, the bank has one branch located in a low-income census tract; however, nine of the branches are in tracts that are contiguous to low- or moderate-income census tracts.

It should be noted that the acquisitions have placed an added burden on the bank's resources by requiring significant time and efforts in merging various systems, increasing the number of branches and employees, and providing training to new employees. While increased growth will enhance the institution's ability to serve the retail banking needs of the community, the potential may not have been fully realized during this evaluation because these acquisitions occurred recently.

Sun American Bank offers a variety of loan products to help meet the community credit needs. While the bank primarily originates business purpose loans, it also offers several consumer loan products including direct auto loans, home equity loans, home improvement loans, and personal loans to individuals.

DESCRIPTION OF INSTITUTION (Continued)

The composition of the loan portfolio according to the September 30, 2007 Consolidated Reports of Condition and Income is displayed in the following table:

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	09/30/2007		12/31/2006		12/31/2005	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	\$103,591	24.4%	\$41,743	11.9%	\$24,450	11.6%
Secured by One- to Four- Family Dwellings	\$57,170	13.5%	\$52,399	14.9%	\$21,163	10.1%
Other Real Estate: Farmland	\$5,272	1.2%	\$6,563	1.9%	\$6,632	3.2%
Multifamily	\$32,114	7.6%	\$25,841	7.4%	\$20,412	9.7%
Nonfarm Nonresidential	\$193,565	45.6%	\$179,928	51.3%	\$106,279	50.6%
Commercial and Industrial	\$26,683	6.3%	\$40,857	11.6%	\$29,591	14.1%
Loans to Individuals	\$6,345	1.5%	\$3,594	1.0%	\$1,683	0.8%
Agricultural Loans	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total	\$424,740	100.0%	\$350,925	100.0%	\$210,210	100.0%

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

As indicated in the table, loans primarily consist of nonfarm nonresidential loans, construction and development loans, and loans secured by one-to four family dwellings. Although the category for loans secured by one- to four-family dwellings makes up 13.5 percent of the loan portfolio, these are primarily business purpose loans secured by one- to four-family dwellings. The bank's loan portfolio grew by 102.1 percent from \$210.2 million to \$424.7 million from December 31, 2005 to September 30, 2007. The most significant growth by dollar amount in the loan portfolio occurred in construction and development loans, which increased by 323.7 percent. This growth is mostly attributed to bank acquisitions.

Sun American Bank complies with the requirements of the CRA. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment area. The bank received a "Satisfactory" rating at its previous evaluation using the small bank CRA examination procedures conducted by the Federal Reserve Bank dated November 17, 2003.

DESCRIPTION OF ASSESSMENT AREA

Overview

For purposes of CRA, Sun American Bank's operations were organized into one assessment area: the Miami – Fort Lauderdale – Pompano Beach MSA, which is comprised of Broward, Miami-Dade, and Palm Beach Counties. The assessment area has a diversified economic base and hosts the regional headquarters for more than 1,000 multinational corporations. The Miami–Fort Lauderdale–Pompano Beach MSA accounts for the majority of Florida's total export of goods to overseas markets, primarily because of the availability of air transportation at three local international airports and water transportation at two major deepwater ports. Growth in key industries such as banking, finance, real estate, trade, tourism, light manufacturing, health care, communication, and technology comprises important economic elements and helps stabilize the assessment area's economy.

Demographic Data by Census Tracts

Demographic data from the 2000 census was used to define the assessment area for all loans originated during the review period. The assessment area consists of 891 census tracts, 54 of which are low-income tracts, 241 are moderate-income tracts, 320 are middle-income tracts, and 271 are upper-income tracts. The income level for five census tracts is undefined. The tables on pages 13 and 14 provide demographic and lending data that were used in analyzing the bank's CRA performance. Certain components of the data in the tables are discussed in this evaluation as they apply to particular parts of the analysis.

Population Information

According to the 2000 census, the population of the assessment area was 5,007,564 persons, which represented approximately 31.3 percent of the state of Florida's total population of 15,982,378 persons. Population estimates as of July 1, 2006, indicate that the population of the assessment area increased approximately 456,293 persons or 9.1 percent since the 2000 census.

Housing Characteristics

The 2000 census indicates that there were 2,149,749 housing units in the assessment area, 1,257,982 of which (58.5 percent) were owner-occupied. The median age of housing in the assessment area was 25 years, which was the higher than the median age of the housing stock for the state of Florida at 20 years. The median value of housing units in the assessment area was \$109,982, which was 18 percent higher than the median housing value for the state of Florida at \$93,200.

DESCRIPTION OF ASSESSMENT AREA (Continued)

According to the Florida Association of Realtors, the overall trends in the real estate market for the state of Florida in 2007 noted lagging home sales, an increase in foreclosures and developer bankruptcies, and a continued rise in the cost of housing prices. The increased cost in housing has impacted the availability of affordable housing units especially in the assessment area where the median home price for 2006 was \$367,800 in Broward County, \$375,000 in Miami-Dade County, and \$384,700 in Palm Beach County.

Income Characteristics

At the time of the 2000 census, there were 1,272,444 families in the assessment area. Of these families, 21.6 percent were low-income, 17.8 percent were moderate-income, 19.7 percent were middle-income, and 41.0 percent were upper-income. Of total families, 137,117 (10.8 percent) in the assessment area had incomes below the poverty level. According to HUD, the estimated median family income was \$60,600 in 2006 and \$58,400 in 2007 for Broward County, \$48,300 in 2006 and \$45,200 in 2007 for Miami-Dade County, and \$64,400 in 2006 and \$61,200 in 2007 for Palm Beach County. Considering the estimated MFI figures and the median home prices listed previously, opportunities for low- and moderate-income families to afford homes in this type of market could be challenging compared to other markets.

Employment Statistics

According to 2005 REIS, total employment in the assessment area was 3,145,759, which mainly consisted of retail trade (10.7 percent), government agencies (10.5 percent), administrative and waste services (9.9 percent) and health care and social services (9.6 percent).

The following table provides the unemployment rates for the bank's assessment area and the state of Florida.

UNEMPLOYMENT RATES (Not Seasonally Adjusted)			
Region	<i>2005 (annualized)</i>	<i>2006 (annualized)</i>	<i>November 2007 (Monthly)</i>
Assessment Area	4.1 %	3.5 %	4.0%
State of Florida	3.8 %	3.3 %	4.2 %

DESCRIPTION OF ASSESSMENT AREA (Continued)

Competition

The assessment area is a highly competitive banking market due to the large number of banks in this market. According to the June 30, 2007 FDIC/OTS Summary of Deposits Report, there are 122 financial institutions operating 1,583 branches in the assessment area. Sun American Bank ranked 35th out of the 122 financial institutions in the assessment area with a deposit market share of 0.3 percent. The number of branches operated by a single financial institution in the assessment area ranged from one branch to 233 branches. According to the HMDA Market Peer Report for 2006, Sun American Bank ranked 273rd out of 1,209 HMDA reporters in the assessment area, with a market share of less than one percent. The bank's competitors in the area are financial institutions of all sizes, including local, statewide, multi-regional, and national banks; however, local competition does not seem to adversely affect the bank's ability to serve the credit needs of its assessment area.

Community Contacts

Information was obtained from two community contacts as part of this evaluation. Individuals interviewed provided information based upon their knowledge and expertise in the housing and business sectors. The first contact, who is from a local organization dedicated to helping nonprofit community development corporations (CDCs) transform distressed neighborhoods into healthy communities, stated that local financial institutions are generally involved in the community. However, opportunities exist for financial institutions to work with non-profit organizations to support financial and homebuyer education classes, particularly regarding foreclosures. The contact also mentioned that the housing market was vibrant approximately 18 months ago. Although the market has slowed and the average cost of homes has somewhat decreased, affordable and workforce housing prices still remain high, ranging from \$150,000 to \$225,000.

The second contact mentioned that there are limited financing options available for small businesses, particularly new startup businesses. Both contacts mentioned that rising insurance costs and increased property taxes have affected the assessment area's economy by making it more expensive to own a home and start or maintain a small business in the area. Nevertheless, opportunities are available for financial institutions to participate in affordable housing initiatives and programs to assist small business in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overview

As mentioned previously, an analysis of HMDA loans and commercial loans originated from January 1, 2006 through November 13, 2007 was performed. Based on the bank's size and lending capacity and the percentage of loans extended in the assessment area, the overall rating of the institution for the lending test is **SATISFACTORY**.

The following details the bank's efforts with regard to each performance criteria.

Loan-to-Deposit Ratio

Sun American Bank's average loan-to-deposit (LTD) ratio for the seventeen-quarter period ended December 31, 2007, was 98.6 percent and is considered **MORE THAN REASONABLE** given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio ranged from a high of 115.5 percent as of September 30, 2005, to a low of 75.9 percent as of March 31, 2004. The bank's average LTD ratio was compared with the LTD ratio of four other financial institutions of similar asset size with branch offices in the assessment area. The LTD ratios for these banks ranged from 82.1 percent to 91.5 percent. The bank's LTD ratio was higher than all four similarly situated financial institutions.

Assessment Area Concentration

An analysis was conducted of the bank's record of lending inside its assessment area. The review consisted of an analysis of 56 HMDA loans and 43 commercial loans originated by the bank between January 1, 2006 and November 13, 2007. The following table shows the levels of lending inside and outside the bank's assessment area, by number of loans and dollar amount, for each loan type:

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending Inside and Outside the Assessment Area

Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	3	100.0	\$153	100.0	0	0.0	\$0	0.0
Home Purchase - Conventional	22	100.0	\$9,083	100.0	0	0.0	\$0	0.0
Multi-Family Housing	17	94.4	\$21,544	98.6	1	5.6	\$315	1.4
Refinancing	12	92.3	\$19,018	99.5	1	7.7	\$91	0.5
Total HMDA related	54	96.4	\$49,798	99.2	2	3.6	\$406	0.8
Small Business	41	95.3	\$73,339	94.7	2	4.7	\$4,124	5.3
Total Small Bus. related	41	95.3	\$73,339	94.7	2	4.7	\$4,124	5.3
TOTAL LOANS	95	96.0	\$123,137	96.5	4	4.0	\$4,530	3.5

Note: Affiliate loans not included

A **SUBSTANTIAL MAJORITY** of the bank's HMDA and commercial loans were extended **IN** the assessment area. As indicated in the table above, 96.0 percent by number and 96.5 percent by dollar amount were extended to borrowers and businesses inside the assessment area. The bank also originated 96.4 percent of its HMDA loans to borrowers inside its assessment area, and 95.3 percent of its commercial loans to businesses in its assessment area. This level of lending inside the assessment area indicates that the bank is serving the credit needs of its assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

The following table provides key demographic information from the 2000 census that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the evaluation as they apply to particular parts of the analysis.

Assessment Area Demographics

Assessment Area: Sun American Bank

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	54	6.1	46,198	3.6	17,860	38.7	274,382	21.6
Moderate-income	241	27.0	335,999	26.4	61,383	18.3	225,945	17.8
Middle-income	320	35.9	483,877	38.0	41,157	8.5	250,182	19.7
Upper-income	271	30.4	406,370	31.9	16,717	4.1	521,935	41.0
Unknown-income	5	0.6	0	0.0	0	0.0	0	0.0
Total Assessment Area	891	100.0	1,272,444	100.0	137,117	10.8	1,272,444	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	82,793	17,635	1.4	21.3	54,243	65.5	10,915	13.2
Moderate-income	603,803	284,505	22.6	47.1	253,105	41.9	66,193	11.0
Middle-income	812,633	503,653	40.0	62.0	227,439	28.0	81,541	10.0
Upper-income	650,499	452,189	35.9	69.5	112,625	17.3	85,685	13.2
Unknown-income	21	0	0.0	0.0	0	0.0	21	100.0
Total Assessment Area	2,149,749	1,257,982	100.0	58.5	647,412	30.1	244,355	11.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	12,930	4.7	11,090	4.6	1,469	6.0	371	5.8
Moderate-income	64,276	23.6	56,673	23.4	5,881	24.1	1,722	27.0
Middle-income	97,119	35.6	86,731	35.9	8,132	33.4	2,256	35.3
Upper-income	97,584	35.8	86,868	35.9	8,688	35.7	2,028	31.8
Unknown-income	720	0.3	514	0.2	198	0.8	8	0.1
Total Assessment Area	272,629	100.0	241,876	100.0	24,368	100.0	6,385	100.0
Percentage of Total Businesses:				88.7		8.9		2.3

Based on 2000 Census Information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

The following table shows Sun American Bank's lending performance in the assessment area. Certain components of the data are discussed on the following pages as they apply to particular parts of the analysis.

Loan Distribution Table

Assessment Area: Sun American Bank

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	8	36.4%	1,726	19.0%	0	0.0%	0	0.0%
Middle	7	31.8%	3,686	40.6%	0	0.0%	0	0.0%
Upper	7	31.8%	3,671	40.4%	1	4.5%	259	2.9%
Unknown	0	0.0%	0	0.0%	21	95.5%	8,824	97.1%
Total	22	100.0%	9,083	100.0%	22	100.0%	9,083	100.0%
	Refinance							
Low	1	8.3%	38	0.2%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	1	8.3%	55	0.3%
Middle	4	33.3%	17,230	90.6%	0	0.0%	0	0.0%
Upper	7	58.3%	1,750	9.2%	7	58.3%	769	4.0%
Unknown	0	0.0%	0	0.0%	4	33.3%	18,194	95.7%
Total	12	100.0%	19,018	100.0%	12	100.0%	19,018	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	33.3%	40	26.1%	0	0.0%	0	0.0%
Upper	2	66.7%	113	73.9%	3	100.0%	153	100.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	153	100.0%	3	100.0%	153	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	7	41.2%	7,982	37.0%	0	0.0%	0	0.0%
Middle	6	35.3%	11,410	53.0%	1	5.9%	45	0.2%
Upper	4	23.5%	2,152	10.0%	3	17.6%	13,286	61.7%
Unknown	0	0.0%	0	0.0%	13	76.5%	8,213	38.1%
Total	17	100.0%	21,544	100.0%	17	100.0%	21,544	100.0%
	HMDA Totals							
Low	1	1.9%	38	0.1%	0	0.0%	0	0.0%
Moderate	15	27.8%	9,708	19.5%	1	1.9%	55	0.1%
Middle	18	33.3%	32,366	65.0%	1	1.9%	45	0.1%
Upper	20	37.0%	7,686	15.4%	14	25.9%	14,467	29.1%
Unknown	0	0.0%	0	0.0%	38	70.4%	35,231	70.7%
Total	54	100.0%	49,798	100.0%	54	100.0%	49,798	100.0%
	COMMERCIAL							
	#	%			\$(000s)			%
	By Tract Income							
Low	1	2.4%			1,128			1.5%
Moderate	4	9.8%			2,284			3.1%
Middle	19	46.3%			47,641			65.0%
Upper	17	41.5%			22,286			30.4%
Unknown	0	0.0%			0			0.0%
Total	41	100.0%			73,339			100.0%
	By Revenue							
\$1 Million or Less	41	100.0%			73,338			100.0%
Over \$1 Million	0	0.0%			0			0.0%
Not Known	0	0.0%			0			0.0%
Total	41	100.0%			73,338			100.0%
	By Loan Size							
\$100,000 or less	7	17.1%			333			0.5%
\$100,001 - \$250,000	6	14.6%			1,115			1.5%
\$250,001 - \$1 Million	13	31.7%			7,246			9.9%
Over \$1 Million	15	36.6%			64,645			88.1%
Total	41	100.0%			73,339			100.0%

Originations and Purchases

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Geographic Distribution of Loans

For this criterion, emphasis is placed on the distribution of the institution's loans in its assessment area among low- and moderate-income geographies. Sun American Bank's performance with regard to the geographic distribution of HMDA and small business lending reflects a **REASONABLE** dispersion throughout the assessment area. A combination of demographic, economic, and market variables, as well as the performance of other banks, were considered for this evaluation.

The bank originated 54 HMDA loans in the assessment area during the review period. Of the 54 HMDA loans, 17 were multi-family loans, seven of which were located in moderate-income tracts. The percentage of HMDA lending in low-income census tracts at 1.9 percent is slightly greater than the percentage of owner-occupied housing in these tracts at 1.4 percent. The bank's HMDA lending in moderate-income tracts at 27.8 percent is greater than the percentage of owner-occupied housing in these tracts at 22.6 percent. These percentages reflect above average dispersion of HMDA lending when comparing originations to the percentage of owner-occupied units in low- and moderate-income census tracts. According to the 2006 aggregate comparison loan distribution table for the assessment area in Appendix B, HMDA lending in low-income tracts at 2.2 percent was slightly less than the aggregate performance at 2.9 percent. However, the bank's HMDA lending in moderate-income tracts at 28.9 percent was greater than the aggregate performance at 24.1 percent.

Of the 41 commercial loans that were originated to businesses in the assessment area, 2.4 percent were extended to businesses in low-income census tracts, which is less than the percentage of small businesses in these tracts at 4.6 percent. In addition, 9.8 percent of the bank's commercial loans were extended to businesses in moderate-income tracts, which is significantly less than the percentage of small businesses in these tracts at 23.4 percent. Several factors may explain why commercial lending to small businesses in low- and moderate-income census tracts was lower than the percentage of business located in these tracts.

Even though Sun American Bank has several branches in tracts that border low- and moderate- income census tracts, the bank has only one branch located in a low-income census tract and no branches located in moderate-income tracts. The bank does not advertise its commercial products and services which may also be affecting the penetration of loans in areas where offices are not present. Additionally, increasing prices of land, property taxes and insurance, housing, and rental rates not only in the assessment area, but for the state of Florida

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

overall, impacts small businesses by not only affecting established employees, possible new hires, and owners, but also business customers who are experiencing the declining trend in the housing market.

Distribution by Borrower Profile

For this criterion, emphasis was placed on lending to low- and moderate-income borrowers and to businesses with gross annual revenues of \$1 million or less. To analyze performance, the distribution of HMDA lending by borrower income level and commercial lending by business revenue size were compared to available demographic information. Performance context issues were also considered, as well as the performance of other banks.

Based on demographic data, competition, and aggregate lending data, Sun American Bank's lending performance reflects an **EXCELLENT** penetration among customers of different income levels and business of various revenue sizes.

It should be noted that 70.4 percent of HMDA loans reported during the review period were reported without income. These loans were either purchased from another financial institution or made to businesses for investment purposes, which means that the income for these loans was not required to be collected according to the regulation. Since only a small number of loans contained income information, a meaningful analysis of the HMDA loans could not be performed for this particular analysis.

Even though an analysis could not be performed for the bank's HMDA lending, some factors having a negative impact on homeownership for families at all income levels in the assessment area include the increasing cost of property insurance and property taxes. The increasing cost of property insurance during this review period was primarily attributed to devastating and costly hurricanes that hit the state of Florida in 2005, resulting in significant homeowner insurer's underwriting losses. It should also be noted that homeowner's insurance premium rates are based on past or anticipated losses, which has caused an increase in both annual premiums and hurricane deductibles, making homeowner's insurance extremely expensive. The increase in property tax amounts, which is a direct result of higher housing prices and property values prior to recent declining trends, has also added to the increased costs of owning a home.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

All 40 of the commercial loans originated in the assessment area were originated to businesses with reported gross annual revenues of \$1 million or less. This is significantly higher than the percentage of businesses in the assessment area with gross annual revenues of \$1 million or less at 88.7 percent. In addition, 31.7 percent of the bank's commercial loans were for amounts of \$250,000 or less, and 17.1 percent of the loans were for \$100,000 or less. As mentioned previously, the bank's primary focus continues to be commercial real estate lending, which mainly includes loans to developers. The majority of these loans were for amounts greater than \$250,000.

Responsiveness to Complaints

The bank has not received any CRA-related complaints since the bank's previous CRA evaluation.

COMMUNITY DEVELOPMENT TEST

Overview

According to the community development test an institution should appropriately assess the needs in its community, engage in different types of community development activities based on those needs and the institution's capacity, and take reasonable steps to apply its community development resources strategically to meet those needs. Areas examined include community development lending, qualified investments, and community development services. The review period for the community development test is November 18, 2003 through December 31, 2007.

Sun American Bank's community development performance demonstrates **ADEQUATE** responsiveness to the community development needs of the assessment area through community development loans, qualified investments and contributions, and community development services, considering the institution's capacity and the need and availability of such opportunities for community development in the assessment area. Opportunities exist in the assessment area to participate in community development activities; however, many financial institutions, including several multi-billion dollar banks, are competing for these CRA-qualified loans, investments and services.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Sun American Bank had 18 community development loans totaling \$23,176,644 to finance 1084 affordable housing units during the review period. These loans included nine community development loans originated by the bank totaling \$18,468,246, five community development loans purchased by the bank totaling \$4,008,361, two loans acquired as a result of a merger with another financial institution totaling \$606,681, and two loans through the Neighborhood Lending Partners, Inc. (NLP) totaling \$93,357. NLP is a multi-bank lending consortium that provides financing for developers of affordable housing and community revitalization. NLP is also a Community Development Financial Institution (CDFI) and a Community Development Entity (CDE). The purpose of the 18 loans was to purchase land to build affordable housing units or to purchase existing affordable housing for low-or moderate-income families and individuals.

SUN AMERICAN BANK COMMUNITY DEVELOPMENT LOANS			
Type	Number of Loans	Loan Amounts	Multifamily Units
Loans Originated by SAB	9	\$18,468,246	356
Loans Purchased by SAB	5	\$4,008,361	70
Loans Acquired through Merger	2	\$606,681	13
Through Neighborhood Lending Partners (NLP)	2	\$93,357	645
Total	18	\$23,176,645	1,084

Sun American Bank did not make any CRA qualified investments during the review period, nor did bank officers or employees provide CRA qualified financial services in the assessment area.

A majority of Sun American's 15 branches are located in middle- and upper-income tracts. One branch with an ATM is located in a low-income census tract. However, nine of the bank's 15 branches are located in tracts that border on low- or moderate-income census tracts.

Compliance With Antidiscrimination Laws

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the review of bank policies and procedures. No practices have the intent or the effect of discouraging applicants for credit.

APPENDIX A – SCOPE OF THE EXAMINATION

TIME PERIOD REVIEWED			
January 1, 2006 through November 13, 2007 – Lending Test			
November 18, 2003 to December 31, 2007 – Community Development Test			
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
Sun American Bank, Boca Raton, Florida		HMDA, Commercial Loans, Community Development Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
Sun American Bancorp	Bank Holding Company	None	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Miami-Fort Lauderdale, Pompano Beach Metropolitan Statistical Area (MSA)	Full-Scope Exam Procedures	Coral Gables Office Dadeland Office	None None

APPENDIX B – Aggregate Lending Tables

2006 Aggregate Comparison Loan Distribution Table

Assessment Area: Sun American Bank

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	#	Bank %	% \$(000s)	Aggregate %	% \$(000s)	#	Bank %	% \$(000s)	Aggregate %	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	3.5%	2.9%	0	0.0%	0.0%	0.6%	0.3%
Moderate	8	36.4%	19.0%	24.4%	18.0%	0	0.0%	0.0%	3.7%	2.1%
Middle	7	31.8%	40.6%	40.4%	35.5%	0	0.0%	0.0%	12.8%	8.0%
Upper	7	31.8%	40.4%	31.5%	43.4%	1	4.5%	2.9%	61.4%	68.2%
Unknown	0	0.0%	0.0%	0.2%	0.2%	21	95.5%	97.1%	21.5%	21.4%
Total	22	100.0%	100.0%	100.0%	100.0%	22	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	1	9.1%	0.2%	2.2%	1.6%	0	0.0%	0.0%	2.5%	1.0%
Moderate	0	0.0%	0.0%	23.7%	17.3%	1	9.1%	0.3%	9.7%	5.6%
Middle	3	27.3%	90.5%	40.6%	36.0%	0	0.0%	0.0%	18.3%	13.7%
Upper	7	63.6%	9.3%	33.4%	45.0%	6	54.5%	3.5%	49.2%	59.6%
Unknown	0	0.0%	0.0%	0.1%	0.1%	4	36.4%	96.2%	20.3%	20.0%
Total	11	100.0%	100.0%	100.0%	100.0%	11	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	1.9%	1.5%	0	0.0%	0.0%	3.8%	1.4%
Moderate	0	0.0%	0.0%	22.9%	18.0%	0	0.0%	0.0%	12.2%	6.8%
Middle	1	50.0%	36.4%	41.2%	37.2%	0	0.0%	0.0%	21.6%	16.2%
Upper	1	50.0%	63.6%	33.9%	43.2%	2	100.0%	100.0%	55.9%	66.7%
Unknown	0	0.0%	0.0%	0.1%	0.1%	0	0.0%	0.0%	6.6%	8.9%
Total	2	100.0%	100.0%	100.0%	100.0%	2	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	15.4%	5.1%	0	0.0%	0.0%	0.0%	0.0%
Moderate	5	50.0%	50.7%	42.4%	34.6%	0	0.0%	0.0%	0.0%	0.0%
Middle	4	40.0%	43.0%	30.9%	41.1%	0	0.0%	0.0%	0.0%	0.0%
Upper	1	10.0%	6.3%	11.3%	19.2%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	10	100.0%	100.0%	100.0%	100.0%
Total	10	100.0%	100.0%	100.0%	100.0%	10	100.0%	100.0%	100.0%	100.0%
HMDA Totals										
Low	1	2.2%	0.1%	2.9%	2.3%	0	0.0%	0.0%	1.5%	0.6%
Moderate	13	28.9%	13.9%	24.1%	18.0%	1	2.2%	0.2%	6.6%	3.8%
Middle	15	33.3%	68.7%	40.5%	35.9%	0	0.0%	0.0%	15.6%	10.6%
Upper	16	35.6%	17.2%	32.4%	43.6%	9	20.0%	3.0%	55.8%	63.1%
Unknown	0	0.0%	0.0%	0.1%	0.2%	35	77.8%	96.8%	20.5%	21.9%
Total	45	100.0%	100.0%	100.0%	100.0%	45	100.0%	100.0%	100.0%	100.0%

Originations and Purchases

APPENDIX C: GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- I. Low-or moderate-income geographies;
- II. Designated disaster areas; or
- III. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

APPENDIX C: GLOSSARY (Continued)

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

APPENDIX C: GLOSSARY (Continued)

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

APPENDIX D - DEFINITIONS AND ABBREVIATIONS

ATMs -	Automated Teller Machines
CRA -	Community Reinvestment Act
FDIC -	Federal Deposit Insurance Corporation
FHA -	Federal Housing Administration
HMDA -	Home Mortgage Disclosure Act
HUD -	Department of Housing and Urban Development
LTD -	Loan-to-Deposit Ratio
LTV -	Loan-to-Value Ratio
MD -	Metropolitan Division
MSA -	Metropolitan Statistical Area
OMB -	Office of Management and Budget
REIS -	Regional Economic Information Systems
SBA -	Small Business Administration
USDA -	United States Department of Agriculture

ROUNDING CONVENTION

Because percentages presented in tables were rounded to the nearest whole number in most cases, some columns may not total exactly 100 percent.

APPENDIX E: GENERAL INFORMATION
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The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Sun American Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of February 11, 2008. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.